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Form **990**

Department of the Treasury
Internal Revenue Service

# Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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

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

**C** Name of organization
Baystate Medical Center Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
759 Chestnut Street

City or town, state or country, and ZIP + 4
Springfield, MA 01199

**D Employer identification number**
04-2790311

E Telephone number
(413) 794-0000

**G** Gross receipts $ 1,009,782,003

**F** Name and address of principal officer
Dennis W Chalke
759 Chestnut Street
Springfield, MA 01199

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

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

**H(c)** Group exemption number ▶

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

**J Website:** ▶ www baystatehealth org

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

**L** Year of formation 1983

**M** State of legal domicile MA

## Part I Summary

1 Briefly describe the organization's mission or most significant activities
The mission of the organization is to improve the health of the people in our communities every day, with quality and compassion

2 Check this box ▶☐ 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 | 22 |
| 4 | Number of independent voting members of the governing body (Part VI, line 1b) | 4 | 8 |
| 5 | Total number of individuals employed in calendar year 2012 (Part V, line 2a) | 5 | 7,406 |
| 6 | Total number of volunteers (estimate if necessary) | 6 | 578 |
| 7a | Total unrelated business revenue from Part VIII, column (C), line 12 | 7a | 6,799,384 |
| b | Net unrelated business taxable income from Form 990-T, line 34 | 7b | -3,203,799 |

| | | Prior Year | Current Year |
|---|---|---|---|
| 8 | Contributions and grants (Part VIII, line 1h) | 6,512,494 | 6,114,899 |
| 9 | Program service revenue (Part VIII, line 2g) | 909,917,621 | 936,557,350 |
| 10 | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 17,085,746 | 17,159,944 |
| 11 | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 19,733,008 | 49,553,318 |
| 12 | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 953,248,869 | 1,009,385,511 |
| 13 | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 6,172,149 | 6,194,372 |
| 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) | 419,860,372 | 435,740,766 |
| 16a | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| b | Total fundraising expenses (Part IX, column (D), line 25) ▶0 | | |
| 17 | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 456,399,027 | 478,944,887 |
| 18 | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 882,431,548 | 920,880,025 |
| 19 | Revenue less expenses Subtract line 18 from line 12 | 70,817,321 | 88,505,486 |

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| 20 | Total assets (Part X, line 16) | 1,139,431,156 | 1,188,880,088 |
| 21 | Total liabilities (Part X, line 26) | 633,235,019 | 542,791,433 |
| 22 | Net assets or fund balances Subtract line 21 from line 20 | 506,196,137 | 646,088,655 |

## Part II Signature Block

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

**Sign Here**

Signature of officer — Date: 2014-08-08

Dennis W Chalke CFO & Treasurer, Baystate Health
Type or print name and title

**Paid Preparer Use Only**

| Print/Type preparer's name | Preparer's signature | Date | Check ☐ if self-employed | PTIN |
|---|---|---|---|---|
| Christine Kawecki | | | | P00743140 |

Firm's name ▶ Deloitte Tax LLP — Firm's EIN ▶ 86-1065772

Firm's address ▶ Two Jericho Plaza, Jericho, NY 11753 — Phone no (516) 918-7000

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

**Part III Statement of Program Service Accomplishments**

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

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

The mission of the organization is to improve the health of the people in our communities every day, with quality and compassion

**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 $ 417,064,923 including grants of $ 6,194,372 ) (Revenue $ 494,479,675 )

Inpatient healthcare services - Providing inpatient community-based medicine and tertiary care to the surrounding region Services are available to individuals regardless of their ability to pay During FY13, Baystate Medical Center, Inc provided 188,351 patient days of inpatient services, with 38,900 discharges

**4b** (Code ) (Expenses $ 290,147,182 including grants of $ ) (Revenue $ 315,314,842 )

Outpatient healthcare services - Providing outpatient clinical services to the surrounding region Services are available to individuals regardless of their ability to pay During FY13, Baystate Medical Center, Inc had 423,676 outpatient visits

**4c** (Code ) (Expenses $ 29,571,502 including grants of $ ) (Revenue $ 35,439,491 )

Emergency department services - Providing emergency department services to the surrounding region Services are available to individuals regardless of their ability to pay During FY13, Baystate Medical Center, Inc had 100,299 emergency department visits

(Code ) (Expenses $ 126,279,814 including grants of $ ) (Revenue $ 128,248,708 )

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

(Expenses $ 126,279,814 including grants of $ ) (Revenue $ 128,248,708 )

**4e Total program service expenses** ▶ 863,063,421

## 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 | | No |
| 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 | Yes | |
| c | Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII* | 11c | | No |
| d | Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX* | 11d | Yes | |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X* | 11e | Yes | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X* | 11f | | No |
| 12a | Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII* | 12a | | No |
| b | Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional* | 12b | Yes | |
| 13 | Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E* | 13 | | No |
| 14a | Did the organization maintain an office, employees, or agents outside of the United States? | 14a | | No |
| b | Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV* | 14b | Yes | |
| 15 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Parts II and IV* | 15 | | No |
| 16 | Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Parts III and IV* | 16 | | No |
| 17 | Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)* | 17 | | No |
| 18 | Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II* | 18 | | 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? *If "Yes," complete Schedule I, Parts I and II* | **21** | Yes | |
| **22** | Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III* | **22** | Yes | |
| **23** | Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J* | **23** | Yes | |
| **24a** | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25* | **24a** | 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? *If "Yes," complete Schedule L, Part I* | **25a** | | No |
| **b** | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I* | **25b** | | No |
| **26** | Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II* | **26** | | No |
| **27** | Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III* | **27** | | No |
| **28** | Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions) | | | |
| **a** | A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28a** | | No |
| **b** | A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28b** | Yes | |
| **c** | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV* | **28c** | Yes | |
| **29** | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | **29** | | No |
| **30** | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | **30** | | No |
| **31** | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | **31** | | No |
| **32** | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | **32** | | No |
| **33** | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I* | **33** | Yes | |
| **34** | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1* | **34** | Yes | |
| **35a** | Did the organization have a controlled entity within the meaning of section 512(b)(13)? | **35a** | Yes | |
| **b** | If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2* | **35b** | Yes | |
| **36** | **Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2* | **36** | | No |
| **37** | Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI* | **37** | | No |
| **38** | Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O | **38** | Yes | |

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

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

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1a | Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . . | 1a | 1,062 | | |
| b | Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable | 1b | 0 | | |
| c | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . | 1c | | Yes | |
| 2a | Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return . . . . . | 2a | 7,406 | | |
| b | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | 2b | | Yes | |
| 3a | Did the organization have unrelated business gross income of $1,000 or more during the year? . . . | 3a | | Yes | |
| b | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O* . . . . . | 3b | | Yes | |
| 4a | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . . | 4a | | | No |
| b | If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts | | | | |
| 5a | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . | 5a | | | No |
| b | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | 5b | | | No |
| c | If "Yes," to line 5a or 5b, did the organization file Form 8886-T? . . . . . | 5c | | | |
| 6a | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . . | 6a | | | No |
| b | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . . | 6b | | | |
| 7 | **Organizations that may receive deductible contributions under section 170(c).** | | | | |
| a | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? . . . . . | 7a | | | No |
| b | If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . . | 7b | | | |
| c | Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . . | 7c | | | No |
| d | If "Yes," indicate the number of Forms 8282 filed during the year . . . . | 7d | | | |
| e | Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . . | 7e | | | No |
| f | Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . | 7f | | | No |
| g | If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . . | 7g | | | |
| h | If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . . | 7h | | | |
| 8 | **Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . . | 8 | | | |
| 9 | **Sponsoring organizations maintaining donor advised funds.** | | | | |
| a | Did the organization make any taxable distributions under section 4966? . . . . . | 9a | | | |
| b | Did the organization make a distribution to a donor, donor advisor, or related person? . . . . . | 9b | | | |
| 10 | **Section 501(c)(7) organizations.** Enter | | | | |
| a | Initiation fees and capital contributions included on Part VIII, line 12 . . . | 10a | | | |
| b | Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities | 10b | | | |
| 11 | **Section 501(c)(12) organizations.** Enter | | | | |
| a | Gross income from members or shareholders . . . . . | 11a | | | |
| b | Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them ) . . . . . | 11b | | | |
| 12a | **Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041? | 12a | | | |
| b | If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . . | 12b | | | |
| 13 | **Section 501(c)(29) qualified nonprofit health insurance issuers.** | | | | |
| a | Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O | 13a | | | |
| b | Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans . . . . | 13b | | | |
| c | Enter the amount of reserves on hand . . . . . | 13c | | | |
| 14a | Did the organization receive any payments for indoor tanning services during the tax year? . . . . . | 14a | | | No |
| b | If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . . | 14b | | | |

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

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

## Section A. Governing Body and Management

| | | | Yes | No |
|---|---|---|---|---|
| **1a** | Enter the number of voting members of the governing body at the end of the tax year . . . . . | **1a** 22 | | |
| | If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O | | | |
| **b** | Enter the number of voting members included in line 1a, above, who are independent . . . . . | **1b** 8 | | |
| **2** | Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . . | **2** | Yes | |
| **3** | Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . | **3** | Yes | |
| **4** | Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . . | **4** | | No |
| **5** | Did the organization become aware during the year of a significant diversion of the organization's assets? . | **5** | | No |
| **6** | Did the organization have members or stockholders? . . . . . | **6** | Yes | |
| **7a** | Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . . | **7a** | Yes | |
| **b** | Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . . | **7b** | | No |
| **8** | Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following | | | |
| **a** | The governing body? . . . . . | **8a** | Yes | |
| **b** | Each committee with authority to act on behalf of the governing body? . . . . . | **8b** | Yes | |
| **9** | Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O* . . . . . | **9** | | No |

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

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

## Section C. Disclosure

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

**18** Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

**19** Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

**20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ Peter Lyons Baystate Health Inc 759 Chestnut Street Springfield, MA (413) 794-0000

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

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

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

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

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

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

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

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W- 2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
| See Additional Data Table | | | | | | | | | | |
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**Part VII** **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

| (A) Name and Title | (B) Average hours per week (list any hours for related organizations below dotted line) | (C) Position (do not check more than one box, unless person is both an officer and a director/trustee) | | | | | | (D) Reportable compensation from the organization (W-2/1099-MISC) | (E) Reportable compensation from related organizations (W-2/1099-MISC) | (F) Estimated amount of other compensation from the organization and related organizations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | Individual trustee or director | Institutional Trustee | Officer | Key employee | Highest compensated employee | Former | | | |
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| | | | | | | | | | | |
| **1b** **Sub-Total** . . . . . ▶ | | | | | | | | | | |
| **c** **Total from continuation sheets to Part VII, Section A** . . . . ▶ | | | | | | | | | | |
| **d** **Total (add lines 1b and 1c)** . . . . . ▶ | | | | | | | | 3,007,217 | 4,369,613 | 1,041,092 |

**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 ▶289

| | | | Yes | No |
|---|---|---|---|---|
| **3** | Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual* . . . . . | **3** | 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? *If "Yes," complete Schedule J for such individual* . . . . . | **4** | Yes | |
| **5** | Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person* . . . . . | **5** | Yes | |

## Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| Baystate Administrative Services Inc 759 Chestnut Street Springfield MA 01199 | Management Svcs | 74,708,637 |
| Baystate Medical Practices Inc 759 Chestnut Street Springfield MA 01199 | Medical, Educ, Clin | 50,659,102 |
| Baystate Health Inc 759 Chestnut Street Springfield MA 01199 | Strategic Initiatives | 6,000,000 |
| Springfield Anesthesia Service Inc 908 Allen Street Springfield MA 01118 | Anesthesia Services | 5,916,646 |
| Angelica Textile Service 125 Bath Street Ballston SPA NY 12020 | Linen Services | 3,609,163 |
| **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 ▶89 | | |

## 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 | | | | |
| | e | Government grants (contributions) | 1e | 6,114,899 | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | | | | |
| | g | Noncash contributions included in lines 1a-1f $ | | | | | |
| | h | **Total.** Add lines 1a-1f | | 6,114,899 | | | |
| Program Service Revenue | | | Business Code | | | | |
| | 2a | Inpatient Revenue | 900099 | 519,600,090 | 519,600,090 | | |
| | b | Outpatient Revenue | 621400 | 402,148,847 | 395,413,861 | 6,734,986 | |
| | c | Sponsored Programs | 900099 | 9,088,126 | 9,088,126 | | |
| | d | CMS Elec Med Rec Fdg | 900099 | 2,922,780 | 2,922,780 | | |
| | e | Intercompany Rent | 900099 | 2,797,507 | 2,797,507 | | |
| | f | All other program service revenue | | | | | |
| | g | **Total.** Add lines 2a–2f | | 936,557,350 | | | |
| | 3 | Investment income (including dividends, interest, and other similar amounts) | | 12,853,628 | | | 12,853,628 |
| | 4 | Income from investment of tax-exempt bond proceeds | | | | | |
| | 5 | Royalties | | | | | |
| | | | (i) Real / (ii) Personal | | | | |
| | 6a | Gross rents | 680,896 | | | | |
| | b | Less rental expenses | 349,791 | | | | |
| | c | Rental income or (loss) | 331,105 | | | | |
| | d | Net rental income or (loss) | | 331,105 | | | 331,105 |
| | | | (i) Securities / (ii) Other | | | | |
| | 7a | Gross amount from sales of assets other than inventory | 4,253,414 / 99,603 | | | | |
| | b | Less cost or other basis and sales expenses | 0 / 46,701 | | | | |
| | c | Gain or (loss) | 4,253,414 / 52,902 | | | | |
| | d | Net gain or (loss) | | 4,306,316 | | | 4,306,316 |
| Other Revenue | 8a | Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 | a | | | | |
| | b | Less direct expenses | b | | | | |
| | c | Net income or (loss) from fundraising events | | | | | |
| | 9a | Gross income from gaming activities See Part IV, line 19 | a | | | | |
| | b | Less direct expenses | b | | | | |
| | c | Net income or (loss) from gaming activities | | | | | |
| | 10a | Gross sales of inventory, less returns and allowances | a | | | | |
| | b | Less cost of goods sold | b | | | | |
| | c | Net income or (loss) from sales of inventory | | | | | |
| | | Miscellaneous Revenue | Business Code | | | | |
| | 11a | Pharmacy Service | 900099 | 21,579,208 | 21,579,208 | | |
| | b | Intercompany Charges | 900099 | 9,963,406 | 9,963,406 | | |
| | c | Cafeteria Income | 900099 | 4,421,123 | | | 4,421,123 |
| | d | All other revenue | | 13,258,476 | 12,117,738 | 64,398 | 1,076,340 |
| | e | **Total.** Add lines 11a–11d | | 49,222,213 | | | |
| | 12 | **Total revenue.** See Instructions | | 1,009,385,511 | 973,482,716 | 6,799,384 | 22,988,512 |

## 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 | 6,124,646 | 6,124,646 | | |
| 2 Grants and other assistance to individuals in the United States See Part IV, line 22 | 69,726 | 69,726 | | |
| 3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16 | | | | |
| 4 Benefits paid to or for members | | | | |
| 5 Compensation of current officers, directors, trustees, and key employees . . . . | 815,050 | 246,553 | 568,497 | |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . | 188,731 | 55,902 | 132,829 | |
| 7 Other salaries and wages | 353,688,696 | 329,524,317 | 24,164,379 | |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . | 22,004,652 | 20,577,469 | 1,427,183 | |
| 9 Other employee benefits . . . . . | 32,561,323 | 30,336,907 | 2,224,416 | |
| 10 Payroll taxes . . . . . | 26,482,314 | 24,637,015 | 1,845,299 | |
| 11 Fees for services (non-employees) | | | | |
| a Management . . . . . | 37,271,564 | 34,312,396 | 2,959,168 | |
| b Legal . . . . . | 1,395,534 | | 1,395,534 | |
| c Accounting . . . . . | 244,985 | | 244,985 | |
| d Lobbying . . . . . | 83,191 | | 83,191 | |
| e Professional fundraising services See Part IV, line 17 | | | | |
| f Investment management fees . . . . . | | | | |
| g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O) . . . . . | 101,047,580 | 94,401,951 | 6,645,629 | |
| 12 Advertising and promotion . . . . | 274,022 | 203,156 | 70,866 | |
| 13 Office expenses . . . . . | 194,283,580 | 190,450,437 | 3,833,143 | |
| 14 Information technology . . . . . | 46,897,533 | 46,434,879 | 462,654 | |
| 15 Royalties . . | | | | |
| 16 Occupancy . . . . . | 34,676,792 | 29,551,434 | 5,125,358 | |
| 17 Travel . . . . . | 1,032,661 | 824,666 | 207,995 | |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . . | | | | |
| 19 Conferences, conventions, and meetings . . . . | 1,248,992 | 787,667 | 461,325 | |
| 20 Interest . . . . . | 8,935,344 | 8,935,344 | | |
| 21 Payments to affiliates . . . . . | | | | |
| 22 Depreciation, depletion, and amortization . . . . . | 41,205,686 | 36,317,519 | 4,888,167 | |
| 23 Insurance . . . . . | 10,296,248 | 9,220,262 | 1,075,986 | |
| 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 Non-Patient Bad Debt Ex | 51,175 | 51,175 | | |
| b | | | | |
| c | | | | |
| d | | | | |
| e All other expenses | | | | |
| 25 **Total functional expenses.** Add lines 1 through 24e | 920,880,025 | 863,063,421 | 57,816,604 | 0 |
| 26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) | | | | |

**Part X Balance Sheet**

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

| | | | | (A) Beginning of year | | (B) End of year |
|---|---|---|---|---|---|---|
| Assets | 1 | Cash—non-interest-bearing | | | 1 | |
| | 2 | Savings and temporary cash investments | | 58,925,828 | 2 | 72,620,494 |
| | 3 | Pledges and grants receivable, net | | | 3 | |
| | 4 | Accounts receivable, net | | 101,595,330 | 4 | 90,337,347 |
| | 5 | Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L | | | 5 | |
| | 6 | Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L | | | 6 | |
| | 7 | Notes and loans receivable, net | | 200,070,262 | 7 | 198,398,223 |
| | 8 | Inventories for sale or use | | 17,262,322 | 8 | 18,838,884 |
| | 9 | Prepaid expenses and deferred charges | | 6,342,105 | 9 | 7,164,381 |
| | 10a | Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D | 10a 934,066,469 | | | |
| | b | Less accumulated depreciation | 10b 630,293,135 | 291,625,216 | 10c | 303,773,334 |
| | 11 | Investments—publicly traded securities | | 301,760,637 | 11 | 329,431,119 |
| | 12 | Investments—other securities See Part IV, line 11 | | 71,682,557 | 12 | 75,877,891 |
| | 13 | Investments—program-related See Part IV, line 11 | | | 13 | |
| | 14 | Intangible assets | | | 14 | |
| | 15 | Other assets See Part IV, line 11 | | 90,166,899 | 15 | 92,438,415 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 1,139,431,156 | 16 | 1,188,880,088 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 102,895,837 | 17 | 91,506,008 |
| | 18 | Grants payable | | | 18 | |
| | 19 | Deferred revenue | | | 19 | |
| | 20 | Tax-exempt bond liabilities | | 333,635,193 | 20 | 327,856,584 |
| | 21 | Escrow or custodial account liability Complete Part IV of Schedule D | | | 21 | |
| | 22 | Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L | | | 22 | |
| | 23 | Secured mortgages and notes payable to unrelated third parties | | 15,818,342 | 23 | 12,830,155 |
| | 24 | Unsecured notes and loans payable to unrelated third parties | | | 24 | |
| | 25 | Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D | | 180,885,647 | 25 | 110,598,686 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 633,235,019 | 26 | 542,791,433 |
| Net Assets or Fund Balances | | **Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.** | | | | |
| | 27 | Unrestricted net assets | | 484,327,757 | 27 | 626,015,247 |
| | 28 | Temporarily restricted net assets | | 17,742,467 | 28 | 15,892,834 |
| | 29 | Permanently restricted net assets | | 4,125,913 | 29 | 4,180,574 |
| | | **Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.** | | | | |
| | 30 | Capital stock or trust principal, or current funds | | | 30 | |
| | 31 | Paid-in or capital surplus, or land, building or equipment fund | | | 31 | |
| | 32 | Retained earnings, endowment, accumulated income, or other funds | | | 32 | |
| | 33 | Total net assets or fund balances | | 506,196,137 | 33 | 646,088,655 |
| | 34 | Total liabilities and net assets/fund balances | | 1,139,431,156 | 34 | 1,188,880,088 |

## Part XI Reconcilliation of Net Assets

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

| | | | |
|---|---|---|---|
| 1 | Total revenue (must equal Part VIII, column (A), line 12) | 1 | 1,009,385,511 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 920,880,025 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 88,505,486 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 506,196,137 |
| 5 | Net unrealized gains (losses) on investments | 5 | 24,219,467 |
| 6 | Donated services and use of facilities | 6 | |
| 7 | Investment expenses | 7 | |
| 8 | Prior period adjustments | 8 | |
| 9 | Other changes in net assets or fund balances (explain in Schedule O) | 9 | 27,167,565 |
| 10 | Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | 10 | 646,088,655 |

## Part XII Financial Statements and Reporting

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

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

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 04-2790311
**Name:** Baystate Medical Center 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 | | | |
| Mark R Tolosky<br>President, CEO & Trustee | 1 00<br>49 00 | X | | X | | | | 0 | 1,555,044 | 59,300 |
| Victor Woolridge<br>Chair | 1 00<br>2 00 | X | | X | | | | 0 | 0 | 0 |
| James P Sadowsky<br>Vice Chair | 1 00<br>2 00 | X | | X | | | | 0 | 0 | 0 |
| Gregory L Braden MD<br>Trustee 1/1 - 9/30/13 | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Ruth H Constantine<br>Trustee 1/1 - 9/30/13 | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Charles L D'Amour<br>Trustee 10/1 - 12/31/12 | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| John H Davis<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| John A Egelhofer MD<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| John E Kole<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Grace P Makari-Judson MD<br>Trustee/ Hematologist M D | 1 00<br>49 00 | X | | | | | | 329,977 | 0 | 45,148 |
| John F Maybury<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Steven M Mitus<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Kevin Moriarty MD<br>Trustee, Pediatric Surgeon | 1 00<br>0 00 | X | | | | | | 448,971 | 0 | 71,041 |
| Jeffery G Mulhern MD<br>Trustee | 1 00<br>0 00 | X | | | | | | 0 | 15,000 | 0 |
| John M O'Brien III<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Anne M Paradis<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Robert L Pura PhD<br>Trustee 1/1 - 9/30/13 | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Katherine E Putnam<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Timothy S Rice<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| David C Southworth<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Barbara W Stechenberg MD<br>Trustee/ Infectious Disease | 1 00<br>49 00 | X | | | | | | 144,720 | 0 | 32,595 |
| Katherine McG Sullivan<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Howard G Trietsch MD<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Richard B Steele Jr<br>Trustee | 1 00<br>1 00 | X | | | | | | 0 | 0 | 0 |
| Dennis W Chalke<br>Treasurer | 1 00<br>49 00 | | | X | | | | 0 | 723,685 | 52,277 |

## 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 | | | |
| Kristin R Delaney<br>Clerk | 1 00<br>49 00 | | | X | | | | 0 | 98,119 | 19,540 |
| Patricia A Sheldon<br>Assistant Clerk | 1 00<br>49 00 | | | X | | | | 0 | 64,790 | 15,809 |
| Gregory A Harb<br>Executive VP, COO | 50 00<br>0 00 | | | | X | | | 0 | 799,614 | 161,885 |
| Mark R Keroack MD<br>Executive VP, COO | 50 00<br>0 00 | | | | X | | | 0 | 814,375 | 135,233 |
| Michael F Moran<br>VP Facilities & Guest Serv | 50 00<br>0 00 | | | | X | | | 281,296 | 0 | 47,559 |
| Deborah Morsi<br>VP, Patient Care Services | 50 00<br>0 00 | | | | X | | | 269,039 | 0 | 21,419 |
| Deborah A Provost<br>VP Surg, Anes, Emrg Serv | 50 00<br>0 00 | | | | X | | | 264,715 | 0 | 76,033 |
| Peter Lindenauer MD<br>Med Dir & Quality & Safety | 50 00<br>0 00 | | | | | X | | 294,571 | 0 | 52,779 |
| Betty K Larue<br>VP, Heart & Vascular/ Neuro | 50 00<br>0 00 | | | | | X | | 268,410 | 0 | 81,343 |
| David Y Chin PhD<br>Rad Oncology Med Physics C | 50 00<br>0 00 | | | | | X | | 241,870 | 0 | 46,337 |
| Jason M Newmark<br>VP Diagnostic Services | 50 00<br>0 00 | | | | | X | | 239,835 | 0 | 30,975 |
| Michael R Favreau<br>Director Radiology Service | 50 00<br>0 00 | | | | | X | | 223,813 | 0 | 81,611 |
| Keith C McLean-Shinaman<br>Former Treasurer | 0 00 | | | | | | X | 0 | 298,986 | 10,208 |

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# SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

## Public Charity Status and Public Support

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

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

OMB No 1545-0047

**2012**

**Open to Public Inspection**

**Name of the organization**
Baystate Medical Center Inc

**Employer identification number**
04-2790311

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## Section A. Public Support

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

## Section B. Total Support

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

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

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

## Section C. Computation of Public Support Percentage

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

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

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

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

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

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

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

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

## Section A. Public Support

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

## Section B. Total Support

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

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

## Section C. Computation of Public Support Percentage

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

## Section D. Computation of Investment Income Percentage

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

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

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

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

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

| Facts And Circumstances Test |
| --- |
| |

**Explanation**

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# SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

## Political Campaign and Lobbying Activities

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

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

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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

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

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

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

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

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

| Name of the organization | Employer identification number |
|---|---|
| Baystate Medical Center Inc | 04-2790311 |

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

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

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply

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

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

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

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

### Lobbying Expenditures During 4-Year Averaging Period

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

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

| | *For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.* | (a) Yes | (a) No | (b) Amount |
|---|---|---|---|---|
| 1 | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of | | | |
| a | Volunteers? | | No | |
| b | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | | No | |
| c | Media advertisements? | | No | |
| d | Mailings to members, legislators, or the public? | | No | |
| e | Publications, or published or broadcast statements? | | No | |
| f | Grants to other organizations for lobbying purposes? | | No | |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | | No | |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | No | |
| i | Other activities? | Yes | | 83,191 |
| j | Total Add lines 1c through 1i | | | 83,191 |
| 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 |
|---|---|---|
| Part IV, Supplemental Information | | Baystate Medical Center, Inc pays membership dues to the Massachusetts Hospital Association (MHA) and the American Hospital Association (AHA) These organizations have advised us that portions of these dues are used for lobbying purposes for various healthcare matters at the state level The portion of dues listed as lobbying expenses for the year ending September 30, 2013 is $83,191 |

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**SCHEDULE D** (Form 990)

Department of the Treasury
Internal Revenue Service

# Supplemental Financial Statements

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

OMB No 1545-0047

**2012**

**Open to Public Inspection**

**Name of the organization**
Baystate Medical Center Inc

**Employer identification number**
04-2790311

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

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

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

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

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

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

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

## Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

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

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

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

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

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

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

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

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

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

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

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

| | | (a) Current year | (b) Prior year | (b) (c) Two years back | (d) Three years back | (e) Four years back |
|---|---|---|---|---|---|---|
| 1a | Beginning of year balance | | | | | |
| b | Contributions | | | | | |
| c | Net investment earnings, gains, and losses | | | | | |
| d | Grants or scholarships | | | | | |
| e | Other expenditures for facilities and programs | | | | | |
| f | Administrative expenses | | | | | |
| g | End of year balance | | | | | |

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

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

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

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

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 | | 12,334,547 | | 12,334,547 |
| b Buildings | | 381,272,070 | 204,263,581 | 177,008,489 |
| c Leasehold improvements | | 4,249,352 | 962,148 | 3,287,204 |
| d Equipment | | 496,722,981 | 407,294,774 | 89,428,207 |
| e Other | | 39,487,519 | 17,772,632 | 21,714,887 |
| **Total.** Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 303,773,334 |

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

| (a) Description of security or category (including name of security) | (b) Book value | (c) Method of valuation Cost or end-of-year market value |
|---|---|---|
| (1) Financial derivatives | | |
| (2) Closely-held equity interests | 1,703,926 | C |
| (3) Other<br>(A) Investments-securities other less than 5% | 74,173,965 | C |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 12 )* ▶ | 75,877,891 | |

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

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

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

| (a) Description | (b) Book value |
|---|---|
| (1) Contractual Adjustment Receivable | 25,923,626 |
| (2) Due From Affiliated Companies | 44,524,033 |
| (3) Beneficial Interest in Net Assets of BHF | 20,073,408 |
| (4) Funds Held - Bond Indenture | 888,862 |
| (5) Board Designated - Due From Unrestricted Funds | 1,028,486 |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶ | 92,438,415 |

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

| 1 (a) Description of liability | (b) Book value |
|---|---|
| Federal income taxes | |
| Contractual Adjustments Payable | 54,834,629 |
| Refundable Advances | 615,430 |
| Due to Affiliated Companies | 137,180 |
| Insurance Liability Loss Reserves | 6,806,000 |
| Deferred Revenue | 551,259 |
| Minimum Pension Liability | 40,738,232 |
| Market Value Swap | 6,915,956 |
| | |
| | |
| **Total.** *(Column (b) must equal Form 990, Part X, col (B) line 25 )* ▶ | 110,598,686 |

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

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

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

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

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

## Part XIII Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| | | Part X, Line 2 - Baystate Medical Center, Inc did not have a FIN 48 footnote included in the audited financial statements Additional Information Part V Certain endowments are held at Baystate Health Foundation (BHF), an affiliate, and are reported as temporarily restricted and permanently restricted but Part V has not been completed as it is already addressed on BHF's Form 990 (EIN 04-3549011) |

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

# Statement of Activities Outside the United States

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2012

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

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

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

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

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

| | (a) Region | (b) Number of offices in the region | (c) Number of employees, agents, and independent contractors in region | (d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region) | (e) If activity listed in (d) is a program service, describe specific type of service(s) in region | (f) Total expenditures for and investments in region |
|---|---|---|---|---|---|---|
| | Carribean | 0 | 0 | Insurance Premium Transfers | | 8,399,000 |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| | | | | | | |
| 3a | Sub-total | 0 | 0 | | | 8,399,000 |
| b | Total from continuation sheets to Part I | 0 | 0 | | | 0 |
| c | **Totals** (add lines 3a and 3b) | 0 | 0 | | | 8,399,000 |

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

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

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

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

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

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

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

**Part V** **Supplemental Information**

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

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Itemization | Part 1, Line 3 | Total expenditures of $8,399,000 in the Carribean are comprised of insurance premium transfers |
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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

# Hospitals

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

OMB No 1545-0047

2012

Open to Public Inspection

**Name of the organization**
Baystate Medical Center Inc

**Employer identification number**
04-2790311

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

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

### 7 Financial Assistance and Certain Other Community Benefits at Cost

| Financial Assistance and Means-Tested Government Programs | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community benefit expense | (d) Direct offsetting revenue | (e) Net community benefit expense | (f) Percent of total expense |
|---|---|---|---|---|---|---|
| a Financial Assistance at cost (from Worksheet 1) | | | 21,697,439 | 11,372,049 | 10,325,390 | 1 120 % |
| b Medicaid (from Worksheet 3, column a) | | | 179,421,835 | 169,793,645 | 9,628,190 | 1 050 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | 17,628,003 | 15,971,085 | 1,656,918 | 0 180 % |
| d **Total** Financial Assistance and Means-Tested Government Programs | | | 218,747,277 | 197,136,779 | 21,610,498 | 2 350 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from Worksheet 4) | | | 2,866,824 | 0 | 2,866,824 | 0 310 % |
| f Health professions education (from Worksheet 5) | | | 52,424,169 | 15,749,844 | 36,674,325 | 3 980 % |
| g Subsidized health services (from Worksheet 6) | | | 18,931,863 | 12,778,478 | 6,153,385 | 0 670 % |
| h Research (from Worksheet 7) | | | 18,187,556 | 0 | 18,187,556 | 1 980 % |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | | | 2,160,172 | 0 | 2,160,172 | 0 230 % |
| j **Total.** Other Benefits | | | 94,570,584 | 28,528,322 | 66,042,262 | 7 170 % |
| k **Total.** Add lines 7d and 7j | | | 313,317,861 | 225,665,101 | 87,652,760 | 9 520 % |

