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Part III

Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

☐ Yes ☒ No

1

Briefly describe the organization's mission

CARING FOR THE HEALTH OF OUR COMMUNITY

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 \$ 43,506,501 including grants of \$ 2,985) (Revenue \$ 50,241,458)

SEE SCHEDULE O - EXEMPT PURPOSE AND ACHIEVEMENTS FOR A DESCRIPTION OF PROGRAM SERVICE ACCOMPLISHMENTS

4b

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4c

(Code) (Expenses \$ including grants of \$) (Revenue \$)

4d

Other program services (Describe in Schedule O)




















(Expenses \$ including grants of \$) (Revenue \$)

4e

Total program service expenses 43,506,501

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 Yes	
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 	7	No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 	8	No
9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 	9	No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 	10 Yes	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 	11c	No
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 	11d	No
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	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? 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 other assistance to or for foreign individuals? 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 or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21		No
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If so, complete Schedule L, Part II</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	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)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b		No
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V

Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	1a	0
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	423
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	No
b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.	3b	
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	No
9 Sponsoring organizations maintaining donor advised funds.			
a	Did the organization make any taxable distributions under section 4966?	9a	No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b	No
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 or note to any line 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	13	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent	10	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body?	8a	Yes
8b	Each committee with authority to act on behalf of the governing body?	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9	No

Section B. Policies

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	WI
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input checked="" type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization	DOUGLAS E JOHNSON - CHIEF FINANCIAL OFFICER 405 STAGELINE ROAD HUDSON, WI 54016 (715) 531-6013

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

Check if Schedule O contains a response or note to any line in this Part VII

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

- 1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year
- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

List all of the organization's **current** key employees, if any See instructions for definition of "key employee "

List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) SUSAN GILBERT DIRECTOR	1 00	X						0	0	0
(2) BILL GOLD MD DIRECTOR - CHAIR	1 00	X						0	0	0
(3) DENNIS HARTUNG MD DIRECTOR	50	X						0	0	0
(4) STEVE KIRBY DIRECTOR - VICE CHAIR	1 00	X						0	0	0
(5) RUTH MISENKO DIRECTOR	50	X						0	0	0
(6) PAUL SCOTT MD DIRECTOR	50	X						0	0	0
(7) MIKE SELLMAN DIRECTOR	50	X						0	0	0
(8) DIANA VANCE-BRYAN DIRECTOR	50	X						0	0	0
(9) GREG YOUNG MD DIRECTOR	50	X						0	0	0
(10) LINDA ZEITS DIRECTOR	50	X						0	0	0
(11) MARIAN M FURLONG DIRECTOR & PRESIDENT	47 50 2 50	X		X				0	297,817	52,536
(12) BURKE KEALEY MD DIRECTOR	50 44 50	X						0	410,969	96,052
(13) BROCK D NELSON DIRECTOR & SECRETARY	50 54 50	X						0	586,029	181,857
(14) SCOTT A SCHNUCKLE DIRECTOR	50 49 50	X						0	425,791	109,191
(15) STEVE MUELLERLEILE VP - PLANNING & DEVELOPMEN	40 00			X				210,180	0	41,354
(16) ANN RIPLEY VP - OPERATIONS, COMPLIANCE	55 00			X				167,484	0	35,644
(17) KARA A FEDIE NURSE ANESTHETIST	40 00					X		217,982	0	34,440

Part VII

1b	Sub-Total	▼			
c	Total from continuation sheets to Part VII, Section A	▼			
d	Total (add lines 1b and 1c)	▼	1,479,486	1,720,606	685,443

2 Total number of individuals (including but not limited to those listed in Item 1) who received more than \$100,000 of reportable compensation from the organization. 24

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
MCGOUGH CONSTRUCTION CO NW 5870 PO BOX 1450 MINNEAPOLIS MN 554855970	CONSTRUCTION	2,073,558
ZAPPA BROTHERS INC 715 SIXTH STREET HUDSON WI 54016	CONSTRUCTION	477,470
COMPUTERIZED MEDICAL IMAGING 719 W HAMILTON AVE SUITE B EAU CLAIRE WI 54701	RADIOLOGY SERVICES	254,769
A M N HEALTHCARE ALLIED INC PO BOX 281939 ATLANTA GA 303841939	STAFFING	201,026
HUDSON PHYSICIANS 403 STAGELINE RD HUDSON WI 54016	PHYSICIAN SERVICES	197,913
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 ▶13		

Part VIII

Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A)	(B)	(C)	(D)
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns	1a			
	b	Membership dues	1b			
	c	Fundraising events	1c			
	d	Related organizations	1d	20,000		
	e	Government grants (contributions)	1e	7,621		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	83,653		
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f		111,274		
Program Service Revenue	2a	PATIENT SERVICE	Business Code			
			623990	49,617,790	49,617,790	
	b	GIFT SHOP	453220	154,518	154,518	
	c	DIETARY	722210	148,019	148,019	
	d	OTHER HEALTH CARE	623990	1,471	1,471	
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f		49,921,798		
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		14,566		14,566
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents	(i) Real	(ii) Personal		
			1,108,445			
	b	Less rental expenses		788,785		
	c	Rental income or (loss)		319,660		
	d	Net rental income or (loss)		319,660	319,660	
	7a	Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other		
	b	Less cost or other basis and sales expenses				
	c	Gain or (loss)				
	d	Net gain or (loss)				
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a			
			b			
	b	Less direct expenses				
	c	Net income or (loss) from fundraising events				
	9a	Gross income from gaming activities See Part IV, line 19	a			
			b			
	b	Less direct expenses				
	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						
b						
c						
d	All other revenue					
e	Total. Add lines 11a-11d					
12	Total revenue. See Instructions		50,367,298	50,241,458	0	14,566

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 or note to any line 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.	2,985	2,985		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	454,662		454,662	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	26,856,691	24,219,699	2,636,992	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	416,678	377,140	39,538	
9	Other employee benefits.	2,030,655	1,837,968	192,687	
10	Payroll taxes.	1,364,380	1,234,916	129,464	
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	74,563		74,563	
c	Accounting.	1,500		1,500	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	2,257,259	1,753,847	503,412	
12	Advertising and promotion.	305,506	3,613	301,893	
13	Office expenses.	380,134	89,637	290,497	
14	Information technology.	135,101	72,897	62,204	
15	Royalties.				
16	Occupancy.	1,036,298	595,429	440,869	
17	Travel.	59,520	24,355	35,165	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	10,252	1,006	9,246	
20	Interest.	717,775	717,775		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	2,843,550	2,779,482	64,068	
23	Insurance.	217,480	343	217,137	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL & OFFICE SUPPLY	8,102,513	8,080,247	22,266	
b	EQUIPMENT & MAINTENANCE	1,537,594	1,367,601	169,993	
c	TAXES & ASSESSMENTS	305,481	305,481		
d	OTHER EXPENSE	116,647	3,618	113,029	
e	All other expenses	111,914	38,462	73,452	
25	Total functional expenses. Add lines 1 through 24e.	49,339,138	43,506,501	5,832,637	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

					(A)		(B)
					Beginning of year		End of year
Assets	1	Cash—non-interest-bearing				1	
	2	Savings and temporary cash investments			23,887,319	2	24,486,368
	3	Pledges and grants receivable, net			95,503	3	150,133
	4	Accounts receivable, net			6,326,203	4	6,224,462
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L				5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L				6	
	7	Notes and loans receivable, net				7	
	8	Inventories for sale or use			942,593	8	938,126
	9	Prepaid expenses and deferred charges			336,804	9	323,866
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a	61,181,928	31,964,416	10c	32,481,303
	b	Less accumulated depreciation	10b	28,700,625			
	11	Investments—publicly traded securities				11	
	12	Investments—other securities See Part IV, line 11				12	
	13	Investments—program-related See Part IV, line 11			2,702,604	13	2,826,733
	14	Intangible assets				14	
	15	Other assets See Part IV, line 11			2,494,596	15	2,493,332
	16	Total assets. Add lines 1 through 15 (must equal line 34)			68,750,038	16	69,924,323
Liabilities	17	Accounts payable and accrued expenses			6,958,760	17	7,923,991
	18	Grants payable				18	
	19	Deferred revenue			375	19	576
	20	Tax-exempt bond liabilities			20,365,487	20	19,469,761
	21	Escrow or custodial account liability Complete Part IV of Schedule D				21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties				23	
	24	Unsecured notes and loans payable to unrelated third parties				24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			1,025,005	25	825,000
	26	Total liabilities. Add lines 17 through 25			28,349,627	26	28,219,328
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.						
	27	Unrestricted net assets			38,065,504	27	39,137,627
	28	Temporarily restricted net assets			2,253,217	28	2,485,678
	29	Permanently restricted net assets			81,690	29	81,690
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.						
	30	Capital stock or trust principal, or current funds				30	
	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other funds				32	
	33	Total net assets or fund balances			40,400,411	33	41,704,995
34	Total liabilities and net assets/fund balances			68,750,038	34	69,924,323	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	50,367,298
2	Total expenses (must equal Part IX, column (A), line 25)	2	49,339,138
3	Revenue less expenses Subtract line 2 from line 1	3	1,028,160
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	40,400,411
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	276,424
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	41,704,995

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

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

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.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at**
www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization HUDSON HOSPITAL INC	Employer identification number 39-0804125
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Part I

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

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

1

☐

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

2

☐

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

3

☒

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

4

☐

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

5

☐

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

6

☐

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

7

☐

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

8

☐

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

9

☐

An organization that normally receives (1) more than 33¹/₃% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10

☐

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

11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated

e

☐

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

f

☐

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

g

☐

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

(i)

A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

(ii)

A family member of a person described in (i) above?

(iii)

A 35% controlled entity of a person described in (i) or (ii) above?

h

☐

Provide the following information about the supported organization(s)

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

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

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

Cat No 11285F

Schedule A (Form 990 or 990-EZ) 2013

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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 6, column (f) divided by line 11, column (f))		14				
15 Public support percentage for 2012 Schedule A, Part II, line 14		15				
16a 33 1/3% support test—2013. 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—2012. 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—2013. 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—2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization						▶
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions						▶

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(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 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. 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—2012. 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.** 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

Return Reference	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.** ▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

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 HUDSON HOSPITAL INC	Employer identification number 39-0804125
---	--

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

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

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

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

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

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

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

Part II-A

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		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		0
j	Total. Add lines 1c through 1i.			0
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

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.

Return Reference	Explanation
PART II-B, LINE 1	HUDSON HOSPITAL, INC. PAYS FOR CERTAIN CORPORATE PROFESSIONAL ASSOCIATION MEMBERSHIPS. A PORTION OF SUCH MEMBERSHIP DUES POTENTIALLY COULD BE USED BY THE PROFESSIONAL ASSOCIATIONS FOR LOBBYING ACTIVITIES.

Part IV

Return Reference

Explanation

SCHEDULE D
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ 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. ▶ Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.

Name of the organization HUDSON HOSPITAL INC	Employer identification number 39-0804125
---	--

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

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

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

1

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

☐ Preservation of land for public use (e g , recreation or education)

☐ Preservation of an historically important land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

▶ \$

(ii) Assets included in Form 990, Part X

▶ \$

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$

b

Assets included in Form 990, Part X

▶ \$

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

Cat No 52283D

Schedule D (Form 990) 2013

Part III

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

- 3

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

a

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5

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

☐ Yes

☐ No

Part IV

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

- 1a

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

☐ Yes

☐ No
- b

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

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

	Amount
1c	
1d	
1e	
1f	
- 2a

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

☐ Yes

☐ No
- b

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

☐

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance	81,690	81,690	81,690	81,690	81,690
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	81,690	81,690	81,690	81,690	81,690

- 2

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

Board designated or quasi-endowment

0 %

b

Permanent endowment

100 000 %

c

Temporarily restricted endowment

0 %
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a

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

(i) unrelated organizations

3a(i)

Yes

No

(ii) related organizations

3a(ii)

Yes

b

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

3b

Yes

4

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

Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. 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 | | 12,143,402 | | 12,143,402 |
| b Buildings | | 31,376,037 | 18,108,267 | 13,267,770 |
| c Leasehold improvements | | | | |
| d Equipment | | 15,054,552 | 9,982,447 | 5,072,105 |
| e Other | | 2,607,937 | 609,911 | 1,998,026 |
| Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) | | | | 32,481,303 |
- Schedule D (Form 990) 2013

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	51,156,083
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	0
3	Subtract line 2e from line 1	3	51,156,083
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	-788,785
c	Add lines 4a and 4b	4c	-788,785
5	Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12)	5	50,367,298

Part XII

Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	50,127,923
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	788,785
e	Add lines 2a through 2d	2e	788,785
3	Subtract line 2e from line 1	3	49,339,138
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	0
5	Total expenses Add lines 3 and 4c. (This must equal Form 990, Part I, line 18)	5	49,339,138

Part XIII

Supplemental Information

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.

Return Reference	Explanation
PART V, LINE 4	HUDSON HOSPITAL, INC. HOLDS \$81,690 OF PERMANENTLY RESTRICTED ASSETS RELATED TO HUDSON HOSPITAL, INC.'S BENEFICIAL INTEREST IN THE NET ASSETS OF HUDSON HOSPITAL FOUNDATION, INC., A RELATED ORGANIZATION OF HUDSON HOSPITAL, INC.
PART XI, LINE 4B - OTHER ADJUSTMENTS	RENTAL PROPERTY EXPENSE -788,785
PART XII, LINE 2D - OTHER ADJUSTMENTS	RENTAL PROPERTY EXPENSE 788,785

[illegible]

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.
► Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
HUDSON HOSPITAL INC

Employer identification number
39-0804125

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		506	281,416	0	281,416	0 560 %
b Medicaid (from Worksheet 3, column a)		4,524	4,964,942	4,769,081	195,861	0 390 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs		5,030	5,246,358	4,769,081	477,277	0 950 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	33	19,063	842,362	63,853	778,509	1 550 %
f Health professions education (from Worksheet 5)	2	111	181,291	0	181,291	0 360 %
g Subsidized health services (from Worksheet 6)	7	14,046	2,116,585	0	2,116,585	4 220 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)	8	157	39,183	0	39,183	0 080 %
j Total Other Benefits	50	33,377	3,179,421	63,853	3,115,568	6 210 %
k Total. Add lines 7d and 7j	50	38,407	8,425,779	4,832,934	3,592,845	7 160 %

Part II

Community Building Activities

Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development	2		22,071	0	22,071	0.040 %
3 Community support	3		5,921	0	5,921	0.010 %
4 Environmental improvements	1		17,769	0	17,769	0.040 %
5 Leadership development and training for community members						
6 Coalition building	1	203	10,939	0	10,939	0.020 %
7 Community health improvement advocacy	2		4,269	0	4,269	0.010 %
8 Workforce development						
9 Other						
10 Total	9	203	60,969		60,969	0.120 %

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

No

2

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

2

945,307

3

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

3

4

Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

5

Enter total revenue received from Medicare (including DSH and IME).

5

11,289,971

6

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

6

11,289,971

7

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

7

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

No

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

No

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 WESTERN WISCONSIN CANCER CENTER	MEDICAL ONCOLOGY AND RADIATION	23.700 %	0 %	0 %
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V

Facility Information

Section A. Hospital Facilities

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

Name, address, primary website address, and state license number

		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										

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)

HUDSON HOSPITAL INC

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A)

1

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

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No				
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes				
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes				
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u> </u> % If "No," explain in Part VI the criteria the hospital facility used		11		No			
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes				
a <input checked="" type="checkbox"/> Income level							
b <input type="checkbox"/> Asset level							
c <input checked="" type="checkbox"/> Medical indigency							
d <input checked="" type="checkbox"/> Insurance status							
e <input checked="" type="checkbox"/> Uninsured discount							
f <input checked="" type="checkbox"/> Medicaid/Medicare							
g <input checked="" type="checkbox"/> State regulation							
h <input type="checkbox"/> Residency							
i <input type="checkbox"/> Other (describe in Part VI)							
13 Explained the method for applying for financial assistance?		13	Yes				
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes				
a <input type="checkbox"/> The policy was posted on the hospital facility's website							
b <input checked="" type="checkbox"/> The policy was attached to billing invoices							
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms							
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices							
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility							
f <input checked="" type="checkbox"/> The policy was available upon request							
g <input checked="" type="checkbox"/> Other (describe in Part VI)							
Billing and Collections							
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes				
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP							
a <input type="checkbox"/> Reporting to credit agency							
b <input type="checkbox"/> Lawsuits							
c <input type="checkbox"/> Liens on residences							
d <input type="checkbox"/> Body attachments							
e <input type="checkbox"/> Other similar actions (describe in Section C)							
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 individual's eligibility under the facility's FAP?							
If "Yes," check all actions in which the hospital facility or a third party engaged							
a <input type="checkbox"/> Reporting to credit agency							
b <input type="checkbox"/> Lawsuits							
c <input type="checkbox"/> Liens on residences							
d <input type="checkbox"/> Body attachments							
e <input type="checkbox"/> Other similar actions (describe in Section C)							

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 individuals regarding the individuals' bills
- d

☐

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

☐

Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Schedule H (Form 990) 2013

Part V

Facility Information (continued)

Section D. 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

Provide the following information

- 1**Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b
- 2**Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs 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

Form and Line Reference	Explanation
PART I, LINE 7	USED WORKSHEETS PROVIDED IN SCHEDULE H INSTRUCTIONS TO CALCULATE COST TO CHARGE RATIOS
PART I, LINE 7G	HUDSON HOSPITAL (THE HOSPITAL) IS COMMITTED TO PROVIDING NEEDED SERVICES EVEN AT A FINANCIAL LOSS IN 2013, LOSS ON SERVICES FOR HOSPITAL OUTPATIENT SERVICES INCLUDING RESPIRATORY THERAPY, PHYSICAL THERAPY, ONCOLOGY, EMERGENCY ROOM, REGIONAL BLOOD BANK, PROGRAMS FOR CHANGE, LABOR AND DELIVERY TOTALED \$2,116,585