**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 | | | 100,000 | | 100,000 | 0 010 % |
| 2 | Economic development | | | | | | |
| 3 | Community support | | | | | | |
| 4 | Environmental improvements | | | | | | |
| 5 | Leadership development and training for community members | | | | | | |
| 6 | Coalition building | | | | | | |
| 7 | Community health improvement advocacy | | | | | | |
| 8 | Workforce development | | | | | | |
| 9 | Other | | | | | | |
| 10 | **Total** | | | 100,000 | | 100,000 | 0 010 % |

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

**Section A. Bad Debt Expense**

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1 | Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15? | | 1 | Yes | |
| 2 | Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount | 2 | 5,078,340 | | |
| 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 | 1,952,008 | | |
| 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 | 263,110,825 | | |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 208,088,423 | | |
| 7 | Subtract line 6 from line 5 This is the surplus (or shortfall) | 7 | 55,022,402 | | |
| 8 | Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used | | | | |

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

**Section C. Collection Practices**

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

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

| | (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership % | (e) Physicians' profit % or stock ownership % |
|---|---|---|---|---|---|
| 1 | | | | | |
| 2 | | | | | |
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| 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?
**26**

| 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 |
|---|---|---|---|---|---|---|---|---|---|---|
| See Additional Data Table | | | | | | | | | | |
| | | | | | | | | | | |
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## Part V Facility Information *(continued)*

### Section B. Facility Policies and Practices

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

**Name of hospital facility or facility reporting group** Baystate Medical Center

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

| | | | Yes | No |
|---|---|---|---|---|
| **Community Health Needs Assessment** (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012) | | | | |
| **1** | During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 | **1** | Yes | |
| | If "Yes," indicate what the CHNA report describes (check all that apply) | | | |
| **a** | ☑ A definition of the community served by the hospital facility | | | |
| **b** | ☑ Demographics of the community | | | |
| **c** | ☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community | | | |
| **d** | ☑ How data was obtained | | | |
| **e** | ☑ The health needs of the community | | | |
| **f** | ☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups | | | |
| **g** | ☑ The process for identifying and prioritizing community health needs and services to meet the community health needs | | | |
| **h** | ☑ The process for consulting with persons representing the community's interests | | | |
| **i** | ☑ Information gaps that limit the hospital facility's ability to assess the community's health needs | | | |
| **j** | ☑ Other (describe in Part VI) | | | |
| **2** | Indicate the tax year the hospital facility last conducted a CHNA 20 12 | | | |
| **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** | Yes | |
| **5** | Did the hospital facility make its CHNA report widely available to the public? | **5** | Yes | |
| | If "Yes," indicate how the CHNA report was made widely available (check all that apply) | | | |
| **a** | ☑ Hospital facility's website | | | |
| **b** | ☑ Available upon request from the hospital facility | | | |
| **c** | ☑ Other (describe in Part VI) | | | |
| **6** | If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date) | | | |
| **a** | ☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA | | | |
| **b** | ☑ Execution of the implementation strategy | | | |
| **c** | ☑ Participation in the development of a community-wide plan | | | |
| **d** | ☐ Participation in the execution of a community-wide plan | | | |
| **e** | ☐ Inclusion of a community benefit section in operational plans | | | |
| **f** | ☐ Adoption of a budget for provision of services that address the needs identified in the CHNA | | | |
| **g** | ☑ Prioritization of health needs in its community | | | |
| **h** | ☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community | | | |
| **i** | ☑ Other (describe in Part VI) | | | |
| **7** | Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs | **7** | | 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)*

| | | | Yes | No |
|---|---|---|---|---|
| **Financial Assistance Policy** | | | | |
| **9** | Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? | **9** | Yes | |
| **10** | Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care? | **10** | Yes | |
| | If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used | | | |
| **11** | Used FPG to determine eligibility for providing *discounted* care? | **11** | Yes | |
| | If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000% If "No," explain in Part VI the criteria the hospital facility used | | | |
| **12** | Explained the basis for calculating amounts charged to patients? | **12** | Yes | |
| | If "Yes," indicate the factors used in determining such amounts (check all that apply) | | | |
| **a** | ☑ Income level | | | |
| **b** | ☐ Asset level | | | |
| **c** | ☑ Medical indigency | | | |
| **d** | ☑ Insurance status | | | |
| **e** | ☐ Uninsured discount | | | |
| **f** | ☑ Medicaid/Medicare | | | |
| **g** | ☑ State regulation | | | |
| **h** | ☐ Other (describe in Part VI) | | | |
| **13** | Explained the method for applying for financial assistance? | **13** | Yes | |
| **14** | Included measures to publicize the policy within the community served by the hospital facility? | **14** | Yes | |
| | If "Yes," indicate how the hospital facility publicized the policy (check all that apply) | | | |
| **a** | ☑ The policy was posted on the hospital facility's website | | | |
| **b** | ☑ The policy was attached to billing invoices | | | |
| **c** | ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms | | | |
| **d** | ☑ The policy was posted in the hospital facility's admissions offices | | | |
| **e** | ☐ The policy was provided, in writing, to patients on admission to the hospital facility | | | |
| **f** | ☑ The policy was available upon request | | | |
| **g** | ☐ Other (describe in Part VI) | | | |
| **Billing and Collections** | | | | |
| **15** | Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? | **15** | Yes | |
| **16** | Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP | | | |
| **a** | ☐ Reporting to credit agency | | | |
| **b** | ☐ Lawsuits | | | |
| **c** | ☐ Liens on residences | | | |
| **d** | ☐ Body attachments | | | |
| **e** | ☐ Other similar actions (describe in Part VI) | | | |
| **17** | Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? | **17** | | No |
| | If "Yes," check all actions in which the hospital facility or a third party engaged | | | |
| **a** | ☐ Reporting to credit agency | | | |
| **b** | ☐ Lawsuits | | | |
| **c** | ☐ Liens on residences | | | |
| **d** | ☐ Body attachments | | | |
| **e** | ☐ Other similar actions (describe in Part VI) | | | |

## Part V Facility Information *(continued)*

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

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

**Policy Relating to Emergency Medical Care**

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

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

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

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

**Section 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?

| | Name and address | Type of Facility (describe) |
|---|---|---|
| 1 | | |
| 2 | | |
| 3 | | |
| 4 | | |
| 5 | | |
| 6 | | |
| 7 | | |
| 8 | | |
| 9 | | |
| 10 | | |

## Part VI Supplemental Information

Complete this part to provide the following information

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

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

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

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

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

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

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

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

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part I, Line 6a Baystate Medical Center files an annual community benefit report electronically with the Massachusetts Attorney General's office via their website at http //www cbsys ago state ma us/cbpublic/public/hccbindex aspx Baystate Medical Center's annual community benefit report is available to the public via the Massachusetts Attorney General's website (see above) and via Baystate Health's website http //www baystatehealth org/Baystate/Main+Nav/About+Us/Community+Programs/Community+Health+Planning/Community+Benefits+Program Our community benefit report provides the Attorney General's Office and the general public important information about how Baystate Medical Center partners with our communities to identify and address unmet health needs of disadvantaged and vulnerable populations in support of our charitable mission |
| | | Part I, Line 7 Line 7a (Charity Care) - community benefit expense was calculated by applying the ratio of patient care cost to charges, calculated on Worksheet 2, against total charity care gross patient charges from the audited financial statements Line 7b (Unreimbursed Medicaid) - community benefit expense was derived using the organization's cost accounting system, which takes into account all hospital inpatients, outpatients and emergency room patients for whom services were provided and covered under Medicaid and Medicaid managed care plans Line 7c (Other Means-Tested Programs) - community benefit expense was derived using the organization's cost accounting system, which takes into account all hospital inpatients, outpatients and emergency room patients for whom services were provided and covered under other means-tested government programs Line 7f (Health Professional Education) - community benefit expense was derived using the organization's cost accounting system Line 7g (Subsidized Programs) - community benefit expense was derived using the organization's cost accounting system The expense relates to specific outpatient programs Line 7h (Research) - community benefit expense was derived using the organization's cost accounting system In addition to the research costs reported on line 7h, there was $1,359,939 of expenses related to Industry-sponsored grants that we believe should be treated as community benefit expense because they were incurred to promote the health and well-being of the local population and are a key component of our commitment to the community |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part I, Line 7g  There are no costs attributable to physician clinics reported as subsidized health services in Part I, line 7g |
| | | Part I, L7 Col(f)  'In fiscal year 2013, the organization adopted the provisions of Accounting Standards Update 2011-07, Health Care Entities (Topic 954), Presentation and disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities on October 1, 2012  The update changed how the provision for bad debts is reported on the audited financial statements  In prior years it was included with total operating expenses, and subtracted from total expenses reported in Part IX, Line 25, column (A) for the purpose of calculating the percentages in Part I, Line 7, column (f)  In 2013, the provision for bad debts was reported as a deduction to net patient service revenue  The 2013 provision for bad debts totalled $13,487,538 and is not included in total expenses reported in Part IX, LIne 25, column (A) for the purpose of calculating the percentages in Part 1, LIne 7, column (f) |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part II Specific to Part II Baystate Medical Center provided $100,000 to the North End Housing Initiative (NEHI) with the goal of increasing the quantity, quality and healthfulness of affordable single and duplex family housing for low income families with young children in the North End neighborhoods of Springfield, Massachusetts A portion of the funding is also used to leverage additional funding to write grants for projects what will assist the NEHI to achieve its mission In addition to providing additional housing in the North End, NEHI also provides homebuyer and financial literacy courses to North End households and maximizes economic opportunities for minority-owned businesses within NEHI construction projects The NEHI improves the public health of the community by providing greater access to healthy homes, reducing the prevalence of asthma in young children, increasing housing stability and creating safer and more beautiful neighborhoods through affordable homeownership The following description is not quantified specifically in Part II of Schedule H Baystate Medical Center provided $150,000 as a Voluntary Contribution to the City of Springfield, specifically to fund public health initiatives under the Department of Health and Human Services Baystate Medical Center provided $108,622 36 as a Payment in Lieu of Taxes (PILOT) to the City of Springfield for our outpatient facility at 3300 Main Street, Springfield Baystate Medical Center provided $34,881 58 as a Payment in Lieu of Taxes (PILOT) to the City of Chicopee for our employee parking lot located at Center Street, Chicopee Baystate Medical Center is a dues paying member of the Economic Development Council of Western Massachusetts (EDC) and the Affiliated Chambers of Commerce of Greater Springfield (ACCGS) BMC participates in the EDC and ACCGS as we are the largest local employer in our region The Chamber and its membership coordinate activities toward a common purpose of sustainability and economic growth for the region The amount paid for FY 2013 was $75,050 Baystate Medical Center is committed to creating healthier communities and understands that many state and federally mandated community benefit programs and services are not sufficient to address ethnic, racial and economic health disparities BMC extends the traditional definition of "health" to include economic opportunity, affordable housing, quality education, safe neighborhoods, food security, arts/culture, and racism and homophobia free communities all elements that are needed for individuals, families and communities to thrive Baystate Medical Center provides many valuable services, resources, programs and financial support - beyond the walls of the hospital and into the communities and homes of the people we serve, including sponsorships for more than 200 non-profit community organizations and events and involvement of Baystate leadership with over 70 community boards that align with our mission |
| | | Part III, Line 4 The cost of bad debts reported in Part III, line 2 was calculated by applying a ratio of cost to charges (based on the organization's cost accounting system including all hospital inpatients and outpatients) against total patient bad debt net of recoveries as reported in the audited financial statements The portion of bad debt that reasonably could be attributable to patients who may qualify for financial assistance under the hospital's charity care program (reported in Part III line 3) was calculated by applying the percentage of bad debts by zip code (for which the average household income for each zip code is less than 200% of the federal poverty level) to the total cost of bad debt reported in Part III line 2 Since this portion of bad debt is attributable to patients residing in an area where the average income is less than 200% of the Federal poverty level, it is highly likely these patients would have qualified for the organization's charity care program had they applied For this reason, we believe the amount, totalling $1,952,008, should be treated as community benefit expense in Part I As noted above, the organization adopted Accounting Standards Update 2011-07 effective October 1, 2012, which changed the way entities report and disclose certain financial information including the provision for bad debts See footnote #2 (Significant Accounting Policies) on page 12 of the audited financial statements under the caption "Allowance for Uncollectible Accounts" for a description of the organization's reporting of its provision for bad debts If a patient is determined eligible for financial assistance, the appropriate adjustment is made to the patient account based on their income level Once the necessary approvals are obtained, it then flows to the general ledger Patients applying for a prompt payment discount will have this allowance entered after agreed upon payment is received |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | | Part III, Line 8 Line 6 - included all Medicare allowable costs as calculated in Worksheets D-1 Part II (inpatient and inpatient psych), D Part V (outpatient) and E Part A (organ acquisition) of the hospital's 2013 Medicare cost report, net of Medicare costs reported in Part 1, line 7g, and based on Medicare costing principles There is no shortfall reported on line 7 |
| | | Part III, Line 9b For patients who are known to qualify for Charity Care or Financial Assistance The patient may have requested assistance up front at time of service with a Financial Counselor or the Patient could have asked for assistance after receiving their bill by contacting our Patient Billing Services Representatives The Financial Counselor will assist the patient in applying for the appropriate type of assistance based on their income and circumstances Once approved for a State Medicaid or other program, all billing and collection activity will stop (except for required co-payments or deductibles) For all other patients, our statements contain information regarding how to apply for financial assistance Notices concerning availability for assistance are also posted at patient care sites |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Baystate Medical Center | | Part V, Section B, Line 1j The CHNA report also described collaborating organizations BMC collaborated with each of the hospital facilities that are members of the Coalition of Western Massachusetts Hospitals for its CHNA BMC also collaborated with organizations that participated in a "Design Team" established by the Coalition Representatives from the Collaborative for Community Health, Inc , the Franklin Regional Council of Governments, the Massachusetts Department of Public Health, and the Springfield Department of Health and Human Services participated on this Team Many individuals provided input for this assessment Lists of interviewees are included in the report |
| Baystate Medical Center | | Part V, Section B, Line 3 Community input was gathered through interviews, a community survey, and community listening sessions Interviews were conducted with public health experts, representatives of health, social services, or other departments or agencies, community leaders, health care providers, and persons representing the broad interests of the community The interviews were structured to help identify the most pressing health status and access issues in the community BMC also sought input from the public regarding the health of the community through an online and paper-based survey A website link to the survey (in both English and Spanish) was made available from January through February 2013 Paper copies of the survey were distributed at various local organizations and clinics in multiple languages Efforts were made to reach those without internet access as well as vulnerable populations such as racial and ethnic minorities, low-income groups, individuals with low literacy levels, and non-English speakers The survey was publicized via flyers, social media, human services organizations, boards of health, newspapers, email listservs, and other methods A listening session was held during which community members reviewed and discussed preliminary findings from this assessment Discussion at the listening session was helpful in that it validated assessment findings and contributed to the prioritization process The survey consisted of 48 questions about a range of health status and access issues and respondent demographic characteristics 1,321 residents from the Baystate community completed the survey Seventy-four percent of respondents were female and 49 percent were between the ages of 45 and 64 Seventy-two percent were White and 98 percent did not identify as Hispanic (or Latino) The majority of respondents reported being in good or very good overall health (70 percent), married (50 percent), employed full time (61 percent), privately insured (67 percent), and having an undergraduate degree or higher (53 percent) The majority (83 percent) of respondents speak English in the home Spanish was the top non-English language reported Seven percent of respondents reported that they spoke multiple languages at home Survey responses were received from residents of 43 of the Baystate community's 51 ZIP codes Although the survey garnered many respondents, the sample is not representative of the community and the results are not generalizable to the community as a whole 1,321 residents in Baystate's community responded to the community survey Key informant interviews were conducted face-to-face and by telephone by Mark Rukavina, Principal at Community Health Advisors, LLC The interviews were designed to gain perspective into health needs in the community served by Baystate A total of 39 local key informants, including external and internal stakeholders (those affiliated or employed by Baystate Medical Center) were interviewed during December 2012 through February 2013 In addition, 10 staff members from the Massachusetts Department of Public Health regional office in Northampton also were interviewed as a part of this assessment These interviews were conducted using a structured questionnaire Informants were asked to discuss community health issues and encouraged to look broadly at the social determinants of health Interviewees were asked about issues related to health care access, changes in community population, prevalence of chronic health conditions, and health disparities The frequency with which community health issues was mentioned and the interviewees' perceptions of the significance of each concern were assessed The 49 stakeholders were comprised of public health experts, individuals from health or other departments and agencies, leaders or representatives of medically underserved, low-income, and minority populations, and other community members In addition, 18 community members participated in the CHNA listening sessions The following organizations/community stakeholders were interviewed Public Health Experts- Tracy Osbahr, Director, Massachusetts Department of Public Health, Early Intervention Program- Ben Wood, Healthy Community Design Coordinator, Massachusetts Department of Public Health, Division of Prevention and Wellness- Donna Salloom, Community Liaison, MA Department of Public Health, Division of Prevention and Wellness- Ruth Jacobson-Hardy, Regional Manager, Massachusetts Department of Public Health, Substance Abuse Services- Molly Butler, Program Coordinator, Massachusetts Department of Public Health, Rural Health- Barbara Coughlin, Advisor, Massachusetts Department of Public Health, STD Program-Charles Kaniecki, District Health Officer, Massachusetts Department of Public Health, Western Mass Region- Ronnie Rom, Coordinator, Massachusetts Department of Public Health, Rural Hospital Program - Amy Waldman, Project Director, Massachusetts Department of Public Health, Rural Domestic and Sexual Violence Project- Cathy O'Connor, Director, Massachusetts Department of Public Health, Office of Healthy Communities- Helen Caulton-Harris, Director, City of Springfield, Dept of Health and Human Services- Ben Cluff, Assistance Regional Manager, Bureau of Substance Abuse ServicesHealth or Other Departments or Agencies- Michael Ashe, Hampden County Sheriff, Hampden County Corrections-Andrew Morehouse, Executive Director, Food Bank of Western Massachusetts- Ann Awad, President/CEO, Caring Health Center (FQHC)- Bill Miller, Executive Director, Friends of the Homeless- Deleney McGoffin, Executive Assistant, Community Affairs at YMCA of Greater Springfield, YMCA of Greater Springfield- Dora Robinson, President/CEO, United Way of Pioneer Valley- Elaine Massery, Executive Director, Greater Springfield Senior Services- Janet Denney, Director, City of Springfield, Elder Affairs- Jeanne Clancy, Nursing Supervisor, Springfield Public Schools- John Roberson, Vice-President of Children and Family Services, Center for Human Development-Juan Campbell, Vice-President of Sales, Health New England-Kathy Wilson, President/CEO, Behavioral Health Network-Kristina Chapell, Development Officer, Alzheimer's Association- Mary Walachy, Project Director, Davis Foundation- Nanyamka Hales, Director for Health Initiatives, American Cancer Association - Nikki Burnett, Regional Vice President for Health Equity , American Heart Association-Pamella Wells, Resident Services Manager, Springfield Housing Authority- Robert Marmor, President/CEO, Jewish Family Services - Sally Fuller, Executive Director, Davis Foundation-Soloe Dennis, Emergency Preparedness Planner , Pioneer Valley Planning Commission- Sr Mary Caritas, Vice President, Sisters of Providence Health System- Vickie Nelson, Associate Director of Development, YMCA of Greater Springfield- William Abrashkin, Judge, Springfield Housing AuthorityCommunity Leaders or Representatives Interviewed- Jay Minkarah, President/CEO, Develop Springfield- Sarah Perez-McAdoo, Director, Youth Empowerment Adolescent Health (YEAH)- Bill Ward, Executive Director, Regional Employment Board- Carlos Gonzalez, President/CEO, MA Latino Chamber of Commerce-Cindy Miller, Hampden County Health Services Manager, Tapestry Health, CHNA #4, Community Health Connections-Giang Phan, Professor, University of Massachusetts Amherst, Vietnamese American Civic Association- Henry Thomas, President, Urban League of Springfield- Maly Son, Executive Director, Springfield Vietnamese American Civic Association-Mike Suzor, Assistant to the President, Springfield Technical Community College- Mila Dubinchik, Regional Director, Russian Community Association of MA- Sr Maxyne Schneider President, Sisters of St Joseph- Rev Talbert Swan, Pastor, Spring of Hope Church- Theresa Glenn, CHNA #4, Community Health Connections- Timothy Paul Baymon, Ph D , Archbishop, Council of Churches of Greater Springfield- Vanessa Otero, Director, North End Campus Coalition- Wanda Givens, Director, Mason Square Health Task ForceOther Interviewees Representing the Broad Interests of the Community- Patrick McCarthy, Clinical Director, Hampden County Sheriff's Dept - Shannon Giordano, Legislative Aide , Office of Rep Coakley-Rivera- Domenic Sarno, Mayor , City of Springfield- Jeff Ciuffreda, President, Affiliated Chambers of Commerce of Greater Springfield- John Barberi, Sergeant, City of Springfield Police Department- Kate Kane, Managing Director , Northwestern Mutual Financial Services- Nicholas Fyntrilakis, Vice-President of Community Responsibility, MassMutual-Shawn Sullivan, Communications and Infectious Control Officer, City of Springfield Police Department- William Messner, President, Holyoke Community College |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Baystate Medical Center | | Part V, Section B, Line 4 Baystate Medical Center is a member of the Coalition of Western Massachusetts Hospitals, a partnership between seven (7) not-for-profit hospitals in western Massachusetts that includes Baystate Medical Center, Baystate Franklin Medical Center, Baystate Mary Lane Hospital, Holyoke Medical Center, Cooley Dickinson Hospital, Mercy Medical Center (a member of Sisters of Providence Health System) and Wing Memorial Hospital and Medical Centers (a member of UMass Memorial Health Care), and Health New England, a local health insurer whose service areas covers the four counties of western Massachusetts The Coalition, formed in 2012, put competition aside to conduct a regional community health needs assessment while sharing limited resources and enhancing the quality of data collection to benefit the community as a whole |
| Baystate Medical Center | | Part V, Section B, Line 5c Baystate Medical Center made its CHNA report widely available to the public via an email distribution, with links to the hospital's website, to all key informant interviewees, listening session participants and an internal communication to hospital employees |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Baystate Medical Center | | Part V, Section B, Line 6i For more information about Baystate Medical Center's Community Benefit Implementation Strategy, as related to the hospitals 2013 CHNA, and adopted by the hospital's Board of Trustees, please visit http //www baystatehealth org/StaticFiles/Baystate/About%20Us/Community%20Programs/Community%20Health%20Planning/Community%20Benefits%20Program/BMC-Implementation-Strategy pdf |
| Baystate Medical Center | | Part V, Section B, Line 7 No community hospital facility can address all of the health needs present in its community BMC is committed to adhering to its mission and remaining financially healthy so that it can continue to enhance its clinical excellence and to provide a wide range of community benefits The Strategy does not address the following community health needs identified in the 2013 CHNA due to no new funding or resources, other hospitals or community organizations within service area are already addressing the need or the need falls outside of the hospitals' mission or capacity Racial and Ethnic Disparities in Disease Morbidity and Mortality the hospital understands the connection between institutional racism and ethnic and racial health disparities and has committed DoN resources (see Section C and Appendix A of BMC Implementation Strategy) to fund local undoing racism education and training Lack of Access to Dental Care pediatric dental access is being addressed through Partners for aHealthier Community's BEST Oral Health Initiative (see Section 4b of BMC Implementation Strategy) High Rates of Alcohol, Tobacco, and Drug Use a variety of existing community-based non-profits and agencies are addressing these needs, including, but not limited to Behavioral Health Net, Center for Human Development, City of Springfield Tobacco Program, Gandara, and the Mason Square Drug Free Task Force High Rates of Unsafe Sex, Teen Pregnancy, and Chlamydia Teen pregnancy is being addressed through the efforts of the YEAH! Network and the Springfield Pregnant and Parenting Teens Collaborative (see Section 4b of BMC Implementation Strategy) as well as the City of Springfield's Springfield Adolescent Sexual Health Advisory Committee and the Community Health Network Area #4's Springfield Adolescent Health Project Pediatric Disability hospital clinicians and staff co-lead and participate in the Medical Home Workgroup for Children with Special Needs As part of its regular service line, the hospital has a new Developmental and Behavioral Pediatrics Department (see section 6 of BMC Implementation Strategy) High Rates of Asthma being addressed through Partners for a Healthier Community and the Pioneer Valley Asthma Coalition (see Section 4b of BMC Implementation Strategy) Poor Built Environment and Environmental Quality being addressed through Partners for a Healthier Community's Live Well Springfield and Healthy Environment, Healthy Springfield Initiatives (see Section 4b of BMC Implementation Strategy) |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| | Schedule H, Part V, Section B, Line 18 | None of the actions listed in Line 17 are permitted under the Hospital facility's policies and none of the actions were taken during the current tax year ended September 30, 2013 |
| | | Part VI, Line 2 In partnership with the Coalition of Western MA Hospitals, Baystate Medical Center conducted its most recent community health needs assessment (CHNA) in 2013 of the geographic areas served by the hospital pursuant to the requirements of the MA Attorney General's Community Benefit Guidelines and Section 501(r) of the Internal Revenue Code ("Section 501(r)") The CHNA findings were made available on the hospital's website in September 2013 Per the Internal Revenue Service (IRS) and the Massachusetts Office of the Attorney General, each non-profit hospital must conduct a formal community health needs assessment (CHNA) every three-years in partnership with community organizations and individuals across the hospital's service area The aim is to identify community assets as well as the critical gaps/needs in public health resources and the weak connections between medical care and community care This "gaps analysis" assists Baystate Health's Board of Trustees and senior managers in developing community benefit policy, which targets our charitable resources in focused areas These areas frame existing community benefit programs, assist in transforming community service activities to comply with the IRS and MA Attorney General's criteria, and set priorities in the design of new programs The CHNA is the basis for developing accountable community benefit programs In an ideal situation, an effective and large scale community benefit program will demonstrate measurable community impacts on the health status and quality of life for residents - effectively closing gaps when current data is compared to initial CHNA baseline indicators At a more practical program level, the CHNA guides a "theory of change" linking health needs to community benefit efforts to desired program and community outcomes BMC's CHNA began by identifying the communities served by the hospital Findings are based on various quantitative analyses regarding health-related needs in those areas, a review of health assessments conducted by other organizations in recent years, information obtained from interviews, and findings from a community survey Preliminary assessment findings were discussed with community stakeholders during a series of "listening sessions" and feedback from participants helped validate findings Finally, Verite applied a ranking methodology to help prioritize the community health needs identified by the assessment Including multiple data sources and stakeholder views is important when assessing the level of consensus that exists regarding priority community health needs If alternative data sources including interviews support similar conclusions, then confidence is increased regarding the most problematic health needs in a community Further information about the analytic methods and prioritization process and criteria can be found in the hospitals 2013 CHNA report The list that follows describes the health needs identified throughout the assessment as priorities in the community served by Baystate Medical Center These needs are presented in alphabetical order, by category The prioritized list identifies the 15 most problematic community health needs found by this assessment Needs were determined by synthesizing findings from multiple data sources Access to Care Lack of Affordable and Accessible Medical CareNeed for Care Coordination and Culturally Sensitive Care Dental Health Lack of Access to Dental Care Health Behaviors High Rates of Alcohol, Tobacco, and Drug Use High Rates of Unsafe Sex, Teen Pregnancy, and Chlamydia Maternal and Child Health Prevalent Infant Health Risk Factors (e g , smoking during pregnancy, lack of prenatal care) Pediatric DisabilityMental Health Lack of Access to Mental Health Services and Poor Mental Health Status Use Morbidity and Mortality High Rates of Diet and Exercise-Related Diseases and Mortality High Rates of Asthma Racial and Ethnic Disparities in Disease Morbidity and Mortality Physical Environment Poor Community Safety (e g , homicide and other violent crimes) Poor Built Environment and Environmental Quality (e g , air quality, presence of food deserts) Social and Economic Factors Basic Needs Insecurity Financial Hardship, Housing, and Food Access Low Educational Achievement Baystate Health's Board of Trustees is actively involved in overseeing community benefit programs and expenditures In July 2010, the Baystate Health Board of Trustees assigned oversight of community benefits to the Board's Governance Committee Through its regular board meetings, internal hospital meetings and leadership activities, Baystate Health is actively involved in shaping community benefits provided by the system For FY 2013 the systems Vice President for Government and Community Relations and Public Affairs, under the direction of the Sr Vice President for Strategy & External Relations, supervised the Director of Community Health Planning and Manager of Community Relations and Community Benefit In addition, the Director and Manager work collaboratively with the Regional Director of Public Affairs & Communications for Baystate Health Northern and Eastern Regions and the Public Relations & Community Relations Specialist at Baystate Mary Lane Hospital to oversee the hospitals' community benefit planning, community health needs assessments, annual program data collection, and state and federal reporting of community benefit The Baystate Health Board Governance Committee meets minimally two times per year and is charged with advocating for community benefits at the Board level and throughout the health system, integrating the three (3) hospital-specific community benefit plans into the health system's strategic plan, periodic review of community health needs assessment data, approval of a community benefit mission statement and health priorities, review impact of community benefit programs in promoting health of the community, and ensure community benefits programs are in compliance with guidelines established by the MA Attorney General and IRS Bi-annually, Baystate Health's Vice President for Government and Community Relations and Public Affairs and the Director of Community Health Planning or Community Benefit Manager present a system-wide community benefit update to the full Board of Trustees Baystate Medical Center is in the planning phase of kicking-off a formal Community Benefit Advisory Council (CBAC) A CBAC brings a community lens and filter for interpreting findings of a community health needs assessment and priority setting process The CBAC provides a community perspective on how to increase wellness and resilience opportunities for optimal health for an entire population, guidance in matching Baystate Medical Center resources to community resources, thus making the most of what is possible with the goal to improve health status and quality of life, and policy advocacy to assure and restore health equity by targeting resources for residents Participants on a CBAC for Baystate Medical Center will represent employees, community benefit program managers and Hampden county constituencies and communities that the hospital serves CBAC members will be responsible for reviewing community needs assessment data and use this analysis as a foundation for providing the hospital with input on its community benefit planning process |