Form and Line Reference	Explanation
SCHEDULE H - PART I, LINE 7F - HEALTH PROFESSIONS EDUCATION	THE HOSPITAL'S STAFF PROVIDED CLINICAL TRAINING FOR 72 NURSES AND NURSING STUDENTS AND 29 HEALTH PROFESSIONALS INCLUDING EMS FROM SEVENTEEN INSTITUTIONS AT A COST OF \$181,291 IN ADDITION, THE HOSPITAL VOLUNTARILY PARTICIPATED IN THE WISCONSIN NURSE RESIDENCY PROGRAM (WNRP) THE PROGRAM IS A STRUCTURED LEARNING EXPERIENCE FOR NEWLY LICENSED REGISTERED NURSES DESIGNED TO PROMOTE EFFECTIVE TRANSITION INTO PROFESSIONAL PRACTICE THREE NURSES, PAIRED WITH EXPERIENCED HOSPITAL NURSES ACTING AS COACH/SUPPORT PERSON, COMPLETED THE 12-MONTH PROGRAM
PART II, COMMUNITY BUILDING ACTIVITIES	THE HOSPITAL IS AN ENERGETIC MEMBER OF THE LOCAL, STATE AND REGIONAL COMMUNITIES AS THE HOSPITAL SUPPORTS INDIVIDUALS, ORGANIZATIONS, EVENTS AND PROGRAMS, IT LIVES OUT ITS COMMITMENT TO IMPROVE THE HEALTH OF THE COMMUNITY KNOWING MUCH MORE CAN BE ACCOMPLISHED TOGETHER, THE HOSPITAL CONTINUED ITS LEADERSHIP AND CO-FACILITATION OF HEALTHIER TOGETHER - ST CROIX COUNTY WITH ST CROIX COUNTY DEPARTMENT OF HEALTH THROUGH THIS COUNTY-WIDE, COMMUNITY HEALTH IMPROVEMENT INITIATIVE, THE HOSPITAL BEGAN TO ALIGN ITS COMMUNITY BENEFIT PROGRAM WITH COMMUNITY HEALTH IMPROVEMENT EFFORTS AND CONTINUES TO BUILD VALUABLE CONNECTIONS WITH INDIVIDUALS AND ORGANIZATIONS FROM PUBLIC, PRIVATE AND NONPROFIT SECTORS TO SHARE SKILLS AND ASSETS THE HOSPITAL PARTICIPATED IN COMMUNITY-BUILDING ACTIVITIES THAT SUPPORTS ECONOMIC DEVELOPMENT, EMERGENCY PREPAREDNESS, LEADERSHIP DEVELOPMENT, COALITION BUILDING, HEALTH IMPROVEMENT ADVOCACY, AND WORKFORCE DEVELOPMENT INCLUDING THE TOBACCO COALITION, HEALTHWATCH OF ST CROIX COUNTY, WEST CENTRAL REGIONAL TRAUMA ADVISORY COUNCIL (RTAC), THE HEALING ARTS PROGRAM, HUDSON CHAMBER, ST CROIX COUNTY ECONOMIC DEVELOPMENT CORPORATION (EDC), SOMERSET MIDDLE SCHOOL CAREER ACADEMIC AND PERSONAL AND SOCIAL SKILLS (CAPS) CLASS, AND THE HUDSON SCHOOL DISTRICT THE HOSPITAL CONTINUED ON ITS ECO-FRIENDLY JOURNEY "HEALTH CARE WITHOUT HARM" (2008 COMMITMENT) USING SUSTAINABLE BUSINESS PRACTICES AND ESTABLISHING GREEN PURCHASING POLICIES IN ORDER TO PROVIDE HEALTH CARE THAT'S HEALTHY GREEN INITIATIVES INCLUDED THE RECYCLING PROGRAM, COMMUNITY SHARPS DISPOSAL SITE, REDUCTION OF ENERGY AND WATER CONSUMPTION, CREATION AND EXPANSION OF THE COMMUNITY GARDEN - THE HOSPITAL IN SUPPORT OF HEALTHIER TOGETHER INITIATIVES, AND THE FOSTERING OF HEALING ENVIRONMENTS INCLUDING THE COMMUNITY LABYRINTH IMPLEMENTING SUSTAINABLE BUSINESS PRACTICES HAS MADE THE HOSPITAL A MODEL WITHIN THE HEALTHPARTNERS FAMILY OF CARE HOSPITAL NUTRITION SERVICES CONTINUED ITS WORK IN SUPPORT OF THE HOSPITAL'S "HEALTHY FOOD IN HEALTH CARE" PLEDGE (2010) THE PLEDGE IS A COMMITMENT TO INCREASE OFFERINGS OF FRUITS AND VEGETABLES, REDUCE FATS AND SWEETENED FOODS, TAKE STEPS TO ENCOURAGE CURRENT VENDORS TO PROCURE LOCAL FOOD, AND WORK DIRECTLY WITH LOCAL FARMS THE HOSPITAL IS SHARING BEST PRACTICES AND ENCOURAGING OTHER HOSPITALS IN THE HEALTHPARTNERS FAMILY OF CARE TO INCREASE LOCAL PURCHASING THE HOSPITAL ALSO PARTICIPATES IN COMMUNITY SUPPORTED AGRICULTURE (CSA) AND SERVES AS A DISTRIBUTION SITE FOR LOCALLY GROWN FRESH, ORGANIC PRODUCE FOR STAFF AND COMMUNITY MEMBERS IN 2013, NUTRITION SERVICES HAD THEIR OWN COMMUNITY GARDEN PLOT TO GROW VEGETABLES THAT WERE USED FOR INPATIENT AND CAFE FOOD THEY WERE ABLE TO GROW AND UTILIZE 150 POUNDS OF VEGETABLES COMPOSTING FOR THE GARDENS YIELDED 1 0 TONS IN 2013

Form and Line Reference	Explanation
PART III, LINE 4	<p>IN JULY 2011, THE FASB ISSUED ASU NO 2011-07, PRESENTATION AND DISCLOSURE OF PATIENT SERVICE REVENUE, PROVISION FOR DOUBTFUL ACCOUNTS, AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTH CARE ENTITIES, WHICH PROVIDES FINANCIAL STATEMENT USERS WITH GREATER TRANSPARENCY ABOUT A HEALTH CARE ENTITY'S NET PATIENT SERVICE REVENUE AND RELATED ALLOWANCE FOR DOUBTFUL ACCOUNTS. THE AMENDMENTS REQUIRE HEALTH CARE ENTITIES TO PRESENT THE PROVISION FOR DOUBTFUL ACCOUNTS RELATED TO PATIENT SERVICE REVENUE AS A DEDUCTION FROM PATIENT SERVICE REVENUE (NET OF CONTRACTUAL ALLOWANCES AND DISCOUNTS) ON THEIR STATEMENT OF OPERATIONS. THIS STANDARD WAS EFFECTIVE BEGINNING WITH THE 2012 FISCAL YEAR. "BAD DEBT" REPRESENTS THE UNPAID OBLIGATION FOR CARE PROVIDED TO PATIENTS WHO HAVE BEEN DETERMINED TO BE ABLE TO PAY, BUT HAVE NOT DEMONSTRATED A WILLINGNESS TO DO SO. "BAD DEBT" INCLUDES ANY UNPAID PATIENT RESPONSIBILITY THAT MAY INCLUDE, BUT IS NOT LIMITED TO, DEDUCTIBLES, CO-INSURANCE, CO-PAYMENTS AND NON-COVERED SERVICES. THE FOOTNOTE IN HEALTHPARTNERS' CONSOLIDATED AUDIT REPORT, WHICH THE HOSPITAL IS A PART OF, READS AS FOLLOWS: "ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR DOUBTFUL ACCOUNTS, BASED ON ESTABLISHED GUIDELINES FOR IDENTIFYING UNCOLLECTIBLE PATIENT ACCOUNTS AND CLASSIFYING THESE ACCOUNTS AS DOUBTFUL ACCOUNTS. IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, THE HOSPITAL'S MANAGEMENT PERIODICALLY ASSESSES THE ALLOWANCE FOR DOUBTFUL ACCOUNTS BY TAKING INTO CONSIDERATION, BY PAYOR CATEGORY, THE EXPECTED NET COLLECTIONS, ACCOUNTS RECEIVABLE AGING, HISTORICAL COLLECTIONS EXPERIENCE, ECONOMIC CONDITIONS, TRENDS IN HEALTHCARE COVERAGE, AND OTHER COLLECTION INDICATORS. THE PRIMARY SOURCE OF THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IS THE PATIENT RESPONSIBILITY PORTION OF COMMERCIAL ACCOUNTS. PATIENTS WHO ARE INSURED ARE ASSESSED SEPARATELY FOR COLLECTABILITY FROM UNINSURED PATIENTS. THE RESULTS OF THESE ASSESSMENTS ARE USED TO ESTABLISH THE NET REALIZABLE VALUE OF PATIENT ACCOUNTS RECEIVABLE AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS." "BAD DEBT" IS CURRENTLY EXCLUDED FROM THE COMMUNITY BENEFIT CALCULATION PER WISCONSIN HOSPITAL ASSOCIATION (WHA).</p>
PART III, LINE 8	<p>THE HOSPITAL BASES ITS MEDICARE COSTING METHODOLOGY ON THE CMS MEDICARE COST REPORT METHODOLOGY TO GET THE COST TO CHARGE RATIO. SINCE THE HOSPITAL IS A CRITICAL ACCESS HOSPITAL, REIMBURSEMENT FROM MEDICARE IS EQUAL TO THE COST SO THERE IS NO SURPLUS (SHORTFALL). MEDICARE SHORTFALL IS CURRENTLY EXCLUDED FROM THE COMMUNITY BENEFIT CALCULATION PER WISCONSIN HOSPITAL ASSOCIATION (WHA), BUT CAN BE INCLUDED IN OTHER FINANCIAL REPORTS.</p>

Form and Line Reference	Explanation
PART III, LINE 9B	THE HOSPITAL DEBT COLLECTION POLICY CONTAINS PROVISIONS ON COLLECTION PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE THE HOSPITAL BELIEVES THAT DEBT COLLECTION POLICIES, WHETHER IMPLEMENTED BY HOSPITAL STAFF OR AGENTS, SHOULD REFLECT THE HOSPITAL'S MISSION AND VALUES THE HOSPITAL WILL NOT TOLERATE ABUSIVE, HARASSING, OPPRESSIVE, FALSE, DECEPTIVE, OR MISLEADING LANGUAGE OR COLLECTIONS CONDUCT BY ITS DEBT COLLECTION, ATTORNEY AND AGENCY, AND THEIR AGENTS AND EMPLOYEES, AND THE HOSPITAL EMPLOYEES RESPONSIBLE FOR COLLECTING MEDICAL DEBT FROM PATIENTS THE HOSPITAL WILL NOT REFER ANY ACCOUNT TO A THIRD PARTY DEBT COLLECTION AGENCY UNLESS IT HAS CONFIRMED THAT THERE IS REASONABLE BASIS TO BELIEVE THAT THE PATIENT OWES THE DEBT - ALL KNOWN THIRD-PARTY PAYERS HAVE BEEN PROPERLY BILLED, AND THE PATIENT IS RESPONSIBLE FOR THE REMAINING DEBT - IF THE PATIENT HAS INDICATED AN INABILITY TO PAY THE FULL AMOUNT, THE PATIENT HAS BEEN OFFERED A REASONABLE PAYMENT PLAN THE HOSPITAL WILL NOT REFER PATIENTS TO DEBT COLLECTION AGENCIES WHO ARE PERFORMING AS SPECIFIED IN THEIR PAYMENT PLANS - THE PATIENT HAS BEEN GIVEN AN OPPORTUNITY TO SUBMIT A FINANCIAL ASSISTANCE APPLICATION IF THE PATIENT HAS SUBMITTED AN APPLICATION FOR FINANCIAL ASSISTANCE, ALL COLLECTION ACTIVITY WILL BE SUSPENDED UNTIL THE APPLICATION HAS BEEN PROCESSED - THE LEVEL OF AUTHORITY REQUIRED TO MAKE DECISIONS REGARDING AUTHORIZING LITIGATION, PAYMENT PLANS, AND FINANCIAL ASSISTANCE IS - BALANCES OVER \$25,000 - CEO - BALANCES BETWEEN \$10,000 AND \$25,000 - CFO - BALANCES BETWEEN \$1 AND \$10,000 - DIRECTOR OF BUSINESS OPERATIONS
PART VI, LINE 2	IN 2012, IN PARTNERSHIP WITH OTHER MEMBERS OF THE HEALTHPARTNERS HOSPITAL DIVISION, THE HOSPITAL ENGAGED THE RESOURCES OF COMMUNITY HOSPITAL CONSULTING (CHC CONSULTING) TO CONDUCT A COMPREHENSIVE, SIX-STEP COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) THE CHNA UTILIZED RELEVANT HEALTH DATA, FINDINGS FROM THE HEALTHIER TOGETHER - ST CROIX COUNTY, WHICH WAS A 2009 QUALITATIVE, AND QUANTITATIVE CHNA CONDUCTED IN PARTNERSHIP WITH THE ST CROIX COUNTY HEALTH IMPROVEMENT PROCESS (CHIP) STEERING COMMITTEE IT IS A STRATEGIC, COUNTYWIDE, COMMUNITY?BASED APPROACH FOR CREATING AND MAINTAINING HEALTHY COMMUNITIES ADDITIONALLY, THE HOSPITAL'S 2012 CHNA WORKED WITH STAKEHOLDERS BY WAY OF IN-DEPTH INTERVIEWS, ELECTRONIC SURVEY RESULTS, A FOCUS GROUP, AND A TOWN HALL MEETING TO IDENTIFY THE MAIN COMMUNITY HEALTH PRIORITIES THAT THE HOSPITAL WILL ADDRESS IN ITS CHNA IMPLEMENTATION PLAN TO FURTHER IDENTIFY AND ADDRESS SPECIFIC NEEDS IN ITS MARKET AREA, THE HOSPITAL'S ENGAGEMENT WITH CHC CONSULTING COORDINATED AND COMPLETED THE COMPREHENSIVE COMMUNITY NEEDS ASSESSMENT FOR OUR MARKET AREA SERVING A POPULATION OF MORE THAN 250,000 RESIDENTS IN THE EASTERN TWIN CITIES' METRO AREA AND WESTERN WISCONSIN IN 2012 THE HEALTHPARTNERS COMMUNITY HEALTH NEEDS ASSESSMENT UTILIZED RELEVANT HEALTH DATA, FINDINGS FROM THE ST CROIX COMMUNITY HEALTH NEEDS ASSESSMENT, AND STAKEHOLDER INPUT (IN DEPTH INTERVIEWS, ELECTRONIC SURVEY RESULTS, A FOCUS GROUP, AND A TOWN HALL MEETING) TO IDENTIFY THE MAIN COMMUNITY HEALTH PRIORITIES THAT HEALTHPARTNERS AND ITS RESPECTIVE HOSPITALS SHOULD SEEK TO ADDRESS THIS PROCESS CULMINATED WITH FIVE MAIN FINDINGS 1 MANY LEADING CAUSES OF DEATH CAN BE LINKED TO UNHEALTHY LIFESTYLES POOR EATING HABITS, LACK OF EXERCISE, TOBACCO USE AND ALCOHOL AND DRUG USE ARE LARGE CONTRIBUTORS TO UNHEALTHY LIFESTYLES SOME OF THESE CONDITIONS INCLUDE CANCER, HEART DISEASE, STROKE, DIABETES, AND CHRONIC LOWER RESPIRATORY DISEASE 2 OBESITY, POOR NUTRITION AND LACK OF PHYSICAL EXERCISE ARE GROWING CONCERNS IN THE COMMUNITY SERVED BY LAKEVIEW HEALTH SYSTEM 3 ACCESS TO PRIMARY AND PREVENTIVE HEALTH CARE IS LIMITED FOR SPECIAL POPULATIONS, SUCH AS THE UN?INSURED OR UNDERINSURED, ETHNICALLY DIVERSE, ELDERLY, AND CHEMICALLY DEPENDENT 4 ACCESS TO SPECIFIC HEALTH SERVICES IS ALSO LIMITED BARRIERS TO ACCESSING MENTAL HEALTH CARE INCLUDE LITTLE AVAILABILITY, LONG WAIT TIMES, AND A SHORTAGE OF PROVIDERS BARRIERS TO ACCESSING DENTAL CARE INCLUDE LACK OF INSURANCE, PARTICULARLY BECAUSE MANY PEOPLE, EVEN THOSE WITH MEDICAL INSURANCE, EITHER CANNOT AFFORD IT OR OPT OUT OF DENTAL INSURANCE 5 THERE ARE SIGNIFICANT ISSUES WITH "SERVICE INTEGRATION" IN THE COMMUNITY THERE IS A LACK OF COMMUNICATION AND COORDINATION AMONG PROVIDERS IN THE COMMUNITY, AS WELL AS A DISCONNECT WITHIN THE CONTINUUM OF CARE FROM THE RESEARCH, FINDINGS AND THE TOP FIVE PRIORITIES WERE IDENTIFIED TO ADDRESS THESE COMMUNITY HEALTH NEEDS PRIORITY 1 INCREASE ACCESS TO MENTAL HEALTHPRIORITY 2 PROMOTE POSITIVE BEHAVIORS TO REDUCE OBESITY (NUTRITION / PHYSICAL ACTIVITY)PRIORITY 3 INCREASE ACCESS TO PRIMARY AND PREVENTIVE CAREPRIORITY 4 IMPROVE SERVICE INTEGRATIONPRIORITY 5 PROMOTE CHANGE IN UNHEALTHY LIFESTYLES (TOBACCO / ALCOHOL / SUBSTANCE ABUSE)THESE TOP FIVE PRIORITIES CORRELATE VERY WELL WITH THE FIVE PRIORITIES IDENTIFIED IN THE HEALTHIER TOGETHER - ST CROIX PLAN THAT INCLUDED 1 ACCESS TO PRIMARY AND PREVENTIVE HEALTH SERVICES2 OVERWEIGHT, OBESITY, AND LACK OF PHYSICAL ACTIVITY3 ADEQUATE AND APPROPRIATE NUTRITION4 ALCOHOL AND OTHER SUBSTANCE USE AND ADDICTION5 TOBACCO USE AND EXPOSURE2013 IMPLEMENTATION ACTIVITIES TOWARDS THESE PRIORITIES INCLUDED EXISTING AND NEW PROGRAMS AND ACTIVITIES ARE MOVING FORWARD TO ADDRESS THE NEEDS OF THE COMMUNITY - CONTINUED INVOLVEMENT IN THE COUNTY-WIDE HEALTH IMPROVEMENT INITIATIVE NOW KNOWN AS HEALTHIER TOGETHER-ST CROIX- CONTINUE SUPPORT WITH HEALTHPARTNERS OVERALL EFFORTS TO IMPLEMENT THE MENTAL HEALTH ANTI- STIGMA CAMPAIGN SOME OF THESE EFFORTS INCLUDE COLLABORATING WITH LOCAL SERVICE AGENCIES WITH A VESTED INTEREST IN MENTAL HEALTH, SUPPORTING THE ANNUAL NAMI WALK, AND UTILIZING HEALTHPARTNERS' RESOURCES AND TOOLKITS TO RAISE PUBLIC AWARENESS OF MENTAL ILLNESS - ACTIVELY PARTICIPATE IN THE ST CROIX VALLEY CO- OP INITIATIVE TO IMPROVE ACCESS TO MENTAL HEALTH SERVICES IN THE REGION - SUPPORT THE YUMPOWER EFFORTS OF HEALTHPARTNERS BOTH INTERNALLY (STAFF EDUCATION AND ENGAGEMENT) AND EXTERNALLY IN THE COMMUNITY'S ELEMENTARY SCHOOLS YUMPOWER IS A KID FRIENDLY ONLINE RESOURCE THAT PROVIDES NUTRITIONAL ADVICE FOR HEALTHY EATING HABITS - INCREASE ACCESS TO MEDICATION FOR UN-INSURED AND UNDER-INSURED PATIENTS - WORK TO ELIMINATE BARRIERS TO ACCESS TO PRIMARY AND PREVENTIVE HEALTH CARE BY PROVIDING FINANCIAL SUPPORT FOR HUDSON PHYSICIANS MEDICAL PHYSICIAN LIAISON TO PARTICIPATE IN THE ACCESS TO PRIMARY AND PREVENTIVE HEALTH SERVICES TASK FORCE - CONTINUE TO OFFER THE HOSPITAL VAN TRANSPORTATION SERVICE TO COMMUNITY RESIDENTS SEEKING PRIMARY MEDICAL CARE AND HOSPITAL SERVICES - ENROLLMENT ASSISTANCE, INFORMATION AND REFERRAL SERVICES ARE AVAILABLE TO HELP SECURE PAYMENT SOURCES FOR UNINSURED AND UNDERINSURED PATIENTS - CONTINUED WORK THROUGH HEALTHIER TOGETHER WITH THE OVERWEIGHT AND LACK OF PHYSICAL ACTIVITY TASK FORCES - HEALTHIER TOGETHER IS THE GRANT RECIPIENT OF A TRANSFORM WISCONSIN IMPACT GRANT (26 MONTH) WITH FOCUS ON ACTIVE COMMUNITIES (JOINT USE AGREEMENTS WITH SCHOOL, PARKS AND RECREATION FACILITIES) THE HOSPITAL, IN PARTNERSHIP WITH OTHER GRANT WORK GROUP MEMBERS WILL IMPLEMENT A WORK PLAN TO HELP INCREASE PHYSICAL ACTIVITY FOR KIDS, THEIR FAMILIES AND THE COMMUNITY AT LARGE THE HOSPITAL WILL ACT AS THE FISCAL AGENT, PROVIDE STAFF MANAGEMENT, AND GRANT OVERSIGHT - THE HOSPITAL OPERATES PROGRAMS FOR CHANGE, AN OUTPATIENT CHEMICAL ADDICTION TREATMENT AND RECOVERY CARE PROGRAM, WHICH OFFERS PARENTS AND FAMILY MEMBERS THE OPPORTUNITY TO PARTICIPATE IN EDUCATIONAL LECTURES, GROUP DISCUSSION, AND FAMILY TREATMENT GROUPS FREE OF CHARGE IN SUPPORT OF THEIR LOVED ONE - THE HOSPITAL EMPLOYS A CERTIFIED TOBACCO CESSATION THERAPIST, WHO ALSO SERVES AS THE TOBACCO TASK FORCE / CESSATION SERVICES LEAD - THE HOSPITAL WILL CONTINUE FACILITATION OF THE LOCAL CANCER SUPPORT GROUP