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| | | Part VI, Line 3 Baystate Medical Center (BMC) is committed to ensuring that patients in its community have access to quality health care services with fairness and respect without regard to the patients' ability to pay BMC recognizes that the cost of necessary health care services can impose a significant financial burden on patients who are uninsured or underinsured and acts affirmatively to lessen that burden by offering patients in need the opportunity to apply for free or reduced cost services BMC not only offers free and reduced cost care to the financially needy as required by law, but has also voluntarily established discount and financial assistance programs that provide additional free and reduced cost care to more patients residing within the communities served by BMC Baystate Medical Center recognizes that the billing and collection process can be bewildering and burdensome for patients and has implemented procedures to make the process understandable for patients, to inform patients about discount and financial assistance options, and to ensure that patients are not subject to aggressive collection activities Consistent with its patient commitment BMC is required to maintain a credit and collection policy that reflects its patient billing and collection procedures and complies with applicable state and federal laws and regulations Baystate Medical Center has Financial Counselors available to help patients apply for financial assistance programs that may cover unpaid hospital bills, including a variety of federal and state programs as well as financial assistance through Baystate Medical Center BMC Financial Counselors have all been trained and certified by the state as Certified Account Counselors to assist patients in applying for available state and federal programs BMC is committed to ensuring that patients or prospective patients in the community are aware of financial assistance programs For uninsured or underinsured patients, BMC will assist in applying for available financial assistance programs BMC notifies patients of the availability of assistance in both the initial bill sent to patients as well as in general notices posted throughout the hospital When applicable, BMC also assists patients in applying for coverage of services as a Medical Hardship based on the patient's documented income and allowable medical expenses BMC provides, upon request, specific information about the eligibility process to be a Low Income Patient under either the Massachusetts Health Safety Net Program or additional assistance for patients who are low income through BMC's own internal financial assistance program BMC also notifies patients about available payment plans based on their family size and income Signs about the availability of financial assistance programs at Baystate Medical Center are translated into Spanish, because Spanish is primarily spoken by 10% or more of the residents in the hospital's service area Signs are large enough to be clearly visible Baystate Medical Center's sign is 8-1/2 x 11 inches and the header print font is 24 pts Notice of availability of Financial Assistance Programs are posted in the following locations, inpatient, clinic, emergency department admissions and/or registration areas, central admission/registration area, patient financial counselor areas and business office areas that are open to patients Our Credit and Collection Policy is posted on the baystatehealth org website The goal of posting the Credit and Collection Policy is to ensure that patients or prospective patients in our community are aware of our financial assistance programs Baystate Medical Center's Credit and Collection Policy was developed in partnership with Health Care For All, a Massachusetts non-profit organization dedicated to making adequate and affordable health care accessible to everyone, regardless of income, social or economic status |
| | | Part VI, Line 4 Baystate Medical Center, located in Springfield, Massachusetts, is an academic, research, and teaching hospital that serves as the western campus of Tufts University School of Medicine The Hospital is a 716-bed facility with 57 bassinets and is the only Level 1 trauma center in western Massachusetts, treating the most critical and urgent cases in the region The hospital is also home to the second-busiest emergency department in Massachusetts The primary community served by the hospital is defined based on the geographic origins of the hospital's discharges The hospital's primary community is comprised of 51 ZIP codes in 21 cities and towns Agawam, Blandford, Brimfield, Chester, Chicopee, East Longmeadow, Granville, Hampden, Holland, Holyoke, Longmeadow, Ludlow, Monson, Palmer, Russell, Southwick, Springfield, Wales, West Springfield, Westfield, and Wilbraham The 51 ZIP codes collectively and essentially are equivalent to Hampden County Hampden County has a total population of 464,416 In 2012, the community served by the hospital was comprised of 76% White residents, 9 1% African American residents, 21 8 % Latino residents and 2 1% Asian residents The Latino community of Hampden County is concentrated in the cities of Holyoke and Springfield, while the African-American community is concentrated in Springfield In all, 81% of all Latino residents of Hampden County live in either Springfield or Holyoke Non-White populations are expected to grow faster than White populations in the community The Asian, American Indian, Black, and Other are expected to have the fastest growth The growing diversity of the community is important to recognize, given the presence of health disparities Located in Hampden County along the Connecticut River, Springfield is 27 miles north of Hartford CT, while Boston and New York City are 80 and 134 miles away, respectively The Springfield Metropolitan Statistical Area (MSA) is the fourth-largest metropolitan area in New England and the county's contiguous urban nuclei is comprised of the central city of Springfield, with a population of 152,998, and the cities of Chicopee (55,453), and Holyoke (40,073) Much of BMC's service area has Medically Underserved Area or Population (MUA/P) designation from the Health Resources and Services Administration (HRSA) while the major towns have Health Professional Shortage Area (HPSA) designation Within Hampden County, Springfield and the surrounding community, especially Holyoke, have many community risk factors that contribute to poor health, including substance abuse, child abuse and neglect, poverty and unemployment, crime and domestic violence, decreased informal social support networks, and overburdened public schools For FY 2013 BMC's ethnic mix of inpatient & outpatient patients included 48 5% White, 35 8% Hispanic, 11 9% Black, 1 4% Asian, 0 1% Native American, 2 3% Other BMC's payer mix of patients included 40 77% Medicare, 26 59% Medicaid, 27 79% Managed Care, 1 92% Non-Managed Care, 2 93% Other In FY 2013 BMC had 79,306 Emergency Department visits Payer mix for ED visits included 20 37% Medicaid, 3 41% Free Care, 22 78% Healthnet, 2 36% Commonwealth Care, 51 08% Other BMC is committed to reducing health disparities in Springfield Our commitment is demonstrated by our investment of significant resources in our three community health centers and pediatric clinic located in Springfield's low-income neighborhoods that have both HPSA and MUA/MUP designation BMC health centers are primary care first-contact sites for thousands of underserved, low-income people These community training sites for our Residency Program provide continuity of care for over 130,000 patients annually, most of who reside in an MUA/MUP BMC provides primary care to a medically-underserved population in Springfield comprised of primarily Latinos and African-Americans Springfield's black and Latino families fare poorly in comparison to their peers across the state on a myriad of sensitive indicators (e g , infant deaths per 1,000 live births, low birth weight, births to adolescent mothers, adequacy of prenatal care) Springfield has one of the highest concentrations of MassHealth eligible populations This low income population has a special health risk and a specific location in the Mason Square and North End neighborhoods with child poverty rates well above 30% and as high as 70% in some small areas |

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| | | Part VI, Line 5 Baystate Medical Center has a responsibility to respond to health care needs unsupported by government programs In exchange for this responsibility, BMC qualifies for tax-exempt status under 501(c)(3) However, providing hospital care alone is not enough to qualify for tax-exempt status Hospitals also must operate in the public interest and provide programs that benefit the community Baystate Medical Center is fully committed to its role in the community and serves with pride and compassion for people in need The charitable mission of Baystate Medical Center, a member hospital of Baystate Health (BH), is to improve the health of the people in our communities every day, with quality and compassion Baystate Medical Center's Community Benefits Mission is to reduce health disparities, promote community wellness and improve access to care for vulnerable populations BMC is committed to meeting the identified health and wellness needs of constituencies and communities served through the combined efforts of Baystate Health's member organizations, affiliated providers, and community partners Baystate Medical Center meets all of the factors required of medical facilities in order to maintain tax exemption, as first described in Revenue Ruling 69-545 In support of patient care and the medical needs of the communities served by Baystate Medical Center, medical staff membership and privileges are extended to all qualified physicians and practitioners in western Massachusetts who meet the requirements for credentialing and clinical privileges, whether employed by a related Baystate entity or community-based Baystate Medical Center's emergency department is open to all in need of care and services, no one requiring emergency care is denied treatment In addition, surplus funds from operations are generally applied, as permitted, to the following, improvements in patient care, expansion and renovation of existing facilities, purchase and replacement of equipment, debt service, expenses associated with training of physicians and other health care professionals, professional development of medical and other clinical staff, and the support of scientific, translational, and clinical research Baystate Health's volunteer Board of Trustees, the governing body of the organization and its affiliates, is comprised of the President and Chief Executive Officer of Baystate Health and up to twenty-two (22) other elected Trustees who are representative of the broad range of interests which exist in the communities served by Baystate Health and its affiliates The Governance Committee oversees the nomination of Trustees and submits recommendations to the Board of Trustees for membership on the various Board committees In considering nominations or recommendations for trustees, directors, committee members or officers the Governance Committee select nominees who are representative of the various and diverse constituencies served by Baystate Health and its affiliates In particular the Committee nominates persons who are representative of the community consumer interests of the various neighborhoods and localities which are served by Baystate Health and its affiliates in the carrying out of and pursuant to the charitable mission of the Baystate Health and its affiliates Baystate Medical Center's Patient and Family Advisory Council facilitate patients and families to share information and advise the hospital regarding policies and programs Information from the Council provides hospital leadership with an enhanced understanding of how to improve quality, program development, service excellence, communications, patient safety, facility design, patient and family education, patient and family satisfaction, and loyalty Please refer to the section above in line 2 for additional examples of Baystate Medical Center's responsiveness to the community and opportunities for community involvement, including the Board of Trustees' Governance Committee, Community Benefits Advisory Council, and Community Health Needs Assessment Baystate Medical Center is recognized as a leading academic medical center As the Western Campus of Tufts University School of Medicine since 1974, BMC offers clinical training and undergraduate and graduate medical student education across all specialties Baystate Medical Center serves as a safety-net hospital due to the high level of Medicaid and charity care provided In addition, BMC offers unique, specialized services including Level 1 Trauma, Children's Hospital, Invasive heart and vascular services, Cardiac surgery, Kidney transplantation, Level III Neonatal ICU, Specialized ICU's for children, adults and heart and vascular patients and the D'Amour Center for Cancer Care Baystate Health encourages all of its affiliates, hospital and non-hospital to align their charity care and collections standards with Baystate Health's Credit and Collection Policy While some of the rules and regulations are hospital specific, the guidelines stated in the Baystate Health Credit and Collection Policy concern all affiliates Baystate Medical Center built a visionary new facility which opened in March 2012 that will meet our community's needs today, while laying the foundation for future growth Hundreds of people, from patients to care providers to the community at large, have shared ideas and experiences to design the 641,000 sq foot facility that includes a dedicated heart and vascular center, new patient care units with spacious private rooms, new emergency department and shell space for future growth A major part of the public health commitment of Baystate Medical Center's Hospital of the Future project is the delivery of $9 6 million in new aid to community benefit initiatives in Springfield Baystate Medical Center made an additional investment of $2 million in new community benefit funding tied to the new Emergency Department The $11 6 million, to be distributed over a period of seven years, addresses public health priorities such as nutrition, teen pregnancy, violence prevention, oral health and asthma, as well broader issues such as education, homelessness and employment Baystate Medical Center participates in advocacy activities on behalf of health care coverage for all persons and for improved public health Baystate Health leaders serve on the community boards for Health Care For All, a Massachusetts non-profit organization dedicated to making adequate and affordable health care accessible to everyone, regardless of income, social or economic status and the Massachusetts Public Health Association, a non-profit organization that promotes laws, policies, and programs that protect the health of our families, communities, and workplaces In addition, Baystate Medical Center provides annual funding to Partners for a Healthier Community, a local leader in public health policy advocacy, building collaborations and leadership capacity to address various public health issues For additional information, please see Line 6 below |
| | | Part VI, Line 6 Baystate Health, Inc is the parent entity of a multi-institutional integrated delivery system composed of three hospitals and other 501(c)(3) organizations The three hospitals include Baystate Medical Center, Baystate Franklin Medical Center, and Baystate Mary Lane Hospital and the other 501(c)(3) organizations include Baystate Medical Practices, Visiting Nurse Association and Hospice of Western New England, Inc , and Baystate Health Foundation In addition to its nearly 10,000 employees, Baystate Health has 1,729 medical staff, 2,388 nurses and 2,251 new residents and fellows, medical students, nursing students, and allied health students who gained comprehensive medical education during the year In addition, 1,044 volunteers and auxiliary members donated 101,162 hours to Baystate Medical Center, Baystate Franklin Medical Center, Baystate Mary Lane Hospital and Baystate Visiting Nurse Association & Hospice Baystate Medical Center (BMC), the flagship 773-bed hospital (including Baystate Children's Hospital) based in Springfield, Massachusetts is Western New England's only tertiary care referral medical center, Level 1 trauma center and neonatal and pediatric intensive care units BMC serves as a regional resource for specialty medical care and research, while providing comprehensive primary medical services to the community BMC's community benefit efforts included providing assessment, treatment and crisis support to child abuse victims and their non-offending caretakers affected by child abuse and domestic violence in western Massachusetts, offering enrichment and career development programs for disadvantaged Springfield students, ensuring cohesive health care for school-aged children and the broader community, prevention of accidental childhood injuries and death through public awareness, safety education and distribution of safety devices, coordination of health education focus groups, community health forums and fairs, supporting transgender individuals, their allies and anyone from the broader community who identifies as LGBT through a peer lead and psychosocial support group, providing TB diagnosis and treatment to patients throughout western Massachusetts, and providing financial counseling services to inpatient and outpatient individuals who have concerns about how to pay for care Baystate Franklin Medical Center (BFMC), a 90-bed facility located in Greenfield, Massachusetts (40 miles north of Springfield near the Vermont border) provides high quality inpatient and outpatient services to residents of rural Franklin county and the North Quabbin region Inpatient services include behavioral health, intensive care, medical-surgical care, and obstetrics/midwifery Outpatient services include cardiology, emergency medicine, gastroenterology, general surgery, neurology, oncology, ophthalmology, orthopedics, pediatrics, physical medicine & rehabilitation, pulmonology & sleep medicine, sports medicine, vascular surgery, wound care & hyperbaric medicine BFMC's community benefit efforts included the ongoing support group through the Franklin County Postpartum Partnership - a partnership initiated by BFMC nurses, expanded senior outreach program to focus on persons most at-risk for hospital readmission due to issues with medication management, and continued the regionally recognized Blood & Guts program for youth, including an annual hospital-based event for high school students and three school-based events for elementary school students and their families In addition, BFMC HealthBeat TV, a monthly 30-minute cable access talk show produced, directed and hosted by Baystate Franklin employees, engages the hospital's physicians, employees, patients and community leaders in discussions of interest to residents of Franklin County Topics range from heart health, emergency response to senior outreach The program runs more than 60 times a month on stations throughout the county Baystate Mary Lane Hospital (BMLH), a 25-bed facility located in rural Ware, Massachusetts (20 miles east of Springfield) provides quality patient care services to communities in Hampshire, Hampden and Worcester counties Inpatient services include critical care and medical-surgical care Outpatient services include cancer care, cardiology, children's medicine, emergency medicine, endocrinology and diabetes, gastroenterology, infectious disease, obstetrics and gynecology, orthopedics, physical medicine and rehabilitation, pulmonary medicine, senior care, surgery, urology, and women's health BMLH's community benefit efforts included a continued partnership with Quality EMT Educators of Worcester to offer Basic EMT Training to community members To date over 100 community have taken the EMT Basic Course BMLH physicians shared their expertise beyond the walls of the hospital by offering high quality training and continuing education programs at no cost to EMS providers in our communities The close working relationship between Emergency Physicians and EMS providers is essential to ensuring that patients receive the highest quality care in the field BMLH provided critical support and resources to the community at large through our Support Groups including, Alcoholic Anonymous, Caregivers Support Group, Quilting Support Group for those touched by Cancer, Diabetes Support Group, Grieving Support Group, Hepatitis C Support Group & WIC Sponsored Breast Feeding Support Group In addition, BMLH and its staff offered over 100 outreach programs providing a variety of education and wellness seminars to the community at large at no cost These programs were presented by physicians, nurses and staff that work at the hospital and addressed ways to live healthier by offering a variety of educational opportunities and health screening Lectures and screenings were offered at the hospital and in community settings including area schools and senior centers, and promoted disease prevention, behavior change, and healthier lifestyles for community members of all ages In addition, BMLH HealthBeat TV, a monthly 30-minute cable access talk show produced, directed and hosted by Baystate Mary Lane Hospital employees, engages the hospital's physicians, employees, patients and community leaders in discussions of interest to residents of the 15-town Quaboag Hills region Topics range from winter health safety, cancer, Lyme disease to stroke awareness The program runs more than 60 times a month Baystate Medical Practices (BMP) is a tax-exempt, not-for-profit corporation organized to support and assist Baystate Health and its affiliate hospitals, including BMC, BFMC and BMLH, each of which is a Massachusetts not-for-profit corporation, in achieving the fulfillment of their clinical, teaching, research, and other missions related to health care Baystate Medical Practices, Inc provides physician services, medical education and research programs to people in the community within its geographic location BMP's policy is to provide care to any patient in need of medical care, regardless of the patient's ability to pay for such care Dependent upon the patient's financial capability to pay and consistent with BH and BMP policy, BMP may provide such care free of charge or at amounts below its normal charges In FY 2013 BMP provided $4,120,580 in charity care In addition to the charity care provided to patients, BMP's physicians participate in many and varied ongoing community outreach initiatives in the areas of education, employment, safety and health BMP has also taken a leadership role in strengthening the health of disadvantaged citizens in surrounding communities including specific focus on AIDS and HIV and by providing physician staffing for three community-based health centers through Baystate Medical Center |

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| | Form 990, Schedule H, Part VI, Line 6 continued | Visiting Nurse Association and Hospice of Western New England, Inc (VNAH) based in Springfield, Massachusetts is a tax-exempt, not-for-profit corporation organized to support and assist Baystate Health and its affiliate hospitals, including BMC and BMLH, each of which is a Massachusetts not-for-profit corporation, in achieving the fulfilment of their clinical, teaching, research, and other missions related to health care VNAH is a comprehensive home health care agency committed to providing the highest quality care to patients and families, primarily in the home setting VNAH has the expertise to meet individual needs by bringing experienced nurses, rehabilitation therapists, social workers and home care aides to patients' homes The Home Care Program of Baystate's Visiting Nurse Association and Hospice serves over 6,000 home health and hospice patients annually of which approximately 1,000 are on service daily The services, aimed at allowing patients to recuperate while remaining in the comfort of their homes, includes skilled nursing, rehabilitation therapy, medical social work and homecare aides The Hospice and Palliative Care Program of Baystate's Visiting Nurse Association and Hospice provides end of life care for patients in the community, assisted living facilities and skilled nursing facilities The Hospice and Palliative Care program coordinates care for an average daily census of about 175 patients of all ages In FY 2013 there were approximately 120,000 home health, hospice and palliative visits rendered by Baystate Visiting Nurse Association & Hospice nurses Hospice has an interdisciplinary approach using nursing, social work, chaplains, hospice aides and volunteers to allow patients to meet goals related to comfort and symptom management Baystate Health Foundation raised $1 million in 2013 for the Baystate Children's Specialty Clinic and an additional $3 1 through system wide annual fundraising efforts Along with the Campaign for Baystate Children's Specialty Center, the Foundation actively engaged in annual fund, major gift, and event fundraising to ensure ongoing annual support for education, research, programs and capital needs throughout the health system that impact patient care throughout western Massachusetts In addition to the brief descriptions of the affiliated entities above, this further information speaks to activities of Baystate Health and its affiliates regarding promotion of community health In FY 2013 Baystate Health's Interpreter and Translation Services provided over 156,000 sessions in 49 languages to help deliver a positive patient care experience In addition, nearly 4,000 pages of documents, signs and clinical research were translated for providers Interpreter sessions included in person, telephonic and video interpreting for American Sign Language Languages interpreted include Spanish, Russian, Vietnamese, Ukranian, Mandarin (Chinese), American Sign Language, Arabic and Portuguese Interpreters also translated the newest language to come into the area, Tigrinya, a language spoken in Ethiopia and Eritrea Baystate Health contracts with local agencies to provide in-person interpreter services as needed for patients who come to the hospital for pre-scheduled appointments or for emergencies The hospital has in place a telephonic interpreting system by which any staff member can pick up any house phone, dial an internal extension and be nearly immediately connected to a national telephonic interpreting agency that provides trained and competent interpreters for over 200 languages BH also subscribes to software called Care Notes by Micromedex that provides information on illnesses for patients or their family members in 15 languages and the documents are written at a 5th grade reading level Similarly, BH purchased software called Exit Writer from Krames that was integrated into the patient's electronic medical record Information in 15 languages about illnesses and aftercare instructions can be provided to patients and their family members and be documented in the patient's electronic medical record as patient education automatically Baystate Health Interpreter Services also assisted the City of Springfield Fire Department with the translation of fire safety documents and to provide fire safety education in Spanish, Russian, Vietnamese and Nepali Immigrants and refugees were carrying over cooking practices from their home countries and kitchens were catching on fire, so it proved critical to provide fire safety information in native languages Baystate Medical Center is recognized as a leading academic medical center As the Western Campus of Tufts University School of Medicine since 1974, BMC offers clinical training and undergraduate and graduate medical student education across all specialties In addition to BMC, Medical Residents and Fellows rotate through Baystate Franklin Medical Center and Baystate Mary Lane Hospital Baystate Health is a nationally accredited provider of continuing education for health care professionals, including physicians, nurses, pharmacists, mental health counselors and psychologists We also arrange credit for other health care professionals Baystate provides both live and web based courses Our educational activities are designed for Baystate staff and non Baystate health care professionals throughout Western New England Our mission is to provide high-quality, evidence based continuing education to maintain and enhance the knowledge, expertise, and performance of health care professionals, to improve the health of the people in our communities every day, with quality and compassion In 2013, Baystate Health provided 214 courses and series for a total of 1,239 hours of continuing education instruction A total of 17,181 health care professionals attended these credit bearing activities Our educational activities are a service to the community Baystate Health's Midwifery Education Program is offered in collaboration with the Midwifery Institute of Philadelphia University Through our affiliation with the Massachusetts College of Pharmacy and Health Science, we offer a one-year pharmacy residency Baystate Health's educational partnerships allow us to offer allied health programs such as emergency medical technician (EMT), pharmacy technician and surgical technologist For nursing we offer clinical practicums for baccalaureate, masters, or doctoral-level nursing students in affiliation with the University of Massachusetts, University of Connecticut, Yale University, and other schools of nursing Baystate Medical Center's high quality nursing care earned re-designation as a Magnet Hospital for Nursing Excellence by the American Nurses Credentialing Center (ANCC) - one of 170 in the nation and only five in Massachusetts As an academic teaching hospital and the Western Campus of Tufts University School of Medicine, Baystate Medical Center is a center for research Strong partnerships with other research organizations allow BMC to further its institutional commitment to improve the health of the community through research and education Collaborations enable Baystate Health to better support the innovative research of our investigators and to improve the lives of the people in the communities we serve Baystate Medical Center is an active participant in the research communities of Massachusetts and a member institution of the state and regional organizations that also promote the goals of biomedical research Its faculty and research staff are engaged in basic, clinical and biomedical research across a broad spectrum of medical and surgical specialties, with nationally-recognized research programs in quality of care Baystate Medical Center serves as a regional resource for specialty medical care while providing comprehensive primary medical services to its community Baystate Medical Center is also a research partner with University of Massachusetts through the Pioneer Valley Life Sciences Institute Formed in 2003, PVLSI is a research institution which applies its translational research efforts in the areas of cancer, diabetes, obesity, and wound healing Its scientists and technicians are committed to improving human health and reducing suffering from disease through creative strategies for early detection and preventive interventions Other Baystate Health affiliations include Council of Teaching Hospitals and Health Systems (COTH) of the Association of American Medical Colleges (AAMC), Alliance of Independent Academic Medical Centers (AIAMC), and Group on Regional Medical Campuses (GRMC) of the Association of American Medical Colleges (AAMC), Joint Commission and Medical Library Association (MLA) |
| | Form 990, Schedule H, Part VI, Line 6 continued | Baystate Health and its affiliates are committed to creating healthier communities and continue to partner with members of the community to ensure we are meeting the diverse needs of the community Baystate Health extends the traditional definition of "health" to include economic opportunity, affordable housing, quality education, safe neighborhoods, food security, arts/culture and racism and homophobia free communities -- all elements that enable families and communities to thrive In keeping with this commitment to improve health Baystate Health and its affiliates provide a range of community benefits including support groups, financial counseling and assistance and other health and wellness programs As an integrated delivery system BH provides further benefits to the hospital' community by coordinating within and among its various entities Baystate Health and its affiliates are committed to providing the communities they serve throughout western Massachusetts with the resources necessary to stay informed and healthy by providing both basic and extensive educational opportunities such as parent education classes, including our new program "Baystate's New Beginnings" Also offered are teen programs, including Teen CPR and Babysitter's Academy Some classes are free while others are offered at a reasonable fee No one is turned away due to inability to pay Baystate Health offers many free parenting support groups (breastfeeding, new parents, and toddler groups) each month In addition, Baystate Health has libraries and resource centers at Baystate Medical Center and Baystate Franklin Medical Center staffed by professionals who help patients, families and the general public access reliable health information The Mini-Medical School program is an eight-part health education series offered at Baystate Medical Center featuring a different aspect of medicine each week Designed for an adult audience, each course is taught by an energetic faculty member who will explain the science of medicine without resorting to complex terms Mini-Medical School gives Baystate Health the opportunity to open our doors to the public and share our knowledge of medicine in a comfortable and friendly environment Many of the students participate due to a general interest and later find that many of the things they learned over the semester are relevant to their own lives The goal of this program is to help members of the public make more informed decisions about all aspects of their health care while receiving insight on what it's like to be a medical student Tuition is $95 per person, $80 for Senior Class and Spirit of Women members Baystate Health offers 50+ free programs to seniors and women Baystate Health Senior Class is a loyalty program dedicated to health and wellness for men and women ages 55 and over The 23,000 Senior Class members receive a quarterly newsletter with valuable health information, benefits and invitations to special events designed with their interests in mind Baystate Spirit of Women Loyalty Program offers its 15,000 members 50+ monthly seminars with direct access to physicians, nurses and other medical professionals and the latest women's health information The program is designed to increase knowledge of women's health issues so they are well prepared to make the best decisions regarding their health The Baystate Neighbors Program, which began in 1999, was established to help employee first-time homebuyers purchase a home and to promote homeownership in neighborhoods around Baystate Medical Center, Baystate Franklin Medical Center, and Baystate Mary Lane Hospital Employees were granted forgivable loans, which increased from $5,000 to $7,500 in 2006, that may be used towards a down payment or closing costs In the past 13 years, the Baystate Neighbors Program has awarded 131 loans, a total of $898,473 08, to help employees become homeowners in communities served by Baystate Health hospitals, helping to stabilize housing in those communities Specific to FY 2013, 15 neighborloans were awarded, for a total of $112,500 Since 1994, Rays of Hope - A Walk & Run Toward the Cure of Breast Cancer has been committed to improving the breast health of people in our communities with quality and compassion Through the Baystate Health Foundation, the Walk has grown from 500 participants to over 24,000 Now in its 21st year, Rays of Hope has raised nearly $12 million - all of which has been awarded locally throughout western Massachusetts 2009 marked the first year the event expanded into Franklin County Funding benefits programs through the Baystate Health Breast Network including Baystate Medical Center in Springfield, Baystate Franklin Medical Center in Greenfield, Baystate Mary Lane Hospital in Ware, outreach and education, and various community support projects and organizations Funding also supports the Rays of Hope Center for Breast Cancer Research at the Pioneer Valley Life Sciences Institute, a collaboration between clinicians at Baystate Health and scientists at UMass-Amherst, to continue locally based breast cancer research on a broader scale The United Way develops and supports programs that directly improve the lives of people in our communities, a mission proudly shared by Baystate Health Baystate Health is a strong supporter of the United Way, and a major contributor to the organization with three workforce campaigns and thousands of employee donors and volunteers Baystate Health's contributions help the United Way serve our families, friends, colleagues and others who seek help in different ways and at different times in their lives Three community campaigns are held annually Springfield workplace to support the United Way of Pioneer Valley, Greenfield workplace to support the United Way of Franklin County and Ware workplace to support the United Way of Hampshire County Employees can direct their donations to one or all of the United Way's action areas Education, Income and Health or designate to a qualified agency with a minimum contribution Baystate employees also support the United Way by volunteering on work time to participate in a variety of community-based projects for the United Way Day of Caring Baystate Health employees once again donated generously to the United Way of the Pioneer Valley in 2013, raising a total of $410,000 Baystate Franklin Medical Center employees raised $32,000 for the United Way of Franklin County Baystate Mary Lane Hospital employees raised $15,769 for the United Way of Hampshire Country See also additional information regarding Baystate Health, Inc and its affiliates promotion of community health above in Line 5 |

| Identifier | ReturnReference | Explanation |
| --- | --- | --- |
| | Form 990, Schedule H, Part VI, Line 7 | List of States Receiving Community Benefit Report MA |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 04-2790311
**Name:** Baystate Medical Center Inc

**Form 990 Schedule H, Part V Section A. Hospital Facilities**

**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?
**26**

| | 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 | Baystate Medical Center Inc<br>759 Chestnut Street<br>Springfield, MA 01199 | X | X | X | X | | X | X | | | |
| 2 | Baystate Reference Laboratories<br>361 Whitney Avenue<br>Holyoke, MA 01040 | | | | | | | | | Outpatient Laboratory services | |
| 3 | Baystate High Street Hlth Cntr<br>140 High Street<br>Springfield, MA 01105 | | | | | | | | | Outpatient Facility | |
| 4 | Baystate Ambulatory Care Center<br>3300 Main Street<br>Springfield, MA 01107 | | | | | | | | | Outpatient Physician Offices | |
| 5 | Baystate Mason Sq Neighborhood Hlth Cntr<br>11 Wilbraham Road<br>Springfield, MA 01199 | | | | | | | | | Outpatient Clinic | |
| 6 | Baystate Brightwood Health Center<br>380 Plainfield Street<br>Springfield, MA 01107 | | | | | | | | | Outpatient Clinic | |
| 7 | D'Amour Center for Cancer Care<br>3350 Main Street<br>Springfield, MA 01199 | | | | | | | | | Outpatient Cancer Center | |
| 8 | BMC Comprehensive Breast Center<br>3400 Main Street 1st Flr<br>Springfield, MA 01107 | | | | | | | | | Outpatient Facility | |
| 9 | Baystate Rehabilitation Care at Spfld<br>360 Birnie Avenue<br>Springfield, MA 01107 | | | | | | | | | Rehabilitation Clinic | |
| 10 | BMC Pain Management Center<br>3400 Main Street 2nd Flr<br>Springfield, MA 01107 | | | | | | | | | Outpatient Facility | |
| 11 | Baystate Orthopedic Surgery Cntr<br>50 Wason Avenue 2nd Floor<br>Springfield, MA 01107 | | | | | | | | | Outpatient Surgery Center | |
| 12 | Baystate Vascular Services<br>3500 Main Street 2nd Floor<br>Springfield, MA 01107 | | | | | | | | | Outpatient Facility | |
| 13 | Baystate Rehabilitation Care<br>294 North Main Street<br>East Longmeadow, MA 01028 | | | | | | | | | Rehabilitation Clinic | |
| 14 | Baystate Rehabilitation Care Rymd Cntr<br>470 Granby Rd Ste 4<br>South Hadley, MA 01075 | | | | | | | | | Rehabilitation Clinic | |
| 15 | Baystate Rehabilitation Care<br>200 Silver St Ste 101<br>Agawam, MA 01001 | | | | | | | | | Rehabilitation Clinic | |
| 16 | Baystate Heart & Vascular Prog Imaging<br>10 Main Street Basement Level<br>Florence, MA 01060 | | | | | | | | | Outpatient Facility | |
| 17 | BMC Transplant Services<br>100 Wason Avenue Suite 210<br>Springfield, MA 01107 | | | | | | | | | Outpatient Facility | |
| 18 | Baystate Regional Cancer Program<br>Davis Bldng 85 South St 4th Fl<br>Ware, MA 01082 | | | | | | | | | Outpatient Cancer Center | |
| 19 | Baystate Home Infusion & Resp Svs<br>211 Carando Drive<br>Springfield, MA 01004 | | | | | | | | | Home infusion & resp srvcs & durable medical goods | |
| 20 | Baystate Home Infusion & Resp Svs<br>489 Bernardston Road Suite C<br>Greenfield, MA 01301 | | | | | | | | | Home infusion & resp srvcs & durable medical goods | |
| 21 | Baystate Home Infusion & Resp Svs<br>85 South Street D101<br>Ware, MA 01082 | | | | | | | | | Home infusion & resp srvcs & durable medical goods | |
| 22 | Baystate Breast and Wellness Center<br>100 Wason Avenue Suite 300<br>Springfield, MA 01107 | | | | | | | | | Outpatient Facility | |
| 23 | Central High School Hlth Cntr<br>1840 Roosevelt Ave 1st Flr<br>Springfield, MA 01109 | | | | | | | | | School based medical services | |
| 24 | Roger L Putnam Vocational Tech HS<br>1300 State St 3rd Flr<br>Springfield, MA 01109 | | | | | | | | | School based medical services | |
| 25 | High School of Commerce Hlth Cntr<br>415 State St 1st Flr Rm 135<br>Springfield, MA 01105 | | | | | | | | | School based medical services | |
| 26 | Baystate Orthopedic Surgery Cntr<br>298 Carew Street<br>Springfield, MA 01104 | | | | | | | | | Outpatient Surgery Center | |

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**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
Baystate Medical Center Inc

**Employer identification number**
04-2790311

## 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) Cancer Connection Inc<br>PO Box 60452<br>Florence, MA 010620452 | 04-3493483 | 501(c)(3) | 42,000 | | | | Support groups, complementary therapies, workshops and classes for women living with breast cancer and their families and caregivers |
| (2) La Experanza The Hope of the Pioneer Valley Inc<br>237 South Street<br>Northampton, MA 01060 | 27-2760538 | 501(c)(3) | 31,792 | | | | Support group for Latina women living with breast cancer |
| (3) Cancer House of Hope Inc<br>86 Court Street<br>Westfield, MA 010853511 | 04-3298631 | 501(c)(3) | 17,765 | | | | Partial funding (36%) of the expenses of the most well-attended CHH programming utilized by women with breast cancer |
| (4) Baystate Health Inc<br>759 Chestnut Street<br>Springfield, MA 01199 | 04-2105941 | 501(C)(3) | 6,000,000 | | | | Strategic initiatives |
| (5) Pioneer Valley Riverfront Club<br>PO Box 60762<br>Longmeadow, MA 01106 | 26-0251831 | 501(c)(3) | 16,000 | | | | Breast cancer survivors excercise and recreation program |
| (6) YMCA of Greater Springfield<br>275 Chestnut Street Suite 1<br>Springfield, MA 01104 | 04-1859893 | 501(c)(3) | 12,589 | | | | Breast cancer survivors excercise program |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 6