Form and Line Reference	Explanation
PART VI, LINE 3	<p>PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE THE HOSPITAL SERVES ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY IN 2013, THE HOSPITAL PROVIDED \$281,416 IN FINANCIAL ASSISTANCE THE HOSPITAL DEFINES FINANCIAL ASSISTANCE AS THE COST OF CARE DELIVERED TO PATIENTS WHO ARE WILLING, BUT UNABLE, TO PAY FOR THE SERVICES THEY RECEIVE THIS INCLUDES PATIENTS WHOSE CHARGES ARE FORGIVEN OR REDUCED BECAUSE OF INABILITY TO PAY, PATIENTS WHO ARE UNABLE TO PAY THE BALANCE LEFT BY ANY PAYER, AND PATIENTS FOR WHOM UNUSUAL CIRCUMSTANCES OR SPECIAL FINANCIAL HARDSHIP WARRANT SPECIAL CONSIDERATION TO INFORM AND EDUCATE PATIENTS ON ITS FINANCIAL ASSISTANCE PROGRAM, FINANCIAL ASSISTANCE POLICY, AND GOVERNMENT PROGRAMS, THE HOSPITAL HAS DEVELOPED AN EXTENSIVE FINANCIAL COUNSELING PROGRAM WHEN A PATIENT VISITS THE HOSPITAL'S EMERGENCY DEPARTMENT OR IS ADMITTED TO THE HOSPITAL, BASIC INFORMATION ABOUT INSURANCE STATUS IS REQUESTED IF A PATIENT DOES NOT HAVE HEALTH INSURANCE, PATIENT FINANCIAL SERVICES IS CONTACTED TO MEET OR FOLLOW-UP WITH THE PATIENT ALL PATIENTS WITHOUT INSURANCE AUTOMATICALLY QUALIFY FOR A DISCOUNT OF 50%, REGARDLESS OF INCOME IF THE PATIENT IS INTERESTED IN DETERMINING IF THEY ARE ELIGIBLE FOR FURTHER DISCOUNTS, THEY WILL BE REQUESTED TO PROVIDE ADDITIONAL INFORMATION ENROLLMENT ASSISTANCE, INFORMATION, AND REFERRAL SERVICES ARE AVAILABLE TO HELP SECURE A PAYMENT SOURCE FOR UNINSURED AND UNDER INSURED PATIENTS PATIENT FINANCIAL SERVICES, ADMINISTERED BY THE HOSPITAL'S BUSINESS OPERATIONS, EMPLOYS 1 5 FTE FOR PATIENT FINANCIAL SERVICES REPRESENTATIVES TO OVERSEE ITS FINANCIAL ASSISTANCE PROGRAM AND, ALONG WITH SUPPORT FROM DEPARTMENT STAFF, HELPS PATIENTS ENROLL IN GOVERNMENT PROGRAMS, FIND OTHER SOURCES OF PAYMENT, OR ACCESS SERVICES BEYOND MEDICAL CARE IN 2013, THE HOSPITAL SPENT \$45,093 IN STAFF TIME TO ASSIST 637 PATIENTS ENROLLED IN PUBLIC MEDICAL PROGRAMS, \$58,670 IN STAFF TIME TO GUIDE OR REFER 2,498 PEOPLE TO COMMUNITY SERVICES/PUBLIC HEALTH ASSISTANCE, AND \$196,277 IN STAFF TIME TO GUIDE OR REFER 4,537 PATIENTS TO FINANCIAL ASSISTANCE FINANCIAL INFORMATION (PAYMENT, BILLING AND INSURANCE COVERAGE) AND FINANCIAL ASSISTANCE OPPORTUNITIES ARE NOTED ON THE HOSPITAL'S WEB SITE, ON ALL BILLING STATEMENTS, AND IN THE PATIENT INFORMATION GUIDE, DISTRIBUTED TO ALL NEW PATIENTS IN ADDITION TO FINANCIAL COUNSELING, THE HOSPITAL HAS STAFF SOCIAL WORKERS AND CASE MANAGERS TO HANDLE CRISIS INTERVENTIONS, EMERGENCY ROOM NEEDS, AND PATIENT AFTERCARE</p>
PART VI, LINE 4	<p>COMMUNITY INFORMATION THE HOSPITAL SERVES RESIDENTS FROM ST CROIX AND PIERCE COUNTIES IN WESTERN WISCONSIN AND AREAS OF NEIGHBORING MINNESOTA OUR PRIMARY SERVICE AREA IS HUDSON, WI 54016 (INCLUDES HUDSON, HUDSON TOWNSHIP, TROY, ST JOSEPH'S AND NORTH HUDSON) OUR SECONDARY SERVICE AREA INCLUDES WI (BALDWIN, HAMMOND, HOULTON, NEW RICHMOND, PRESCOTT, RIVER FALLS, ROBERTS AND SOMERSET) AND MN (BAYPORT, LAKE LAND, AND STILLWATER) 2010 CENSUS LISTS THE POPULATION OF ST CROIX COUNTY AT 84,345, A 33 6% POPULATION GROWTH SINCE 2000 RAPID GROWTH CONTINUES WITHIN ST CROIX COUNTY, MUCH IN PART DUE TO ITS CLOSE PROXIMITY TO THE TWIN CITIES (MINNEAPOLIS/ST PAUL) WHERE MANY RESIDENTS COMMUTE TO WORK ST CROIX COUNTY'S POPULATION IS COMPRISED OF 7 4% UNDER 5 YEARS OLD, 26% UNDER 18, 10% 65 YEARS AND OVER AND 50% FEMALE THE POPULATION IS 95 9% WHITE, 0 7% BLACK, 0 4% AMERICAN INDIAN, 1 0% ASIAN AND 2 0% HISPANIC OR LATINO ST CROIX COUNTY HAS A HIGH MEDIAN INCOME COMPARATIVELY WITHIN THE STATE - \$69,682 AND A POVERTY RATE APPROXIMATELY HALF THAT OF THE REST OF THE STATE - 6 3% ACCORDING TO THE 2013 COUNTY HEALTH RANKINGS REPORT, ST CROIX COUNTY RANKED AS THE 3RD HEALTHIEST COUNTY OVERALL IN THE STATE (OUT OF 72 COUNTIES)</p>

Form and Line Reference	Explanation
PART VI, LINE 5	<p>PROMOTION OF COMMUNITY HEALTH THE HOSPITAL IS GOVERNED BY A COMMUNITY-BASED BOARD OF DIRECTORS AND THE MEDICAL STAFF IS ORGANIZED IN THE PUBLIC'S INTEREST THE HOSPITAL AIMS TO BE THE PREMIER PARTNER IN THE COMMUNITY'S QUEST FOR HEALTH AND HAPPINESS WORKING IN PARTNERSHIP WITH EACH OTHER, THE HEALTHPARTNERS FAMILY, HUDSON PHYSICIANS, AND THE COMMUNITY, THE HOSPITAL ACCOMPLISHED A GREAT DEAL IN 2013 ADVANCEMENTS WERE MADE IN SUPPORT OF THE TRIPLE AIM TO ENSURE BETTER HEALTH FOR ALL, IMPROVED PATIENT EXPERIENCE AND AFFORDABLE HEALTH CARE THE HOSPITAL CONTINUED TO GROW ITS REPUTATION FOR EXCELLENT CLINICAL OUTCOMES AND SERVICE HIGHLIGHTS INCLUDE - CONTINUED PARTICIPATION IN THE AMERICAN HOSPITAL ASSOCIATION'S PARTNERS FOR PATIENTS NATIONAL INITIATIVE TO PREVENT 1 8 MILLION INJURIES TO PATIENTS IN THE HOSPITAL SAVING MORE THAN 60,000 LIVES OVER THREE YEARS FOCUS AREAS FOR THE HOSPITAL ARE REDUCING CATHETER-ASSOCIATED URINARY TRACT INFECTIONS, FALL PREVENTION, AND READMISSION/CARE TRANSITIONS THE RESULTS FOR 2013 ARE, 0 CATHETER-ASSOCIATED INFECTIONS, 0 FALL WITH HARM AND A 1 1% INCREASE IN READMISSIONS FROM THE PRIOR YEAR - EXPANDED THE PROVIDERS PRACTICING IN THE INTERNAL MEDICINE CLINIC BY ADDING ONE PROVIDER AND HOSPITALIST PROGRAM WITH TWO ADDITIONAL PROVIDERS - CONTINUED OPTIMIZATION OF EPIC THE ELECTRONIC HEALTH RECORD (EHR) SYSTEM TO IMPROVE HEALTHPARTNERS' REGIONAL NETWORK AND ADVANCE QUALITY AND EXPERIENCE FOR PATIENTS, CLINICIANS AND MEDICAL STAFF, AND REDUCE HEALTH CARE COSTS AS PART OF THE HEALTHPARTNERS FAMILY OF CARE, RECOGNIZED FOR BEING THE "MOST WIRED" IN THE HOSPITAL & HEALTH NETWORK'S (H&HN) MAGAZINE WE ALSO ACHIEVED THE HIMSS ANALYTICS STAGE 6 DESIGNATION (OF SEVEN) - ONE OF ONLY 10% OF HOSPITALS IN THE U S - ADOPTING ELECTRONIC MEDICAL RECORDS (EMRS), CREATING A PAPERLESS PATIENT RECORD ENVIRONMENT, AND IMPLEMENTING TECHNOLOGY SOLUTIONS THAT IMPROVE PATIENT SAFETY AND QUALITY OF CARE - TELEMEDICINE INCORPORATED IN OUR EMERGENCY CENTER, CONNECTING OUR EMERGENCY PHYSICIANS FOR A REAL TIME CONSULT WITH REGIONS HOSPITAL SPECIALISTS WITH A BURN DOCTOR, NEUROLOGIST FOR ACUTE STROKE PATIENTS, TRAUMA DOCTORS AND ER TO ER - THE HOSPITAL WAS RECOGNIZED FOR QUALITY AND SAFETY AND DELIVERING THE BEST CARE FOR CERTAIN CONDITIONS 95 PERCENT OF THE TIME OR MORE IN THE JOINT COMMISSION'S TOP PERFORMER ON KEY QUALITY MEASURES REPORT THIS REPRESENTS THE TOP 33 PERCENT OF ALL JOINT COMMISSION ACCREDITED HOSPITALS REPORTING PERFORMANCE DATA FOR 2013 HUDSON WAS RECOGNIZED FOR HIGH QUALITY SURGICAL CARE - STRATEGIC EFFORTS TO FOCUS ON THESE KEY QUALITY MEASURES, ACHIEVED 11 MONTHS OF "PERFECT CARE" IN 2013 ON ALL CORE MEASURES SURGICAL CARE IMPROVEMENT PROJECT OR SCIP, CHRONIC HEART FAILURE OR CHF, AND PNEUMONIA - SOCIAL SERVICES LED AN EFFORT TO INCREASE COMMUNICATION AND COLLABORATION WITH ST CROIX COUNTY'S MOBILE CRISIS PROGRAM, WHICH ASSISTS PATIENTS RECEIVING SERVICES ON CAMPUS IN THE CLINIC, EMERGENCY CENTER AND INPATIENT AREAS - EXPANDED HEALTHPARTNERS ONLINE PATIENT SERVICES FOR THE SPECIALTY CLINICS AND THE ROBERTS CLINIC TO GIVE PATIENTS THE OPTION OF ACCESSING TEST RESULTS OR IMMUNIZATION RECORDS, EMAILING A PROVIDER, AND PAYING BILLS ONLINE - DURING EARTH WEEK, AN EDUCATIONAL BOOTH WAS CREATED TO EDUCATE THE COMMUNITY AND EMPLOYEES WHAT CAN BE RECYCLED IN HUDSON APPROXIMATELY 50 PEOPLE STOPPED AND LEARNED MORE ABOUT RECYCLING OVER 60 EMPLOYEES COMPLETED A SUSTAINABLE TRANSPORTATION SURVEY WHERE 4 WERE INTERESTED IN CARPOOLING - THE HOSPITAL'S SUSTAINABILITY EFFORTS WERE RECOGNIZED WITH STATE AND NATIONAL ENVIRONMENTAL ACHIEVEMENT AWARDS WINNING THE GREEN PROFESSIONAL LEVEL IN THE WI GREEN MASTER'S PROGRAM AND PRACTICE GREENHEALTH'S WITH DISTINCTION AWARDS FOR OUR COMPREHENSIVE SUSTAINABILITY PROGRAM INCLUDING ENERGY EFFICIENCY, WASTE MINIMIZATION, SECTOR LEADING SUSTAINABLE FOOD SERVICE, ENVIRONMENTALLY PREFERRED PURCHASING AND OTHER INITIATIVES - CONTINUED SUCCESS WITH THE SURGICAL CARE IMPROVEMENT PROJECT (SCIP) IMPLEMENTED IN 2010 - NATIONAL PATIENT SAFETY INITIATIVE TO REDUCE PATIENT INFECTION RATES ACCORDING TO THE NATIONAL HEALTHCARE SAFETY NETWORK (NHSN), THE HOSPITAL REPORTS SOME OF THE LOWEST SURGICAL INFECTION RATES IN THE REGION WITH A RATE OF 0 7% COMPARED TO THE NATIONAL AVERAGE OF 1 9% - MEDICATION WASTE PROGRAM CREATED TO ENSURE BEST PRACTICES FOR COLLECTION OF HAZARDOUS WASTE USED IN THE HOSPITAL IN SUPPORT OF A SUSTAINABLE AND ECO-FRIENDLY ENVIRONMENT - THE HOSPITAL COMMUNITY GARDENS YIELDED OVER 150 POUNDS OF FRESH PRODUCE THIS YEAR - WITH 66 PLOTS TENDED BY GARDENERS FROM THE COMMUNITY, AND STAFF, INCLUDING OUR OWN NUTRITION SERVICES GARDEN FEEDING HOSPITAL PATIENTS AND STAFF MASTER GARDENER SITES WERE DEDICATED FOR THE HUDSON COMMUNITY FOOD SHELF - SUPPORTING COMMUNITIES AND PURCHASING LOCALLY RAISED BEEF, PORK AND FRESH PRODUCE IS AN INITIATIVE BY THE HOSPITAL GREEN TEAM, IN PARTNERSHIP WITH NUTRITION SERVICES, AND ANOTHER GREAT EXAMPLE OF THE COMMITMENT TO SUSTAINABILITY - ADDITION OF MANY NEW HEALTH CARE PROVIDERS TO THE CAMPUS TEAM, INCLUDING SPECIALISTS IN ENT, INTERNAL MEDICINE, PEDIATRIC HEMATOLOGY/ONCOLOGY, OPHTHALMOLOGY, GENERAL SURGERY, THE HOSPITALIST PROGRAM, OB/GYN AND FAMILY MEDICINE - EXPERIENCED A 4 3% INCREASE IN SURGICAL VOLUMES OVER 2012 VOLUMES - RECORD-SETTING 673 BABIES WERE BORN IN THE BIRTH CENTER - MARKING THE HIGHEST NUMBER OF BIRTHS IN A SINGLE YEAR SINCE HUDSON'S FOUNDING IN 1953 - THE BIRTH CENTER NURSING STAFF CONTINUES TO RANK AMONG THE BEST IN THE NATION - 99TH PERCENTILE FOR FRIENDLINESS AND ATTITUDE ACCORDING TO PRESS GANEY SURVEY DATA (1,800-HOSPITAL DATABASE) THE HOSPITAL'S DEVOTION TO THE HEALTH OF THE COMMUNITY STARTS WITH PROVIDING EXCEPTIONAL MEDICAL CARE TO EACH PATIENT AND EXTENDS TO FAMILIES AND ORGANIZATIONS THROUGHOUT THE REGION THROUGH ITS HEALTHIER TOGETHER LEADERSHIP AND COMMUNITY BENEFIT PROGRAM, BOTH INTEGRATED INTO THE ORGANIZATION PLAN, THE HOSPITAL OFFERED SPECIAL HELP AND SUPPORT - FOR INDIVIDUALS OR FAMILIES EXPERIENCING FINANCIAL HARDSHIP TO EFFORTS OR ORGANIZATIONS STRIVING TO IMPROVE THE QUALITY OF LIFE FOR ALL THE HOSPITAL ENGAGED IN COMMUNITY PARTNERSHIPS WITH SCHOOLS, BUSINESSES, AGENCIES AND OTHER HEALTH PROVIDERS INVESTED IN COMMUNITY PROGRAMS AND SERVICES THAT POSITIVELY SUPPORT AND STRENGTHEN COMMUNITY HEALTH, EDUCATION, ECONOMIC DEVELOPMENT, AND CULTURE THESE PROGRAMS AND PARTNERSHIPS EMBODY THE HOSPITAL'S MISSION OF "CARING FOR THE HEALTH OF OUR COMMUNITY " TOTAL 2013 COMMUNITY BENEFIT CONTRIBUTION EQUALED \$3,653,814, WHICH REPRESENTS 7 1% OF NET REVENUE</p>
PART VI, LINE 6	<p>AFFILIATED HEALTH CARE SYSTEMPLEASE SEE SCHEDULE O DISCUSSION OF EXEMPT PURPOSE AND ACHIEVEMENTS "I CORPORATE STRUCTURE, PURPOSE, GOVERNANCE "</p>