3 Enter total number of other organizations listed in the line 1 table . . . . . ▶ 5

**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 |
|---|---|---|---|---|---|
| (1) Art therapy workshops for breast cancer survivors | 1 | 13,735 | | | |
| (2) The healing art of Yoga for ongoing cancer recovery, and water dance | 1 | 12,090 | | | |
| (3) Massage therapies to patients receiving chemotherapy | 1 | 23,775 | | | |
| (4) Reiki for breast cancer patients and survivors in Franklin County | 1 | 8,175 | | | |
| (5) Swedish Massage for breast cancer patients andsurvivors | 1 | 8,850 | | | |
| | | | | | |
| | | | | | |

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

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| Procedure for Monitoring Grants in the U S | Part I, Line 2 | Schedule I, Part I, Line 2 The Rays of Hope grants that are awarded are reviewed and approved by the Rays of Hope Community Advisory Board Recipients are required to submit a Community Program Grant Application As part of the application process the recipient is required to provide their SS# or T I N Once the grant is awarded by the Advisory Board quarterly reports are submitted by the recipient to monitor the grant A final report of the grant program and budget summary is due upon completion of the program The vast majority of the funds awarded for the Nurse Midwifery Program are applied directly to tuition Specific guidance is given as to appropriate use of the funds Funds may be used for tuition, living expenses and up to $500 in required textbooks They may not be utilized for travel or to defray costs of attending professional meetings |

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**Schedule J** (Form 990)

Department of the Treasury
Internal Revenue Service

# Compensation Information

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

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

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

OMB No 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization
Baystate Medical Center Inc

**Employer identification number**
04-2790311

## Part I Questions Regarding Compensation

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

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

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

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

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

## Part III Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Part I, Line 3 | The board of the filing organization has appointed the compensation committee of Baystate Health, Inc , a related organization and the parent organization of the heatlh care system to which the filing organization belongs, as the compensation committee of the filing organization The compensation committee consists entirely of individuals serving on the board of the filing organization The compensation committee uses an independent compensation consultant and appropriate comparability date to establish the compensation of the organization's key officers, directors and employees, which includes the filing organization's top management officials, and approves compensation of those individuals |
| | Part I, Lines 4a-b | Part I, Lines 4a-b Line 4a Keith McLean-Shinaman terminated employment effective 9/30/2011 The compensation numbers include various one time termination payments Line 4b Dennis W Chalke - Supplemental Retirement of $127,250 is included in column E This amount was earned in 2012 Gregory A Harb Supplemental Retirement of $16,819 is included in column E This amount was earned in 2012 Mark A Keroack, MD, MPH Supplemental Retirement of $3,994 is included in column E This amount was earned in 2012 Peter Lindenauer, MD - Supplemental Retirement of $5,620 is included in column E This amount was earned in 2012 Grace Makari-Judson, MD- Supplemental Retirement of $8,900 is included in column E This amount was earned in 2012 Kevin Moriarty, MD- Supplemental Retirement of $7,750 is included in column E This amount was earned in 2012 Michael Moran Supplemental Retirement of $8,281 is included in column E This amount was earned in 2012 Deborah Morsi - Supplemental Retirement of $3,252 is included in column E This amount was earned in 2012 Mark R Tolosky - Supplemental Retirement of $351,666 is included in column E This amount was earned in 2012 |

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 04-2790311
**Name:** Baystate Medical Center 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 | | | | |
| Mark R Tolosky | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 697,835 | 441,536 | 415,673 | 28,089 | 31,211 | 1,614,344 | 0 |
| Grace P Makari-Judson MD | (I) | 276,505 | 30,232 | 23,240 | 27,750 | 17,398 | 375,125 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Kevin Moriarty MD | (I) | 417,870 | 29,751 | 1,350 | 44,062 | 26,979 | 520,012 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Barbara W Stechenberg MD | (I) | 132,412 | 12,299 | 9 | 22,132 | 10,463 | 177,315 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Dennis W Chalke | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 365,785 | 155,550 | 202,350 | 28,000 | 24,277 | 775,962 | 0 |
| Gregory A Harb | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 444,085 | 236,430 | 119,099 | 139,147 | 22,738 | 961,499 | 0 |
| Mark R Keroack MD | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 446,725 | 170,955 | 196,695 | 119,597 | 15,636 | 949,608 | 0 |
| Michael F Moran | (I) | 220,502 | 51,912 | 8,882 | 27,115 | 20,444 | 328,855 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deborah Morsi | (I) | 167,153 | 47,884 | 54,002 | 0 | 21,419 | 290,458 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Deborah A Provost | (I) | 207,320 | 48,664 | 8,731 | 66,546 | 9,487 | 340,748 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Peter Lindenauer MD | (I) | 236,004 | 39,852 | 18,715 | 32,418 | 20,361 | 347,350 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Betty K Larue | (I) | 168,554 | 91,912 | 7,944 | 56,804 | 24,539 | 349,753 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| David Y Chin PhD | (I) | 211,237 | 18,490 | 12,143 | 19,691 | 26,646 | 288,207 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Jason M Newmark | (I) | 177,104 | 62,422 | 309 | 11,910 | 19,065 | 270,810 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Michael R Favreau | (I) | 164,339 | 41,490 | 17,984 | 62,365 | 19,246 | 305,424 | 0 |
| | (II) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Keith C McLean-Shinaman | (I) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | (II) | 0 | 0 | 298,986 | 0 | 10,208 | 309,194 | 0 |

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**Schedule K (Form 990)**

Department of the Treasury
Internal Revenue Service

# 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**

Name of the organization
Baystate Medical Center Inc

**Employer identification number**
04-2790311

## 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 | MA Health & Educ Facil Authority - Ser G | 04-2456011 | 57586CNHA | 10-27-2005 | 71,740,000 | MA HEFA Series G - See Part VI | | X | | X | | X |
| B | MA Health & Educ Facil Authority - Ser H | 04-2456011 | | 01-18-2007 | 10,000,000 | MA HEFA Series H - See Part VI | | X | | X | | X |
| C | MA Health & Educ Facil Authority - Ser M2 | 04-2456011 | | 06-30-2008 | 10,157,671 | MA HEFA Series M2 - See Part VI | | X | | X | X | |
| D | MA Health & Educ Facil Authority - Ser IJK | 04-2456011 | 57586EKC4 | 06-25-2009 | 198,611,250 | MA HEFA Series IJK - See Part VI | | X | | X | | X |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | 21,925,000 | 4,444,445 | 2,435,438 | |
| 2 | Amount of bonds legally defeased | | | | |
| 3 | Total proceeds of issue | 71,740,000 | 10,000,000 | 10,157,671 | 199,122,425 |
| 4 | Gross proceeds in reserve funds | 76,211 | | 76,211 | |
| 5 | Capitalized interest from proceeds | | | | |
| 6 | Proceeds in refunding escrows | | | | |
| 7 | Issuance costs from proceeds | 735,004 | 72,250 | | 1,845,403 |
| 8 | Credit enhancement from proceeds | 93,479 | | | 93,479 |
| 9 | Working capital expenditures from proceeds | | | | |
| 10 | Capital expenditures from proceeds | 6,990,000 | 9,927,750 | | 132,183,543 |
| 11 | Other spent proceeds | 64,014,996 | | 10,081,460 | 65,000,000 |
| 12 | Other unspent proceeds | | | | |
| 13 | Year of substantial completion | 2005 | 2006 | 1999 | 2012 |

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 14 | Were the bonds issued as part of a current refunding issue? | | X | | X | X | | X | |
| 15 | Were the bonds issued as part of an advance refunding issue? | X | | | X | | X | | X |
| 16 | Has the final allocation of proceeds been made? | X | | X | | X | | X | |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | X | | X | | X | | X | |

## Part III Private Business Use

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

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

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 3a | Are there any management or service contracts that may result in private business use of bond-financed property? | X | | X | | 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 | | X | | X | | | |
| c | Are there any research agreements that may result in private business use of bond-financed property? | X | | X | | 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? | X | | X | | X | | | |
| 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% | | 0 00000% | | 0 00000% | | % | |
| 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 ▶ | 0 00000% | | 0 00000% | | 0 00000% | | % | |
| 6 | Total of lines 4 and 5 | 0% | | 0 00000% | | 0 00000% | | % | |
| 7 | Does the bond issue meet the private security or payment test? | | X | | X | | 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 | | X | | 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? | | | | | | | | |
| 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 | | X | | 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 | | X | | X | | X |
| 2 | If "No" to line 1, did the following apply? | | | | | | | | |
| a | Rebate not due yet? | | X | | X | | X | | X |
| b | Exception to rebate? | | X | X | | | X | | X |
| c | No rebate due? | X | | | X | X | | X | |
| | If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed | | | | | | | | |
| 3 | Is the bond issue a variable rate issue? | X | | X | | X | | X | |
| 4a | Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? | X | | | X | | X | | X |
| b | Name of provider | Citibank | | | | | | | |
| c | Term of hedge | 20 700000000000 | | | | | | | |
| 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 | | X | | X | | X |
| b | Name of provider | | | | | | | | |
| 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 | | X | | X | | X |
| 7 | Has the organization established written procedures to monitor the requirements of section 148? | X | | X | | X | | X | |

**Part V Procedures To Undertake Corrective Action**

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 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 | | X | | X | | X | |

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| See Additional Data Table | | |
| | | |
| | | |
| | | |
| | | |

## Additional Data

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 04-2790311
**Name:** Baystate Medical Center Inc

### Form 990 Schedule K, Part VI - Supplemental Information

| Identifier | Return Reference | Explanation |
|---|---|---|
| Schedule K Part IV, Arbitrage, Line 2c | Date Rebate Computation Performed | Issuer Name MA Health & Educ Facil Authority - Ser G Date the Rebate Computation was P erformed 09/27/2006 Issuer Name MA Health & Educ Facil Authority - Ser M2 Date the Re bate Computation was Performed 06/18/2013 Issuer Name MA Health & Educ Facil Authority - Ser IJK Date the Rebate Computation was Performed 08/24/2012 |

## Form 990 Schedule K, Part VI - Supplemental Information

| Identifier | Return Reference | Explanation |
|---|---|---|
| | | A - MHEFA Series G Bonds Part I - Per the Official Statement, the purpose of the bond proc eeds is (i) to advance refund $61,930,000 principal amount of the Authority's Revenue Bon ds, Baystate Medical Center (the Institution) Issue, Series E (the "Series E Bonds"), whic h were issued July 11, 1996 to finance or refinance the following property owned by the In stitution (a) construction of a new 104,500 gross square foot Ambulatory Care Center at 33 00 Main Street, Springfield, Massachusetts, (b) construction of a new 100,000 gross square foot building to house the Ambulatory Surgery Center, Medical Library and education/confe rence space on the Institution's North campus located at 759 Chestnut Street, Springfield, Massachusetts, (c) renovation of various existing spaces within the Institution's North c ampus, (d) acquisition of equipment for the new facilities, (ii) to finance routine capita l construction, renovations, and equipping of various facilities of the Institution, and ( iii) to pay certain costs of issuance of the Series G Bonds B- MHEFA Series H Bonds Part I - Per the Official Statement, the purpose of the bond proceeds is (i) the construction, improvement, equipping, and other related capital expenditures of a parking garage walkwa y, and other related work at an existing building at 280 Chestnut Street owned and used by the Institution (the "Garage"), and (ii) the acquisition and installation of capital equi pment and renovations to existing facilities of the Institution and other routine capital expenditures in connection with the Institution's hospital operations MA HEFA Series H bo nds are private placement bonds and therefore, there is no CUSIP number associated with th ese bonds C- MHEFA Series M-2, Pool 2 Part I Per the Loan Document the purpose of the bon d is to refinance Baystate Medical Center's Mass HEFA Pool J-2 Loan, which was issued Febr uary 2, 1999 to finance the acquisition and equipping of the property located at 280 Chest nut Street, Springfield, Massachusetts (the "Property"), and the renovation of the Propert y and existing facilities of the Institution and the acquisition of capital equipment for the Institution's existing facilities The HEFA indebtedness listed is a pool loan therefo re the issue price, Parts I, II, III, IV (Lines 5-7) are being answered with respect to th e Baystate Medical Center loan alone rather than with respect to proceeds loaned to other conduit borrowers The actual date of issue of the MHEFA Series M2 Bonds was 5/30/2002, an d the CUSIP number shown on Form 8038 was 57585KA57 While that issue was not a refunding issue, the purpose of the loan taken by BMC was to refund prior debt, as reflected in our response to Part II, Line 14 Accordingly, Part III has not been completed, as the origina l project was financed with bonds issued prior to 2003 D- MHEFA Series I, J-1, J-2, K-1, K-2 Part I - Per the Official Statement, the purpose of the bond proceeds is (i) to pay a portion of the costs associated with the acquisition of land, site development, construct ion or alteration of buildings or the acquisition or installation of furnishings and equip ment, refinancing of, or any combination of the foregoing, in connection with the construc tion, improvement, equipping, and other related capital expenditures of a seven-story, app roximately 599,100 gross square foot primarily inpatient building located at 759 Chestnut Street, Springfield, Massachusetts, including demolition and site work, which building wil l be constructed by Baystate Total Home Care (BTHC) and leased to Baystate Medical Center by BTHC, (ii)for the acquisition and installation of capital equipment and renovations to existing facilities of the Medical Center and other routine capital expenditures included or to be included in the Medical Center's capital budget over the next three years for use in connection with the Medical Center's hospital operations, (iii) for the refinancing of a portion of an outstanding commercial loan in the amount of $65,000,000 made by Bank of America, N A on October 20, 2008 to the Medical Center in connection with the defeasance of the Authority's Revenue Bonds, Baystate Medical Center Issue, Series D, issued Septembe r 16, 1993, (iv) for the financing of costs associated with the issuance of bonds and, (v) financing of routine capital construction, renovations, and equipping of various facilit ies of Baystate Medical Center E - MA DFA Revenue Bonds, Series L Part I - Per the Officia l Statement, the purpose of the bond proceeds is for the construction, improvement, and o ther capital expenditures relating to the build-out of an equipping of certain interior sp ace within a seven-story approximately 599,100 gross square foot primarily inpatient build ing owned by Baystate Total Home Care, Inc and leased to the Institution located at 759 C hestnut Street, Springfield, Masssachusetts, such build-out to consist of space to be used for the Emergency Department of the Institution a |

## Form 990 Schedule K, Part VI - Supplemental Information

| Identifier | Return Reference | Explanation |
|---|---|---|
| | | nd ancillary support areas and the financing costs associated with the issuance of the bon ds F - MA DFA Tax Exempt Capital Lease Part I - Per the Master Lease and Sublease Agreeme nt, the purpose of the Tax Exempt Capital Lease is for the Acquistition of Equipment "Equ ipment" means the fixed and moveable personal property to be used in connection with the S ub-Lessee's health care operations identified in a Schedule executed by or pursuant to the Agency of the Lessee and the Sub-Lessee, accepted by the Lessor and acknowledged by the E scrow Agent in writing and identified as part of the Master Lease (including certain items originally financed through internal advances of the Sub-Lessee in anticipation of obtain ing permanent financing through the Lessee), together with all replacement parts, addition s, repairs, accessions, and accessories incorporated therein and/or affixed to such person al property and replacements and substitutions therefor and proceeds and products thereof G - MA DFA Revenue Bonds Series M - Part I - The purpose of the bond proceeds is (i) to advance refund $39,907,339 principal amount of Massachusetts Health and Education Facilit ies Authority's Revenue Bonds, Baystate Medical Center (the Institution) Issue, Series F (t he "Series F Bonds"), issued June 12, 2002 the proceeds of which financed the Construction of a new Cancer Center with a partial third floor medical record and support area, acquis ition of a surgery center facility, certain renovations and equipment acquisitions and (ii ) finance costs of issuance relating to the Bond Part I and Part II, Differences between the issue price (Part I) and total proceeds (Part II, Line 3) are due to investment earnin gs Part III, Lines 4 and 5, Column D As the refunded bonds were issued prior to January 1, 2003, this question is being answered solely with respect to the new money portion of t he bonds Part III, Lines 4 and 5, Column G As these bonds refunded debt issued prior to January 1, 2003, the organization is availing itself of the Part III reporting exemption a vailable for such bonds |

## Form 990 Schedule K, Part VI - Supplemental Information

| Identifier | Return Reference | Explanation |
|---|---|---|
| | | Part IV, Line 2c, Column C The Issuing Authority engages an outside consultant to prepare rebate computations As of the most recent computation period, May 29, 2012 no rebate was owed The cumulative rebate amount is zero as of the outside consultants most recent repo rt, dated 6/18/2013 Part IV, Line 6, Column A, This question is being answered without re gard to yield-restricted advance funding escrow financed with proceeds of the bonds |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493220008774

**Schedule K (Form 990)**

Department of the Treasury
Internal Revenue Service

# 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**

Name of the organization
Baystate Medical Center Inc

**Employer identification number**
04-2790311

## 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 | MA Development Finance Agency - Ser L | 04-3431814 | | 11-02-2011 | 25,000,000 | MA DFA Series L - See Part VI | | X | | X | | X |
| B | MA Development Finance Agency - Cap Lease | 04-3431814 | | 11-02-2011 | 20,000,000 | MA DFA Cap Lease - See Part VI | | X | | X | | X |
| C | MA Development Finance Agency - Ser M | 04-3431814 | | 08-09-2012 | 40,137,000 | MA DFA Series M - See Part VI | | X | | X | | X |

## Part II Proceeds

| | | A | B | C | D |
|---|---|---|---|---|---|
| 1 | Amount of bonds retired | 903,662 | 4,945,400 | 1,040,000 | |
| 2 | Amount of bonds legally defeased | | | | |
| 3 | Total proceeds of issue | 25,022,063 | 20,013,326 | 40,137,000 | |
| 4 | Gross proceeds in reserve funds | | | | |
| 5 | Capitalized interest from proceeds | | | | |
| 6 | Proceeds in refunding escrows | | | | |
| 7 | Issuance costs from proceeds | 168,438 | | 229,661 | |
| 8 | Credit enhancement from proceeds | | | | |
| 9 | Working capital expenditures from proceeds | | | | |
| 10 | Capital expenditures from proceeds | 24,853,625 | 20,013,326 | | |
| 11 | Other spent proceeds | 39,907,339 | | 39,907,339 | |
| 12 | Other unspent proceeds | | | | |
| 13 | Year of substantial completion | 2012 | 2012 | 2004 | |
| | | Yes / No | Yes / No | Yes / No | Yes / No |
| 14 | Were the bonds issued as part of a current refunding issue? | No | No | Yes | |
| 15 | Were the bonds issued as part of an advance refunding issue? | No | No | No | |
| 16 | Has the final allocation of proceeds been made? | Yes | Yes | Yes | |
| 17 | Does the organization maintain adequate books and records to support the final allocation of proceeds? | Yes | Yes | Yes | |

## 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 | | X | | | | |
| 2 | Are there any lease arrangements that may result in private business use of bond-financed property? | | X | | 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 | | 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 | | X | | | | | |
| c | Are there any research agreements that may result in private business use of bond-financed property? | | X | | 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 00000% | | 0 00000% | | % | | % | |
| 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 ▶ | 0 00000% | | 0 00000% | | % | | % | |
| 6 | Total of lines 4 and 5 | 0 00000% | | 0 00000% | | % | | % | |
| 7 | Does the bond issue meet the private security or payment test? | | X | | 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 | | 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? | | | | | | | | |
| 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 | | 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 | | X | | X | | |
| 2 | If "No" to line 1, did the following apply? | | | | | | | | |
| a | Rebate not due yet? | | X | | X | | X | | |
| b | Exception to rebate? | X | | X | | X | | | |
| c | No rebate due? | | X | | X | | X | | |
| | If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed | | | | | | | | |
| 3 | Is the bond issue a variable rate issue? | X | | X | | X | | | |
| 4a | Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? | | X | | X | | X | | |
| b | Name of provider | | | | | | | | |
| c | Term of hedge | | | | | | | | |
| d | Was the hedge superintegrated? | | | | | | | | |
| e | Was a hedge terminated? | | | | | | | | |

## Part IV Arbitrage *(Continued)*

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 5a | Were gross proceeds invested in a guaranteed investment contract (GIC)? | | X | | X | | X | | |
| b | Name of provider | | | | | | | | |
| 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 | | X | | X | | |
| 7 | Has the organization established written procedures to monitor the requirements of section 148? | X | | X | | X | | | |

## Part V Procedures To Undertake Corrective Action

| | | A | | B | | C | | D | |
|---|---|---|---|---|---|---|---|---|---|
| | | Yes | No | Yes | No | Yes | No | Yes | No |
| 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 | | X | | X | | | |

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

| Identifier | Return Reference | Explanation |
|---|---|---|

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493220008774

**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
Baystate Medical Center Inc

**Employer identification number**
04-2790311

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

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

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

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

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

## Part II Loans to and/or From Interested Persons.

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

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

## Part III Grants or Assistance Benefitting Interested Persons.

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

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

## Part IV Business Transactions Involving Interested Persons.

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

| (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? | |
|---|---|---|---|---|---|
| | | | | Yes | No |
| See Additional Data Table | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

## Part V Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 04-2790311
**Name:** Baystate Medical Center Inc

### Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

| **(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) American Excess Insurance Exchange (AEIX) | Board Overlap | 846,614 | See Part V - Mark Tolosky, President of the filing organization is also a Member of the Board of Directors of AEIX The filing organization purchases general & professional liability insurance from AEIX | | No |
| (2) Baycare Health Partners Inc (BHP) | Common Board Members or Officers | 1,039,446 | See Part V - The filing organization received payments of $1,039,446 for patient care services for which BHP is the intermediary between the filing organization and third party payer from BHP BHP is an affiliate corporation of the filing organization | | No |
| (3) Baycare Health Partners Inc (BHP) | Common Board Members or Officers | 1,533,300 | See Part V - The filing organization made payments to BHP for annual support fees BHP is an affiliate corporation of the filing organization | | No |
| (4) Baystate Health Insurance Company Ltd (BHIC) | Common Board Members or Officers | 3,423,000 | See Part V - The filing organization made payments of $3,423,000 for Retrospective pass-thru premiums to BHIC BHIC is an affiliate corporation of the filing organization | | No |
| (5) Baystate Health System Ambulance Inc (BHSA) | Common Board Members or Officers | 6,252 | See Part V - The filing organization received payments from BHSA for an employee assistance program BHSA is an affiliate corporation of the filing organization | | No |
| (6) Baystate Health System Ambulance Inc (BHSA) | Common Board Members or Officers | 443,656 | See Part V - The filing organization made payments to BHSA of $279,071 for patient transport services and $164,585 for patient care services BHSA is an affiliate corporation of the filing organization | | No |
| (7) Baystate Radiology & Imaging (BRI) | Common Board Members or Officers | 1,548,150 | See Part V - The filing organization received payments from BRI of $562,500 for partnership distributions, $231,595 for Outside Technologists, $753,923 for Contracted Services, and $132 for Rent BRI is an affiliate corporation of the filing organization | | No |
| (8) Health New England Inc (HNE) | Common Board Members or Officers | 111,721,093 | See Part V - The filing organization received payments of $105,774,685 related to medical claims, $200,306 for support of community and quality programs and $5,746,102 in Surplus Sharing payments from HNE HNE is an affiliate corporation of the filing organization | | No |
| (9) Ingraham Corporation (IC) | Common Board Members or Officers | 96,569 | See Part V - The filing organization received payments from IC for rent IC is an affiliate corporation of the filing organization | | No |
| (10) Ingraham Corporation (IC) | Common Board Members or Officers | 54,173 | See Part V - The filing organization made payments to IC of $54,173 as lease payments IC is an affiliate corporation of the filing organization | | No |
| (11) Western New England Renal & Transplant Associates PC(WNERTA) | Board Overlap | 224,355 | See Part V - Gregory L Braden, MD,and Jeffrey G Mulhern, MD are Board Members of the filing organization and Members of the Board of Directors of WNERTA The filing organization made payments to WNERTA of $25,424 for Contracted Physician Services, $183,305 for Physician Stipends, and $15,626 for lease payments | | No |
| (12) Western New England Renal & Transplant Associates PC(WNERTA) | Board Overlap | 2,987 | See Part V - Gregory L Braden, MD, and Jeffrey G Mulhern, MD are Board Members of the filing organization and Members of the Board of Directors of WNERTA The filing organization received payments to WNERTA of $1,487 for Pharmacy and $1,500 for Supplemental Services | | No |
| (13) John M O'Brien III | Family member of John M O'Brien | 46,042 | See Part V - Family member of John M O'Brien employed by the filing organization | | No |
| (14) Timothy S Rice | Family member of Timothy S Rice | 132,837 | See Part V - Family member of Timothy S Rice is employed by the filing organization | | No |

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**SCHEDULE O**
**(Form 990 or 990-EZ)**

Department of the Treasury
Internal Revenue Service

# Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization
Baystate Medical Center Inc

**Employer identification number**
04-2790311

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VI, Section A, line 1 | a The filing organization has a standing executive committee, which is entitled to act between meetings of the Board, on all matters as to which the Board is entitled to act and permitted by law to delegate to a committee The members of the executive committee are the same individuals serving on the executive committee of Baystate Health, Inc b Four members of the Board of Trustees of the filing organization are not considered independent as a result of their service on the board of an affiliate of the filing organization |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VI, Section A, line 2 | Gregory L Braden, MD, Dennis W Chalke, Ruth H Constantine, Charles L D'Amour, John H Davis, Kristin R Delaney, John A Egelhofer, MD, John F Kole, Grace P Makari-Judson, MD, John E Maybury, Steven M Mitus, John M O'Brien, III, Ann M Paradis, Robert L Pura, PhD, Katherine E Putnam, Timothy S Rice, James P Sadowsky, Patricia A Sheldon, David C Southworth, Barbara W Stechenberg, MD, Richard B Steele, Jr , Katherine M Sullivan, Mark R Tolosky, Howard G Trietsch, MD, and Victor Woolridge are also officers or trustees of its affiliated entities The following trustees, officers, or key employees serve on a common board of a non-affiliated entity (1)Katherine E Putnam and David Southworth, (2)Richard B Steele, Jr and Katherine McG Sullivan, (3) Steven M Mitus, Robert L Pura, PhD and Richard B Steele, Jr (4) Charles D'Amour, John F Maybury and Mark R Tolosky (5) John M O'Brien, III and Victor Woolridge (6) Gregory L Braden, MD and Jeffrey G Mulhern, MD |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VI, Section A, line 3 | Baystate Medical Center, Inc is affiliated with Baystate Administrative Services, Inc (BAS) which is a 501 (c)(3) organization Various management and support functions are delegated to BAS |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VI, Section A, line 6 | The filing organization has one member, Baystate Health, Inc (BH) |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VI, Section A, line 7a | The Board of Trustees of the filing organization are the same individuals serving as members of the Board of Trustees of BH with the addition of the president of the medical staff of the filing organization The Board of Trustees of BH are elected annually by the Board of Trustees of BH at their annual meeting |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VI, Section B, line 11 | Prior to the filing of this return appropriate parts of this Form 990 were reviewed by representatives from the Tax, Finance, and Human Resources Departments of Baystate Health, Inc (the parent organization of the health care system to which the filing organization belongs), some of whom are officers or trustees of the filing organization and by outside legal counsel The entire return was reviewed by a tax expert from an outside accounting firm The entire return was also reviewed prior to filing by the Audit and Compliance Committee of Baystate Health, Inc , which also includes some of the officers and trustees of the filing organization The Form 990 was provided to all members of the Board of Trustees prior to filing |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VI, Section B, line 12c | Baystate Health, Inc (BH) has a comprehensive conflict of interest policy which has been adopted by the filing organization All directors, trustees, officers, key employees, and highest compensated employees of BH and its affiliates are asked to complete an annual conflict of interest form We utilize an electronic database to receive and manage all conflict of interest submissions This information is reviewed by the BH Chief Compliance Officer, the BH Chief Executive Officer, the Chair of the BH Board of Trustees, and the Chair of the Audit & Compliance Committee of BH A summary of the conflict of interest disclosures is provided to the Baystate Health Board of Trustees and the Tax Department and reviewed by outside counsel Potential conflict of interest transactions are reviewed as appropriate under the policy, which provides for recusal from discussion and deliberation by any party with a potential conflict of interest |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VI, Section B, line 15 | The compensation of the President, and all key officers and employees is reviewed and determined annually by the compensation committee of Baystate Health, Inc (the parent organization of the health care system to which the filing organization belongs), which has been appointed as the compensation committee of the filing organization and consists entirely of individuals serving on the board of the filing organization Form 990, Part VI, Section B, Line 16b Baystate Health, Inc has a joint venture policy that covers affiliated tax exempt entities including Baystate Medical Center, Inc |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VI, Section C, line 19 | The organization makes its conflict of interest policy and financial statements available to the public at www baystatehealth org Articles of organization and bylaws are generally available at the Commonwealth of Massachusetts website |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Average hours per week | Form 990, Part VII, Section A, Column (B) | Individuals with reported compensation who have 10 or less average hours per week listed in Part VII, worked between 40 - 60 hours among all related entities |

| Identifier | Return Reference | Explanation |
|---|---|---|
| | Form 990, Part VII, Section A, Line 5 | Certain officers or trustees of the filing organization are paid by an entity, Baystate Medical Practices, Inc (BMP) EIN 04-2888373, which is part of the health care system to which the filing organization belongs but does not meet the technical requirements as a "Related Organization" per Schedule R Compensation from BMP to the officers and trustees of the filing organization therefore, is reported as paid from an unrelated organization in Line 5 and according to the instructions reported as though paid by the filing organization |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Other Fees | Form 990, Part IX, line 11g | BMP Support Program service expenses 41,466,335 Management and general expenses 0 Fundraising expenses 0 Total expenses 41,466,335 Other Program service expenses 52,935,616 Management and general expenses 6,645,629 Fundraising expenses 0 Total expenses 59,581,245 |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Changes in Net Assets or Fund Balances | Form 990, Part XI, line 9 | Transfer from affiliate for land, buildings and equipment 3,883,812 Transfer of funds for strategic initiative to affiliated companies -35,190,827 Transfer of funds for land, bldg & equip to affiliated companies 5,438,755 Minimum pension liability adjustment 54,785,686 Equity gain to unconsolidated affiliates 44,410 Change in value of interest in BHF-Temporarily Restricted -1,848,932 Change in value of interest in BHF-Permanently Restricted 54,661 |

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# SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

## Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization
Baystate Medical Center Inc

**Employer identification number**
04-2790311

**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) Pioneer Valley Information Exchange LLC<br>101 Wason Avenue Suite 200<br>Springfield, MA 01107<br>04-2790311 | Operation of a health information exchange and related activities | MA | 0 | 0 | Baystate Medical Center Inc |
| | | | | | |
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**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Exempt Code section | (e) Public charity status (if section 501(c)(3)) | (f) Direct controlling entity | (g) Section 512(b)(13) controlled entity? Yes | No |
|---|---|---|---|---|---|---|---|
| See Additional Data Table | | | | | | | |
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**Part III** **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income(related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproprtionate allocations? Yes | (h) No | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | | | | | |
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**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 | (i) No |
|---|---|---|---|---|---|---|---|---|---|
| **(1)** Health New England Inc<br><br>Monarch Place Suite 1500<br>Springfield, MA 011441500<br>04-2864973 | HMO/Insurance | MA | Baystate Health Inc | C | | | | | No |
| **(2)** HNE Advisory Services<br><br>Monarch Place Suite 1500<br>Springfield, MA 011441500<br>04-3012347 | Administrative Svs | MA | Health New England Inc | C | | | | | No |
| **(3)** Health New England Insurance<br><br>Monarch Place Suite 1500<br>Springfield, MA 011441500<br>04-3183019 | Ancillary Insurance | MA | Health New England Inc | C | | | | | No |
| **(4)** Health New England of Connecticut<br><br>Monarch Place Suite 1500<br>Springfield, MA 011441500<br>06-1398662 | Dormant | MA | Health New England Inc | C | | | | | No |
| **(5)** Ingraham Corporation<br><br>759 Chestnut Street<br>Springfield, MA 01199<br>04-3016257 | Health care and other business activities | MA | Baystate Health Inc | C | | | | | No |
| **(6)** Baystate Health System Ambulance Inc<br><br>759 Chestnut Street<br>Springfield, MA 01199<br>04-3018550 | Ambulance Svs | MA | Ingraham Corporation | C | | | | | No |
| **(7)** BH Insurance Company Ltd<br><br>North Church Street<br>Georgetown<br>CJ<br>98-0421413 | Offshore captive Insurance | CJ | Baystate Health Inc | C | | | | | No |

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

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

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

| (a) Name of other organization | (b) Transaction type (a-s) | (c) Amount involved | (d) Method of determining amount involved |
|---|---|---|---|
| **(1)** Baystate Total Home Care Inc | J | 11,203,025 | |
| **(2)** Baystate Total Home Care Inc | I | 6,741,389 | |
| | | | |
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**Part VI** **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to Form 990, Part IV, line 37.)

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

| (a) Name, address, and EIN of entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Predominant income (related, unrelated, excluded from tax under section 512-514) | (e) Are all partners section 501(c)(3) organizations? | | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproprtionate allocations? | | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Yes | No | | | Yes | No | | Yes | No | |
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**Software ID:**
**Software Version:**
**EIN:** 04-2790311
**Name:** Baystate Medical Center Inc



**Part VII Supplemental Information**

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

| Identifier | Return Reference | Explanation |
|---|---|---|

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Type of entity (C corp, S corp, or trust) | (f) Share of total income | (g) Share of end-of-year assets | (h) Percentage ownership | (i) Section 512(b)(13) controlled entity? Yes | (i) Section 512(b)(13) controlled entity? No |
|---|---|---|---|---|---|---|---|---|---|
| Health New England Inc<br><br>Monarch Place Suite<br>1500<br>Springfield, MA<br>011441500<br>04-2864973 | HMO/Insurance | MA | Baystate Health Inc | C | | | | | No |
| HNE Advisory Services<br><br>Monarch Place Suite<br>1500<br>Springfield, MA<br>011441500<br>04-3012347 | Administrative Svs | MA | Health New England Inc | C | | | | | No |
| Health New England Insurance<br><br>Monarch Place Suite<br>1500<br>Springfield, MA<br>011441500<br>04-3183019 | Ancillary Insurance | MA | Health New England Inc | C | | | | | No |
| Health New England of Connecticut<br><br>Monarch Place Suite<br>1500<br>Springfield, MA<br>011441500<br>06-1398662 | Dormant | MA | Health New England Inc | C | | | | | No |
| Ingraham Corporation<br><br>759 Chestnut Street<br>Springfield, MA 01199<br>04-3016257 | Health care and other business activities | MA | Baystate Health Inc | C | | | | | No |
| Baystate Health System Ambulance Inc<br><br>759 Chestnut Street<br>Springfield, MA 01199<br>04-3018550 | Ambulance Svs | MA | Ingraham Corporation | C | | | | | No |
| BH Insurance Company Ltd<br><br>North Church Street<br>Georgetown<br>CJ<br>98-0421413 | Offshore captive Insurance | CJ | Baystate Health Inc | C | | | | | No |

# Baystate Health, Inc. and Subsidiaries

Consolidated Financial Statements as of and for the Years Ended September 30, 2013 and 2012, Consolidating Supplementary Financial Information as of and for the Year Ended September 30, 2013, and Independent Auditors' Report

## Baystate Health, Inc. and Subsidiaries

**Table of Contents**

Deloitte

Deloitte & Touche LLP
200 Berkeley Street
Boston MA 02116
USA

Tel +1 617 437 2000
Fax +1 617 437 2111
www deloitte com

# INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Baystate Health, Inc

We have audited the accompanying consolidated financial statements of Baystate Health, Inc and Subsidiaries ("Baystate Health"), which comprise the consolidated statements of financial position as of September 30, 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the year then ended and the related notes to the consolidated financial statements

## Management's Responsibility for the Consolidated Financial Statements

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

## Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to Baystate Health's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Baystate Health's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Baystate Health, Inc and Subsidiaries as of September 30, 2013, and the results of their operations, their changes in net assets, and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America

## Predecessor Auditors' Opinion on 2012 Financial Statements

The financial statements of Baystate Health as of and for the year ended September 30, 2012, were audited by other auditors whose report, dated January 3, 2013, expressed an unmodified opinion on those statements

## Emphasis of Matter

As discussed in Note 2 to the consolidated financial statements, Baystate Health adopted the provisions of Accounting Standards Update 2011-07, *Health Care Entities (Topic 954), Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* on October 1, 2012 Our opinion is not modified with respect to this matter

## Report on Supplemental Combining Schedules

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The supplemental combining schedules listed in the table of contents are presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and are not a required part of the consolidated financial statements These supplemental combining schedules are the responsibility of Baystate Health's management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements Such supplemental combining schedules have been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such supplemental combining schedules directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, such supplemental combining schedules are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole

Deloitte & Touche LLP

January 30, 2014

# Baystate Health, Inc. and Subsidiaries

## Consolidated statements of financial position
## As of September 30, 2013 and 2012
## (In Thousands)

| Assets | 2013 | 2012 |
|---|---|---|
| Current assets | | |
| Cash and cash equivalents | $ 144,893 | $ 140,460 |
| Investments | 342,682 | 323,390 |
| Accounts receivable, patients, less allowance for uncollectible accounts of $30,519 in 2013 and $29,996 in 2012 | 113,697 | 117,772 |
| Accounts receivable, other | 33,278 | 43,851 |
| Estimated final settlements receivable | 28,347 | 26,142 |
| Inventories | 20,881 | 19,230 |
| Prepaid expenses and other current assets | 16,001 | 11,547 |
| Total current assets | 699,779 | 682,392 |
| Long-term assets | | |
| Investments | 56,377 | 53,825 |
| Equity investment in unconsolidated affiliates | 2,507 | 2,744 |
| Notes receivable | 67,050 | 66,270 |
| Deferred expense and other long-term assets | 16,694 | 11,395 |
| Land, buildings, and equipment, net | 610,749 | 602,006 |
| | 753,377 | 736,240 |
| Assets whose use is limited | | |
| Board-designated funds | | |
| Cash and investments | 234,254 | 218,673 |
| Investments of captive insurance company | 105,995 | 95,333 |
| Investments held by trustee under debt agreements | 1,335 | 4,528 |
| Beneficial interest in perpetual trusts | 35,118 | 33,889 |
| | 376,702 | 352,423 |
| Total assets | $1,829,858 | $1,771,055 |

| Liabilities and net assets | 2013 | 2012 |
|---|---|---|
| Current liabilities | | |
| Accounts payable | $ 91,517 | $ 109,985 |
| Medical claims payable | 52,954 | 45,114 |
| Accrued salaries and wages | 89,801 | 86,294 |
| Accrued interest payable | 2,247 | 2,439 |
| Estimated final settlements payable | 61,838 | 69,042 |
| Refundable advances | 616 | 707 |
| Deferred revenue | 10,252 | 8,853 |
| Current portion of long-term debt | 9,520 | 9,218 |
| Total current liabilities | 318,745 | 331,652 |
| Long-term debt | 445,158 | 454,548 |
| Pension liability | 78,552 | 180,442 |
| Insurance liability loss reserves | 126,793 | 103,767 |
| Other liabilities | 8,035 | 15,016 |
| Total liabilities | 977,283 | 1,085,425 |
| Net assets | | |
| Unrestricted | | |
| Operating | 940,070 | 865,790 |
| Pension adjustment | (193,715) | (286,031) |
| Total unrestricted | 746,355 | 579,759 |
| Temporarily restricted | 54,775 | 55,708 |
| Permanently restricted | 51,445 | 50,163 |
| Total net assets | 852,575 | 685,630 |
| Total liabilities and net assets | $1,829,858 | $1,771,055 |

See notes to consolidated financial statements

## Baystate Health, Inc. and Subsidiaries

**Consolidated statements of operations**
**For the years ended September 30, 2013 and 2012**
**(In Thousands)**

| | 2013 | 2012 |
|---|---|---|
| Operating revenues | | |
| Net patient service revenue | $1,099,705 | $1,083,213 |
| Bad debts | 21,736 | 20,710 |
| Net patient service revenue, net of bad debts | 1,077,969 | 1,062,503 |
| Premiums | 547,220 | 494,610 |
| Other revenue | 83,877 | 69,605 |
| Net assets released from restrictions for operations | 7,333 | 6,793 |
| Total operating revenues | 1,716,399 | 1,633,511 |
| Operating expenses | | |
| Salaries and wages | 666,158 | 637,110 |
| Supplies and expense | 558,466 | 542,470 |
| Medical claims and capitation | 370,001 | 343,398 |
| Depreciation and amortization | 60,255 | 54,385 |
| Interest expense | 11,284 | 9,476 |
| Total operating expenses | 1,666,164 | 1,586,839 |
| Income from operations | 50,235 | 46,672 |
| Nonoperating income | | |
| Investment income | 7,050 | 6,687 |
| Net realized gain on investments | 7,188 | 5,257 |
| Net unrealized gain on investments | 25,247 | 45,732 |
| Equity (loss) gain in unconsolidated affiliates | (33) | 1,238 |
| Net interest cost on swap agreements | (2,423) | (2,650) |
| Change in fair value of swap agreements | 3,788 | (279) |
| Income taxes and other | (19,560) | (10,137) |
| Total nonoperating income | 21,257 | 45,848 |
| Excess of revenues over expenses | 71,492 | 92,520 |
| Other changes in unrestricted net assets | | |
| Net assets released from restrictions for capital | 3,916 | 5,611 |
| Transfers to restricted net assets | (785) | (381) |
| Pension adjustment | 92,316 | (38,652) |
| Other | (343) | (1,145) |
| Increase in unrestricted net assets | $ 166,596 | $ 57,953 |

See notes to consolidated financial statements

## Baystate Health, Inc. and Subsidiaries

**Consolidated statements of changes in net assets**
**For the years ended September 30, 2013 and 2012**
**(In Thousands)**

| | 2013 | 2012 |
|---|---|---|
| Unrestricted net assets | | |
| Excess of revenues over expenses | $ 71,492 | $ 92,520 |
| Net assets released from restrictions for capital | 3,916 | 5,611 |
| Transfers to restricted net assets | (785) | (381) |
| Pension adjustment | 92,316 | (38,652) |
| Other | (343) | (1,145) |
| Increase in unrestricted net assets | 166,596 | 57,953 |
| Temporarily restricted net assets | | |
| Restricted investment income | 195 | 185 |
| Net realized and unrealized gain on investments | 4,644 | 5,672 |
| Contributions | 4,664 | 4,451 |
| Transfers from unrestricted net assets | 785 | 381 |
| Net assets released from restrictions | | |
| For operations | (7,333) | (6,793) |
| For capital | (3,916) | (5,611) |
| Other | 28 | (151) |
| Decrease in temporarily restricted net assets | (933) | (1,866) |
| Permanently restricted net assets | | |
| Contributions | 53 | 76 |
| Change in value of perpetual trusts | 1,229 | 3,812 |
| Increase in permanently restricted net assets | 1,282 | 3,888 |
| Increase in net assets | 166,945 | 59,975 |
| Net assets, beginning of year | 685,630 | 625,655 |
| Net assets, end of year | $852,575 | $685,630 |

See notes to consolidated financial statements

## Baystate Health, Inc. and Subsidiaries

**Consolidated statements of cash flows**
**For the years ended September 30, 2013 and 2012**
**(In Thousands)**

| | 2013 | 2012 |
|---|---|---|
| Operating activities | | |
| Increase in net assets | $ 166,945 | $ 59,975 |
| Adjustments to reconcile increase in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 60,255 | 54,385 |
| Pension adjustment | (92,316) | 38,652 |
| Net realized and unrealized gain on investments | (40,865) | (56,383) |
| Provision for bad debts | 24,736 | 23,210 |
| Change in beneficial interest of perpetual trusts | (1,229) | (3,812) |
| Restricted contributions | (4,717) | (6,527) |
| Changes in equity investment of affiliate | (237) | (1,238) |
| Increase in accounts receivable, patients | (17,661) | (32,014) |
| Net change in estimated final settlements | (9,409) | (188) |
| Change in accounts payable and accrued expenses | (15,153) | 8,511 |
| Change in accrued pension liability, net | (9,574) | (11,387) |
| Increase in medical claims payable | 7,840 | 3,941 |
| Increase in insurance liability loss reserves | 23,026 | 5,351 |
| Other | (2,427) | (9,197) |
| Net cash provided by operating activities | 89,214 | 73,279 |
| Investing activities | | |
| Proceeds from sale and maturities of investments | 888,384 | 798,444 |
| Purchase of investments | (896,200) | (764,285) |
| Purchase of land, buildings, and equipment | (68,681) | (123,693) |
| Net cash used in investing activities | (76,497) | (89,534) |
| Financing activities | | |
| Proceeds from restricted contributions | 4,717 | 6,527 |
| Increase in note receivable | (3,780) | (766) |
| Proceeds from debt issuance | | 85,137 |
| Repayments of debt | (9,221) | (17,493) |
| Defeasement of debt | | (40,305) |
| Net cash (used in) provided by financing activities | (8,284) | 33,100 |
| Net increase in cash and cash equivalents | 4,433 | 16,845 |
| Cash and cash equivalents, beginning of year | 140,460 | 123,615 |
| Cash and cash equivalents, end of year | $ 144,893 | $ 140,460 |

See notes to consolidated financial statements

## 1. Organization

Baystate Health, Inc ("Baystate Health" or BH), based in Springfield, Massachusetts, is the parent corporation of an integrated health care delivery system with the mission "to improve the health of the people in our community every day, with quality and compassion "

Baystate Health currently includes the following

- Baystate Medical Center, Inc (BMC), located in Springfield, Massachusetts, is the largest of the three hospitals in the Baystate Health system BMC, the leading health facility in western Massachusetts, is the only tertiary care referral medical center and Level I trauma center in the region It is also home to western New England's only neonatal and pediatric intensive care units BMC is a 715-bed, tax-exempt, not-for-profit, academic teaching hospital that serves as the western campus of Tufts University School of Medicine

- Baystate Total Home Care, Inc (BTHC), is a tax-exempt, not-for-profit corporation, which is organized to benefit, support, and further the charitable activities of BMC by holding, leasing, improving, and managing real estate held by, or acquired on behalf of, BMC BTHC serves as the operating entity in connection with the new markets tax credit financing for the BMC Expansion Project

- Baystate Franklin Medical Center, Inc (BFMC), located in Greenfield, Massachusetts, is a 90-bed, tax-exempt, not-for-profit, acute care community hospital BFMC serves the northern tier of northwestern Massachusetts and southern Vermont

- Baystate Mary Lane Hospital Corporation (BMLH), located in Ware, Massachusetts, is a 25-bed, tax-exempt, not-for-profit, acute care community hospital BMLH provides services to more than 16 central Massachusetts communities

- Baystate Medical Practices, Inc (BMP), is a tax-exempt, not-for-profit organization formed in 2010

  BMP includes a multispecialty academic group practice established to support the educational and research programs of Baystate Health, as well as numerous primary care and outreach services BMP also includes community-based primary care (internists and pediatricians), medical and surgical practices, obstetrical and gynecological, and hospitalist physicians dedicated to the care and management of patients hospitalized at BH-affiliated hospitals BMP also provides preventative, diagnostic, and therapeutic health services enhancing the cardiovascular clinical, educational, community, and research activities for BH and its service area

- Baystate Visiting Nurse Association & Hospice (BVNAH) is a tax-exempt, not-for-profit organization that provides comprehensive home health care committed to providing the highest quality care to patients and families, primarily in the home setting BVNAH meets individual needs by bringing experienced nurses, rehabilitation therapists, social workers, and home care aides to patients' homes

- Health New England, Inc (HNE), is a not-for-profit health maintenance organization located in Springfield, Massachusetts HNE's service area in Massachusetts includes Franklin, Berkshire, Hampden, and Hampshire counties, and part of Worcester County HNE also serves Hartford, Litchfield, and Tolland counties in Connecticut In 2013, HNE converted from a for-profit to a not-for-profit organization and has filed an application for tax-exempt status, which is pending with the Internal Revenue Service (IRS)

- Ingraham Corporation (IC) is a for-profit, taxable corporation that currently serves as a holding company for Baystate Health Ambulance, Inc

- Baystate Health Ambulance, Inc (BHA) is a for-profit, taxable corporation that delivers the latest in mobile critical care providing 24-hour service throughout western New England

- Baystate Administrative Services, Inc (BAS), is a tax-exempt, not-for-profit corporation that provides management support for the BH subsidiaries, including human resources, marketing, strategic planning, information services, and financial services

- Baystate Health Foundation, Inc (BHF), is a tax-exempt, charitable organization established for the purpose of fund-raising for healthcare-related activities, in support, and for the benefit, of BH and those subsidiaries of BH that are tax-exempt, not-for-profit corporations, and to hold endowment, charitable donations, and other funds for their benefit

- Baystate Health Insurance Company, Ltd (BHIC), is a captive insurance company organized and licensed in the Cayman Islands, British West Indies BHIC provides professional liability and other insurance coverage to the corporate members of BH and their employees In 2004, BHIC began offering malpractice insurance to members of BH's medical staff who meet criteria for participation

## 2. Significant accounting policies

**Principles of Consolidation** — The accompanying consolidated financial statements include the accounts of BH and its subsidiaries noted above All intercompany and subsidiary accounts and transactions have been eliminated in consolidation

**Use of Estimates** — The preparation of consolidated 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates Significant estimates are made in the areas of the allowance for uncollectible patient accounts receivable, reserve for contractual allowances, investment valuation, accruals for settlements with third-party payers, medical claims payable, accrued insurance liability loss reserves, pension costs, and accrued compensation and benefits

**Net Assets** — Baystate Health and its subsidiaries report net assets and revenues, expenses, gains, and losses based upon the existence or absence of donor-imposed restrictions In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into the following categories

*Unrestricted* — Net assets that are not subject to donor-imposed stipulations Net assets may be designated for specific purposes by action of the Board of Trustees, or may otherwise be limited by contractual agreements with outside parties

*Temporarily Restricted* — Net assets whose use by Baystate Health and its subsidiaries are subject to donor-imposed stipulations that can be fulfilled by actions of Baystate Health and its subsidiaries, or that expire by the passage of time At September 30, 2013 and 2012, temporarily restricted net assets consist of amounts restricted as to spending for various purposes, such as education, research, clinical, and health care programs, as well as cumulative net appreciation of permanent endowment funds

*Permanently Restricted* — Net assets subject to donor-imposed stipulations that they be maintained permanently by Baystate Health and its subsidiaries At September 30, 2013 and 2012, permanently restricted net assets consist of the original cost of permanent endowment gifts and beneficial interests in perpetual trusts

Revenues from sources other than donor-restricted contributions are reported as increases in unrestricted net assets Expenses are reported as decreases in unrestricted net assets Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law Expirations of temporary restrictions recognized on net assets (i e , the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service

Contributions, including unconditional promises to give and grant awards, are recognized as revenues in the period received Contributions received with donor-imposed restrictions are reported as permanently or temporarily restricted revenues, depending upon the specific restriction Conditional promises to give are not recognized until the conditions on which they depend are substantially met Contributions of assets other than cash are recorded at their estimated fair values at the date of the gift Contributions to be received after one year are discounted at a risk-free rate commensurate with the expected payment term Amortization of the discount is recorded as contribution revenue in the appropriate net asset category Allowance is made for uncollectible contributions based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant information

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

**Investments** — Investments include cash equivalents, mutual funds, fixed-income securities, as well as interests in limited partnerships and common collective trusts Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at estimated fair value in the consolidated statements of financial position The accounting for the investments held by the pension plan is discussed in Note 15

Baystate Health has also entered into partnership agreements with limited partnerships ("alternative investments"), the majority of which are in private markets, whereby they have agreed to certain capital commitments Baystate Health's policy is to record its ownership interest in these alternative investments of less than 5% at historical cost, subject to impairment considerations During 2013, Baystate Health did not report any such impairments on alternative investments For those alternative investments where the ownership interest is more than 5%, the ownership interests are reported using the equity method of accounting As of September 30, 2013, approximately $22,555,000 of total capital commitments, including those held within the pension plan assets discussed in Note 15, remain outstanding Certain of the partnerships may hold some securities without readily determinable fair values and, consequently, the general partner may estimate fair value for such securities These estimates may differ significantly from the values that would have been used had a ready market existed, and may also differ significantly from the values at which such investments may be sold, and the differences could be material

Interest and dividends on investments are included in other revenue or nonoperating income in the consolidated statements of operations unless the income or loss is restricted by donor or law Realized gains and losses and unrealized gains and losses on investments are included in nonoperating income or temporarily restricted net assets, as applicable Investment-related expense, such as custodial fees and investment fees, are netted against investment revenues and are immaterial for the years ended September 30, 2013 and 2012

Baystate Health and its subsidiaries have elected the fair value option for certain of their investments Baystate Health made this election to reflect changes in fair value of its investments, including both increases and decreases and whether realized or unrealized, in its excess of revenue over expenses Baystate Health recognized net unrealized gains on investments totaling $25,247,000 and $45,732,000 in 2013 and 2012, respectively, within the excess of revenue over expenses

Investments are included in pooled investment funds Current market value is used to determine the percent of each fund in the pool Income from investments of a pool, including gains or losses, is allocated to participating funds based on the respective fund's percentage of the pool

**Inventories** — Inventories are stated at the lower of cost (principally first-in, first-out method) or market

**Note Receivable** — In December and May 2009, BMC loaned $31,186,783 and $32,617,500, respectively, to a third party relating to project costs of approximately $252,000,000 for the construction of a new hospital facility at 759 Chestnut Street, Springfield, Massachusetts The loans are part of a financing arrangement that utilizes new markets tax credits (NMTC) to reduce cash required by BMC to construct this new facility Each loan bears interest at 2 139% annually, with annual cash payments during the first seven years of the 33-year term based on an interest rate of 1 00% The notes are recorded as notes receivable in the consolidated statements of financial position as of September 30, 2013 and 2012

**Equity Investment in Unconsolidated Affiliates** — Baystate Health participates in joint ventures with 50% or less ownership, and accounts for the investment in those unconsolidated affiliates as equity investments

**Deferred Expenses and Other Long-Term Assets** — Deferred expenses include unamortized bond issuance expenses, which are amortized over the weighted-average terms of the bonds

Goodwill is included within other long-term assets and is assessed annually for indicators of impairment on July 1 of each year There were no such indicators in the years ended September 30, 2013 and 2012

**Assets Whose Use is Limited** — Assets whose use is limited include assets held by the trustee under indenture agreements and designated assets set aside by the Board of Trustees for future capital improvements and other strategic initiatives, which are in furtherance of Baystate Health and its subsidiaries' exempt and charitable purposes Also included are investments of the captive insurance company and beneficial interests in perpetual trusts

**Land, Buildings, and Equipment** — Land, buildings, and equipment are stated at cost, less depreciation and amortization determined on the straight-line basis

Maintenance and repairs are charged to expense as incurred Betterments and major renewals are capitalized Cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and the resulting gain or loss is included in other

revenue Buildings and equipment under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life Useful life is assigned in accordance with the American Hospital Association's guide, *Estimated Useful Lives of Depreciable Hospital Assets* Such amortization is included in depreciation and amortization in the consolidated financial statements Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

**Consolidated Statements of Operations** — All activities of Baystate Health deemed by management to be ongoing and central to the provision of health care services are reported as operating revenues and expenses Other activities are considered nonoperating, and include board-designated investment income and realized gains and losses, unrealized gains and losses on investments, changes in BHIC loss reserves, equity gains in unconsolidated affiliates, losses on extinguishment of debt, interest savings on swap agreements, changes in fair value of swap agreements, and income taxes

The consolidated statements of operations include excess of revenues over expenses as the performance indicator Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, include net assets released from restrictions for capital, transfers to restricted net assets, and the pension adjustment

**Net Patient Service Revenue** — Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payers, and others for services rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations Contracts, laws, and regulations governing Medicare, Medicaid, Blue Cross, and the Health Safety Net (HSN) programs are complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Blue Cross and other managed care plans have negotiated with Baystate Health and its subsidiaries various forms of contractual payment rates The most common payment rates include discounted charges, per case, per diems, and fee schedules

Medicaid payment rates are negotiated between the Division of Medical Assistance and individual hospitals Medicare Prospective Payment System (PPS) regulations determine payment due acute care hospitals for inpatient services provided to Medicare beneficiaries Medicare payments for outpatient services are a blend of PPS and fee schedules

During 2013 and 2012, Baystate Health recorded adjustments to amounts accrued for settlements related to prior fiscal years The net effect of such adjustments was to increase net patient service revenue by approximately $24,535,000 and $18,419,000 in 2013 and 2012, respectively

**Medicare and Medicaid Electronic Health Record (EHR) Program** — Certain health care providers can earn up to four incentive payments between federal fiscal years 2011 and 2016 if certain specific program criteria are met The providers are required to establish an EHR system and maintain its meaningful use status for a continuous 90-day period In subsequent years, such meaningful use must be maintained for the entire 365-day federal fiscal year

Baystate Health records the revenue related to this program when management is reasonably assured that Baystate Health has complied with the terms of the program

Baystate Health has included approximately $8,894,000 and $10,589,000 in other revenue related to the program in fiscal years 2013 and 2012, respectively The estimate is based on cost report data, which is

subject to audit, and the amounts recognized are subject to change Baystate Health's attestation of compliance with the meaningful use criteria is subject to audit by the federal or state government or its designee

**Premium Revenue** — Premium revenue represents insurance membership contract revenue at HNE The contracts generally cover a 12-month period and are subject to cancellation by the employer group or HNE upon 30 days' written notice Premiums are due monthly and are recognized as revenue during the period in which HNE is obligated to provide services to members

**Health Safety Net** — In April 2006, the Commonwealth of Massachusetts passed Chapter 58 of the Acts of 2006, "An Act Providing Access to Affordable, Quality, Accountable Health Care," the goal of which is to provide near-universal health insurance coverage to Massachusetts residents through a combination of Medicaid expansions, subsidized private insurance programs, insurance market reforms, and the HSN

The HSN reimburses hospitals for uncompensated care based on actual services provided at rates approximating the PPS, subject to available funds Like its predecessor, the Uncompensated Care Pool, the HSN is partially funded by acute hospitals through an assessment on gross charges billed to nongovernmental payers

**Charity Care and Community Support** — It is the policy of Baystate Health to provide care to any patient in need of medical care, regardless of the patient's ability to pay for such care Based upon the patient's financial capability to pay, such care is provided free of charge or at amounts below normal charges Because amounts determined to qualify as charity care are not pursued, they are not reported as revenue The net cost of charity care includes the direct and indirect cost of providing charity care services, offset by revenues received from indigent care pools (primarily the HSN) The cost is estimated by utilizing a ratio of cost to gross charges applied to the gross uncompensated care charges associated with providing charity care

The costs of charity care provided during the years ended September 30, 2013 and 2012, are as follows (in thousands)

| | 2013 | 2012 |
|---|---|---|
| HSN assessment | $ 5,278 | $ 5,229 |
| HSN receipts | (11,389) | (11,929) |
| Free care (at cost) | 20,362 | 19,601 |
| Total | $ 14,251 | $ 12,901 |

In addition to the charity care provided to patients, Baystate Health and its subsidiaries have ongoing community outreach initiatives in the areas of health services access, education, safety, and community reinvestment The initiatives include free-standing health centers, improving school-based health services, implementing an immunization tracking system to link preschool-aged children to primary care providers, youth development programs, increasing minority employment, improving the community's health status, wellness, health and safety programs for senior citizens, and health screenings and forums

**Allowance for Uncollectible Accounts** — Accounts receivable are reduced by an allowance for uncollectible accounts In evaluating the collectability of accounts receivable, Baystate Health analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for bad debts Management regularly

reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts For receivables associated with services provided to patients who have third-party coverage, Baystate Health analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary For receivables associated with self-pay patients, Baystate Health records a significant provision for bad debts 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 The difference between the standard rates and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts

Baystate Health's allowance for uncollectible accounts for self-pay patients increased from 94% of self-pay accounts receivable at September 30, 2012, to 96% of self-pay accounts receivable at September 30, 2013 In addition, Baystate Health's self-pay write-offs, net of recoveries decreased $14,774,000 from $61,592,000 for fiscal year 2012 to $46,818,000 for fiscal year 2013 Baystate Health has not changed its charity care or uninsured discount policies during fiscal year 2012 or 2013 Baystate Health does not maintain a material allowance for uncollectible accounts from third-party payers, nor did it have significant write-offs from third-party payers Baystate Health 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 who do not qualify for charity care, Baystate Health recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy) On the basis of historical experience, a significant portion of Baystate Health's uninsured patients will be unable or unwilling to pay for the services provided Thus, Baystate Health records a significant provision for bad debts related to uninsured patients in the period the services are provided

Net patient service revenue (after contractual allowances and discounts) recognized during the year ended September 30, 2013, from Baystate Health's major payer sources is as follows (in thousands)

| | 2013 | 2012 |
|---|---|---|
| Medicare | $ 433,277 | $ 415,235 |
| Medicaid | 211,859 | 223,463 |
| Commercial and other | 417,890 | 406,954 |
| Self-pay | 14,943 | 16,851 |
| Total | $1,077,969 | $1,062,503 |

**Impairment of Long-Lived Assets** — Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell

**Research Grants and Contracts** — Revenue related to research grants and contracts is recognized as the related costs are incurred Indirect costs relating to certain government grants and contracts are reimbursed at fixed rates negotiated with the government agencies Research grants and contracts have been accounted for as exchange transactions Amounts received in advance of incurring the related expenditures are recorded as unexpended research grants and are included with refundable advances and deferred revenue in the accompanying consolidated balance sheets

**Accounting for Defined Benefit Pension and Other Postretirement Plans** — Baystate Health recognizes the overfunded or underfunded status of its defined benefit and postretirement plans as an

asset or liability in its consolidated balance sheets Changes in the funded status of the plans are reported as a change in unrestricted net assets presented below the excess of revenues over expenses in the consolidated statements of operations and changes in net assets in the year in which the changes occur

**Income Taxes** — All of Baystate Health's consolidated entities are recognized by the IRS as tax-exempt, not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code, except for BHIC, IC and its subsidiary, and HNE and its subsidiaries On December 20, 2012, HNE's shareholders voted to convert HNE from a for-profit stock corporation to a 501(c) (4) not-for-profit corporation In 2013 HNE filed an application for tax-exempt status

**Recent Accounting Pronouncements** — The financial statements reflect the prospective adoption of Financial Accounting Standards Board Accounting Standards Update (ASU) No 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U S GAAP and IFRSs*, which amends Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, as of the beginning of the year ended September 30, 2013 (see Note 4) ASU No 2011-04 expands certain disclosures about fair value measurement The ASU No 2011-04 requires the categorization by level for items that are only required to be disclosed at fair value and information about transfers between the levels within the fair value hierarchy It provides guidance on measuring the fair value of financial instruments managed within a portfolio and the application of premiums and discounts on fair value measurements The ASU No 2011-04 requires additional disclosure for Level 3 measurements regarding the sensitivity of fair value to changes in unobservable inputs and any interrelationships between those inputs The effect of the adoption of ASU No 2011-04 had no impact on the Baystate Health's consolidated statements of financial position or statements of operations See Note 15 for required disclosures

Baystate Health adopted the provisions of ASU No 2011-07, *Health Care Entities (Topic 954), Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, on October 1, 2012 ASU No 2011-07 required Baystate Health to change the presentation of its consolidated statements of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from net patient service revenue (after contractual allowances and discounts) The adoption of this ASU decreased net patient service revenue, total revenues and expenses by $20,710,000 for the year ended September 30, 2012 It also required Baystate Health to provide enhanced disclosures about its sources of patient service revenue, policies for recognizing revenue and assessing bad debts, as well as qualitative and quantitative information about changes in the allowance for uncollectible accounts

## 3. Cash and investments

The composition of cash and investments at September 30, 2013 and 2012, is as follows (in thousands)

| | 2013 | 2012 |
|---|---|---|
| Cash and cash equivalents | $ 154,706 | $ 151,032 |
| Mutual funds | 326,415 | 271,260 |
| Common collective trusts | 90,559 | 91,452 |
| Fixed-income securities | 160,923 | 165,365 |
| Limited liability investments | 117,185 | 57,725 |
| Alternative investments — limited partnerships | 35,748 | 99,375 |
| Beneficial interests in perpetual trusts | 35,118 | 33,889 |
| | $ 920,654 | $ 870,098 |