Form and Line Reference	Explanation
PART VI, LINE 7, REPORTS FILED WITH STATES	WI

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, line 23.
▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
HUDSON HOSPITAL INC

Employer identification number
39-0804125

Part I

Questions Regarding Compensation

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

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

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.

Return Reference	Explanation
PART I, LINE 4B	DEFERRED COMPENSATION IN COLUMN C OF SCHEDULE J, PART II INCLUDES AMOUNTS FROM A NONQUALIFIED 457(F) PLAN FOR THE FOLLOWING DIRECTORS: BROCK D NELSON \$ 41,192; SCOTT A SCHNUCKLE 10,097 ----- TOTAL \$ 51,289.
PART I, LINE 6	HUDSON HOSPITAL, INC. (THE HOSPITAL) OFFICERS, DIRECTORS AND HIGHEST COMPENSATED EMPLOYEES ARE EMPLOYED BY REGIONS HOSPITAL (REGIONS) OR BY GROUP HEALTH PLAN, INC. (GHI), BOTH OF WHICH ARE RELATED ORGANIZATIONS, OR BY THE HOSPITAL. COMPENSATION REPORTED IN FORM 990, PART VIII INCLUDES ANY COMPENSATION DERIVED FROM REGIONS, GHI OR THE HOSPITAL MANAGEMENT INCENTIVE PROGRAMS, WHICH INCENT AND REWARD BUSINESS LEADERS WHO HELP THE ORGANIZATION ACHIEVE STATED BUSINESS AND/OR HEALTH IMPROVEMENT GOALS FOR A SPECIFIC FISCAL YEAR. THE PROGRAMS ARE A KEY ELEMENT OF THE PARTICIPANT'S TOTAL COMPENSATION PACKAGE. THE MANAGEMENT INCENTIVE PROGRAMS' REWARDS ARE BASED ON POSITION IN THE ORGANIZATION (E.G., VICE PRESIDENT, DIRECTOR, MANAGER, OTHER SPECIFICALLY IDENTIFIED LEADERS) AND THE ACHIEVEMENT OF BUSINESS AND HEALTH IMPROVEMENT GOALS ESTABLISHED IN A VARIETY OF AREAS. GOALS WILL BE RELATED TO THE ORGANIZATION'S STRATEGIC PLAN AND WILL BE BALANCED. THESE AREAS MAY INCLUDE BUT ARE NOT LIMITED TO PATIENT SATISFACTION, EMPLOYEE SATISFACTION, WORK ENVIRONMENT, EMPLOYEE AND/OR LEADERSHIP DEVELOPMENT, CARE DELIVERY, PATIENT EDUCATION, SIX AIMS, MARKET SHARE, STRATEGIC CAPABILITIES, FINANCIAL PERFORMANCE (NET MARGIN), ETC., AND WILL BE DEFINED ANNUALLY FOR EACH YEAR'S PROGRAM. A NET MARGIN THRESHOLD MUST BE MET FOR ANY PAYMENT TO BE MADE FROM THE PROGRAM AND THERE IS A CAP ON THE MAXIMUM INCENTIVE POTENTIALLY AVAILABLE TO EACH PARTICIPANT.
990, SCH. J, PART II - PRIOR REPORTED COMPENSATION	COLUMN (F) INCLUDES AMOUNTS PAID TO PARTICIPANTS IN THE CURRENT YEAR, WHICH WERE PREVIOUSLY REPORTED IN COLUMN (C) OF PRIOR YEARS' 990'S, AS RETIREMENT AND DEFERRED COMPENSATION, FOR THE FOLLOWING DIRECTOR: SCOTT A SCHNUCKLE \$ 21,066. ANY ANALYSIS OF EARNINGS FOR THE CURRENT YEAR, FOR THESE PARTICIPANTS OF THE PLAN, SHOULD EXCLUDE THE AMOUNT IN COLUMN F AS PART OF THE ANALYSIS SINCE THOSE EARNINGS WERE ALREADY REPORTED IN COLUMN (C) OF PREVIOUS YEARS' 990'S.

Additional Data

Software ID:
Software Version:
EIN: 39-0804125
Name: HUDSON HOSPITAL INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
MARIAN M FURLONG DIRECTOR & PRESIDENT	(i)	0	0	0	0	0	0	0
	(ii)	244,033	53,784	0	20,952	31,584	350,353	0
BURKE KEALEY MD DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	381,369	29,600	0	49,887	46,165	507,021	0
BROCK D NELSON DIRECTOR & SECRETARY	(i)	0	0	0	0	0	0	0
	(ii)	457,118	128,911	0	140,570	41,287	767,886	0
SCOTT A SCHNUCKLE DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	306,826	87,416	31,549	68,222	40,969	534,982	21,066
STEVE MUELLERLEILE VP - PLANNING & DEVELOPMEN	(i)	177,521	32,659	0	6,504	34,850	251,534	0
	(ii)	0	0	0	0	0	0	0
ANN RIPLEY VP - OPERATIONS, COMPLIANCE	(i)	145,951	21,533	0	5,153	30,491	203,128	0
	(ii)	0	0	0	0	0	0	0
KARA A FEDIE NURSE ANESTHETIST	(i)	217,982	0	0	3,571	30,869	252,422	0
	(ii)	0	0	0	0	0	0	0
KEITH W LARSON NURSE ANESTHETIST	(i)	208,458	0	0	0	33,133	241,591	0
	(ii)	0	0	0	0	0	0	0
CHERYLL A MARTINY- JORGENSEN SUPERVISOR - ANESTHESIA	(i)	217,430	0	0	3,571	41,700	262,701	0
	(ii)	0	0	0	0	0	0	0
JEFFREY L REICHEL NURSE ANESTHETIST	(i)	227,479	0	0	3,301	36,962	267,742	0
	(ii)	0	0	0	0	0	0	0
DANIELLE L TANSKI NURSE ANESTHETIST	(i)	230,473	0	0	0	15,702	246,175	0
	(ii)	0	0	0	0	0	0	0

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.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
HUDSON HOSPITAL INC

Employer identification number
39-0804125

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 WISCONSIN HEALTH AND EDUCATION FACILITIES AUTHORITY	39-1337855	97710B6E7	10-03-2012	20,513,711	REFUNDING OF SERIES 2002 BONDS	X			X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired	1,043,949							
2	Amount of bonds legally defeased								
3	Total proceeds of issue	20,513,711							
4	Gross proceeds in reserve funds								
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds								
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds								
11	Other spent proceeds	20,513,711							
12	Other unspent proceeds								
13	Year of substantial completion								
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X							
15	Were the bonds issued as part of an advance refunding issue?		X						
16	Has the final allocation of proceeds been made?	X							
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X						
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?	X							
b	Exception to rebate?		X						
c	No rebate due?		X						
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X						
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the 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						
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						
7	Has the organization established written procedures to monitor the requirements of section 148?	X							

Part V Procedures To Undertake Corrective Action

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

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
SCHEDULE K, PART III, LINES 3B, 3C & 3D	HUDSON HOSPITAL USES INTERNAL LEGAL COUNSEL TO REVIEW ANY MANAGEMENT OR SERVICE CONTRACTS RELATING TO THE FINANCED PROPERTY IF IT ENCOUNTERS UNUSUAL OR COMPLEX CONTRACTS IT WILL ENGAGE BOND COUNSEL OR OTHER OUTSIDE COUNSEL
SCHEDULE K, PART V	SINCE 12/31/2012 HUDSON HOSPITAL HAS UNDERTAKEN ESTABLISHING SUCH WRITTEN PROCEDURES

2013

Open to Public Inspection

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on

Form 990 or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at

www.irs.gov/form990.

Name of the organization

HUDSON HOSPITAL INC

Employer identification number

39-0804125

Return Reference	Explanation	
	990, PART III, LINE 4A EXEMPT PURPOSE AND ACHIEVEMENTS	<p>I ORGANIZATION AND GOVERNANCE HUDSON HOSPITAL, INC (HOSPITAL), A STATE LICENSED 25-BED, LEVEL IV CRITICAL ACCESS HOSPITAL (CAH), IS A WISCONSIN NON-PROFIT ORGANIZATION RECOGNIZED AS EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE ("IRC") SECTION 501(C)(3) A ND IS PART OF THE FAMILY OF HEALTHPARTNERS ORGANIZATIONS (HEALTHPARTNERS), AN INTEGRATED S YSTEM OF HEALTH FINANCING, CARE DELIVERY, AND SUPPORT SERVICES PROVIDING HEALTH PLAN SERVI CES TO OVER 1,165,000 MEMBERS AND DELIVERING CARE TO OVER 4,500,000 PATIENT ENCOUNTERS, PR IMARILY IN MINNESOTA AND WESTERN WISCONSIN HEALTHPARTNERS' MISSION IS TO IMPROVE HEALTH A ND WELL-BEING IN PARTNERSHIP WITH OUR MEMBERS, PATIENTS AND COMMUNITY HEALTHPARTNERS SEEK S TO TRANSFORM HEALTHCARE THROUGH A RELENTLESS FOCUS ON THE TRIPLE AIM - PROVIDING EXCEPTI ONAL EXPERIENCE FOR THE INDIVIDUAL, IMPROVING THE HEALTH OF THE POPULATION, AND IMPROVING AFFORDABILITY - ALL AT THE SAME TIME HEALTHPARTNERS INCLUDES AN ARRAY OF TAX- EXEMPT AND T AXABLE ENTITIES - INCLUDING FIVE HOSPITALS AND THEIR RELATED FOUNDATIONS, TWO HEALTH MAINT ENANCE ORGANIZATIONS, FOUR NON-PROFIT PHY SICIAN GROUPS, HOME CARE, TRANSITIONAL CARE, MEDI CAL EQUIPMENT, A THIRD PARTY ADMINISTRATOR THAT SERVES SELF INSURED EMPLOYERS, AND MANY MO RE A COMPLETE LISTING OF ALL HEALTHPARTNERS ORGANIZATIONS, FOR WHICH HPI IS THE PARENT OR GANIZATION AND THE REPORTING RELATIONSHIP BETWEEN EACH OF THOSE ORGANIZATIONS, CAN BE FOUN D ON SCHEDULE R WITHIN THIS 990 RETURN HEALTHPARTNERS, INC (HPI) IS THE PARENT ENTITY OF HEALTHPARTNERS AND IS A MINNESOTA NON- PROFIT CORPORATION AND LICENSED HEALTH MAINTENANCE ORGANIZATION (HMO) RECOGNIZED AS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(4) HPI IS THE SOLE CORPORATE MEMBER OF HPI-RAMSEY, A MINNESOTA NON-PROFIT CORPORATION RECO GNIZED AS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) IN TURN, HPI-RAMSEY IS THE SOLE CORPORATE MEMBER OF REGIONS HOSPITAL, REGIONS HOSPITAL FOUNDATION, CAPITOL VIEW TRANSITIONAL CARE CENTER, STILLWATER HEALTH SYSTEM (LAKEVIEW HEALTH), RAMSEY INTEGRATED HEALTH SERVICES AND RH-WISCONSIN, INC, ALL OF WHICH ARE NON-PROFIT CORPORATIONS EXEMPT FR OM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) RH-WISCONSIN AND GROUP HEALTH PLAN, INC (GHI) ARE CORPORATE MEMBERS OF THE HOSPITAL GHI IS A MINNESOTA NON-PROFIT CORPORATION A ND LICENSED HEALTH MAINTENANCE ORGANIZATION (HMO) RECOGNIZED AS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) THE HOSPITAL IS THE SOLE CORPORATE MEMBER OF HUDSON HOSP ITAL FOUNDATION, INC, A FOUNDATION WHOSE PURPOSE IS TO SUPPORT THE HOSPITAL HEALTHPARTNE RS AND THE HOSPITAL ALSO PARTNER WITH OTHER PLANS, CARE PROVIDERS AND NON-PROFIT ORGANIZAT IONS IN THE REGION AND THROUGHOUT THE NATION, TO INCREASE ACCESS, CREATE AND DISSEMINATE Q UALITY MEASURES AND INITIATIVES, PARTICIPATE IN DEVELOPMENT OF PUBLIC POLICY AND COLLABORA TE ON SYSTEM IMPROVEMENTS THE HOSPITAL CONTINUES TO WORK IN PARTNERSHIP WITH OTHER HEALTH PARTNERS ORGANIZATIONS, HUDSON PHY SICIANS - WESTERN WISCONSIN MEDICAL ASSOCIATES (WWMA), A ND THE COMMUNITY TO ALSO PROMOTE COMMUNITY HEALTH THROUGH CLINICAL INITIATIVES, EDUCATION AND OUTREACH, AND COMMUNITY HEALTH IMPROVEMENT EFFORTS SUCH AS HEALTHIER TOGETHER - ST CR OIX COUNTY THE HOSPITAL CONTINUES TO BE AN INTEGRAL PART OF THE HUDSON COMMUNITY AND SURR OUNDING AREA THE HOSPITAL HAS BEEN A VITAL AND NECESSARY COMMUNITY RESOURCE SINCE 1953 IN 2011, 2012 AND 2013 THE NATIONAL RURAL HEALTH ASSOCIATION RANKED THE HOSPITAL IN THE TOP 100 CRITICAL ACCESS HOSPITALS IN AMERICA THE JOINT COMMISSION AWARDED THE HOSPITAL FULL ACCREDITATION THIS RECOGNITION IS A RESULT OF THE HOSPITAL'S ATTENTION TO QUALITY AND PAT IENT SAFETY PROGRAMS AND SERVICES INCLUDE - A REGIONALLY POPULAR BIRTH CENTER, RANKED IN THE TOP 3% OF BIRTHING UNITS (TOP 50 HOSPITALS) NATIONWIDE FOR EXCEPTIONAL CARE DELIVERY, - 24/7 EMERGENCY CENTER (WITH MEDICAL HELICOPTER TRANSPORT SERVICE) STAFFED BY FULL-TIME, BOARD-CERTIFIED EMERGENCY MEDICINE PHY SICIANS, - GROWING SPECIALTY CLINICS - INCLUDING EX PANDED PEDIATRIC SPECIALTY SERVICES TO INCLUDE HEMATOLOGY AND ONCOLOGY (IN PARTNERSHIP WIT H CHILDREN'S HOSPITALS & CLINICS AND HUDSON PHY SICIANS PEDIATRICIANS), - INTERNAL MEDICINE CLINIC, EXPANDED TO 2 PROVIDERS, - A HOSPITAL MEDICINE PROGRAM, - THE CANCER CENTER OF WE STERN WISCONSIN (CCWW) IN COLLABORATION WITH FIVE OTHER HOSPITALS AND TWO MEDICAL PROVIDER GROUPS IT IS LOCATED ON THE WESTFIELDS HOSPITAL CAMPUS, A HOSPITAL WITHIN THE FAMILY OF HEALTHPARTNERS ORGANIZATIONS, CCWW PROVIDES COORDINATED CLINICAL CARE AND AFFORDS PATIENTS REGIONAL ACCESS TO THE AREA'S ONLY RADIATION THERAPY CENTER THE HOSPITAL PROVIDES CLINIC AL CARE, INFUSION THERAPY, CANCER PREVENTION EDUCATION AND SUPPORT LOCALLY OTHER SERVICES INCLUDE MEDICAL IMAGING, LABORATORY SERVICES, PHARMACY, REHABILITATION, SURGERY, CANCER CARE, HEART AND VASCULAR CARE, NEUROLOGY, ORTHOPEDICS, SLEEP HEALTH, EYE CARE AND MORE THE HOSPITAL'S CAMPUS IS DESIGNED WITH THE LATEST TEC</p>

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	<p>990, PART III, LINE 4A EXEMPT PURPOSE AND ACHIEVEMENTS</p>	<p> HNOLOGY AND AMENITIES TO SUPPORT WHOLE HEALTH AND HEALING FOR PATIENTS AND THEIR FAMILIES - INCLUDING A NATIONALLY ACCLAIMED AND INTERNATIONALLY RECOGNIZED HEALING ARTS PROGRAM TH E PROGRAM, IN COLLABORATION WITH THE PHIPPS CENTER FOR THE ARTS, IS ONE OF THE MOST COMPRE HENSIVE HOSPITAL ARTS PROGRAM IN THE REGION WITH OVER 200 ORIGINAL PIECES OF ART ON DISPLA Y AT ANY GIVEN TIME THE PROGRAM'S MISSION IS TO BRING THE CREATIVE AND VISUAL ARTS TO PAT IENTS, GUESTS AND STAFF TO WELCOME DIVERSION FROM OFTENTIMES CHALLENGING HEALTH EXPERIENCE S BEST CARE, BEST EXPERIENCE ACTIVITIES, INCLUDING PROMISES TO PATIENTS AND PROMISES TO E ACH OTHER CONTINUED IN SUPPORT OF A CULTURE OF EXCELLENCE - ONE OF RESPECT, ACCOUNTABILITY FOR EXCELLENCE, AND EMPLOYEE ENGAGEMENT AND INVOLVEMENT ALL EMPLOYEE SURVEY PARTICIPATIO N WAS 81% WITH EMPLOYEE ENGAGEMENT INDEX OF 83% IN 2013 A PATIENT'S WILLINGNESS TO RECOMM END IS A LEADING INDICATOR OF SUCCESSFUL CUSTOMER SERVICE THE HOSPITAL'S INPATIENT SCORES REMAIN HIGH AT THE 89TH PERCENTILE NATIONAL RANKING (TOP BOX "WOULD DEFINITELY RECOMMEND ") AMONG PRESS GANEY HOSPITALS OF COMPARABLE SIZE PRESS GANEY IS ONE OF THE COUNTRY'S LAR GEST HOSPITAL DATA BASES OF PATIENT SATISFACTION SURVEY DATA II BENEFITS TO PATIENTS AND THE COMMUNITY IN 2013 THE HOSPITAL AIMS TO BE THE PREMIER PARTNER IN THE COMMUNITY'S QUES T FOR HEALTH AND HAPPINESS WORKING IN PARTNERSHIP WITH EACH OTHER, THE HEALTHPARTNERS FAMILY OF ORGANIZATIONS, HUDSON PHYSICIANS (WWMA), AND THE COMMUNITY, THE HOSPITAL ACCOMPLISH ED A GREAT DEAL IN 2013 ADVANCEMENTS WERE MADE IN SUPPORT OF THE TRIPLE AIM TO ENSURE BE TTER HEALTH FOR ALL, IMPROVED PATIENT EXPERIENCE AND AFFORDABLE HEALTH CARE THE HOSPITAL CONTINUED TO GROW ITS REPUTATION FOR EXCELLENT CLINICAL OUTCOMES AND SERVICE HIGHLIGHTS I NCLUDE - CONTINUED PARTICIPATION IN THE AMERICAN HOSPITAL ASSOCIATION'S PARTNERS FOR PATI ENTS NATIONAL INITIATIVE TO PREVENT 1 8 MILLION INJURIES TO PATIENTS IN THE HOSPITAL SAVIN G MORE THAN 60,000 LIVES OVER THREE YEARS FOCUS AREAS FOR THE HOSPITAL ARE REDUCING CATHE TER-ASSOCIATED URINARY TRACT INFECTIONS, FALL PREVENTION, AND READMISSION/CARE TRANSITIONS THE RESULTS FOR 2013 ARE, 0 CATHETER- ASSOCIATED INFECTIONS, 0 FALL WITH HARM AND A 1 1 % INCREASE IN READMISSIONS FROM THE PRIOR YEAR - EXPANDED THE PROVIDERS PRACTICING IN THE I NTERNAL MEDICINE CLINIC BY ADDING ONE PROVIDER AND HOSPITALIST PROGRAM WITH TWO ADDITIONAL PROVIDERS - CONTINUED OPTIMIZATION OF EPIC THE ELECTRONIC HEALTH RECORD (EHR) SY STEM TO IMPROVE HEALTHPARTNERS' REGIONAL NETWORK AND ADVANCE QUALITY AND EXPERIENCE FOR PATIENTS, CLINICIANS AND MEDICAL STAFF, AND REDUCE HEALTH CARE COSTS AS PART OF THE HEALTHPARTNERS FAMILY OF CARE, RECOGNIZED FOR BEING THE "MOST WIRED" IN THE HOSPITAL & HEALTH NETWORK'S (H&HN) MAGAZINE THE HOSPITAL ALSO ACHIEVED THE HIMSS ANALYTICS STAGE 6 DESIGNATION (OF SEV EN) - ONE OF ONLY 10% OF HOSPITALS IN THE U S - ADOPTING ELECTRONIC MEDICAL RECORDS (EMRS), CREATING A PAPERLESS PATIENT RECORD ENVIRONMENT, AND IMPLEMENTING TECHNOLOGY SOLUTIONS THAT IMPROVE PATIENT SAFETY AND QUALITY OF CARE - TELEMEDICINE INCORPORATED IN OUR EMERGE NCY CENTER, CONNECTING OUR EMERGENCY PHYSICIANS FOR A REALTIME CONSULT WITH REGIONS HOSPIT AL SPECIALISTS WITH A BURN DOCTOR, NEUROLOGIST FOR ACUTE STROKE PATIENTS, TRAUMA DOCTORS A ND ER TO ER - THE HOSPITAL WAS RECOGNIZED FOR QUALITY AND SAFETY AND DELIVERING THE BEST CARE FOR CERTAIN CONDITIONS 95 PERCENT OF THE TIME OR MORE IN THE JOINT COMMISSION'S TOP P ERFORMER ON KEY QUALITY MEASURES REPORT THIS REPRESENTS THE TOP 33 PERCENT OF ALL JOINT C OMMISSION ACCREDITED HOSPITALS REPORTING PERFORMANCE DATA FOR 2013 THE HOSPITAL WAS RECOG NIZED FOR HIGH QUALITY SURGICAL CARE </p>

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	FORM 990, PART III, LINE 4A	<p>- STRATEGIC EFFORTS TO FOCUS ON THESE KEY QUALITY MEASURES, ACHIEVED 11 MONTHS OF "PERFECT - ARE" IN 2013 ON ALL CORE MEASURES SURGICAL CARE IMPROVEMENT PROJECT OR SCIP, CHRONIC HEART FAILURE OR CHF, AND PNEUMONIA - SOCIAL SERVICES LED AN EFFORT TO INCREASE COMMUNICATION AND COLLABORATION WITH ST. CROIX COUNTY'S MOBILE CRISIS PROGRAM WHICH ASSISTS PATIENT'S RECEIVING SERVICES ON CAMPUS IN THE CLINIC, EMERGENCY CENTER AND INPATIENT AREAS - EXPANDED HEALTHPARTNERS ONLINE PATIENT SERVICES FOR THE SPECIALTY CLINICS AND THE ROBERTS CLINIC TO GIVE PATIENTS THE OPTION OF ACCESSING TEST RESULTS OR IMMUNIZATION RECORDS, EMAILING A PROVIDER, AND PAYING BILLS ONLINE - DURING EARTH WEEK, AN EDUCATIONAL BOOTH WAS CREATED TO EDUCATE THE COMMUNITY AND EMPLOYEES WHAT CAN BE RECYCLED IN HUDSON APPROXIMATELY 50 PEOPLE STOPPED AND LEARNED MORE ABOUT RECYCLING OVER 60 EMPLOYEES COMPLETED A SUSTAINABLE TRANSPORTATION SURVEY WHERE 4 WERE INTERESTED IN CARPOOLING - THE HOSPITAL'S SUSTAINABILITY EFFORTS WERE RECOGNIZED WITH STATE AND NATIONAL ENVIRONMENTAL ACHIEVEMENT AWARDS WINNING THE GREEN PROFESSIONAL LEVEL IN THE WISCONSIN GREEN MASTER'S PROGRAM AND PRACTICE GREENHEALTH'S WITH DISTINCTION AWARDS FOR OUR COMPREHENSIVE SUSTAINABILITY PROGRAM INCLUDING ENERGY EFFICIENCY, WASTE MINIMIZATION, SECTOR LEADING SUSTAINABLE FOOD SERVICE, ENVIRONMENTALLY PREFERRED PURCHASING AND OTHER INITIATIVES - CONTINUED SUCCESS WITH THE SURGICAL CARE IMPROVEMENT PROJECT (SCIP) IMPLEMENTED IN 2010 - NATIONAL PATIENT SAFETY INITIATIVE TO REDUCE PATIENT INFECTION RATES ACCORDING TO THE NATIONAL HEALTHCARE SAFETY NETWORK (NHSN), THE HOSPITAL REPORTS SOME OF THE LOWEST SURGICAL INFECTION RATES IN THE REGION WITH A RATE OF 0.7% COMPARED TO THE NATIONAL AVERAGE OF 1.9% - MEDICATION WASTE PROGRAM CREATED TO ENSURE BEST PRACTICES FOR COLLECTION OF HAZARDOUS WASTE USED IN THE HOSPITAL IN SUPPORT OF A SUSTAINABLE AND ECO-FRIENDLY ENVIRONMENT - THE HOSPITAL COMMUNITY GARDENS YIELDED OVER 150 POUNDS OF FRESH PRODUCE THIS YEAR - WITH 66 PLOTS TENDED BY GARDENERS FROM THE COMMUNITY, AND STAFF, INCLUDING OUR OWN NUTRITION SERVICES GARDEN FEEDING HOSPITAL PATIENTS AND STAFF MASTER GARDENER SITES WERE DEDICATED FOR THE HUDSON COMMUNITY FOOD SHELF - SUPPORTING COMMUNITIES AND PURCHASING LOCALLY-RAISED BEEF, PORK AND FRESH PRODUCE IS AN INITIATIVE BY THE HOSPITAL GREEN TEAM, IN PARTNERSHIP WITH NUTRITION SERVICES, AND ANOTHER GREAT EXAMPLE OF THE COMMITMENT TO SUSTAINABILITY - ADDITION OF MANY NEW HEALTH CARE PROVIDERS TO THE CAMPUS TEAM, INCLUDING SPECIALISTS IN ENT, INTERNAL MEDICINE, PEDIATRIC HEMATOLOGY/ONCOLOGY, OPHTHALMOLOGY, GENERAL SURGERY, THE HOSPITALIST PROGRAM, OB/GYN AND FAMILY MEDICINE - EXPERIENCED A 4.3% INCREASE IN SURGICAL VOLUMES OVER 2012 VOLUMES - RECORD-SETTING 673 BABIES WERE BORN IN THE BIRTH CENTER - MARKING THE HIGHEST NUMBER OF BIRTHS IN A SINGLE YEAR SINCE HUDSON'S FOUNDING IN 1953 - THE BIRTH CENTER NURSING STAFF CONTINUES TO RANK AMONG THE BEST IN THE NATION - 99TH PERCENTILE FOR FRIENDLINESS AND ATTITUDE ACCORDING TO PRESSGANEY SURVEY DATA (1,800 HOSPITAL DATABASE) WHILE 2013 BROUGHT NEW CHALLENGES, THE HOSPITAL PROACTIVELY IMPLEMENTED CHANGES TO ENSURE A SOUND FUTURE FOR THE ORGANIZATION IT WAS A YEAR FOCUSED ON GROWTH, EXCEPTIONAL PATIENT CARE, AND CLEAR ATTENTION TO QUALITY AND SAFETY THE HOSPITAL PROVIDED MORE SPECIALTIES AND RECRUITED ADDITIONAL PHYSICIANS TO MEET THE NEEDS OF ITS GROWING COMMUNITIES, IMPLEMENTED NEW TECHNOLOGIES, CONTINUED ITS SUSTAINABLE JOURNEY, AND DELIVERED SERVICES IN MORE EFFICIENT AND EFFECTIVE WAYS TO BRING GREATER VALUE TO PATIENTS AND THEIR FAMILIES CHARITABLE TRADITION CONTINUED AS THE HOSPITAL REACHED OUT TO THOSE IN NEED OF ITS SERVICES STAFF ENGAGED IN COMMUNITY PARTNERSHIPS WITH SCHOOLS, BUSINESSES, AGENCIES, AND OTHER HEALTH PROVIDERS INVESTED IN COMMUNITY HEALTH, EDUCATION, ECONOMIC DEVELOPMENT, AND CULTURE THESE PROGRAMS AND PARTNERSHIPS EMBODY THE HOSPITAL'S MISSION OF "CARING FOR THE HEALTH OF OUR COMMUNITY" THE HOSPITAL AND ST. CROIX COUNTY PUBLIC HEALTH CONTINUED TO CO-FACILITATE HEALTHIER TOGETHER - ST. CROIX COUNTY, THE COUNTYWIDE COMMUNITY HEALTH IMPROVEMENT INITIATIVE SINCE JUNE 2008, THEY HAVE WORKED TOGETHER TO BETTER UNDERSTAND CURRENT AND FUTURE HEALTH CARE NEEDS OF ST. CROIX COUNTY THE PROCESS INVOLVES ASSESSING, PRIORITIZING AND ADDRESSING HEALTH NEEDS IN THE REGION HEALTHIER TOGETHER IS A STRATEGIC, COUNTY-WIDE, COMMUNITY-BASED APPROACH FOR CREATING AND MAINTAINING HEALTHY COMMUNITIES A STEERING COMMITTEE OF 20+ MEMBERS REPRESENTING DIVERSE ORGANIZATIONS FROM A CROSS THE COUNTY PROVIDES OVERSIGHT AND GUIDANCE THEY WORK TOGETHER TO BETTER ALIGN EFFORTS AMONG COMMUNITY PARTNERS AND CREATE A MORE STRATEGIC FRAMEWORK FOR LOCAL HEALTH IMPROVEMENT ACTIVITIES FROM THE 2009 COUNTY-WIDE COMMUNITY NEEDS ASSESSMENT (EXECUTIVE SUMMARY AND FULL REPORT ARE PUBLICLY AVAILABLE ON THE WEBSITE), THE TOP 5 HEALTH PRIORITIES WERE IDENTIFIED FOR THE PURPOSE OF EDUCATING AND MOBILIZING</p>

Return Reference	Explanation	
	FORM 990, PART III, LINE 4A	<p>NG AREA ORGANIZATIONS, PLANNING ACTIONS TO IMPROVE PUBLIC HEALTH AND QUALITY OF LIFE, AND GARNERING RESOURCES FOR HEALTH IMPROVEMENT INITIATIVES THE TOP FIVE HEALTH PRIORITIES FOR 2009-2014 ARE 1 ACCESS TO PRIMARY AND PREVENTIVE HEALTH SERVICES, 2 OVERWEIGHT, OBESITY, AND LACK OF PHYSICAL ACTIVITY, 3 ADEQUATE AND APPROPRIATE NUTRITION, 4 ALCOHOL AND OT HER SUBSTANCE USE AND ADDICTION, 5 TOBACCO USE AND EXPOSURE COMMUNITY BENEFIT OPERATIONS IN SUPPORT OF THE COALITION WORK DONE IN 2010 (COMMUNITY FORUM, WORKSHOPS, LEADERSHIP ORI ENTATION AND CONTINUED CAPACITY BUILDING), THE TASK FORCES AND WORK GROUPS COMPLETED THEIR ACTION, IMPLEMENTATION AND EVALUATION PLANNING AND THE HEALTHIER TOGETHER - ST CROIX COU NTY COMMUNITY HEALTH IMPROVEMENT PLAN WAS RELEASED JUNE 2011 IN 2013, THE PLAN CONTINUED TO BE IMPLEMENTED AND THE HOSPITAL REMAINS COMMITTED TO PLAN SUCCESS THE HOSPITAL HAS PRO VIDED A SIGNIFICANT AMOUNT OF INTELLECTUAL, IN-KIND AND FINANCIAL RESOURCES TO THIS INITIA TIVE SINCE IT BEGAN COSTS ASSOCIATED WITH DEDICATED STAFF, PROGRAM OPERATIONS, RESOURCE E XPENSES, TRAINING, TRAVEL, WHA SURVEY COMPLETION, HEALTHIER TOGETHER CO-FACILITATION, FUND RAISING FOR COMMUNITY BENEFIT PROGRAMS, AND OTHER PROGRAM EXPENSES TOTALED \$98,768 THIS I NVESTMENT REFLECTS THE HOSPITAL'S COMMITMENT TO COMMUNITY HEALTH IMPROVEMENT AND ITS COMMU NITY BENEFIT PROGRAM AND REPORTING PROCESS THE 2013 ANNUAL COMMUNITY BENEFIT REPORT IS PU BLICALLY AVAILABLE ON THE HOSPITAL'S WEBSITE AND THE SUMMARY OF WHAT HAS BEEN ACHIEVED THR OUGH THE WORK OF HEALTHIER TOGETHER-ST CROIX COUNTY CAN BE FOUND AT HTTP://WWW HEALTHIER TOGETHERSTCROIX ORG/WP-CONTENT/UPLOADS/2013/07/14HH FROM JANUARY TO JULY 2012, HEALTHPARTN ERS ENGAGED THE RESOURCES OF COMMUNITY HOSPITAL CONSULTING (CHC CONSULTING) TO CONDUCT A C OMPREHENSIVE, SIX-STEP COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA), ON BEHALF OF REGIONS HOSP ITAL, LAKEVIEW MEMORIAL HOSPITAL, THE HOSPITAL, AND WESTFIELDS HOSPITAL THE "COMMUNITIES" ASSESSED INCLUDED DAKOTA, RAMSEY, WASHINGTON AND ST CROIX COUNTIES THE PURPOSE OF THE A SSESSMENT, ASIDE FROM MEETING FEDERAL GOVERNMENT AND REGULATORY REQUIREMENTS (PATIENT PROT ECTION AND AFFORDABLE CARE ACT AND INTERNAL REVENUE SERVICE NOTICE 2011-52), WAS TO IDENTI FY THE MAIN COMMUNITY HEALTH PRIORITIES THAT HEALTHPARTNERS AND ITS RESPECTIVE HOSPITALS S HOULD SEEK TO ADDRESS IT WAS CONCLUDED THAT THE FIVE PRIORITIZED HEALTH NEEDS CURRENTLY O F PARAMOUNT CONCERN TO THE COMMUNITIES SERVED BY THESE HOSPITALS ARE 1 INCREASE ACCESS T O MENTAL HEALTH, 2 PROMOTE POSITIVE BEHAVIORS TO REDUCE OBESITY (NUTRITION/PHY SICAL ACTIV ITY), 3 INCREASE ACCESS TO PRIMARY AND PREVENTIVE CARE, 4 IMPROVE SERVICE INTEGRATION, A ND 5 PROMOTE CHANGE IN UNHEALTHY LIFESTYLES (TOBACCO/ALCOHOL/SUBSTANCE ABUSE)</p>