Cash and investments at September 30, 2013 and 2012, are included in the consolidated statements of financial position as follows (in thousands)

| | 2013 | 2012 |
|---|---|---|
| Cash and cash equivalents | $ 144,893 | $ 140,460 |
| Investments | 342,682 | 323,390 |
| Long-term investments | 56,377 | 53,825 |
| Board-designated cash and investments | 234,254 | 218,673 |
| Investments of captive insurance company | 105,995 | 95,333 |
| Investments held by trustee | 1,335 | 4,528 |
| Beneficial interests in perpetual trusts | 35,118 | 33,889 |
| | $ 920,654 | $ 870,098 |
| Investment income included in other revenue | $ 8,543 | $ 9,665 |

## 4. Fair value measurements

Baystate Health calculates fair value as described in ASC 820-10, *Fair Value Measurement*, to value its financial assets and liabilities, when applicable Fair value is based on 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 In order to increase consistency and comparability in fair value measurements, ASC 820-10 establishes a three-level valuation hierarchy that prioritizes observable and unobservable inputs used to measure fair value The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date The three levels are defined as follows

*Level 1* — Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities The fair value hierarchy gives the highest priority to Level 1 inputs

*Level 2* — Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data

*Level 3* — Unobservable inputs are used when little or no market data is available The fair value hierarchy gives the lowest priority to Level 3 inputs

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement In determining fair value, Baystate Health utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as consider counterparty credit risk in its assessment of fair value

Financial assets and liabilities carried at fair value for the years ended September 30, 2013 and 2012, are classified in the table below in one of the three categories described above (in thousands)

| 2013 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Cash equivalents | $154,706 | $ - | $ - | $154,706 |
| Mutual funds | | | | |
| Corporate bond fund | 183,405 | | | 183,405 |
| Other | 136,190 | 6,820 | | 143,010 |
| Total mutual funds | 319,595 | 6,820 | - | 326,415 |
| Common collective trusts | | | | |
| International stock | | 7,704 | | 7,704 |
| Domestic equity index funds | | 60,060 | | 60,060 |
| Commodity fund | | 22,795 | | 22,795 |
| Total common collective trusts | - | 90,559 | - | 90,559 |
| Limited liability investments | | | | |
| Hedge funds | | | 62,859 | 62,859 |
| Emerging markets equity | | 14,290 | | 14,290 |
| International stock | | 32,367 | | 32,367 |
| Other | | 7,669 | | 7,669 |
| Total limited liability investments | - | 54,326 | 62,859 | 117,185 |
| Fixed-income securities | | | | |
| Corporate bonds & U S government securities | | 160,923 | | 160,923 |
| Total fixed-income securities | - | 160,923 | - | 160,923 |
| Beneficial interests in perpetual trusts | | | 35,118 | 35,118 |
| Total assets at fair value | $474,301 | $312,628 | $97,977 | 884,906 |
| Alternative investments (at cost) | | | | 35,748 |
| Financial assets, including alternatives | | | | $920,654 |
| Liabilities — interest rate swap agreements | $ - | $ 6,916 | $ - | $ 6,916 |

| 2012 | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Cash equivalents | $151,032 | $ - | $ - | $151,032 |
| Mutual funds | | | | |
| Corporate bond fund | 177,755 | | | 177,755 |
| Other | 86,930 | 6,575 | | 93,505 |
| Total mutual funds | 264,685 | 6,575 | - | 271,260 |
| Common collective trusts | | | | |
| International stock | | 6,434 | | 6,434 |
| Domestic equity index funds | | 64,083 | | 64,083 |
| Commodity fund | 4,319 | 16,616 | | 20,935 |
| Total common collective trusts | 4,319 | 87,133 | - | 91,452 |
| Limited partnership investments | | | | |
| Hedge funds | | | | |
| Emerging markets equity | 4,005 | 9,786 | | 13,791 |
| International stock | | 35,402 | | 35,402 |
| Other | | 8,532 | | 8,532 |
| Total limited partnership investments | 4,005 | 53,720 | - | 57,725 |
| Fixed-income securities | | | | |
| Corporate bonds | 143,294 | | | 143,294 |
| U S government securities | 22,071 | | | 22,071 |
| Total-fixed income securities | 165,365 | - | - | 165,365 |
| Beneficial interests in perpetual trusts | | 33,889 | | 33,889 |
| Total assets at fair value | $589,406 | $181,317 | $ - | 770,723 |
| Alternative investments (at cost) | | | | 99,375 |
| Financial assets, including alternatives | | | | $870,098 |
| Liabilities — interest rate swap agreements | $ - | $ 10,704 | $ - | $ 10,704 |

The amounts classified in the tables above exclude assets invested in Baystate Health's defined benefit plan and limited partnership interests that Baystate Health has recorded at cost

A summary of changes in the fair value of the Level 3 assets for the years ended September 30, 2013 and 2012, is as follows (in thousands)

| | Level 3 Assets 2013 | Level 3 Assets 2012 |
|---|---|---|
| Balance at beginning of year | $ - | $ - |
| Correction of prior year classification | 97,011 | |
| Unrealized gains relating to investments still held at the reporting date | 5,112 | |
| Realized gain on investments sold | 2,676 | |
| Transfers out | | |
| Purchases | | |
| Sales | (6,822) | |
| Balance at end of year | $ 97,977 | $ - |

**2012 Leveling Disclosure Errors Corrected in 2013** — During 2013, Baystate Health determined that there were errors in the classification of certain financial instruments within the fair value hierarchy presented for September 30, 2012 The classifications have been corrected out of period at the beginning of fiscal year 2013 A summary of the corrections is as follows (in thousands)

| | Increase (Decrease) |
|---|---|
| Level 1 | $ (173,689) |
| Level 2 | 139,800 |
| Level 3 | 97,011 |
| Alternative investments, at cost | (63,122) |

**Transfers Between Levels** — The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another In such instances, the transfer is reported at the beginning of the reporting period For the years ended, September 30, 2013 and 2012, there were no transfers between levels, other than the correction of the prior year disclosure errors discussed above

A summary of investments (by major class) that have restrictions on Baystate Health's ability to redeem its investment at the measurement date as of September 30, 2013 and 2012, is as follows (in thousands)

| | September 30, 2013 | | |
|---|---|---|---|
| **Description of Investment** | **Fair Value** | **Redemption Frequency** | **Redemption Notice Period** |
| Commingled equity mutual funds | $136,627 | Monthly | 5 days |
| Commingled emerging markets funds | 30,416 | Monthly | 15 days |
| Commingled commodity funds | 38,995 | Monthly | 30 days |
| Commingled fixed-income funds | 84,259 | Monthly | 30 days |
| Hedge fund of funds | 60,540 | Annually | 60 - 65 days |
| Hedge fund of funds | 2,319 | Every three years | 60 - 95 days |

| | September 30, 2012 | | |
|---|---|---|---|
| **Description of Investment** | **Fair Value** | **Redemption Frequency** | **Redemption Notice Period** |
| Commingled equity mutual funds | $127,249 | Monthly | 5 days |
| Commingled emerging markets funds | 26,912 | Monthly | 15 days |
| Commingled commodity fund | 28,051 | Monthly | 30 days |
| Commingled fixed-income funds | 75,279 | Monthly | 30 days |
| Hedge fund of funds | 55,096 | Annually | 60 -65 days |
| Hedge fund of funds | 2,079 | Every three years | 60 - 95 days |
| Commodity hedge fund | 5,948 | Quarterly | 60 days |

**Valuation Techniques** — Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs The following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis There have been no changes in the methodologies used at September 30, 2013 and 2012

*Cash Equivalents* — The carrying value of cash equivalents approximates fair value as maturities are less than three months and/or include money market funds that are based on quoted prices and are actively traded

*Mutual Funds* — The fair values of mutual funds are based on quoted market prices or net assets value These funds are required to publish their daily net asset value (NAV) and to transact at that price The mutual funds held by Baystate Health are deemed to be actively traded

*Common Collective Trusts* — The fair value of common collective trusts are based on the NAV of the fund, representing the fair value of the underlying investments, which are generally securities traded on an active market The NAV is used as a practical expedient to estimate fair value Such investments are classified as Level 2 when Baystate Health has the ability to redeem its investment in the fund at the NAV (or its equivalent) at the measurement date or within the near term and there are no other potential liquidity restrictions

*Limited Partnerships* — The estimated fair values of limited partnerships, for which no quoted market prices are readily available, are determined based upon the information provided by the fund managers Such information is generally based on NAV of the fund, which is used as a practical expedient to estimate fair value Baystate Health has classified certain of its investments reported at NAV as Level 2 because it has the ability to redeem its investment in the fund at the NAV per share (or its equivalent) at the measurement date or within the near term and there are no other potential liquidity restrictions Funds categorized within Level 3 are subject to a minimum holding period or lockup, cannot be redeemed at the measurement date or with 90 days thereof, are subject to redemption notice periods in excess of 90 days, or have the ability to limit the aggregate amount of shareholder redemptions The limited partnerships allocate gains, losses, and expenses to the partners based on the ownership percentage as described in the respective partnership or hedge fund agreements

*Interest Rate Swaps* — Baystate Health uses inputs other than quoted prices that are observable to value the interest rate swaps Baystate Health considers these inputs to be Level 2 inputs in the context of the fair value hierarchy The fair values represent the estimated amounts Baystate Health would receive or pay to terminate agreements, taking into consideration current interest rates and the current creditworthiness of the counterparty

The following methods and assumptions were used by Baystate Health in estimating the fair value of its financial instruments that are not measured at fair value on a recurring basis for disclosures in the consolidated financial statements

Receivables and Payables — The carrying value of Baystate Health's receivables and payables approximates fair value, as maturities are very short term

Long-Term Debt — The estimated fair value of Baystate Health's bonds is based on current traded value

## 5. Pledges receivable

Pledges receivable at September 30, 2013 and 2012, are as follows (in thousands)

| | 2013 | 2012 |
|---|---|---|
| Receivable in less than one year | $3,388 | $ 528 |
| Receivable in one to five years | 3,540 | 8,551 |
| Receivable in more than five years | | 225 |
| Total pledges receivable | 6,928 | 9,304 |
| Less allowance for uncollectible pledges | (818) | (923) |
| Net pledges receivable | $6,110 | $8,381 |

Net pledges receivable are included in accounts receivable, other on the consolidated statements of financial position

## 6. Land, buildings, and equipment

Details of land, buildings, and equipment at September 30, 2013 and 2012, are as follows (in thousands)

| | 2013 | 2012 |
|---|---|---|
| Land, land improvements, and leasehold improvements | $ 43,524 | $ 37,920 |
| Buildings | 711,418 | 655,292 |
| Fixed equipment | 96,434 | 95,324 |
| Moveable equipment | 517,565 | 472,556 |
| Assets under capital leases | 28,754 | 24,275 |
| Construction in progress | 11,311 | 55,961 |
| | 1,409,006 | 1,341,328 |
| Less accumulated depreciation and amortization | (798,257) | (739,322) |
| Total land, buildings, and equipment, net | $ 610,749 | $ 602,006 |

Depreciation expense for the years ended September 30, 2013 and 2012, was $59,937,000 and $53,925,000, respectively As of September 30, 2013 and 2012, the accumulated depreciation on equipment under capital lease is $12,415,000 and $10,410,000, respectively

## 7. Short-term obligations and commitments

Baystate Health has a 50% ownership in Baycare Health Partners, Inc ("Baycare"), a physician hospital organization Baystate Health has provided an unconditional guarantee for a $1,000,000 line of credit from a financial institution There were no amounts outstanding under the line of credit at September 30, 2013 and 2012

At September 30, 2013 and 2012, a financial institution has issued irrevocable letters of credit on behalf of BHIC totaling $1,300,000 As of September 30, 2013, investments with a fair value of approximately $2,834,000 (2012 — $2,924,800) have been pledged as security for these letters of credit

## 8. Leases

Baystate Health and its subsidiaries lease certain real property and equipment under noncancelable leases expiring at various dates through 2020 with varying renewal options Rentals generally include insurance and maintenance costs

On November 2, 2011, BMC entered into a tax-exempt lease financing agreement with the Massachusetts Development Finance Agency (MDFA) and a financial institution in the amount of $20,000,000 Proceeds from the financing were used to fund certain equipment, some of which is related to the BMC Expansion Project Interest on the borrowing is fixed at 2 19% with principal and interest payments due monthly until maturity on November 2, 2018 This lease is classified as a capital lease and is included in the table below

Future minimum lease payments at September 30, 2013, are as follows (in thousands)

| Year Ending September 30 | Capital Leases | Operating Leases |
|---|---|---|
| 2014 | $ 3,351 | $ 10,174 |
| 2015 | 3,351 | 6,140 |
| 2016 | 3,174 | 4,226 |
| 2017 | 3,085 | 2,328 |
| 2018 | 3,085 | 1,187 |
| Thereafter | 514 | 42 |
| Total minimum lease payments | 16,560 | $ 24,097 |
| Less amount representing interest | (945) | |
| Present value of net minimum lease payments | 15,615 | |
| Less current portion | (3,007) | |
| Long-term portion | $ 12,608 | |

Rental expense of operating leases amounted to approximately $14,529,000 and $12,602,000 for the years ended September 30, 2013 and 2012, respectively

## 9. Long-term debt

BMC and BFMC have loan agreements with the MDFA (effective October 1, 2010, Massachusetts Health and Educational Facilities Authority (MHEFA) merged into MDFA) and with the MHEFA for construction projects and equipment Long-term obligations outstanding at September 30, 2013 and 2012, consist of the following (in thousands)

| | Amount Outstanding | |
|---|---|---|
| | 2013 | 2012 |
| MDFA and MHEFA issues | | |
| BMC Series M | $ 39,097 | $ 40,137 |
| BMC Series L | 24,096 | 24,642 |
| BMC Series I | 63,380 | 63,380 |
| BMC Series J-1 | 45,000 | 45,000 |
| BMC Series J-2 | 45,000 | 45,000 |
| BMC Series K-1 | 20,045 | 20,045 |
| BMC Series K-2 | 26,365 | 26,365 |
| BMC Series M-2 | 7,722 | 8,268 |
| BMC Series H | 5,555 | 6,222 |
| BFMC Series M-4A | 6,362 | 6,763 |
| BMC Series G | 49,815 | 52,910 |
| BTHC NMTC debt | 107,628 | 107,550 |
| | 440,065 | 446,282 |
| Less original issue discount | (1,002) | (1,057) |
| Capital leases | 15,615 | 18,541 |
| Total long-term debt | 454,678 | 463,766 |
| Less current portion | (9,520) | (9,218) |
| Long-term debt, excluding current portion | $445,158 | $454,548 |

Summary information for each issue is as follows

*Series M Bonds* — On August 9, 2012, BMC issued Series M MDFA Revenue Bonds in the aggregate principal amount of $40,137,000 BMC used the proceeds from the bonds to redeem 100% of Series F MHEFA Revenue Bonds, exercising an early redemption option related to the Series F obligation The bonds are subject to mandatory tender on August 8, 2022 Interest on the bonds is fixed at 2 37% through August 8, 2022, with final maturity on July 1, 2033

The Series F bonds were issued on June 1, 2002, to reimburse and fund certain capital renovation and equipment expenditures and fund the construction of a new cancer center known as the D'Amour Center for Cancer Care

*Series L Bonds* — On November 2, 2011, BMC issued Series L MDFA Revenue Bonds in the aggregate principal amount of $25,000,000 Proceeds from the bonds were used to fund the construction of a new emergency department in conjunction with the BMC Expansion Project Interest on the bonds is initially fixed at 2 95% through November 1, 2021, with final maturity on July 1, 2041

*BMC Hospital Expansion MHEFA Bond Issuances* — On June 25, 2009, BMC issued Series I, J-1, J-2, K-1, and K-2 MHEFA Revenue Bonds in a combined aggregate principal amount of $199,790,000 Proceeds from the bonds were used to pay off the Bank of America, NA loan of $65,000,000 (borrowed in October 2008), and fund the construction, improvement, equipping, and other related capital expenditures of a seven-story building located at 759 Chestnut Street in Springfield, Massachusetts ("BMC Expansion Project") Details of the related MHEFA bond issuances are as follows

Series I Bonds — BMC issued Series I MHEFA Revenue Bonds in the aggregate amount of $63,380,000 Interest rates range from 5 5% to 5 75% Final maturity on the bonds is July 1, 2036

Series J-1 Bonds — BMC issued Series J-1 MHEFA Revenue Bonds in the aggregate amount of $45,000,000 Interest on the bonds is variable and was 0 08% and 0 17% at September 30, 2013 and 2012, respectively Final maturity on the bonds is July 1, 2044 The bonds are secured by an irrevocable letter of credit issued by a financial institution that terminates in January 2015

Series J-2 Bonds — BMC issued Series J-2 MHEFA Revenue Bonds in the aggregate amount of $45,000,000 Interest on the bonds is variable and was 0 08% and 0 20% at September 30, 2013 and 2012, respectively Final maturity on the bonds is July 1, 2044 The bonds are secured by an irrevocable letter of credit issued by a financial institution that terminates in January 2015

Series K-1 Bonds — BMC issued Series K-1 MHEFA Revenue Bonds in the aggregate amount of $20,045,000 The bonds are subject to mandatory tender on July 1, 2013 The initial interest on the bonds is fixed at 5 0% through June 30, 2013, with final maturity on July 1, 2039

On July 1, 2013, the Series K-1 MHEFA Revenue Bonds were purchased pursuant to the mandatory tender and remarketed on such date The reoffering of the bonds contained a conversion of the interest rate from the long-term fixed rate to a daily rate, 0 04% at September 30, 2013, along with a provision of a letter of credit from a financial institution The daily interest rate is determined by the remarketing agent and the letter of credit will expire on July 1, 2015

Series K-2 Bonds — BMC issued Series K-2 MHEFA Revenue Bonds in the aggregate amount of $26,365,000 The bonds are subject to mandatory tender on July 1, 2015 The initial interest on the bonds is fixed at 5 0% through June 30, 2015, with final maturity on July 1, 2039

Series M-2 — On June 30, 2008, BMC entered into a loan commitment under a Capital Asset Program financed by MHEFA through the issuance of variable-rate demand Revenue Bonds, Series M-2 Proceeds of $10,158,000 were used to refund the then-outstanding Revenue Bonds, BMC Issue, Series J-2, which were issued in 1995 ("Series J-2-1995") The Series J-2-1995 bonds were issued to reimburse and fund certain capital renovation and equipment expenditures, and fund the purchase of an office building Interest on the Series M-2 bonds is variable, and resets weekly to reflect current market rates, and was 0 12% and 0 20% at September 30, 2013 and 2012, respectively Final maturity of the bonds is June 15, 2023

Series H Bonds — On January 18, 2007, BMC issued Series H MHEFA Revenue Bonds in the aggregate principal amount of $10,000,000 Proceeds from the bonds were used to reimburse and fund certain capital additions, and fund the construction of a new parking garage Interest on the bonds is variable based on monthly resets, and was 0 97% and 0 94% at September 30, 2013 and 2012, respectively Final maturity of the bonds is January 1, 2022

Series M-4A Bonds — On February 1, 2005, BFMC entered into a loan commitment under a Capital Asset Program financed by MHEFA through the issuance of variable rate demand Revenue Bonds, Series M-4A Proceeds of $9,100,000 were used to fund certain capital additions, renovations, and equipment expenditures related to the emergency department, radiology department, and in-patient facilities Interest on the bonds is variable, and resets weekly to reflect current market rates, and was 0 12% and 0 20% at September 30, 2013 and 2012, respectively Final maturity of the bonds is June 15, 2024

Series G Bonds — On October 27, 2005, BMC issued Series G MHEFA Revenue Bonds in the aggregate principal amount of $71,740,000 Proceeds from the bonds were used to advance refund a portion of the outstanding Revenue Bonds, BMC Issue, Series E The Series E bonds were issued to finance or refinance the following (a) construction of a new 104,500 gross square foot Ambulatory Care Center, (b) construction of a new 100,000 gross square foot building to house the Ambulatory Surgery Center, Medical Library, and education space, (c) renovation of various existing spaces within BMC, and (d) acquisition of equipment for the new facilities Series G bond proceeds were also used to finance routine capital construction, renovations, and equipping of various facilities of BMC Interest on the bonds is variable, and resets every 35 days and was 0 04% and 0 22% at September 30, 2013 and 2012, respectively Final maturity of the bonds is July 1, 2026 The bonds are secured by an irrevocable letter of credit issued by a financial institution that terminates November 13, 2017

*New Markets Tax Credit Debt* — In December and May 2009, BMC entered into financing arrangements with U S Bancorp Community Development Corporation ("U S Bancorp"), Banc of America Community Development Corporation ("Banc of America"), and MHIC New Markets Fund II, LLC (MHIC) to fund a portion of the costs of the construction of a new hospital facility (BMC Expansion Project) in Springfield, Massachusetts, using the New Markets Tax Credit Program ("NMTC Program") The NMTC Program is a program of the Community Development Financial Institutions Fund, a bureau of the United States Treasury The NMTC Program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs)

In connection with the December and May 2009 financing arrangements, BMC loaned $23,580,283 and $32,617,500, respectively, to USBCDE Investment Fund XXXIII, LLC (the "Investment Fund"), a wholly owned subsidiary of U S Bancorp The notes bear interest at 2 139% annually, with annual cash payments during the first seven years of each 33-year term based on an interest rate of 1 00% Also in connection with the December 2009 financing arrangement, BMC loaned $7,606,500 to MHIC The note bears interest at 1% annually, with no cash payments during the first seven years of the 33-year term The notes are recorded as notes receivable in the consolidated statements of financial position as of September 30, 2013 and 2012

Under the December 2009 financing arrangement, BTHC has borrowed $37,692,500 from four CDEs established for the purpose of providing funds under the NMTC Program U S Bancorp through the Investment Fund controls two of the CDEs and MHIC controls the other two As of September 30, 2013 and 2012, BTHC has outstanding loans of $27,490,000 and $10,202,500 due to U S Bancorp CDEs and MHIC CDEs, respectively, related to the December 2009 financing The loans were issued in four tranches from each of the controlling entities U S Bancorp loans were issued in tranches A, B, C, and D The U S Bancorp CDEs A loan totaled $19,886,783, the B loan $2,653,217, the C loan $3,693,500, and the D loan $1,256,500 Each of the loans has a 33-year term, and bear interest at rates ranging from 0 8911% to 1 8315% annually MHIC loans were issued in tranches A, B, Series 2, and Series 4 The MHIC CDEs A loan totaled $7,606,500, the B loan $1,366,000, the Series 2 loan $1,000,000, and the Series 4 loan $230,000 Each of the loans has a 33-year term, and bear interest at rates ranging from 1 00% to 1 935%

Under the May 2009 financing arrangement, BTHC has borrowed approximately $69,424,000 from CDEs established for the purpose of providing funds under the NMTC Program. U.S. Bancorp, through the Investment Fund, controls four of the CDEs and Banc of America controls the other CDE. As of September 30, 2013 and 2012, BTHC has outstanding loans of approximately $43,340,000 and $26,084,000 due to U.S. Bancorp CDEs and Banc of America CDE, respectively. The loans were issued in two tranches, an A tranche and a B tranche. The A loans from the U.S. Bancorp CDEs totaled $32,617,500, have a 33-year term, and bear interest at rates ranging from 0.816% to 1.00% annually. The B loans from the U.S. Bancorp CDEs totaled $10,722,500, have a 33-year term, and bear interest at rates ranging from 0.5% to 1.2832% annually. The A loan from the Banc of America CDE of $20,000,000 has a seven-year term and bears interest at 5.992% annually. The B loan from the Banc of America-controlled CDE of $6,084,000 has a seven-year term, and provides that if there has been no default, the principal balance will be forgiven at the end of the seven-year term. The B loan bears interest at 2.00% annually. Interest payments are due quarterly.

BMC recorded interest income of approximately $1,350,000 in 2013 and $1,338,000 in 2012, and BTHC recorded net interest capitalized of approximately $913,000 in 2012, related to the financing arrangement agreements. No interest was capitalized at BTHC in 2013 relating to the financing arrangement agreements.

In 2016, U.S. Bancorp may put its interest in the Investment Fund to BMC for a put price of $1,000. If U.S. Bancorp does not exercise its put rights, BMC may call its interest in the Investment Fund for a call price equal to the fair value of U.S. Bancorp's interest in the Investment Fund.

*Significant Debt Covenants* — The bond agreements include various financial covenants, the most restrictive of which are a pledge of revenues and the maintenance of a ratio of Net Revenue Available to Meet Debt Service to Total Principal and Interest Requirements of at least 1.1 (as defined by the agreement). Baystate Health was in compliance with those covenants during the fiscal years ended September 30, 2013 and 2012.

Certain buildings and equipment have been pledged as collateral for the borrowings.

A debt service fund has been established in accordance with these agreements. Debt services fund balances amounted to approximately $1,335,000 at September 30, 2013, and $4,528,000 at September 30, 2012.

The combined aggregate future principal payments of all long-term borrowings are as follows (in thousands):

| Year Ending September 30 | |
|---|---|
| 2014 | $ 9,520 |
| 2015 | 9,845 |
| 2016 | 30,698 |
| 2017 | 12,912 |
| 2018 | 13,543 |
| Thereafter | 379,162 |
| | $455,680 |

BMC has entered into a guaranty agreement on behalf of BFMC in connection with outstanding MHEFA bonds

The fair value of the bonds payable at September 30, 2013 and 2012, approximates $442,726,000 and $471,652,000, respectively

Interest paid was $11,906,000 and $13,297,000 for 2013 and 2012, respectively

*Interest Rate Swap Agreements* — BMC periodically enters into interest rate swap agreements to moderate its exposure to interest rate changes and to lower the overall cost of borrowings Gains and losses realized on termination of contracts are deferred and amortized over the remaining life of the associated contract

BMC entered into an interest rate swap agreement with a financial institution with an original notional amount of $67,470,000 The notional amount outstanding at September 30, 2013 and 2012, was $29,394,000 and $34,498,000, respectively Under the terms of the agreement, BMC pays a fixed rate of 3 26%, and receives variable payments based upon the SIFMA Rate The agreement, in effect, converts $29,394,000 of notional variable-rate debt to fixed-rate debt

In September 2005, BMC, in anticipation of the issuance of the Series G bonds, entered into an interest rate swap agreement with a financial institution with an original notional amount of $71,740,000 The notional amount outstanding at September 30, 2013 and 2012, was $49,815,000 and $52,910,000, respectively The agreement provides for the financial institution to pay variable-rate payments to BMC equal to 56 9% of one-month London InterBank Offered Rate (LIBOR) plus 0 32%, and for BMC to pay the financial institution a fixed rate of 3 021% The LIBOR was 0 18% and 0 22% at September 30, 2013 and 2012, respectively The agreement, in effect, converts $49,815,000 of variable rate debt to a fixed rate of interest There are termination provisions to this contract for each party

The fair value of these agreements resulted in swap liabilities of approximately $6,916,000 and $10,704,000 at September 30, 2013 and 2012, respectively, and is included in other long-term liabilities in the consolidated statements of financial position

The net interest savings (cost) and the change in the fair value of the associated interest rate swaps are included in nonoperating income in the consolidated statements of operations

## 10. Interest expense

Baystate Health and its subsidiaries capitalize interest cost as part of the historical cost of acquiring certain significant qualifying assets During the years ended September 30, 2013 and 2012, interest cost was as follows (in thousands)

| | 2013 | 2012 |
|---|---|---|
| Total interest cost | $ 11,776 | $ 13,481 |
| Net interest cost capitalized | (492) | (4,005) |
| Net interest cost expensed | $ 11,284 | $ 9,476 |

## 11. Insurance liability loss reserves

Baystate Health, with the exception of HNE, addresses its professional and general liability expense, in part, by depositing funds with BHIC, which utilizes these funds to pay claims and, in part, to purchase commercial excess liability insurance The commercial insurance generally provides coverage on a "claims-made" basis Under the claims-made policies, claims based on occurrences during their term by reported subsequently will be uninsured should the policy not be renewed or replaced with other coverage Management has the intention of renewing its insurance policies in the future and believes it will have the ability to obtain such policy renewals Baystate Health and certain of its subsidiaries have also purchased excess professional and general coverage from other insurers In addition, BHIC insures the workers' compensation, employer's liability, excess workers' compensation, and long-term disability of certain of Baystate Health's subsidiaries

BHIC reinsures a portion of its risks in order to limit its exposure to losses Reinsurance contracts do not relieve Baystate Health from its obligations to policy holders Failure of reinsurers to honor their obligations could result in losses to Baystate Health Consequently, Baystate Health evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies

Reinsurance recoverables were based on actuarial reports prepared by independent consulting actuaries At September 30, 2013, reinsurance recoverables of $10,150,000 were recorded as deferred expense and other long-term assets There were no specifically identified claims subject to reinsurance recoverables at September 30, 2013, or deducted from losses incurred and paid during the year then ended

Reserves have been provided with the assistance of a consulting actuary for asserted claims and for unasserted claims probable of assertion arising from both reported and unreported incidents, which are based on historical experience and existing reported incidents

Activity in the BHIC liability for losses and loss adjustment expenses is summarized as follows (in thousands)

| | 2013 | 2012 |
|---|---|---|
| Balance at beginning of year | $ 18,760 | $ 19,037 |
| Incurred (recovered) related to | | |
| Current year | 3,500 | 5,500 |
| Prior years | (3,130) | (3,300) |
| Total incurred | 370 | 2,200 |
| Paid related to | | |
| Current year | (20) | (54) |
| Prior years | (2,612) | (2,423) |
| Total paid | (2,632) | (2,477) |
| Balance at end of year | $ 16,498 | $ 18,760 |

## 12. Medical claims and capitation expense

Medical claims and capitation expense for the years ended September 30, 2013 and 2012, include the following components (in thousands)

| | 2013 | 2012 |
|---|---|---|
| Physician and other outpatient specialty services | $ 192,258 | $ 172,464 |
| Inpatient care and same-day surgery | 69,759 | 63,321 |
| Pharmacy | 75,987 | 73,148 |
| Primary care capitation | 4,265 | 4,166 |
| Other medical services | 17,100 | 21,467 |
| Coordination of benefits | (447) | (406) |
| Net reinsurance losses (recoveries) | 2,364 | 1,381 |
| | 361,286 | 335,541 |
| Provider risk-sharing — net | 8,715 | 7,857 |
| Total medical claims and capitation expense | $ 370,001 | $ 343,398 |

Activity in medical claims payable for 2013 and 2012 is as follows (in thousands)

| | 2013 | 2012 |
|---|---|---|
| Medical claims payable | | |
| Claims payable, beginning of year | $ 38,778 | $ 34,830 |
| Risk-sharing payable, beginning of year | 6,336 | 14,958 |
| | 45,114 | 49,788 |
| Reclassification of other medical claims payable | 6,857 | |
| Claims incurred | | |
| Current year | 389,429 | 333,882 |
| Prior years | 2,498 | 2,105 |
| | 391,927 | 335,987 |
| Claims paid | | |
| Current year | (354,128) | (312,243) |
| Prior years | (36,816) | (28,418) |
| | (390,944) | (340,661) |
| Risk-sharing payable, end of year | 11,072 | 6,336 |
| Medical claims payable, end of year | 41,882 | 38,778 |
| Total | $ 52,954 | $ 45,114 |

Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately settled

## 13. Income taxes

Income tax expense (benefit) for the years ended September 30, 2013 and 2012, for HNE and its subsidiaries, was approximately $10,311,000 and $(367,000), respectively. Net federal and state deferred tax assets totaled approximately $25,000 and $4,724,000 as of September 30, 2013 and 2012, respectively. There is no valuation allowance recorded.

In 2013, HNE reorganized and converted to a not-for-profit corporation effective January 1, 2013. HNE has submitted an application to the IRS seeking recognition of tax exemption under Section 501(c)(4) of the Internal Revenue Code as of January 1, 2013. The IRS's review of the application is in its early stages, and they may submit questions and/or requests for additional information to HNE before it renders a decision on the application. Baystate Health believes that, based on the merits of the HNE exemption request application, it is more likely than not that the IRS will grant the exemption. Accordingly, Baystate Health has accounted for HNE income tax consequences on the assumption that it will become tax exempt effective January 1, 2013. HNE's income tax provision for 2013 includes approximately $5,556,000 increase in the deferred tax valuation allowance and an estimated $4,947,000 of income taxes associated with the conversion.