Return Reference	Explanation	
	FORM 990, PART III, LINE 4A	<p>THESE PRIORITIES CORRELATE VERY WELL WITH THE FIVE TOP HEALTH PRIORITIES IDENTIFIED IN THE ST CROIX COUNTY COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) IN 2009 AND THE WORK BEING DONE THROUGH THE HEALTHIER TOGETHER - ST CROIX COUNTY COMMUNITY HEALTH IMPROVEMENT PLAN (2009 - 2014) OCTOBER AND NOVEMBER 2013, THE HOSPITAL PARTICIPATED IN A COUNTY WIDE SURVEY TO PRIORITIZE THE HEALTH PRIORITIES IDENTIFIED IN 2009 THROUGH AN ONLINE SURVEY, 434 PEOPLE RESPONDED AND FELT THE FOLLOWING PRIORITIES WERE CRITICAL TO SUSTAIN AND BUILD UPON EXISTING COMMUNITY-WIDE EFFORTS TO ENSURE CONTINUED COMMUNITY HEALTH IMPROVEMENT 1 OVERWEIGHT, OBESITY, AND LACK OF PHYSICAL ACTIVITY 2 ACCESS TO PRIMARY AND PREVENTIVE HEALTH SERVICES 3 ADEQUATE AND APPROPRIATE NUTRITION IN 2014, IMPLEMENTATION PLANS WILL BE CREATED TO CONTINUE THE HEALTH IMPROVEMENT ACTIVITIES THROUGH HEALTHIER TOGETHER-ST CROIX COUNTY EACH HOSPITAL, USING CHNA FINDINGS, HAS DESIGNED A COMMUNITY BENEFIT IMPLEMENTATION PLAN TO IDENTIFY HOSPITAL-SPECIFIC ACTIVITIES, PROGRAMS, AND SERVICES WHICH DIRECTLY ADDRESS THE HEALTH CONCERNS, AND ARE INTENDED TO POSITIVELY IMPACT THE COMMUNITIES IT SERVES THE HOSPITAL'S DEVOTION TO THE HEALTH OF THE COMMUNITY STARTS WITH PROVIDING EXCEPTIONAL MEDICAL CARE TO EACH PATIENT AND EXTENDS TO FAMILIES AND ORGANIZATIONS THROUGHOUT THE REGION THROUGH ITS COMMUNITY BENEFIT PROGRAM, THE HOSPITAL OFFERED SPECIAL HELP AND SUPPORT TO INDIVIDUALS OR FAMILIES EXPERIENCING FINANCIAL HARDSHIP AND TO EFFORTS OR ORGANIZATIONS STRIVING TO IMPROVE THE QUALITY OF LIFE FOR ALL TOTAL 2013 COMMUNITY BENEFIT CONTRIBUTION EQUALED \$3,653,814 WHICH REPRESENTS 7.1% OF NET REVENUE THIS FIGURE IS REPORTED AT COST PER THE CATHOLIC HEALTH ASSOCIATION (CHA) COMMUNITY BENEFIT REPORTING GUIDELINES AND IN ACCORDANCE WITH WISCONSIN HOSPITAL ASSOCIATION (WHA) REPORTING REQUIREMENTS FINANCIAL ASSISTANCE AND HEALTHCARE ACCESS FOR LOW-INCOME INDIVIDUALS FINANCIAL ASSISTANCE IS DEFINED AS THE COST OF CARE DELIVERED TO PATIENTS WHO ARE WILLING, BUT UNABLE TO PAY FOR THE SERVICES THEY RECEIVE THIS INCLUDES PATIENTS WHOSE CHARGES ARE FORGIVEN OR REDUCED BECAUSE OF INABILITY TO PAY, PATIENTS WHO ARE UNABLE TO PAY THE BALANCE LEFT BY ANY PAYER, AND PATIENTS FOR WHOM UNUSUAL CIRCUMSTANCES OR SPECIAL FINANCIAL HARDSHIP WARRANT SPECIAL CONSIDERATION THE HOSPITAL PROVIDED \$281,416 IN FREE OR DISCOUNTED CARE TO 506 LOW INCOME AND UNINSURED PATIENTS FINANCIAL ASSISTANCE REPRESENTS ABOUT 0.56% OF THE HOSPITAL'S TOTAL OPERATING EXPENSES CARE FOR MEDICAID PATIENTS THE HOSPITAL PROVIDES INPATIENT AND OUTPATIENT CARE, INCLUDING EMERGENCY DEPARTMENT SERVICES, TO MEDICAID PATIENTS PAYMENTS RECEIVED FOR THESE SERVICES ARE BELOW THE COST OF CARE PROVIDED THE EXPENSE TO COVER UNREIMBURSED MEDICAID COSTS FOR 4,524 PATIENTS TOTALED \$195,861 SUBSIDIZED HEALTH SERVICES THE HOSPITAL IS COMMITTED TO PROVIDING NEEDED SERVICES EVEN AT A FINANCIAL LOSS IN 2013, LOSS ON SERVICES FOR HOSPITAL INPATIENT AND OUTPATIENT HEALTH SERVICES INCLUDING RESPIRATORY THERAPY, PHYSICAL THERAPY, ONCOLOGY, PROGRAMS FOR CHANGE, EMERGENCY DEPARTMENT, LABOR & DELIVERY, AND REGIONAL BLOOD BANK TOTALED \$2,116,585 COMMUNITY HEALTH IMPROVEMENT SERVICES OVER 19,000 PEOPLE BENEFITED FROM THE FOLLOWING PROGRAMS OR ACTIVITIES, WHICH WERE CARRIED OUT AND SUPPORTED BY THE HOSPITAL IN 2013 FOR THE EXPRESS PURPOSE OF IMPROVING COMMUNITY HEALTH COMMUNITY HEALTH EDUCATION - OVER 9,900 PEOPLE ATTENDED EDUCATIONAL PROGRAMS, CLASSES, SPECIAL EVENTS, HEALTH FAIRS OR SUPPORT GROUPS TAUGHT OR HOSTED BY MEDICAL AND CLINICS STAFF AND CAMPUS PARTNERS OR WERE HOSPITAL FITNESS CENTER MEMBERS (11 EDUCATION AND FITNESS TRAINING) TOTAL COMMUNITY HEALTH EDUCATION EXPENSES TOTALED \$410,484 - CLASSES INCLUDED ADVANCED DIRECTIVES, BREASTFEEDING, BABY SIGN LANGUAGE, BABYSITTING CLASSES, FAMILY/PARENTING/SIBLING EDUCATION, HEART DISEASE, MEDICATION SAFETY, MENTAL HEALTH AND DEPRESSION, NUTRITION/WEIGHT MANAGEMENT, SCHOOL-BASED HEALTH EDUCATION, WORKFORCE DEVELOPMENT, HAND HYGIENE, EFFECTS OF SMOKING, HEALTHY EATING AND PORTION CONTROL, CAREER DAY, ETC IN ADDITION, 255 PEOPLE ATTENDED 15 FREE HEALTH SEMINARS ON RELEVANT HEALTH TOPICS OVER 90 CPR/AED AND FIRST AID TRAINING CLASSES WERE OFFERED TO 883 PARTICIPANTS, AS YOUNG AS 6TH GRADE - SPECIAL HEALTH EDUCATION PROGRAMS AND EVENTS WERE PRESENTED TO AREA YOUTH (ANNUAL BIKE SAFETY CLINIC, NUTRITION EDUCATION & GAMES PRESENTATION ETC) 122 PARTICIPANTS ENJOYED AN EVENING OF ZEN - A HOLISTIC APPROACH TO BETTER HEALTH (MEDITATION, YOGA AND NUTRITION TIPS) OFFERED THROUGHOUT THE YEAR - COMMUNITY-BASED HEALTH FAIRS INCLUDING THE UNIVERSITY OF WISCONSIN STUDENT HEALTH FAIR AND THE YMCA SENIOR HEALTH FAIR ATTRACTED OVER 200 PEOPLE, WHO LEARNED ABOUT PROGRAM FOR CHANGE (EFFECTS OF ALCOHOL AND BINGE DRINKING - HOSPITAL ALCOHOL AND SUBSTANCE ABUSE TREATMENT PROGRAM), ADVANCED DIRECTIVES AND LIVING WILLS, RECREATION THERAPY - THE BENEFITS OF MOTION AND MOVEMENT, AND MEDICATION SAFETY - SUPPO</p>

Return Reference	Explanation	
FORM 990, PART III, LINE 4A		<p>RT GROUPS FACILITATED BY STAFF INCLUDED CANCER, NEW PARENT, SMOKING CESSATION, CELIAC, WEIGHT LOSS AND WELLNESS OVER 500 PEOPLE PARTICIPATED OTHER SUPPORT GROUPS OFFERED ON CAMPU S BY COMMUNITY PARTNERS INCLUDED CARDIOVASCULAR DISEASE, DIABETES, AND PARKINSON'S DISEASE - HEALTH RESOURCE CENTER (HRC) OPERATES AT A COST OF \$18,160 OVER 1,200 PEOPLE UTILIZED MATERIALS OR SERVICES THE HRC IS A LENDING LIBRARY WHERE PATIENTS, THEIR FAMILY AND FRIENDS, STAFF AND COMMUNITY MEMBERS CAN ACCESS HEALTH AND WELLNESS INFORMATION FROM PRINT RESOURCES, INTERNET SITES, ORGANIZED EVENTS, AND STAFF ASSISTANCE FROM A REGISTERED NURSE OVER 1200 BOOKS AND MAGAZINES ARE CHECKED OUT ANNUALLY WELLNESS CLASSES ARE COORDINATED BY THE HRC AND ARE OPEN TO THE COMMUNITY AT NO OR LOW COST - THE FITNESS CENTER, AN ON-SITE COMMUNITY FITNESS CENTER USED BY 75 COMMUNITY MEMBERS INCLUDING PHASE 3 CARDIAC REHAB PROGRAM PARTICIPANTS, WAS AVAILABLE FOR USE OPERATING COSTS OF \$25,796 INCLUDED DEDICATED STAFF TIME TO ADMINISTER FITNESS AND EDUCATION PROGRAMS, SPACE USAGE, AND REDUCED FACILITY MEMBERSHIP FEES COMMUNITY BASED CLINICAL SERVICES THE HOSPITAL HOSTED NUMEROUS BLOOD DRIVES (225 DONORS) IN SUPPORT OF THE AMERICAN RED CROSS THROUGHOUT THE YEAR AT A COST OF \$3,776 FOR STAFFING, PLANNING AND ADVERTISING THEM HEALTH CARE SUPPORT SERVICE - IN 2013, OVER 8,800 PEOPLE REALIZED THE BENEFIT OF HEALTH CARE SUPPORT SERVICES AVAILABLE INCLUDING TRANSLATION/INTERPRETER SERVICES, VAN TRANSPORTATION, CRISIS INTERVENTION AND COUNSELING SERVICES, AND LIFELINE HOME MONITORING SYSTEM, TO NAME A FEW - THE HOSPITAL'S GOOD SAMARITAN FUND, SUPPORTED BY HUDSON HOSPITAL FOUNDATION AND EMPLOYEE GIVING, DONATED \$3,369 TO HELP 47 INDIVIDUALS RECEIVING CARE ON THE HEALTH CAMPUS FUNDS SUPPORTED URGENT AND EMERGENT NEEDS RELATED TO THEIR HEALTH INCLUDING DURABLE EQUIPMENT, NON-NARCOTIC PRESCRIPTION DRUGS, GAS CARDS, CLOTHING, ETC - ENROLLMENT ASSISTANCE, INFORMATION AND REFERRAL SERVICES WERE AVAILABLE TO HELP SECURE A PAYMENT SOURCE FOR UNINSURED AND UNDERINSURED PATIENTS PATIENT FINANCIAL SERVICES, ADMINISTERED BY THE BUSINESS OPERATIONS, OVERSEES THE FINANCIAL ASSISTANCE PROGRAM AND, ALONG WITH SUPPORT FROM DEPARTMENT STAFF, HELPS PATIENTS ENROLL IN GOVERNMENT PROGRAMS, FIND OTHER SOURCES OF PAYMENT, OR ACCESS SERVICES BEYOND MEDICAL CARE IN 2013, THE HOSPITAL SPENT \$45,093 IN STAFF TIME TO ASSIST 637 PATIENTS TO ENROLL IN PUBLIC MEDICAL PROGRAMS, \$58,670 IN STAFF TIME TO GUIDE OR REFER 2,498 PEOPLE TO COMMUNITY SERVICES/PUBLIC HEALTH ASSISTANCE, AND \$196,277 IN STAFF TIME TO GUIDE OR REFER 4,537 PATIENTS TO FINANCIAL ASSISTANCE - PROGRAMS FOR CHANGE, THE HOSPITAL'S OUTPATIENT CHEMICAL ADDICTION TREATMENT AND RECOVERY CARE PROGRAM, OFFERED PARENTS AND FAMILY MEMBERS THE OPPORTUNITY TO PARTICIPATE IN EDUCATIONAL LECTURES, GROUP DISCUSSION, AND FAMILY TREATMENT GROUPS FREE OF CHARGE IN SUPPORT OF THEIR LOVED ONE THE HOSPITAL PROVIDED \$3,304 IN STAFF TIME TO SUPPORT THE 21 ATTENDEES - VAN TRANSPORTATION AND PHARMACY DELIVERY SERVICES WERE AVAILABLE TO COMMUNITY RESIDENTS WITHIN A 15-MILE RADIUS UPON REQUEST OPERATING COSTS FOR THE PROGRAM TOTALLED \$17,294 OVER 1,000 RESIDENTS TOOK ADVANTAGE OF THE SERVICES HEALTH PROFESSIONS EDUCATION THE HOSPITAL'S STAFF PROVIDED CLINICAL TRAINING FOR 72 NURSES AND NURSING STUDENTS AND 29 HEALTH PROFESSIONALS INCLUDING EMS FROM SEVENTEEN INSTITUTIONS AT A COST OF \$ 181,291 IN ADDITION, THE HOSPITAL VOLUNTARILY PARTICIPATED IN THE WISCONSIN NURSE RESIDENCY PROGRAM (WNRP) THE PROGRAM IS A STRUCTURED LEARNING EXPERIENCE FOR NEWLY LICENSED REGISTERED NURSES DESIGNED TO PROMOTE EFFECTIVE TRANSITION INTO PROFESSIONAL PRACTICE THREE NURSES, PAIRED WITH EXPERIENCED HOSPITAL NURSES ACTING AS COACH/SUPPORT PERSON, COMPLETED THE 12-MONTH PROGRAM</p>