IC and its subsidiary incurred income tax expense of approximately $2,000 for the year ended September 30, 2013. IC and its subsidiary did not incur income tax expense for the year ended September 30, 2012. As of September 30, 2013, operating loss carry forwards for federal income tax purposes totaled approximately $1,287,000 and $17,892,000 for IC and BMC, respectively, which expire in various years ranging from 2014 to 2032. This results in a deferred tax asset, however, because utilization of these net operating losses is not reasonably assured, IC and BMC have recorded a full valuation allowance offsetting this deferred tax asset.

## 14. Funds held in trust by others

Baystate Health and its subsidiaries are beneficiaries of certain perpetual trusts (the "Trusts"), from which they receive unrestricted income. Appreciation or depreciation in the value of the Trusts is recorded as an increase or decrease to permanently restricted net assets. During fiscal years 2013 and 2012, Trust distributions of approximately $1,451,000 and $1,087,000, respectively, are included in operating revenue.

## 15. Pension plans

Baystate Health and certain of its consolidated subsidiaries and other ownership interests participate in a noncontributory, defined benefit cash balance retirement plan (the "plan") covering substantially all of their eligible employees.

Baystate Health's policy is to fund amounts as are necessary on an actuarial basis to provide for benefits in accordance with the Employee Retirement Income Security Act of 1974, using the accrued benefit (net credit) actuarial cost method.

The following table presents the change in the plan's projected benefit obligation, change in plan assets, and funded status of the plan as of September 30, 2013 and 2012, net of unconsolidated other ownership interest (in thousands)

| | 2013 | 2012 |
|---|---|---|
| **Change in pension obligation** | | |
| Pension obligation at beginning of year | $ 906,113 | $ 792,839 |
| Service cost | 33,036 | 31,150 |
| Interest cost | 37,132 | 41,656 |
| Actuarial (gain) loss | (109,348) | 151,257 |
| Benefits paid | (41,253) | (29,467) |
| Plan amendments | (2,112) | (81,322) |
| Pension obligation at end of year | $ 823,568 | $ 906,113 |
| **Change in plan assets** | | |
| Fair value of plan assets at beginning of year | $ 724,745 | $ 638,888 |
| Actual return on plan assets | 21,353 | 75,324 |
| Employer contributions | 40,000 | 40,000 |
| Benefits paid | (41,253) | (29,467) |
| Fair value of plan assets at end of year | $ 744,845 | $ 724,745 |
| **Funded status** | | |
| Funded status of the plan | $ (78,723) | $(181,368) |
| Pension liability | $ (78,723) | $(181,368) |
| **Amounts recognized in unrestricted net assets consist of** | | |
| Net actuarial loss | $ 292,404 | $ 395,896 |
| Prior service credit | (97,925) | (108,577) |
| Pension adjustment | $ 194,479 | $ 287,319 |

Exclusive of other ownership interest, the underfunded status of the plan at September 30, 2013, is approximately $78,552,000, the change in the pension adjustment is $92,316,000, and the total pension adjustment is $193,715,000

In September 2012, Baystate Health made the following changes to the plan effective January 1, 2013, that have been reflected in the change in benefit obligation, plan amendments line for 2012, and have been reflected in the fiscal 2013 pension cost

- The Plan's fixed annuity conversion factors were replaced with variable annuity factors, based on 417(e) (3) interest and mortality, for benefits accrued on or after January 1, 2013

- The age 65 requirement for eligibility to receive a lump-sum distribution on benefits accrued after 2004 is removed

- Participants will become eligible to make separate lump-sum and annuity elections on benefits earned prior to 2013 and after 2012

The net actuarial loss and prior service credit expected to be recognized in benefit cost in 2014 is approximately $23,475,000 and $12,997,000, respectively

The assumptions used to develop the projected benefit obligation as of September 30, 2013 and 2012, are as follows

| | 2013 | 2012 |
|---|---|---|
| Discount rate | 5 05 % | 4 10 % |
| Rate of compensation increase | 3 00 | 3 25 |

The accumulated benefit obligation was approximately $780,075,000 and $863,642,000 at September 30, 2013 and 2012, respectively

**Net Periodic Pension Cost** — Net pension cost for the defined benefit plan for the years ended September 30, 2013 and 2012, includes the following components (in thousands)

| | 2013 | 2012 |
|---|---|---|
| Service cost | $ 33,036 | $ 31,150 |
| Interest cost | 37,133 | 41,656 |
| Expected return on plan assets | (57,254) | (54,566) |
| Amortization of prior service credit | (12,766) | (3,969) |
| Recognized net actuarial loss | 30,046 | 14,275 |
| Net pension cost | $ 30,195 | $ 28,546 |

The assumptions used to determine net pension cost for the years ended September 30, 2013 and 2012, are as follows

| | 2013 | 2012 |
|---|---|---|
| Discount rate | 4 10 % | 5 20 % |
| Expected return on plan assets | 7 75 | 7 75 |
| Rate of compensation increase | 3 25 | 3 25 |

**Plan Assets** — The plan's investment objectives are to achieve long-term growth in excess of inflation, and to provide a rate of return that meets or exceeds the actuarial expected long-term rate of return on plan assets In order to minimize risk, the plan attempts to minimize the variability in yearly returns The plan diversifies its holdings among sectors, industries, and companies The target allocations of assets at September 30, 2013, were equities 30%, fixed income 40%, and other 30%

To develop the expected long-term rate of return on plan assets assumption, Baystate Health considered the historical return and the future expectations for returns for each asset class, as well as the target asset allocation of the pension investment portfolio

Baystate Health's pension plan asset allocation by asset category as of September 30, 2013 and 2012, is as follows

| | 2013 | 2012 |
|---|---|---|
| Common and preferred equity securities | 33 % | 31 % |
| U S government and domestic fixed-income securities | 37 | 40 |
| Other investments | 30 | 29 |
| | 100 % | 100 % |

Financial assets invested in Baystate Health's defined benefit pension plan (the "Plan"), in one of the three categories described previously, as of September 30, 2013 and 2012, are classified as follows (in thousands)

| | Assets at Fair Value as of September 30, 2013 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market | $ 3,184 | $ 2,562 | $ - | $ 5,746 |
| Mutual funds | | | | |
| Corporate bond fund | 153,979 | | | 153,979 |
| Other | 108,471 | | | 108,471 |
| Total mutual funds | 262,450 | - | - | 262,450 |
| Common collective trusts | | | | |
| International stock | | 18,066 | | 18,066 |
| Domestic equity index funds | | 67,420 | | 67,420 |
| Commodity fund | | 30,267 | | 30,267 |
| Total common collective trusts | - | 115,753 | - | 115,753 |
| Limited liability and partnership investments | | | | |
| Private equity funds | | | 37,707 | 37,707 |
| Real estate fund | | | 12,841 | 12,841 |
| Hedge funds | | | 116,585 | 116,585 |
| International stock | | 60,532 | | 60,532 |
| Other | | 8,421 | | 8,421 |
| Total limited liability and partnership investments | - | 68,953 | 167,133 | 236,086 |
| Fixed-income securities — U S government securities | | 110,928 | | 110,928 |
| Total assets — at fair value | $265,634 | $298,196 | $167,133 | 730,963 |
| Pension assets — at contract value | | | | 13,882 |
| Total pension plan assets | | | | $744,845 |

| | Assets at Fair Value as of September 30, 2012 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Money market | $ 1,887 | $ 2,791 | $ - | $ 4,678 |
| Mutual funds | | | | |
| Corporate bond fund | 157,216 | | | 157,216 |
| Other | 74,470 | | | 74,470 |
| Total mutual funds | 231,686 | - | - | 231,686 |
| Closed end real estate funds | | | 13,727 | 13,727 |
| Common collective trusts | | | | |
| International stock | 14,564 | | | 14,564 |
| Domestic equity index funds | 85,315 | | | 85,315 |
| Commodity fund | 22,501 | | | 22,501 |
| Total common collective trusts | 122,380 | - | - | 122,380 |
| Limited partnership investments | | | | |
| Private equity funds | | | 36,633 | 36,633 |
| Real estate fund | | | 112,234 | 112,234 |
| Hedge funds | | | 20,455 | 20,455 |
| International stock | 44,909 | | | 44,909 |
| Other | | 9,583 | 1,175 | 10,758 |
| Total limited partnership investments | 44,909 | 9,583 | 170,497 | 224,989 |
| Fixed-income securities — U S government securities | | 113,697 | | 113,697 |
| Total assets — at fair value | $400,862 | $126,071 | $184,224 | 711,157 |
| Pension assets — at contract value | | | | 13,588 |
| Total pension plan assets | | | | $724,745 |

The following table sets forth a summary of changes in the fair value of the Level 3 assets for the years ended September 30, 2013 and 2012 (in thousands)

| | Level 3 Assets 2013 | Level 3 Assets 2012 |
|---|---|---|
| Balance at beginning of year | $ 184,224 | $ 163,954 |
| Correction of prior year classification | (20,456) | |
| Realized gain on investments sold | 4,494 | |
| Unrealized gains relating to investments still held at the reporting date | 12,684 | 15,790 |
| Transfers out | (313) | |
| Purchases | | 6,404 |
| Sales | (13,500) | (1,924) |
| Balance at end of year | $ 167,133 | $ 184,224 |

**2012 Leveling Disclosure Errors Corrected in 2013** — During 2013, Baystate Health determined that there were errors in the classification of certain financial instruments within the fair value hierarchy presented for September 30, 2012 The classifications have been corrected out of period at the beginning of fiscal year 2013 A summary of the corrections is as follows (in thousands)

| | Increase (Decrease) |
|---|---|
| Level 1 | $ (167,289) |
| Level 2 | 187,745 |
| Level 3 | (20,456) |

**Transfers Between Levels** — The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another In such instances, the transfer is reported at the beginning of the reporting period During 2013, certain limited liability and partnership investments were transferred from Level 3 to Level 2 due to the expiration of redemption restrictions

A summary of investments (by major class) that have restrictions on the Plan's ability to redeem its investment at the measurement date as of September 30, 2013 and 2012, is as follows (in thousands)

| | September 30, 2013 | | |
|---|---|---|---|
| Description of Investment | Fair Value | Redemption Frequency | Redemption Notice Period |
| Commingled equity mutual funds | $ 85,486 | Monthly | 5 days |
| Commingled emerging markets funds | 21,252 | Monthly | 15 days |
| Commingled commodity fund | 38,688 | Monthly | 30 days |
| Hedge fund of funds | 116,585 | Quarterly | 60 days |

| | September 30, 2012 | | |
|---|---|---|---|
| Description of Investment | Fair Value | Redemption Frequency | Redemption Notice Period |
| Commingled equity mutual funds | $ 146,591 | Monthly | 5 days |
| Commingled emerging markets funds | 23,336 | Monthly | 15 days |
| Commingled commodity fund | 22,501 | Monthly | 30 days |
| Commingled high-yield fixed-income fund | 5,798 | Monthly | 30 days |
| Hedge fund of funds | 104,528 | Quarterly | 60 days |
| Commodity hedge fund | 7,705 | Quarterly | 60 days |

**Contributions** — Baystate Health expects to contribute approximately $40,000,000 to its pension plan in 2014

**Estimated Future Benefit Payments** — The following approximate benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next 10 calendar years (in thousands)

| Calendar Year | Pension Benefits |
|---|---|
| 2014 | $ 70,700 |
| 2015 | 54,300 |
| 2016 | 55,400 |
| 2017 | 64,700 |
| 2018 | 60,700 |
| Years 2019–2023 | 304,500 |
| | $610,300 |

**Defined Contribution Plans** — Baystate Health and certain of its consolidated subsidiaries and other ownership interest participate in a defined contribution retirement plan, which covers all employees hired after December 31, 2004 Under this plan, Baystate Health contributes up to 7 5% of the employee`s compensation based on age and years of service Total expense under this plan was approximately $9,048,000 in 2013 and $10,240,000 in 2012

HNE provides a 401(k) retirement plan (the "Plan") Each year, employees may contribute up to 75% of pretax annual compensation, as defined in the Plan document HNE matches 100% of the first 6% of employee contributions to the Plan Additional contributions may be made by HNE at its discretion Contributions and compensation levels are subject to certain limitations under the Internal Revenue Code The Plan expense amounted to approximately $1,418,000 and $1,674,000 in 2013 and 2012, respectively

## 16. Concentrations of credit risk

Baystate Health and its subsidiaries grant credit without collateral to its patients, most of whom are local 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, is as follows

| | 2013 | 2012 |
|---|---|---|
| Medicare | 20 % | 18 % |
| Medicaid | 15 | 18 |
| Blue Cross | 1 | 1 |
| Health maintenance organizations | 38 | 37 |
| Commercial | 12 | 12 |
| Self-pay patients | 14 | 14 |
| | 100 % | 100 % |

## 17. Functional expenses

Baystate Health and its subsidiaries provide general health care services to residents within their geographic location Expenses related to providing these services for the years ended September 30, 2013 and 2012, are as follows (in thousands)

| | 2013 | 2012 |
|---|---|---|
| Health care services | $1,574,367 | $1,487,793 |
| General and administrative | 91,797 | 99,046 |
| | $1,666,164 | $1,586,839 |

## 18. Temporarily and permanently restricted net assets

Temporarily restricted net assets at September 30, 2013 and 2012, are available for the following purposes (in thousands)

| | 2013 | 2012 |
|---|---|---|
| Research and education | $11,705 | $12,079 |
| Patient care services | 43,070 | 43,629 |
| Total | $54,775 | $55,708 |

Permanently restricted net assets are invested in perpetuity, the income from which is generally expendable to support the delivery of health care services

ASC 958-205, *Endowment of Not-for-Profit Organizations*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) Massachusetts enacted UPMIFA on July 2, 2009 Baystate Health is subject to ASC 958-205 disclosure requirements regarding its endowment funds

Baystate Health's endowments consist of numerous individual funds established for a variety of purposes As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

Baystate Health requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, Baystate Health 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 the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure Baystate Health considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds (a) the duration and preservation of the fund, (b) the purpose of Baystate Health and the donor-restricted endowment fund, (c) general economic conditions, (d) the

possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, and (f) the investment policies of Baystate Health

Endowment net asset composition by type of fund as of September 30, 2013 and 2012, consisted of the following (in thousands)

| As of September 30, 2013 | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Donor-restricted endowment funds | $ - | $ 36,194 | $ 16,327 | $ 52,521 |
| Board-designated endowment funds | 22,088 | | | 22,088 |
| Endowment net assets at September 30, 2013 | $ 22,088 | $ 36,194 | $ 16,327 | $ 74,609 |

| As of September 30, 2012 | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Donor-restricted endowment funds | $ - | $ 33,926 | $ 16,273 | $ 50,199 |
| Board-designated endowment funds | 20,938 | | | 20,938 |
| Endowment net assets at September 30, 2012 | $ 20,938 | $ 33,926 | $ 16,273 | $ 71,137 |

For the year ended September 30, 2013, Baystate Health had the following endowment-related activities (in thousands)

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Endowment net assets at October 1, 2012 | $ 20,938 | $ 33,926 | $ 16,273 | $ 71,137 |
| Investment return | | | | |
| Investment income | 135 | 323 | | 458 |
| Net appreciation | 1,865 | 4,449 | | 6,314 |
| Total investment return | 2,000 | 4,772 | - | 6,772 |
| Contributions | 171 | | 54 | 225 |
| Net asset reclassifications | | (66) | | (66) |
| Amounts appropriated for expenditures | (1,021) | (2,438) | | (3,459) |
| Total change in endowment funds | 1,150 | 2,268 | 54 | 3,472 |
| Endowment net assets at September 30, 2013 | $ 22,088 | $ 36,194 | $ 16,327 | $ 74,609 |

For the year ended September 30, 2012, Baystate Health had the following endowment-related activities (in thousands)

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|---|---|---|---|---|
| Endowment net assets at October 1, 2011 | $19,543 | $30,919 | $16,198 | $66,660 |
| Investment return | | | | |
| Investment income | 125 | 299 | | 424 |
| Net appreciation | 2,269 | 5,432 | | 7,701 |
| Total investment return | 2,394 | 5,731 | - | 8,125 |
| Contributions | 80 | | 75 | 155 |
| Net asset reclassifications | | (130) | | (130) |
| Amounts appropriated for expenditures | (1,079) | (2,594) | | (3,673) |
| Total change in endowment funds | 1,395 | 3,007 | 75 | 4,477 |
| Endowment net assets at September 30, 2012 | $20,938 | $33,926 | $16,273 | $71,137 |

Baystate Health's investment and spending policies for endowment assets are intended to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets Endowment assets include those assets of donor-restricted funds that Baystate Health must hold in perpetuity or for a donor-specified term Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that will generate an 8 5% total return annually Actual returns in any given year may vary from this amount

To satisfy its long-term rate-of-return objectives, Baystate Health relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) Baystate Health targets a diversified asset allocation that consists of equities, fixed income, and alternative investments

Baystate Health has a policy of appropriating for distribution each year, no more than 5% of its endowment funds' current fair value In establishing this policy, Baystate Health considered the long-term expected return on its endowments

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Baystate Health to retain as a fund of perpetual duration There was no deficiency of this nature at September 30, 2013 and 2012

## 19. State surplus revenue retention

Through September 30, 2013, BMC had no surplus in excess of the Commonwealth of Massachusetts regulations governing the excess of state revenues over expenses for not-for-profit organizations The total deficit attributable to state contracting for BMC was approximately $82,000 (2012 — $54,000) As of September 30, 2013, the cumulative deficit attributable to state contracting of approximately $6,262,000 is included in the unrestricted net assets of BMC

## 20. Subsequent events

**Premier** — On October 2, 2013, Premier, Inc ("Premier"), a national health care alliance, in which Baystate Health was a member owner, completed a reorganization and initial public offering (the "Reorganization") Following the Reorganization, Premier now operates as a publicly traded company In conjunction with the Reorganization, Premier has undertaken an initial public offering of its Class A common stock As a result, the holders of the shares of Class A common stock hold 100% of the economic interest and approximately 22% of the voting rights in Premier Premier's member owners hold a beneficial interest in shares of Premier's Class B common stock in proportion to each member owner's capital balance in Premier The Class B common stock is held in a voting trust The Class B common stock has approximately 78% of the voting rights in Premier but no economic rights

Immediately following the closing of the initial public offering, Premier acquired a portion of the Class B common units from the member owners under the terms of the Unit Put/Call Agreement These transactions result in direct "up front" cash payments to member owners Baystate Health received approximately $3,686,000 in connection with the exercise of the Unit Put/Call Agreement

Member owners may annually exchange up to one-seventh of its initial allocation of Class B common units and any additional Class B common units purchased for cash, Class A common stock, or both Cash payments will be determined by the average 20-day closing price of the Class A common stock ending three days prior to the notification deadline Class A common stock will be issued on a 1-to-1 basis for each Class B common unit exchanged

**Wing Memorial Hospital** — On December 18, 2013 the boards of trustees of UMass Memorial Health Care ("UMMHC"), Baystate Health, Inc and Wing Memorial Hospital and Medical Centers ("Wing") authorized the organizations to sign a letter of intent to propose the transfer of ownership of Palmer, Massachusetts based Wing to Baystate Health, Inc

Subsequent events have been evaluated for potential recognition in the consolidated financial statements through January 30, 2014, which is the date the financial statements were issued

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## Consolidating Supplementary Financial Information

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Assets
## As of September 30, 2013
## (In Thousands)

| Assets | Consolidated BMC | BFMC | BMLH | BMP | BVNAH | HNE | Consolidated IC | Other Entities | Elimination and Reclass | Consolidated Totals |
|---|---|---|---|---|---|---|---|---|---|---|
| Current assets | | | | | | | | | | |
| Cash and cash equivalents | $ 73 141 | $ 10 277 | $ 2 020 | $ 3 126 | $ 637 | $ 18 760 | $ 1 815 | $ 35 117 | $ - | $ 144 893 |
| Investments | 203 832 | | 2 213 | | | 106 743 | | 29 894 | | 342 682 |
| Accounts receivable patients net | 85 873 | 7 605 | 2 467 | 13 483 | 3 959 | | 310 | | | 113 697 |
| Accounts receivable other | 4 465 | 227 | 51 | 5 877 | 9 | 11 233 | 41 | 15 497 | (4 122) | 33 278 |
| Estimated final settlements receivable | 25 924 | 1 464 | 959 | | | | | | | 28 347 |
| Inventories | 18 839 | 1 263 | 662 | | | | | 117 | | 20 881 |
| Prepaid expenses and other current assets | 2 883 | 85 | 85 | 1 532 | 53 | 2 126 | 33 | 9 204 | | 16 001 |
| Due from affiliated companies | 25 630 | 584 | 239 | 2 901 | 63 | | 88 | 16 930 | (46 435) | - |
| Line of credit affiliate | | | | | | | | 1 810 | (1 810) | - |
| Total current assets | 440 587 | 21 505 | 8 696 | 26 919 | 4 721 | 138 862 | 2 287 | 108 569 | (52 367) | 699 779 |
| Long-term investments | | | | | | | | | | |
| Investments | | | | | | 492 | | 56 005 | (120) | 56 377 |
| Equity investment in consolidated for-profit subsidiaries | | | | | | | | 1 196 | (1 196) | - |
| Equity investment in unconsolidated affiliates | 1 704 | 478 | | | | | | 325 | | 2 507 |
| Note receivable | 67 050 | | | | | | | | | 67 050 |
| Beneficial interest in net assets of BHF | 18 708 | 10 586 | 683 | | 566 | | | | (30 543) | - |
| Deferred expense | 5 564 | 33 | | | | 25 | | 11 072 | | 16 694 |
| Land buildings and equipment net | 552 499 | 32 839 | 9 166 | 7 585 | 2 254 | 2 887 | 2 952 | 567 | | 610 749 |
| | 645 525 | 43 936 | 9 849 | 7 585 | 2 820 | 3 404 | 2 952 | 69 165 | (31 859) | 753 377 |
| Assets whose use is limited | | | | | | | | | | |
| Board-designated funds | | | | | | | | | | |
| Cash and investments | 199 773 | | | | | | | 34 481 | | 234 254 |
| Beneficial interest in net assets of BHF | | | 177 | | 347 | | | 1 803 | (2 327) | - |
| Due from unrestricted funds | 1 028 | | | | | | | | (1 028) | - |
| Investments of captive insurance company | | | | | | | | 105 995 | | 105 995 |
| Investments held by trustee under bond indenture agreements | 1 262 | 73 | | | | | | | | 1 335 |
| Beneficial interest in perpetual trusts | | | | | | | | 35 118 | | 35 118 |
| Beneficial interest in net assets of BHF | 1 366 | 5 035 | 6 961 | | 953 | | | 20 802 | (35 117) | - |
| | 203 429 | 5 108 | 7 138 | - | 1 300 | - | - | 198 199 | (38 472) | 376 702 |
| Total assets | $1 289 541 | $ 70 549 | $ 25 683 | $ 34 504 | $ 8 841 | $142 266 | $ 5 239 | $375 933 | $(122 698) | $1 829 858 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Liabilities and Net Assets
## As of September 30, 2013
## (In Thousands)

| Liabilities and net assets (deficit) | Consolidated BMC | BFMC | BMLH | BMP | BVNAH | HNE | Consolidated IC | Other Entities | Elimination and Reclass | Consolidated Totals |
|---|---|---|---|---|---|---|---|---|---|---|
| Current liabilities | | | | | | | | | | |
| Accounts payable | $ 46.833 | $ 3.239 | $ 1.028 | $ 6.840 | $ 1.140 | $ 15.777 | $ 375 | $ 16.285 | $ - | $ 91.517 |
| Medical claims payable | | | | | | 57.084 | | | (4.130) | 52.954 |
| Accrued salaries and wages | 41.941 | 4.061 | 1.280 | 24.265 | 1.560 | 4.976 | 364 | 11.354 | | 89.801 |
| Accrued interest on debt | 2.247 | | | | | | | | | 2.247 |
| Estimated final settlements payable | 54.834 | 3.751 | 1.976 | | 1.277 | | | | | 61.838 |
| Refundable advances | 616 | | | | | | | | | 616 |
| Deferred revenue | 526 | | 37 | 291 | 508 | 8.851 | 39 | | | 10.252 |
| Current portion of long-term debt | 9.099 | 421 | | | | | | | | 9.520 |
| Due to affiliated companies | 137 | 2.094 | 535 | 12.614 | 325 | | 1.137 | 28.850 | (45.692) | - |
| Line of credit, affiliate | | | | 816 | | | 994 | | (1.810) | - |
| Due to board-designated funds | | | | | | | | 1.028 | (1.028) | - |
| Total current liabilities | 156.233 | 13.566 | 4.856 | 44.826 | 4.810 | 86.688 | 2.909 | 57.517 | (52.660) | 318.745 |
| Long-term debt | 439.217 | 5.941 | | | | | | | | 445.158 |
| Pension liability | 40.738 | 8.018 | 1.607 | 15.648 | 1.970 | | 1.134 | 9.437 | | 78.552 |
| Insurance liability loss reserves | 6.806 | 145 | 60 | 8.768 | 58 | | | 26.648 | 84.308 | 126.793 |
| Deposit liability | | | | | | | | 85.155 | (85.155) | - |
| Other liabilities | 7.936 | | | | | | | 99 | | 8.035 |
| Total liabilities | 650.930 | 27.670 | 6.523 | 69.242 | 6.838 | 86.688 | 4.043 | 178.856 | (53.507) | 977.283 |
| Net assets (deficit) | | | | | | | | | | |
| Unrestricted | | | | | | | | | | |
| Operating | 731.631 | 42.655 | 14.814 | 4.757 | 4.172 | 55.578 | 3.061 | 81.956 | 1.446 | 940.070 |
| Pension adjustment | (113.094) | (15.397) | (3.298) | (39.495) | (3.688) | | (1.865) | (16.878) | | (193.715) |
| Unrestricted | 618.537 | 27.258 | 11.516 | (34.738) | 484 | 55.578 | 1.196 | 65.078 | 1.446 | 746.355 |
| Temporarily restricted | 15.893 | 7.079 | 513 | | 141 | | | 59.752 | (28.603) | 54.775 |
| Permanently restricted | 4.181 | 8.542 | 7.131 | | 1.378 | | | 72.247 | (42.034) | 51.445 |
| Total net assets (deficit) | 638.611 | 42.879 | 19.160 | (34.738) | 2.003 | 55.578 | 1.196 | 197.077 | (69.191) | 852.575 |
| Total liabilities and net assets (deficit) | $1.289.541 | $ 70.549 | $25.683 | $ 34.504 | $ 8.841 | $142.266 | $5.239 | $375.933 | $(122.698) | $1.829.858 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Operations
## For the Year Ended September 30, 2013
## (In Thousands)

| | Consolidated BMC | BFMC | BMLH | BMP | BVNAH | HNE | Consolidated IC | Other Entities | Elimination and Reclass | Consolidated Totals |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating revenues | | | | | | | | | | |
| Net patient service revenue | $935,237 | $73,580 | $24,351 | $141,972 | $22,338 | $ - | $6,648 | $ - | $(104,421) | $1,099,705 |
| Bad debts | 13,488 | 2,047 | 1,131 | 4,771 | 299 | | | | | 21,736 |
| Net patient service revenue, net of bad debts | 921,749 | 71,533 | 23,220 | 137,201 | 22,039 | - | 6,648 | - | (104,421) | 1,077,969 |
| Premiums | | | | | | 544,550 | | 2,670 | | 547,220 |
| Other revenue | 68,457 | 5,770 | 2,360 | 81,859 | 574 | | 1,473 | 106,429 | (183,045) | 83,877 |
| Net assets released from restrictions | 3,827 | 366 | 30 | 686 | 91 | | | 6,796 | (4,463) | 7,333 |
| Total operating revenues | 994,033 | 77,669 | 25,610 | 219,746 | 22,704 | 544,550 | 8,121 | 115,895 | (291,929) | 1,716,399 |
| Operating expenses | | | | | | | | | | |
| Salaries and wages | 354,504 | 32,615 | 11,672 | 168,454 | 13,397 | 32,960 | 3,937 | 48,619 | | 666,158 |
| Supplies and expense | 505,428 | 41,593 | 13,192 | 71,566 | 9,291 | 24,867 | 3,491 | 68,131 | (179,093) | 558,466 |
| Medical claims and capitation | | | | | | 482,390 | | | (112,389) | 370,001 |
| Depreciation and amortization | 51,663 | 4,232 | 1,305 | 822 | 246 | 1,430 | 411 | 146 | | 60,255 |
| Interest expense | 11,090 | 134 | | 7 | | | 9 | 44 | | 11,284 |
| Total operating expenses | 922,685 | 78,574 | 26,169 | 240,849 | 22,934 | 541,647 | 7,848 | 116,940 | (291,482) | 1,666,164 |
| Income (loss) from operations before other expenses | 71,348 | (905) | (559) | (21,103) | (230) | 2,903 | 273 | (1,045) | (447) | 50,235 |
| Nonoperating income (expense) | | | | | | | | | | |
| Investment income | 4,801 | | 81 | | | | | 1,392 | 776 | 7,050 |
| Net realized gain on investments | 4,254 | | 16 | | 7 | 392 | | 974 | 1,545 | 7,188 |
| Net unrealized gain (loss) on investments | 22,854 | | (97) | | 23 | 2,097 | | (249) | 619 | 25,247 |
| Equity gain in consolidated for-profit subsidiaries | | | | | | | | 923 | (923) | - |
| Equity gain in unconsolidated affiliates | 44 | | | | | | | (77) | | (33) |
| Net interest savings on swap agreements | (2,423) | | | | | | | | | (2,423) |
| Change in fair value of swap agreements | 3,788 | | | | | | | | | 3,788 |
| Income taxes and other | | | | | (14) | (11,188) | (2) | (952) | (7,404) | (19,560) |
| Total nonoperating income (expense) | 33,318 | - | - | - | 16 | (8,699) | (2) | 2,011 | (5,387) | 21,257 |
| Excess (deficiency) of revenues over expenses | 104,666 | (905) | (559) | (21,103) | (214) | (5,796) | 271 | 966 | (5,834) | 71,492 |
| Other changes in net assets | | | | | | | | | | |
| Net assets released from restrictions for capital | 3,884 | 106 | 55 | | | | | | (129) | 3,916 |
| Transfers for the cost of land, buildings, and equipment | 5,439 | 599 | | 4,987 | | | | (10,804) | (221) | - |
| Transfers (to) from affiliated companies — net | (35,191) | | | 18,837 | 683 | | | 14,886 | | (785) |
| Pension adjustment | 54,786 | 5,801 | 1,976 | 19,490 | 1,571 | | 654 | 8,038 | | 92,316 |
| Other | | | | | | (1,613) | | (62,736) | 64,006 | (343) |
| Increase (decrease) in unrestricted net assets | $133,584 | $ 5,601 | $ 1,472 | $ 22,211 | $ 2,040 | $ (7,409) | $ 925 | $ (49,650) | $ 57,822 | $ 166,596 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Changes in Net Assets
## For the Year Ended September 30, 2013
## (In Thousands)

| | Consolidated BMC | BFMC | BMLH | BMP | BVNAH | HNE | Consolidated IC | Other Entities | Elimination and Reclass | Consolidated Totals |
|---|---|---|---|---|---|---|---|---|---|---|
| Unrestricted net assets | | | | | | | | | | |
| Excess (deficiency) of revenues over expenses | $104,666 | $ (905) | $ (559) | $(21,103) | $ (214) | $ (5,796) | $ 271 | $ 966 | $ (5,834) | $ 71,492 |
| Net assets released from restrictions for capital | 3,884 | 106 | 55 | | | | | | (129) | 3,916 |
| Transfers for the cost of land, buildings, and equipment | 5,439 | 599 | | 4,987 | | | | (10,804) | (221) | - |
| Transfers (to) from affiliated companies, net | (35,191) | | | 18,837 | 683 | | | 14,886 | | (785) |
| Pension adjustment | 54,786 | 5,801 | 1,976 | 19,490 | 1,571 | | 654 | 8,038 | | 92,316 |
| Other | | | | | | (1,613) | | (62,736) | 64,006 | (343) |
| Increase (decrease) in unrestricted net assets | 133,584 | 5,601 | 1,472 | 22,211 | 2,040 | (7,409) | 925 | (49,650) | 57,822 | 166,596 |
| Temporarily restricted net assets | | | | | | | | | | |
| Restricted investment income | | | | | | | | 195 | | 195 |
| Net realized and unrealized gain on investments | | | | | | | | 4,644 | | 4,644 |
| Contributions | | | | | | | | 4,664 | | 4,664 |
| Transfers for the cost of land, buildings, and equipment | | | | | | | | (4,045) | 4,045 | - |
| Transfers from affiliated companies, net | | | | | | | | 569 | 216 | 785 |
| Net assets released from restrictions | | | | | | | | | | |
| For operations | | | | | | | | (7,333) | | (7,333) |
| For capital | | | | | | | | | (3,916) | (3,916) |
| Change in value of beneficial interest in net assets of BHF | (1,849) | 616 | 121 | | (5) | | | | 1,117 | - |
| Other | | | | | | | | 131 | (103) | 28 |
| (Decrease) increase in temporarily restricted net assets | (1,849) | 616 | 121 | - | (5) | - | - | (1,175) | 1,359 | (933) |
| Permanently restricted net assets | | | | | | | | | | |
| Contributions | | | | | | | | 53 | | 53 |
| Change in value of perpetual trusts | | | | | | | | 1,229 | | 1,229 |
| Change in value of beneficial interest in net assets of BHF | 55 | 219 | 573 | | 23 | | | 383 | (1,253) | - |
| Increase (decrease) in permanently restricted net assets | 55 | 219 | 573 | - | 23 | - | - | 1,665 | (1,253) | 1,282 |
| Increase (decrease) in net assets | 131,790 | 6,436 | 2,166 | 22,211 | 2,058 | (7,409) | 925 | (49,160) | 57,928 | 166,945 |
| Net assets (deficit), beginning of year | 506,821 | 36,443 | 16,994 | (56,949) | (55) | 62,987 | 271 | 246,237 | (127,119) | 685,630 |
| Net assets (deficit), end of year | $638,611 | $42,879 | $19,160 | $(34,738) | $2,003 | $55,578 | $1,196 | $197,077 | $(69,191) | $852,575 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Cash Flows
## For the Year Ended September 30, 2013
## (In Thousands)

| | Consolidated BMC | BFMC | BMLH | BMP | BVNAH | HNE | Consolidated IC | Other Entities | Elimination and Reclass | Consolidated Totals |
|---|---|---|---|---|---|---|---|---|---|---|
| Operating activities | | | | | | | | | | |
| Change in net assets | $ 131 790 | $ 6 436 | $ 2 166 | $ 22 211 | $ 2 058 | $ (7 409) | $ 925 | $ (49 160) | $ 57 928 | $ 166 945 |
| Adjustments to reconcile change in net assets to cash provided by (used in) operating activities | | | | | | | | | | |
| Depreciation and amortization | 51 663 | 4 232 | 1 305 | 822 | 246 | 1 430 | 411 | 146 | | 60 255 |
| Pension adjustment | (54 786) | (5 801) | (1 976) | (19 490) | (1 571) | | (654) | (8 038) | | (92 316) |
| Net realized and unrealized (gain) loss on investments | (30 895) | | 81 | | (29) | (2 488) | | (5 369) | (2 165) | (40 865) |
| Provision for bad debts | 13 488 | 2 047 | 1 131 | 4 771 | 299 | | | 3 000 | | 24 736 |
| Change in beneficial interest in perpetual trusts | | | | | | | | (1 229) | | (1 229) |
| Restricted contributions | | | | | | | | (4 717) | | (4 717) |
| Changes in equity investment of affiliate | (72) | (88) | | | | | | 60 783 | (60 860) | (237) |
| (Increase) decrease in accounts receivable patients | (11 373) | (2 030) | (640) | (2 536) | (1 115) | | 33 | | | (17 661) |
| Net change in estimated final settlements | (8 610) | (493) | 292 | | (598) | | | | | (9 409) |
| Change in accounts payable and accrued expenses | (9 301) | 1 374 | 77 | 1 415 | 187 | (4 263) | (72) | (583) | (3 987) | (15 153) |
| Change in accrued pension liability net | (3 658) | (310) | (118) | (4 346) | (204) | | (32) | (906) | | (9 574) |
| Increase in medical claims payable | | | | | | 7 840 | | | | 7 840 |
| Transfers to (from) affiliated companies net | 35 191 | | | (18 837) | (683) | | | (15 455) | (216) | - |
| Transfers for the cost of land buildings and equipment | (5 439) | (705) | (55) | 4 987 | | | | 14 849 | (13 637) | - |
| Increase in insurance liability loss reserves | 969 | 13 | (18) | 1 406 | 4 | | | 17 279 | 3 373 | 23 026 |
| Other | (1 002) | 15 | (432) | (313) | 160 | 6 672 | (72) | (10 758) | 3 303 | (2 427) |
| Net cash provided by (used in) operating activities | 107 965 | 4 690 | 1 813 | (9 910) | (1 246) | 1 782 | 539 | (158) | (16 261) | 89 214 |
| Investing activities | | | | | | | | | | |
| Proceeds from sale and maturities of investments | 645 845 | 29 | 8 553 | | | 32 597 | | 199 195 | 2 165 | 888 384 |
| Purchase of investments | (647 512) | | (8 621) | | 29 | (30 697) | | (209 399) | | (896 200) |
| Purchase of land buildings and equipment net | (55 042) | (3 973) | (1 396) | (5 852) | (370) | (1 302) | (531) | (215) | | (68 681) |
| Transfers for the cost of land buildings and equipment | 5 439 | 705 | 55 | (4 987) | | | | (14 849) | 13 637 | - |
| Change in beneficial interest in net assets of BHF | 1 795 | (834) | (708) | | (34) | | | (462) | 243 | - |
| Net cash (used in) provided by investing activities | (49 475) | (4 073) | (2 117) | (10 839) | (375) | 598 | (531) | (25 730) | 16 045 | (76 497) |
| Financing activities | | | | | | | | | | |
| Proceeds from restricted contributions | | | | | | | | 4 717 | | 4 717 |
| Transfers (to) from affiliated companies net | (35 191) | | | 18 837 | 683 | | | 15 455 | 216 | - |
| Increase in note receivable | (780) | | | | | | | (3 000) | | (3 780) |
| Change in line of credit affiliate | | | | (94) | | | (136) | 230 | | - |
| Repayment of long-term debt | (8 821) | (400) | | | | | | | | (9 221) |
| Net cash (used in) provided by financing activities | (44 792) | (400) | - | 18 743 | 683 | - | (136) | 17 402 | 216 | (8 284) |
| Net increase (decrease) in cash and cash equivalents | 13 698 | 217 | (304) | (2 006) | (938) | 2 380 | (128) | (8 486) | - | 4 433 |
| Cash and cash equivalents beginning of year | 59 443 | 10 060 | 2 324 | 5 132 | 1 575 | 16 380 | 1 943 | 43 603 | | 140 460 |
| Cash and cash equivalents end of year | $ 73 141 | $10 277 | $ 2 020 | $ 3 126 | $ 637 | $ 18 760 | $1 815 | $ 35 117 | $ - | $ 144 893 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Assets — Baystate Medical Center and Subsidiary
## As of September 30, 2013
## (In Thousands)

| | BMC | BTHC | Elimination and Reclass | Consolidated BMC |
|---|---|---|---|---|
| **Assets** | | | | |
| Current assets | | | | |
| Cash and cash equivalents | $ 72,620 | $ 521 | $ - | $ 73,141 |
| Investments | 203,832 | | | 203,832 |
| Accounts receivable, patients, net | 85,873 | | | 85,873 |
| Accounts receivable, other | 4,465 | | | 4,465 |
| Estimated final settlements receivable | 25,924 | | | 25,924 |
| Inventories | 18,839 | | | 18,839 |
| Prepaid expenses and other current assets | 2,883 | 25 | (25) | 2,883 |
| Due from affiliated companies | 44,523 | | (18,893) | 25,630 |
| Total current assets | 458,959 | 546 | (18,918) | 440,587 |
| Long-term investments | | | | |
| Equity investment in unconsolidated affiliates | 1,704 | | | 1,704 |
| Note receivable | 198,399 | | (131,349) | 67,050 |
| Beneficial interest in net assets of BHF | 18,708 | | | 18,708 |
| Deferred expense | 4,282 | 1,282 | | 5,564 |
| Land, buildings, and equipment, net | 303,773 | 254,162 | (5,436) | 552,499 |
| | 526,866 | 255,444 | (136,785) | 645,525 |
| Assets whose use is limited | | | | |
| Board-designated funds | | | | |
| Cash and investments | 199,773 | | | 199,773 |
| Due from unrestricted funds | 1,028 | | | 1,028 |
| Investments held by trustee under bond indenture agreements | 889 | 373 | | 1,262 |
| Beneficial interest in net assets of BHF | 1,366 | | | 1,366 |
| | 203,056 | 373 | - | 203,429 |
| Total assets | $ 1,188,881 | $ 256,363 | $ (155,703) | $ 1,289,541 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Liabilities and Net Assets — Baystate Medical Center and Subsidiary
## As of September 30, 2013
## (In Thousands)

| Liabilities and net assets (deficit) | BMC | BTHC | Elimination and Reclass | Consolidated BMC |
|---|---|---|---|---|
| Current liabilities | | | | |
| Accounts payable | $ 46,820 | $ 13 | $ - | $ 46,833 |
| Accrued salaries and wages | 41,941 | | | 41,941 |
| Accrued interest on debt | 1,726 | 2,143 | (1,622) | 2,247 |
| Estimated final settlements payable | 54,834 | | | 54,834 |
| Refundable advances | 616 | | | 616 |
| Deferred revenue | 551 | | (25) | 526 |
| Current portion of long-term debt | 9,099 | | | 9,099 |
| Due to affiliated companies | 137 | 18,893 | (18,893) | 137 |
| Total current liabilities | 155,724 | 21,049 | (20,540) | 156,233 |
| Long-term debt | 331,588 | 237,356 | (129,727) | 439,217 |
| Pension liability | 40,738 | | | 40,738 |
| Insurance liability loss reserves | 6,806 | | | 6,806 |
| Other liabilities | 7,936 | | | 7,936 |
| Total liabilities | 542,792 | 258,405 | (150,267) | 650,930 |
| Net assets (deficit) | | | | |
| Unrestricted | | | | |
| Operating | 739,109 | (2,042) | (5,436) | 731,631 |
| Pension adjustment | (113,094) | | | (113,094) |
| Unrestricted | 626,015 | (2,042) | (5,436) | 618,537 |
| Temporarily restricted | 15,893 | | | 15,893 |
| Permanently restricted | 4,181 | | | 4,181 |
| Total net assets (deficit) | 646,089 | (2,042) | (5,436) | 638,611 |
| Total liabilities and net assets (deficit) | $ 1,188,881 | $256,363 | $(155,703) | $ 1,289,541 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Operations — Baystate Medical Center and Subsidiary
## For the Year Ended September 30, 3013
## (In Thousands)

| | BMC | BTHC | Elimination and Reclass | Consolidated BMC |
|---|---|---|---|---|
| Operating revenues | | | | |
| Net patient service revenue | $ 935.237 | $ - | $ - | $ 935.237 |
| Bad debts | 13.488 | | | 13.488 |
| Net patient service revenue, net of bad debts | 921.749 | - | - | 921.749 |
| Other revenue | 75.105 | 11.203 | (17.851) | 68.457 |
| Net assets released from restrictions | 3.827 | | | 3.827 |
| Total operating revenues | 1.000.681 | 11.203 | (17.851) | 994.033 |
| Operating expenses | | | | |
| Salaries and wages | 354.504 | | | 354.504 |
| Supplies and expense | 516.585 | 147 | (11.304) | 505.428 |
| Depreciation and amortization | 41.206 | 10.620 | (163) | 51.663 |
| Interest expense | 8.935 | 8.702 | (6.547) | 11.090 |
| Total operating expenses | 921.230 | 19.469 | (18.014) | 922.685 |
| Income (loss) from operations | 79.451 | (8.266) | 163 | 71.348 |
| Nonoperating income (expense) | | | | |
| Investment income | 4.801 | | | 4.801 |
| Net realized gain on investments | 4.254 | | | 4.254 |
| Net unrealized gain on investments | 22.854 | | | 22.854 |
| Equity gain in unconsolidated affiliates | 44 | | | 44 |
| Net interest savings on swap agreements | (2.423) | | | (2.423) |
| Change in fair value of swap agreements | 3.788 | | | 3.788 |
| Total nonoperating income | 33.318 | - | - | 33.318 |
| Excess (deficiency) of revenues over expenses | 112.769 | (8.266) | 163 | 104.666 |
| Other changes in net assets | | | | |
| Net assets released from restrictions for capital | 3.884 | | | 3.884 |
| Transfers for the cost of land, buildings, and equipment | 5.439 | | | 5.439 |
| Transfers to affiliated companies — net | (35.191) | | | (35.191) |
| Pension adjustment | 54.786 | | | 54.786 |
| Increase (decrease) in unrestricted net assets | $ 141.687 | $ (8.266) | $ 163 | $ 133.584 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Statement of Changes in Net Assets — Baystate Medical Center and Subsidiary
## For the Year Ended September 30, 2013
## (In Thousands)

| | BMC | BTHC | Elimination and Reclass | Consolidated BMC |
|---|---|---|---|---|
| Unrestricted net assets | | | | |
| Excess (deficiency) of revenues over expenses | $ 112,769 | $ (8,266) | $ 163 | $ 104,666 |
| Net assets released from restrictions for capital | 3,884 | | | 3,884 |
| Transfers for the cost of land, buildings, and equipment | 5,439 | | | 5,439 |
| Transfers to affiliated companies, net | (35,191) | | | (35,191) |
| Pension adjustment | 54,786 | | | 54,786 |
| Increase (decrease) in unrestricted net assets | 141,687 | (8,266) | 163 | 133,584 |
| Temporarily restricted net assets | | | | |
| Net assets released from restrictions, for capital | | | | - |
| Change in value of beneficial interest in net assets of BHF | (1,849) | | | (1,849) |
| Decrease in temporarily restricted net assets | (1,849) | - | - | (1,849) |
| Permanently restricted net assets | | | | |
| Change in value of beneficial interest in net assets of BHF | 55 | | | 55 |
| Increase in permanently restricted net assets | 55 | - | - | 55 |
| Increase (decrease) in net assets | 139,893 | (8,266) | 163 | 131,790 |
| Net assets (deficit), beginning of year | 506,196 | 6,224 | (5,599) | 506,821 |
| Net assets (deficit), end of year | $ 646,089 | $ (2,042) | $ (5,436) | $ 638,611 |

## Baystate Health, Inc. and Subsidiaries

### Consolidating Schedule of Cash Flows — Baystate Medical Center and Subsidiary
### For the Year Ended September 30, 2013
### (In Thousands)

| | BMC | BTHC | Elimination and Reclass | Consolidated BMC |
|---|---|---|---|---|
| Operating activities | | | | |
| Change in net assets | $ 139,893 | $ (8,266) | $ 163 | $ 131,790 |
| Adjustments to reconcile change in net assets to cash provided by operating activities | | | | |
| Depreciation and amortization | 41,043 | 10,620 | | 51,663 |
| Pension adjustment | (54,786) | | | (54,786) |
| Net realized and unrealized gain on investments | (30,895) | | | (30,895) |
| Provision for bad debts | 13,488 | | | 13,488 |
| Changes in equity investment of affiliate | (72) | | | (72) |
| (Increase) decrease in accounts receivable, patients | (11,373) | | | (11,373) |
| Net change in estimated final settlements | (8,610) | | | (8,610) |
| Change in accounts payable and accrued expenses | (9,313) | (18) | 30 | (9,301) |
| Change in accrued pension liability, net | (3,658) | | | (3,658) |
| Transfers to affiliated companies, net | 35,191 | | | 35,191 |
| Transfers for the cost of land, buildings, and equipment | (5,439) | | | (5,439) |
| Increase in insurance liability loss reserves | 969 | | | 969 |
| Other | (2,895) | (528) | 2,421 | (1,002) |
| Net cash provided by operating activities | 103,543 | 1,808 | 2,614 | 107,965 |
| Investing activities | | | | |
| Proceeds from sale and maturities of investments | 645,741 | 104 | | 645,845 |
| Purchase of investments | (647,512) | | | (647,512) |
| Purchase of land, buildings, and equipment, net | (52,971) | (1,908) | (163) | (55,042) |
| Transfers for the cost of land, buildings, and equipment | 5,439 | | | 5,439 |
| Change in beneficial interest in net assets of BHF | 1,795 | | | 1,795 |
| Net cash used in investing activities | (47,508) | (1,804) | (163) | (49,475) |
| Financing activities | | | | |
| Transfers to affiliated companies, net | (35,191) | | | (35,191) |
| Increase in note receivable | 1,671 | | (2,451) | (780) |
| Change in line of credit, affiliate | | | | - |
| Proceeds from bond issuance | | | | - |
| Repayment of long-term debt | (8,821) | | | (8,821) |
| Defeasement of bond issue | | | | |
| Net cash (used in) provided by financing activities | (42,341) | - | (2,451) | (44,792) |
| Net increase in cash and cash equivalents | 13,694 | 4 | 0 | 13,698 |
| Cash and cash equivalents, beginning of year | 58,926 | 517 | | 59,443 |
| Cash and cash equivalents, end of year | $ 72,620 | $ 521 | $ 0 | $ 73,141 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Assets — Other Entities
## As of September 30, 2013
## (In Thousands)

| Assets | BH | BAS | BHF | BHIC | Other Entities Totals |
|---|---|---|---|---|---|
| Current assets | | | | | |
| Cash and cash equivalents | $ 17,097 | $ 5,953 | $ 10,951 | $ 1,116 | $ 35,117 |
| Investments | 8,247 | 11,153 | 10,494 | | 29,894 |
| Accounts receivable, other | 4,590 | 890 | 6,110 | 3,907 | 15,497 |
| Estimated final settlements receivable | | | | | |
| Inventories | | 117 | | | 117 |
| Prepaid expenses and other current assets | 12 | 9,150 | 22 | 20 | 9,204 |
| Due from affiliated companies | 4,522 | 12,408 | | | 16,930 |
| Line of credit, affiliate | 1,810 | | | | 1,810 |
| Total current assets | 36,278 | 39,671 | 27,577 | 5,043 | 108,569 |
| Long-term investments | | | | | |
| Investments | 1,018 | | 54,987 | | 56,005 |
| Equity investment in consolidated for-profit subsidiaries | 1,196 | | | | 1,196 |
| Equity investment in unconsolidated affiliates | 325 | | | | 325 |
| Deferred expense | 11,072 | | | | 11,072 |
| Land, buildings, and equipment, net | 95 | 471 | 1 | | 567 |
| | 13,706 | 471 | 54,988 | - | 69,165 |
| Assets whose use is limited | | | | | |
| Board-designated funds | | | | | |
| Cash and investments | 34,481 | | | | 34,481 |
| Beneficial interest in net assets of BHF | 1,803 | | | | 1,803 |
| Investments of captive insurance company | | | | 105,995 | 105,995 |
| Beneficial interest in perpetual trusts | | | 35,118 | | 35,118 |
| Beneficial interest in net assets of BHF | 20,802 | | | | 20,802 |
| | 57,086 | - | 35,118 | 105,995 | 198,199 |
| Total assets | $ 107,070 | $ 40,142 | $ 117,683 | $ 111,038 | $ 375,933 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Liabilities and Net Assets — Other Entities
## As of September 30, 2013
## (In Thousands)

| Liabilities and net assets | BH | BAS | BHF | BHIC | Other Entities Totals |
|---|---|---|---|---|---|
| Current liabilities | | | | | |
| Accounts payable | $ 1,484 | $ 13,312 | $ 215 | $ 1,274 | $ 16,285 |
| Accrued salaries and wages | | 11,223 | 131 | | 11,354 |
| Due to affiliated companies | 9,366 | 18,982 | 502 | | 28,850 |
| Due to board-designated funds | 1,028 | | | | 1,028 |
| Total current liabilities | 11,878 | 43,517 | 848 | 1,274 | 57,517 |
| Pension liability | | 9,127 | 310 | | 9,437 |
| Insurance liability loss reserves | 10,150 | | | 16,498 | 26,648 |
| Deposit liability | | | | 85,155 | 85,155 |
| Other liabilities | | | 99 | | 99 |
| Total liabilities | 22,028 | 52,644 | 1,257 | 102,927 | 178,856 |
| Net assets (deficit) | | | | | |
| Unrestricted | | | | | |
| Operating | 64,240 | 3,976 | 5,629 | 8,111 | 81,956 |
| Pension adjustment | | (16,478) | (400) | | (16,878) |
| Unrestricted | 64,240 | (12,502) | 5,229 | 8,111 | 65,078 |
| Temporarily restricted | | | 59,752 | | 59,752 |
| Permanently restricted | 20,802 | | 51,445 | | 72,247 |
| Total net assets (deficit) | 85,042 | (12,502) | 116,426 | 8,111 | 197,077 |
| Total liabilities and net assets | $ 107,070 | $ 40,142 | $ 117,683 | $ 111,038 | $ 375,933 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Operations — Other Entities
## For the Year Ended September 30, 3013
## (In Thousands)

| | BH | BAS | BHF | BHIC | Other Entities Totals |
|---|---|---|---|---|---|
| Operating revenues | | | | | |
| Premiums | $ - | $ - | $ - | $ 2,670 | $ 2,670 |
| Other revenue | 10,269 | 94,192 | 1,968 | | 106,429 |
| Net assets released from restrictions | 1,007 | 339 | 5,450 | | 6,796 |
| Total operating revenues | 11,276 | 94,531 | 7,418 | 2,670 | 115,895 |
| Operating expenses | | | | | |
| Salaries and wages | 1,177 | 45,450 | 1,992 | | 48,619 |
| Supplies and expense | 13,125 | 49,733 | 4,996 | 277 | 68,131 |
| Depreciation and amortization | 3 | 139 | 4 | | 146 |
| Interest expense | 44 | | | | 44 |
| Total operating expenses | 14,349 | 95,322 | 6,992 | 277 | 116,940 |
| (Loss) income from operations | (3,073) | (791) | 426 | 2,393 | (1,045) |
| Nonoperating income (expense) | | | | | |
| Investment income | 598 | 410 | 384 | | 1,392 |
| Net realized gain on investments | 498 | 64 | 63 | 349 | 974 |
| Net unrealized gain (loss) on investments | 679 | (546) | (501) | 119 | (249) |
| Equity gain in consolidated for-profit subsidiaries | 923 | | | | 923 |
| Equity gain in unconsolidated affiliates | (77) | | | | (77) |
| Other | (952) | | | | (952) |
| Total nonoperating income (expense) | 1,669 | (72) | (54) | 468 | 2,011 |
| (Deficiency) excess of revenues over expenses | (1,404) | (863) | 372 | 2,861 | 966 |
| Other changes in net assets | | | | | |
| Transfers for the cost of land, buildings, and equipment | (10,804) | | | | (10,804) |
| Transfers to affiliated companies, net | 14,886 | | | | 14,886 |
| Pension adjustment | | 7,943 | 95 | | 8,038 |
| Other | (61,784) | | 67 | (1,019) | (62,736) |
| (Decrease) increase in unrestricted net assets | $ (59,106) | $ 7,080 | $ 534 | $ 1,842 | $ (49,650) |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Changes in Net Assets — Other Entities
## For the Year Ended September 30, 3013
## (In Thousands)

| | BH | BAS | BHF | BHIC | Other Entities Totals |
|---|---|---|---|---|---|
| Unrestricted net assets | | | | | |
| (Deficiency) excess of revenues over expenses | $ (1,404) | $ (863) | $ 372 | $ 2,861 | $ 966 |
| Transfers for the cost of land, buildings, and equipment | (10,804) | | | | (10,804) |
| Transfers to affiliated companies, net | 14,886 | | | | 14,886 |
| Pension adjustment | | 7,943 | 95 | | 8,038 |
| Other | (61,784) | | 67 | (1,019) | (62,736) |
| (Decrease) increase in unrestricted net assets | (59,106) | 7,080 | 534 | 1,842 | (49,650) |
| Temporarily restricted net assets | | | | | |
| Restricted investment income | | | 195 | | 195 |
| Net realized and unrealized loss on investments | | | 4,644 | | 4,644 |
| Contributions | | | 4,664 | | 4,664 |
| Transfers for the cost of land, buildings, and equipment | | | (4,045) | | (4,045) |
| Transfers from affiliated companies, net | | | 569 | | 569 |
| Net assets released from restrictions, for operations | | | (7,333) | | (7,333) |
| Other | | | 131 | | 131 |
| Increase in temporarily restricted net assets | - | - | (1,175) | - | (1,175) |
| Permanently restricted net assets | | | | | |
| Contributions | | | 53 | | 53 |
| Change in value of perpetual trusts | | | 1,229 | | 1,229 |
| Change in value of beneficial interest in net assets of BHF | 383 | | | | 383 |
| Decrease in permanently restricted net assets | 383 | - | 1,282 | - | 1,665 |
| (Decrease) increase in net assets | (58,723) | 7,080 | 641 | 1,842 | (49,160) |
| Net assets (deficit), beginning of year | 143,765 | (19,582) | 115,785 | 6,269 | 246,237 |
| Net assets (deficit), end of year | $ 85,042 | $ (12,502) | $ 116,426 | $ 8,111 | $ 197,077 |

## Baystate Health, Inc. and Subsidiaries

**Consolidating Schedule of Cash Flows — Other Entities**
**For the Year Ended September 30, 2013**
**(In Thousands)**

| | BH | BAS | BHF | BHIC | Other Entities Totals |
|---|---|---|---|---|---|
| Operating activities | | | | | |
| Change in net assets | $ (58,723) | $ 7,080 | $ 641 | $ 1,842 | $ (49,160) |
| Adjustments to reconcile change in net assets to cash provided by (used in) operating activities | | | | | |
| Depreciation and amortization | 3 | 139 | 4 | | 146 |
| Pension adjustment | | (7,943) | (95) | | (8,038) |
| Net realized and unrealized (gain) loss on investments | (1,176) | 482 | (4,207) | (468) | (5,369) |
| Provision for bad debts | 3,000 | 0 | 0 | | 3,000 |
| Change in beneficial interest in perpetual trusts | | | (1,229) | | (1,229) |
| Restricted contributions | | | (4,717) | | (4,717) |
| Changes in equity investment of affiliate | 60,783 | | | | 60,783 |
| (Decrease) increase in accounts payable and accrued expenses | (545) | (269) | 2 | 229 | (583) |
| Change in accrued pension liability, net | | (875) | (31) | | (906) |
| Transfers from affiliated companies, net | (14,886) | | (569) | | (15,455) |
| Transfers for the cost of land, buildings, and equipment | 10,804 | | 4,045 | | 14,849 |
| Increase in insurance liability loss reserves | 10,150 | | | 7,129 | 17,279 |
| Other | (8,658) | (5,179) | 2,304 | 775 | (10,758) |
| Net cash provided by (used in) operating activities | 752 | (6,565) | (3,852) | 9,507 | (158) |
| Investing activities | | | | | |
| Proceeds from sale and maturities of investments | 45,594 | 122,604 | 13,592 | 17,405 | 199,195 |
| Purchase of investments | (46,902) | (123,019) | (11,879) | (27,599) | (209,399) |
| Purchase of land, buildings, and equipment, net | (16) | (199) | | | (215) |
| Transfers for the cost of land, buildings, and equipment | (10,804) | | (4,045) | | (14,849) |
| Change in beneficial interest in net assets of BHF | (462) | | | | (462) |
| Net cash (used in) provided by investing activities | (12,590) | (614) | (2,332) | (10,194) | (25,730) |
| Financing activities | | | | | |
| Proceeds from restricted contributions | | | 4,717 | | 4,717 |
| Transfers (to) from affiliated companies, net | 14,886 | | 569 | | 15,455 |
| Increase in note receivable | (3,000) | | | | (3,000) |
| Proceeds from bond issuance | 230 | | | | 230 |
| Net cash provided by financing activities | 12,116 | - | 5,286 | - | 17,402 |
| Net increase (decrease) in cash and cash equivalents | 278 | (7,179) | (898) | (687) | (8,486) |
| Cash and cash equivalents, beginning of year | 16,819 | 13,132 | 11,849 | 1,803 | 43,603 |
| Cash and cash equivalents, end of year | $ 17,097 | $ 5,953 | $ 10,951 | $ 1,116 | $ 35,117 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Assets — Ingraham Corporation and Subsidiary
## As of September 30, 2013
## (In Thousands)

| Assets | IC | BHA | Elimination and Reclass | Consolidated IC |
|---|---|---|---|---|
| Current assets | | | | |
| Cash and cash equivalents | $ 84 | $ 1,731 | $ - | $ 1,815 |
| Accounts receivable, patients, net | | 310 | | 310 |
| Accounts receivable, other | 31 | 10 | | 41 |
| Prepaid expenses and other current assets | 9 | 24 | | 33 |
| Due from affiliated companies | 86 | 17 | (15) | 88 |
| Total current assets | 210 | 2,092 | (15) | 2,287 |
| Long-term investments | | | | |
| Equity investment in consolidated for-profit subsidiaries | 1,191 | | (1,191) | - |
| Land, buildings, and equipment, net | 2,046 | 906 | | 2,952 |
| Total assets | $ 3,447 | $ 2,998 | $ (1,206) | $ 5,239 |

# Baystate Health, Inc. and Subsidiaries

## Consolidating Schedule of Liabilities and Net Assets — Ingraham Corporation and Subsidiary
## As of September 30, 3013
## (In Thousands)

| Liabilities and net assets (deficit) | IC | BHA | Elimination and Reclass | Consolidated IC |
|---|---|---|---|---|
| Current liabilities | | | | |
| Accounts payable | $ 136 | $ 239 | $ - | $ 375 |
| Accrued salaries and wages | | 364 | | 364 |
| Deferred revenue | 39 | | | 39 |
| Due to affiliated companies | 1,082 | 70 | (15) | 1,137 |
| Line of credit, affiliate | 994 | | | 994 |
| Total current liabilities | 2,251 | 673 | (15) | 2,909 |
| Pension liability | | 1,134 | | 1,134 |
| Total liabilities | 2,251 | 1,807 | (15) | 4,043 |
| Net assets (deficit) | | | | |
| Unrestricted | | | | |
| Operating | 1,196 | 3,056 | (1,191) | 3,061 |
| Pension adjustment | | (1,865) | | (1,865) |
| Total net assets (deficit) | 1,196 | 1,191 | (1,191) | 1,196 |
| Total liabilities and net assets (deficit) | $ 3,447 | $ 2,998 | $ (1,206) | $ 5,239 |

# Baystate Health, Inc. and Subsidiaries

**Consolidating Schedule of Operations — Ingraham Corporation and Subsidiary**
**For the Year Ended September 30, 2013**
**(In Thousands)**

| | IC | BHA | Elimination and Reclass | Consolidated IC |
|---|---|---|---|---|
| Operating revenues | | | | |
| Net patient service revenue | $ - | $ 6,648 | $ - | $ 6,648 |
| Other revenue | 1,191 | 282 | | 1,473 |
| Total operating revenues | 1,191 | 6,930 | - | 8,121 |
| Operating expenses | | | | |
| Salaries and wages | 6 | 3,931 | | 3,937 |
| Supplies and expense | 936 | 2,555 | | 3,491 |
| Depreciation and amortization | 128 | 283 | | 411 |
| Interest expense | 9 | | | 9 |
| Total operating expenses | 1,079 | 6,769 | - | 7,848 |
| Income from operations | 112 | 161 | - | 273 |
| Nonoperating income (expense) | | | | |
| Equity gain in consolidated for-profit subsidiaries | 814 | | (814) | - |
| Income taxes and other | (2) | | | (2) |
| Total nonoperating income (expense) | 812 | - | (814) | (2) |
| Excess (deficiency) of revenues over expenses | 924 | 161 | (814) | 271 |
| Other changes in net assets — pension adjustment | | 654 | | 654 |
| Increase (decrease) in unrestricted net assets | $ 924 | $ 815 | $ (814) | $ 925 |