Return Reference	Explanation
FORM 990, PART III, LINE 4A	<p>CASH DONATIONS & GRANTS THE HOSPITAL'S FINANCIAL CONTRIBUTION IN THE FORM OF CASH DONATIONS AND GRANTS TO OTHER TAX-EXEMPT COMMUNITY ORGANIZATIONS FOR SPONSORSHIPS OR MEMBERSHIP DUES INCLUDING HUDSON RELAY FOR LIFE, HUDSON ROTARY , HUDSON CHAMBER, TWIN CITIES HEART WALK, ETC. TOTALED \$7,619. IN-KIND DONATIONS IN-KIND SERVICES PROVIDED INCLUDED STAFF HOURS SPENT IN SUPPORT OF BOARD OR COMMITTEE WORK INCLUDING HUDSON ROTARY CLUB, ST. CROIX ECONOMIC DEVELOPMENT CORPORATION, ST. CROIX COUNTY SUBSTANCE ABUSE ADVISORY COMMITTEE, UW-RIVER FALLS CHANCELLOR ADVISORY COUNCIL, ST. CROIX VALLEY VISUAL ARTS COUNCIL, CANCER CENTER OF WESTERN WISCONSIN, ST. CROIX VALLEY YMCA, AND WISCONSIN HOSPITAL ASSOCIATION. IN ADDITION, MD MISSION TRIP SUPPLIES, SPECIAL EVENTS PLANNING (HEART WALK, NAMM WALK, HUDSON RELAY FOR LIFE), AND OVERHEAD EXPENSES OF SPACE PROVIDED TO NOT-FOR-PROFIT COMMUNITY GROUPS FOR MEETINGS. COMMUNITY-BUILDING ACTIVITIES THE HOSPITAL IS AN ENERGETIC MEMBER OF THE LOCAL, STATE AND REGIONAL COMMUNITIES. THE HOSPITAL SUPPORTS INDIVIDUALS, ORGANIZATIONS, EVENTS AND PROGRAMS, IT LIVES OUT ITS COMMITMENT TO IMPROVE THE HEALTH OF THE COMMUNITY. KNOWING MUCH MORE CAN BE ACCOMPLISHED TOGETHER, THE HOSPITAL'S COMMUNITY BENEFIT PROGRAM BUILT VALUABLE CONNECTIONS WITH INDIVIDUALS AND ORGANIZATIONS FROM PUBLIC, PRIVATE AND NONPROFIT SECTORS TO SHARE SKILLS AND ASSETS. THE HOSPITAL PARTICIPATED IN COMMUNITY-BUILDING ACTIVITIES THAT SUPPORTED ECONOMIC DEVELOPMENT, EMERGENCY PREPAREDNESS, LEADERSHIP DEVELOPMENT, COALITION BUILDING, HEALTH IMPROVEMENT ADVOCACY, AND WORKFORCE DEVELOPMENT INCLUDING THE TOBACCO COALITION, HEALTHWATCH OF ST. CROIX COUNTY, WEST CENTRAL REGIONAL TRAUMA ADVISORY COUNCIL (RTAC), THE HEALING ARTS PROGRAM, HUDSON CHAMBER, SOMERSET MIDDLE SCHOOL CAREER ACADEMIC AND PERSONAL AND SOCIAL SKILLS (CAPS) CLASS, AND LEADERSHIP HUDSON - A PROGRAM DEDICATED TO PROMOTING AND DEVELOPING DYNAMIC BUSINESS AND COMMUNITY LEADERS. THE HOSPITAL CONTINUED ON ITS ECO-FRIENDLY JOURNEY "HEALTH CARE WITHOUT HARM" (2008 COMMITMENT) USING SUSTAINABLE BUSINESS PRACTICES AND ESTABLISHING GREEN PURCHASING POLICIES IN ORDER TO PROVIDE HEALTH CARE THAT'S HEALTHY. GREEN INITIATIVES INCLUDED THE RECYCLING PROGRAM, COMMUNITY SHARPS DISPOSAL SITE, REDUCTION OF ENERGY AND WATER CONSUMPTION, CREATION AND EXPANSION OF THE COMMUNITY GARDEN - THE HOSPITAL IN SUPPORT OF HEALTHIER TOGETHER INITIATIVES, AND THE FOSTERING OF HEALING ENVIRONMENTS INCLUDING THE COMMUNITY LABYRINTH. IMPLEMENTING SUSTAINABLE BUSINESS PRACTICES HAS MADE THE HOSPITAL A MODEL WITHIN THE HEALTHPARTNERS FAMILY OF ORGANIZATIONS. NUTRITION SERVICES CONTINUED ITS WORK IN SUPPORT OF THE HOSPITAL'S "HEALTHY FOOD IN HEALTH CARE" PLEDGE (2010). THE PLEDGE IS A COMMITMENT TO INCREASE OFFERINGS OF FRUITS AND VEGETABLES, REDUCE FATS AND SWEETENED FOODS, TAKE STEPS TO ENCOURAGE CURRENT VENDORS TO PROCURE LOCAL FOOD, AND WORK DIRECTLY WITH LOCAL FARMS. THE HOSPITAL IS SHARING BEST PRACTICES AND ENCOURAGING OTHER HOSPITALS IN THE FAMILY TO INCREASE LOCAL PURCHASING. THE HOSPITAL ALSO PARTICIPATES IN COMMUNITY-SUPPORTED AGRICULTURE AND SERVES AS A DISTRIBUTION SITE FOR LOCALLY GROWN FRESH, ORGANIC PRODUCE FOR STAFF AND COMMUNITY.</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	AS OF JANUARY 1, 2009, THE CORPORATE MEMBERS OF THE HOSPITAL ARE GROUP HEALTH PLAN, INC AND RH- WISCONSIN, INC THESE SAME ENTITIES ARE ALSO THE CORPORATE MEMBERS OF WESTFIELDS HOSPITAL, INC , A CRITICAL ACCESS HOSPITAL IN NEW RICHMOND, WISCONSIN GROUP HEALTH PLAN, INC AND RH-WISCONSIN, INC ARE PART OF THE HEALTHPARTNERS FAMILY OF ORGANIZATIONS

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	THE HOSPITAL'S BOARD OF DIRECTORS IS COMPRISED OF NOT MORE THAN THIRTEEN (13) PERSONS APPOINTED AS FOLLOWS (AMENDED BY LAWS, ART II, SECT 2) - SEVEN (7) COMMUNITY DIRECTORS NOMINATED BY THE BOARD'S NOMINATING COMMITTEE AND APPOINTED BY RH-WISCONSIN, INC - THREE (3) DIRECTORS APPOINTED BY GROUP HEALTH PLAN, INC, ONE OF WHOM MAY BE A PHYSICIAN AND ONE OF WHOM MAY BE THE CHIEF EXECUTIVE OFFICER OF REGIONS HOSPITAL - ONE (1) DIRECTOR WHO IS A MEMBER OF THE ACTIVE MEDICAL STAFF OF THE HOSPITAL AND APPOINTED BY WESTERN WISCONSIN MEDICAL ASSOCIATES, S C OR BY THE LARGEST ACTIVE PRIMARY CARE PHYSICIAN GROUP SERVING THE HOSPITAL - ONE (1) DIRECTOR SHALL BE THE HOSPITAL'S CHIEF OF STAFF - ONE (1) DIRECTOR SHALL BE A PHYSICIAN NOMINATED BY THE BOARD'S NOMINATING COMMITTEE AND APPOINTED BY RH-WISCONSIN, INC

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	THE HOSPITAL'S CORPORATE MEMBERS - RH-WISCONSIN, INC AND GROUP HEALTH PLAN, INC - JOINTLY APPROVE THE FOLLOWING ACTIONS OF THE BOARD OF DIRECTORS OR INITIATE THESE ACTIONS DIRECTLY (AMENDED BY LAWS, ART III, SECT 1) - AMENDMENT OF THE ARTICLES, BYLAWS OR OTHER GOVERNING DOCUMENTS - APPROVAL OF THE ADDITION OR DELETION OF MAJOR SERVICE LINES - SALE, LEASE, MORTGAGE OR PLEDGE OF ANY REAL ESTATE OR INTEREST THEREIN, OR OF ALL OR SUBSTANTIALLY ALL OF THE ASSETS - ADOPTION OF AMENDMENT OF A STRATEGIC PLAN, AND CAPITAL AND OPERATING BUDGETS - APPROVAL OF UNBUDGETED CAPITAL EXPENDITURES - APPROVAL OF BORROWING OR LENDING OF FUNDS IN EXCESS OF ONE MILLION DOLLARS - MERGER, CONSOLIDATION, AFFILIATION OR JOINT VENTURE WITH ANY OTHER ENTITY AND TRANSFER OR CONTRIBUTION OF ASSETS AND FUNDS TO SEPARATE ENTITIES - ESTABLISHMENT OR DIVESTITURE OF ENTITIES OF WHICH THE HOSPITAL HAS AN EQUITY OR MANAGEMENT INTEREST, OR ESTABLISHMENT OF ANY SIGNIFICANT AND CONTINUING RELATIONSHIP WITH ANY ENTITY - APPOINTMENT AND REMOVAL OF THE HOSPITAL'S PRESIDENT AND CHAIR OF THE BOARD OF DIRECTORS - DISSOLUTION AND DISTRIBUTION OF ASSETS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE HOSPITAL'S 990 RETURN HAS A COMPREHENSIVE REVIEW PROCESS THAT IS FOLLOWED BEFORE IT IS PRESENTED TO THE GOVERNING BODY OF THE HOSPITAL. THE REVIEW PROCESS INCLUDES A LAYERED REVIEW BY THE TAX DEPARTMENT OF GROUP HEALTH PLAN, INC (GHI), THE MANAGEMENT TEAM OF THE HOSPITAL, GHI'S INTERNAL LEGAL DEPARTMENT AND HEALTHPARTNERS, INC 'S OUTSIDE INDEPENDENT ACCOUNTANTS. EACH ONE OF THOSE AREAS HAS AN OPPORTUNITY TO REVIEW, ASK QUESTIONS AND MAKE COMMENTS BACK TO THE TAX DEPARTMENT OF GHI BEFORE THE FORM 990 IS COMPLETED AND PRESENTED TO THE GOVERNING BODY OF THE HOSPITAL. ONCE THAT REVIEW PROCESS HAS BEEN COMPLETED, IT IS THE POLICY OF THE HOSPITAL TO MAKE AVAILABLE TO THE FINANCE AND AUDIT COMMITTEE OF IT'S BOARD OF DIRECTORS, AND TO IT'S BOARD OF DIRECTORS, A COPY OF THE 990 PRIOR TO THE FILING OF THE 990 RETURN. THIS COPY IS PROVIDED TO THE FINANCE AND AUDIT COMMITTEE AND THE FULL BOARD OF DIRECTORS IN A PRE-MEETING PACKET, AND IS AN AGENDA ITEM AT THE COMMITTEE MEETING. THIS PROCESS IS NOTED AND DOCUMENTED IN THE WRITTEN COMMITTEE MINUTES OF THE MEETING. THESE MINUTES ARE PRESENTED TO THE FULL BOARD OF DIRECTORS.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	AS REQUIRED BY THE BYLAWS OF THE HOSPITAL, THE BOARD MONITORS POTENTIAL CONFLICTS OF INTEREST ON THE PART OF ITS BOARD MEMBERS, OFFICERS AND KEY EMPLOYEES BY MAINTAINING A CONFLICT OF INTEREST POLICY UNDER THE POLICY , ALL BOARD MEMBERS, PRINCIPAL OFFICERS, MEMBERS OF A COMMITTEE WITH BOARD DELEGATED POWERS AND KEY EMPLOYEES ANNUALLY ARE PROVIDED WITH A COPY OF THE POLICY AND REQUESTED TO COMPLETE A QUESTIONNAIRE IDENTIFYING ANY POTENTIAL CONFLICTS OF INTEREST THE GENERAL COUNSEL WILL SUMMARIZE THE FINDINGS FOLLOWING REVIEW OF THE QUESTIONNAIRE AND SUBMIT A REPORT TO THE CHAIR AND HOSPITAL PRESIDENT BOARD AGENDAS AND EXECUTIVE DECISIONS ARE MONITORED IN RELATION TO THIS POLICY

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	<p>THE HOSPITAL'S OFFICERS, DIRECTORS AND HIGHLY COMPENSATED EMPLOYEES ARE EMPLOYED BY REGIONS HOSPITAL (REGIONS) OR BY GROUP HEALTH PLAN, INC (GHI), BOTH OF WHICH ARE RELATED ORGANIZATIONS, OR BY THE HOSPITAL REGIONS, GHI AND THE HOSPITAL HAVE AN ANNUAL PROCESS TO REVIEW THE MARKET COMPARABILITY OF THE TOTAL COMPENSATION OF THE HOSPITAL'S OFFICERS, DIRECTORS AND HIGHLY COMPENSATED EMPLOYEES EVERY THREE YEARS, UNDER THE DIRECTION OF THE GHI BOARD OF DIRECTORS' COMPENSATION COMMITTEE (COMPENSATION COMMITTEE), A TOTAL COMPENSATION MARKET REVIEW IS COMPLETED THE REVIEW INCLUDES ALL COMPONENTS OF COMPENSATION, BASE SALARY, ANNUAL INCENTIVES, BENEFITS AND PERQUISITES THE MARKET SURVEY RESULTS ARE PRESENTED TO, REVIEWED BY AND APPROVED BY THE INDEPENDENT COMPENSATION COMMITTEE IN INTERIM YEARS, GHI'S HUMAN RESOURCES STAFF, UNDER THE DIRECTION OF THE COMPENSATION COMMITTEE, UPDATES CHANGES IN THE SALARY STRUCTURE BASED ON THE SAME INDEPENDENT STUDIES PERFORMED BY THE COMPENSATION COMMITTEE FOR THE CHIEF EXECUTIVE OFFICER AND CERTAIN OTHER POSITIONS FULL INDEPENDENT REVIEWS ARE PERFORMED IN ALL CASES, COMMITTEE MEMBERS COMPLETE AN ANNUAL CONFLICT OF INTEREST SURVEY TO ASSURE THE COMPENSATION COMMITTEE MEMBERS' INDEPENDENCE, STAFF IS NOT IN ROOM DURING DELIBERATIONS OR VOTE INCLUDING EXECUTIVE SESSIONS, AND CONTEMPORANEOUS MINUTES ARE KEPT TOTAL COMPENSATION IS APPROPRIATELY DOCUMENTED ON THE FORM 990 AND W2 STATEMENTS THE BOARD OF DIRECTORS HAS DELEGATED TO THE COMPENSATION COMMITTEE THE ACCOUNTABILITY TO CONDUCT AN ANNUAL PERFORMANCE EVALUATION AND TO DETERMINE THE COMPENSATION OF THE PRESIDENT BASED ON THE PERFORMANCE REVIEW AND THE MARKET COMPARABILITY DATA, APPROVED BY THE COMPENSATION COMMITTEE THE BOARD HAD DELEGATED TO THE CEO (WITH AUTHORITY TO FURTHER DELEGATE) THE ACCOUNTABILITY TO CONDUCT ANNUAL PERFORMANCE REVIEWS AND DETERMINE THE COMPENSATION OF ALL OTHER OFFICERS WITHIN THE COMPENSATION RANGES DETERMINED BY THE COMPENSATION COMMITTEE ANY EXCEPTIONS NEED TO BE APPROVED BY THE COMPENSATION COMMITTEE</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE HOSPITAL FINANCIAL STATEMENTS AND 990 RETURNS ARE MADE AVAILABLE TO ANY PERSON WHO REQUESTS THE INFORMATION FROM THE HOSPITAL. THE HOSPITAL'S ARTICLES OF INCORPORATION ARE AVAILABLE TO ANY PERSON WHO REQUESTS THE INFORMATION THROUGH THE WISCONSIN SECRETARY OF STATE'S OFFICE. THE HOSPITAL'S CONFLICT OF INTEREST POLICY CAN BE VIEWED THROUGH THE HUDSON HOSPITAL.ORG WEBSITE.

Return Reference	Explanation
990, PART VII, SEC A, LINE 1A, COL B AVERAGE HOURS-RELATED ORGANIZATIONS	DIRECTORS AND OFFICERS OF THE HOSPITAL ARE EMPLOYED AND COMPENSATED BY GROUP HEALTH PLAN, INC , REGIONS HOSPITAL, OR THE HOSPITAL REPORTED AVERAGE HOURS WORKED ARE BASED ON THEIR TOTAL COMPENSATION FROM ALL RELATED ORGANIZATIONS

Return Reference	Explanation
FORM 990, PART XI, LINE 9	INCREASE IN INTEREST IN NET ASSETS OF HUDSON HOSPITAL FOUNDATION 332,460 TRANSFER OF NET ASSETS TO HUDSON HOSPITAL FOUNDATION, INC -174,306 TRANSFER OF NET ASSETS FROM HUDSON HOSPITAL FOUNDATION, INC 118,265 ROUNDING 5

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
HUDSON HOSPITAL INC

Employer identification number
39-0804125

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on 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							

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

Cat No 50135Y

Schedule R (Form 990) 2013

Part III

Identification of Related Organizations Taxable as a Partnership

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

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

Part V

Transactions With Related Organizations

Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

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

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

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

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

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

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

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

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

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

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

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

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

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

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

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

Yes

No

1a

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

No

No

Yes

Yes

Yes

Yes

No

No

No

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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) HUDSON HOSPITAL FOUNDATION INC	B	174,306	CASH AMOUNT
(2) HUDSON HOSPITAL FOUNDATION INC	C	118,265	CASH AMOUNT
(3) HUDSON HOSPITAL FOUNDATION INC	M		
(4) HUDSON HOSPITAL FOUNDATION INC	N		
(5) HUDSON HOSPITAL FOUNDATION INC	O		
(6) HEALTHPARTNERS INC - CLAIMSHEALTHCARE SERVICES	L	672,443	CASH AMOUNT

Schedule R (Form 990) 2013

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

[illegible]

Part VII

Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation
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Additional Data

Software ID:

Software Version:

EIN: 39-0804125

Name: HUDSON HOSPITAL INC

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501 (c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) HEALTHPARTNERS INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1693838	HYBRID STAFF MODEL/NETWORK MODEL HEALTH MAINTENANCE ORGANIZATION	MN	501(C)(4)		N/A	Yes	
(1) HPI - RAMSEY 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1793333	CORPORATE PLANNING AND OVERSIGHT	MN	501(C)(3)	509(A)(3) TYPE I	HEALTHPARTNERS INC	Yes	
(2) GROUP HEALTH PLAN INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-0797853	STAFF MODEL HEALTH MAINTENANCE ORGANIZATION	MN	501(C)(3)	170(B)(1) (A) (III)	HEALTHPARTNERS INC	Yes	
(3) HEALTHPARTNERS INSTITUTE FOR EDUCATION AND RESEARCH 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1670163	HEALTHCARE EDUCATION AND RESEARCH	MN	501(C)(3)	509(A)(3) TYPE I	GROUP HEALTH PLAN INC	Yes	
(4) CAPITOL VIEW TRANSITIONAL CARE CENTER 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-2011453	POST HOSPITALIZATION PATIENT CARE	MN	501(C)(3)	170(B)(1) (A) (III)	HPI - RAMSEY	Yes	
(5) REGIONS HOSPITAL 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-0956618	HOSPITAL	MN	501(C)(3)	170(B)(1) (A) (III)	HPI - RAMSEY	Yes	
(6) REGIONS HOSPITAL FOUNDATION 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1888902	PROVIDE HOSPITAL PROGRAM FINANCIAL SUPPORT	MN	501(C)(3)	170(B)(1) (A)(VI)	HPI - RAMSEY	Yes	
(7) RHSC INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1891928	HEALTHCARE STAFFING	MN	501(C)(3)	509(A)(3) TYPE II	HEALTHPARTNERS INC	Yes	
(8) RH-WISCONSIN 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 20-2287016	CORPORATE PLANNING AND OVERSIGHT	WI	501(C)(3)	509(A)(3) TYPE II	HPI - RAMSEY	Yes	
(9) PHYSICIANS NECK AND BACK CLINICS 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 27-0684883	SPECIALTY PATIENT CARE	MN	501(C)(3)	509(A)(3) TYPE II	GROUP HEALTH PLAN INC	Yes	
(10) HUDSON HOSPITAL FOUNDATION INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 39-1279567	PROVIDE HOSPITAL PROGRAM FINANCIAL SUPPORT	WI	501(C)(3)	170(B)(1) (A)(VI)	HUDSON HOSPITAL INC	Yes	
(11) WESTERN WISCONSIN EMERGENCY MEDICAL SERVICES COMPANY 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 26-3616590	PROVIDE MEDICAL TRANSPORT SERVICES	WI	501(C)(3)	509(A)(3) TYPE II	RH-WISCONSIN	Yes	
(12) LAKEVIEW MEMORIAL HOSPITAL FOUNDATION 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1386635	PROVIDE HOSPITAL PROGRAM FINANCIAL SUPPORT	MN	501(C)(3)	509(A)(3) TYPE II	STILLWATER HEALTH SYSTEM	Yes	
(13) LAKEVIEW MEMORIAL HOSPITAL ASSOCIATION INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-0811697	HOSPITAL	MN	501(C)(3)	170(B)(1) (A) (III)	STILLWATER HEALTH SYSTEM	Yes	
(14) STILLWATER MEDICAL GROUP 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 83-0379473	PHYSICIANS GROUP	MN	501(C)(3)	509(A)(2)	STILLWATER HEALTH SYSTEM	Yes	
(15) STILLWATER HEALTH SYSTEM 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 30-0221189	CORPORATE PLANNING AND OVERSIGHT	MN	501(C)(3)	509(A)(3) TYPE II	HPI - RAMSEY	Yes	
(16) WESTFIELDS HOSPITAL INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 39-0808442	HOSPITAL	WI	501(C)(3)	170(B)(1) (A) (III)	RH-WISCONSIN & GROUP HEALTH PLAN INC	Yes	
(17) WESTFIELDS HOSPITAL FOUNDATION INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 39-1770913	PROVIDE HOSPITAL PROGRAM FINANCIAL SUPPORT	WI	501(C)(3)	509(A)(3) TYPE I	WESTFIELDS HOSPITAL INC	Yes	
(18) RAMSEY INTEGRATED HEALTH SERVICES 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1503090	IN-HOME PATIENT CARE	MN	501(C)(3)	509(A)(2)	HPI - RAMSEY	Yes	
(19) PARK NICOLLET HEALTH SERVICES 6500 EXCELSIOR BLVD ST LOUIS PARK, MN 55426 36-3465840	CORPORATE PLANNING AND OVERSIGHT	MN	501(C)(3)	509(A)(2) TYPE III	HEALTHPARTNERS INC	Yes	

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(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
(21) PARK NICOLLET FOUNDATION 6500 EXCELSIOR BLVD ST LOUIS PARK, MN 55426 23-7346465	GRANTS TO SERVE THE COMMUNITY	MN	501(C)(3)	170(B)(1) (A)(VI)	PARK NICOLLET HEALTH SERVICES	Yes	
(1) PARK NICOLLET METHODIST HOSPITAL 6500 EXCELSIOR BLVD ST LOUIS PARK, MN 55426 41-0132080	HOSPITAL	MN	501(C)(3)	170(B)(1) (A)(III)	PARK NICOLLET HEALTH SERVICES	Yes	
(2) PARK NICOLLET INSTITUTE 6500 EXCELSIOR BLVD ST LOUIS PARK, MN 55426 41-0961862	HEALTHCARE RESEARCH	MN	501(C)(3)	170(B)(1) (A)(III)	PARK NICOLLET HEALTH SERVICES	Yes	
(3) PARK NICOLLET HEALTH CARE PRODUCTS 6500 EXCELSIOR BLVD ST LOUIS PARK, MN 55426 01-0638901	HEALTHCARE PRODUCTS	MN	501(C)(3)	509(A)(3) TYPE II	PARK NICOLLET HEALTH SERVICES	Yes	
(4) PARK NICOLLET CLINIC 6500 EXCELSIOR BLVD ST LOUIS PARK, MN 55426 41-0834920	HEALTHCARE EDUCATION AND RESEARCH	MN	501(C)(3)	170(B)(1) (A)(III)	PARK NICOLLET HEALTH SERVICES	Yes	
(5) PNMC HOLDINGS 6500 EXCELSIOR BLVD ST LOUIS PARK, MN 55426 41-1741792	HEALTHCARE REAL ESTATE	MN	501(C)(3)	509(A)(3) TYPE I	PARK NICOLLET CLINIC	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
HEALTHPARTNERS ADMINISTRATORS INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1629390	THIRD PARTY ADMINISTRATOR	MN	HEALTHPARTNERS INC	C				Yes	
HEALTHPARTNERS ASSOCIATES INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 52-2365151	MEDICAL CLINIC STAFFING AND ASSET MANAGEMENT	MN	HEALTHPARTNERS ADMINISTRATORS INC	C				Yes	
HEALTHPARTNERS SERVICES INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1683568	MEDICAL CLINIC STAFFING AND ASSET MANAGEMENT	MN	HEALTHPARTNERS ADMINISTRATORS INC	C				Yes	
HEALTHPARTNERS VENTURES INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1838197	DEVELOP HEALTHCARE BUSINESS OPPORTUNITIES	MN	HEALTHPARTNERS INC	C				Yes	
HEALTHPARTNERS INSURANCE COMPANY 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1683523	MEDICAL AND DENTAL INSURANCE	MN	HEALTHPARTNERS ADMINISTRATORS INC	C				Yes	
DENTAL SPECIALTIES INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 45-1297583	DENTAL CLINIC STAFFING	MN	HEALTHPARTNERS ADMINISTRATORS INC	C				Yes	
HEALTHPARTNERS CENTRAL MINNESOTA CLINICS 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 41-1236798	MEDICAL CLINIC STAFFING AND MANAGEMENT	MN	HEALTHPARTNERS ADMINISTRATORS INC	C				Yes	
PARK NICOLLET ENTERPRISES 6500 EXCELSIOR BLVD ST LOUIS PARK, MN 55426 41-1656735	REAL ESTATE FOR RELATED ORGANIZATIONS	MN	PARK NICOLLET HEALTH SERVICES	C				Yes	

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
HUDSON HOSPITAL FOUNDATION INC	B	174,306	CASH AMOUNT
HUDSON HOSPITAL FOUNDATION INC	C	118,265	CASH AMOUNT
HUDSON HOSPITAL FOUNDATION INC	M		
HUDSON HOSPITAL FOUNDATION INC	N		
HUDSON HOSPITAL FOUNDATION INC	O		
HEALTHPARTNERS INC - CLAIMSHEALTHCARE SERVICES	L	672,443	CASH AMOUNT

Form **4562**

Department of the Treasury
Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

▶ See separate instructions. ▶ Attach to your tax return.

OMB No 1545-0172

2013

Attachment
Sequence No **179**

Name(s) shown on return
HUDSON HOSPITAL INC

Business or activity to which this form relates
FORM 990 PAGE 10

Identifying number

39-0804125

Part I Election To Expense Certain Property Under Section 179

Note: If you have any listed property, complete Part V before you complete Part I.

1	Maximum amount (see instructions)	1	500,000
2	Total cost of section 179 property placed in service (see instructions)	2	
3	Threshold cost of section 179 property before reduction in limitation (see instructions)	3	2,000,000
4	Reduction in limitation Subtract line 3 from line 2 If zero or less, enter -0-	4	
5	Dollar limitation for tax year Subtract line 4 from line 1 If zero or less, enter -0- If married filing separately, see instructions	5	

6	(a) Description of property	(b) Cost (business use only)	(c) Elected cost	
7	Listed property Enter the amount from line 29	7		
8	Total elected cost of section 179 property Add amounts in column (c), lines 6 and 7	8		
9	Tentative deduction Enter the smaller of line 5 or line 8	9		
10	Carryover of disallowed deduction from line 13 of your 2012 Form 4562	10		
11	Business income limitation Enter the smaller of business income (not less than zero) or line 5 (see instructions)	11		
12	Section 179 expense deduction Add lines 9 and 10, but do not enter more than line 11	12		
13	Carryover of disallowed deduction to 2014 Add lines 9 and 10, less line 12	13		

Note: Do not use Part II or Part III below for listed property. Instead, use Part V.

Part II Special Depreciation Allowance and Other Depreciation (Do not include listed property) (See instructions)

14	Special depreciation allowance for qualified property (other than listed property) placed in service during the tax year (see instructions)	14	
15	Property subject to section 168(f)(1) election	15	
16	Other depreciation (including ACRS)	16	

Part III MACRS Depreciation (Do not include listed property.) (See instructions.)

Section A

17	MACRS deductions for assets placed in service in tax years beginning before 2013	17	
18	If you are electing to group any assets placed in service during the tax year into one or more general asset accounts, check here		

Section B—Assets Placed in Service During 2013 Tax Year Using the General Depreciation System

(a) Classification of property	(b) Month and year placed in service	(c) Basis for depreciation (business/investment use only—see instructions)	(d) Recovery period	(e) Convention	(f) Method	(g) Depreciation deduction
19a 3-year property						
b 5-year property						
c 7-year property						
d 10-year property						
e 15-year property						
f 20-year property						
g 25-year property			25 yrs		S/L	
h Residential rental property			27 5 yrs	MM	S/L	
			27 5 yrs	MM	S/L	
i Nonresidential real property			39 yrs	MM	S/L	
				MM	S/L	

Section C—Assets Placed in Service During 2013 Tax Year Using the Alternative Depreciation System

20a Class life					S/L	
b 12-year			12 yrs		S/L	
c 40-year			40 yrs	MM	S/L	

Part IV Summary (see instructions.)

21	Listed property Enter amount from line 28	21	
22	Total. Add amounts from line 12, lines 14 through 17, lines 19 and 20 in column (g), and line 21 Enter here and on the appropriate lines of your return Partnerships and S corporations—see instructions	22	0
23	For assets shown above and placed in service during the current year, enter the portion of the basis attributable to section 263A costs	23	

Part V

Listed Property (Include automobiles, certain other vehicles, certain computers, and property used for entertainment, recreation, or amusement.)
Note: For any vehicle for which you are using the standard mileage rate or deducting lease expense, complete **only** 24a, 24b, columns (a) through (c) of Section A, all of Section B, and Section C if applicable.

Section A—Depreciation and Other Information (Caution: See the instructions for limits for passenger automobiles.)

24a Do you have evidence to support the business/investment use claimed? <input type="checkbox"/> Yes <input type="checkbox"/> No						24b If "Yes," is the evidence written? <input type="checkbox"/> Yes <input type="checkbox"/> No			
(a) Type of property (list vehicles first)	(b) Date placed in service	(c) Business/ investment use percentage	(d) Cost or other basis	(e) Basis for depreciation (business/investment use only)	(f) Recovery period	(g) Method/ Convention	(h) Depreciation/ deduction	(i) Elected section 179 cost	
25Special depreciation allowance for qualified listed property placed in service during the tax year and used more than 50% in a qualified business use (see instructions)							25		
26 Property used more than 50% in a qualified business use									
		%							
		%							
		%							
27 Property used 50% or less in a qualified business use									
		%				S/L -			
		%				S/L -			
		%				S/L -			
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1						28			
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1							29		

Section B—Information on Use of Vehicles

Complete this section for vehicles used by a sole proprietor, partner, or other "more than 5% owner," or related person
If you provided vehicles to your employees, first answer the questions in Section C to see if you meet an exception to completing this section for those vehicles

30 Total business/investment miles driven during the year (do not include commuting miles)	(a) Vehicle 1		(b) Vehicle 2		(c) Vehicle 3		(d) Vehicle 4		(e) Vehicle 5		(f) Vehicle 6	
31 Total commuting miles driven during the year												
32 Total other personal(noncommuting) miles driven												
33 Total miles driven during the year Add lines 30 through 32												
34 Was the vehicle available for personal use during off-duty hours?	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
35 Was the vehicle used primarily by a more than 5% owner or related person?												
36 Is another vehicle available for personal use?												

Section C—Questions for Employers Who Provide Vehicles for Use by Their Employees

Answer these questions to determine if you meet an exception to completing Section B for vehicles used by employees who **are not** more than 5% owners or related persons (see instructions)

37 Do you maintain a written policy statement that prohibits all personal use of vehicles, including commuting, by your employees?	Yes	No
38 Do you maintain a written policy statement that prohibits personal use of vehicles, except commuting, by your employees? See the instructions for vehicles used by corporate officers, directors, or 1% or more owners		
39 Do you treat all use of vehicles by employees as personal use?		
40 Do you provide more than five vehicles to your employees, obtain information from your employees about the use of vehicles, and retain the information received?		
41 Do you meet the requirements concerning qualified automobile demonstration use? (See instructions)		
Note: If your answer to 37, 38, 39, 40, or 41 is "Yes," do not complete Section B for the covered vehicles		

Part VI Amortization

(a) Description of costs	(b) Date amortization begins	(c) Amortizable amount	(d) Code section	(e) Amortization period or percentage	(f) Amortization for this year
42 Amortization of costs that begins during your 2013 tax year (see instructions)					
43 Amortization of costs that began before your 2013 tax year				43	
44 Total. Add amounts in column (f) See the instructions for where to report				44	



HEALTHPARTNERS, INC.

Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(With Independent Auditors' Report Thereon)

HEALTHPARTNERS, INC.

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KPMG LLP
4200 Wells Fargo Center
90 South Seventh Street
Minneapolis, MN 55402

Independent Auditors' Report

The Audit and Compliance Committee
HealthPartners, Inc.:

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of HealthPartners, Inc. and subsidiaries (the Company), which comprise the consolidated statements of financial position as of December 31, 2013 and January 1, 2013, and the related consolidated statement of activities and cash flows for the year ended December 31, 2013, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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 HealthPartners, Inc. and subsidiaries as of December 31, 2013 and January 1, 2013, and the results of their operations and their cash flows for the year ended December 31, 2013, in accordance with U.S. generally accepted accounting principles.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014 on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

KPMG LLP

Minneapolis, Minnesota
March 28, 2014

HEALTHPARTNERS, INC.
Consolidated Statements of Financial Position
December 31, 2013 and January 1, 2013
(In thousands)

Assets	December 31, 2013	January 1, 2013
Current assets:		
Cash and cash equivalents	\$ 546,727	536,360
Investments, at fair value	695,298	659,543
Investments whose use is limited, at fair value	18,915	17,314
Accounts receivable, net	440,833	428,799
Other current assets	81,679	68,262
Total current assets	1,783,452	1,710,278
Investments whose use is limited, at fair value	174,460	150,070
Other investments, at fair value	795,695	658,419
Property, plant, and equipment, net	943,421	910,425
Deferred compensation	45,339	34,949
Goodwill and other intangible assets	21,321	19,235
Other	122,802	57,267
Total assets	\$ 3,886,490	3,540,643
Liabilities and Net Assets		
Current liabilities:		
Unpaid medical claims	\$ 151,633	182,563
Accounts payable	244,177	260,263
Provider payable	48,992	48,353
Salaries and employee benefits payable	226,259	209,943
Accrued real estate taxes, income taxes, and interest	20,651	20,081
Deferred revenue	38,611	48,029
Current portion of long-term debt	25,080	21,381
Total current liabilities	755,403	790,613
Long-term debt – less current portion	770,471	710,646
Deferred employee benefits	52,925	90,215
Postretirement benefit obligation	15,660	20,502
Other	85,543	88,006
Total liabilities	1,680,002	1,699,982
Net assets:		
Unrestricted	2,161,716	1,799,264
Temporarily restricted	33,134	30,020
Permanently restricted	11,638	11,377
Total net assets	2,206,488	1,840,661
Total liabilities and net assets	\$ 3,886,490	3,540,643

See accompanying notes to consolidated financial statements.

HEALTHPARTNERS, INC.
Consolidated Statement of Activities
Year ended December 31, 2013
(In thousands)

	<u>2013</u>
Revenues:	
Premiums earned	\$ 2,585,024
Net health service revenue	2,249,886
Other revenue	308,521
Investment income and net realized gains	<u>79,625</u>
Total revenues	<u>5,223,056</u>
Expenses:	
Health services:	
Salaries and employee benefits	1,631,963
Health services purchased:	
Professional	904,584
Hospitalization	624,847
Pharmacy	404,380
Supplies and other	588,845
Depreciation	112,547
Interest	<u>38,729</u>
Total health services	<u>4,305,895</u>
Administrative services:	
Salaries and employee benefits	235,780
Supplies and other	271,420
Depreciation	26,270
Interest	<u>1,538</u>
Total administrative services	<u>535,008</u>
Health services taxes and assessments:	
MCHA assessments	51,315
Medical care surcharge	34,860
Premium tax	30,530
Income and other taxes	<u>13,864</u>
Total health services taxes and assessments	<u>130,569</u>
Total expenses	<u>4,971,472</u>
Excess of revenues over expenses	251,584
Recognition of change in pension and postretirement funded status	94,690
Change in net unrealized gains and losses on investments	14,553
Restricted contributions	3,794
Net assets released from restrictions	(1,553)
Other	<u>2,759</u>
Increase in net assets	365,827
Net assets – beginning of year	<u>1,840,661</u>
Net assets – end of year	<u><u>\$ 2,206,488</u></u>

See accompanying notes to consolidated financial statements.

HEALTHPARTNERS, INC.
Consolidated Statement of Cash Flows
Year ended December 31, 2013
(In thousands)

	<u>2013</u>
Cash flows provided by operating activities	
Increase in net assets	\$ 365,827
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Change in net unrealized gains on investments	(14,553)
Change in pension and postretirement funded status	(94,690)
Depreciation	138,817
Decrease (increase) in	
Accounts receivable	(12,034)
Other current assets	(13,417)
Deferred compensation	(10,390)
Goodwill and other intangible assets	(2,086)
Other assets	(4,510)
(Decrease) increase in	
Unpaid medical claims	(30,930)
Accounts payable	(16,086)
Provider payable	639
Accrued expenses	16,886
Deferred revenue	(9,418)
Deferred employee benefits and postretirement benefit obligation	(8,467)
Other liabilities	(2,463)
Net cash provided by operating activities	<u>303,125</u>
Cash flows used in investing activities	
Purchases of investments	(309,802)
Sales, maturities, and repayments of investments	288,600
Purchases of other investments	(583,503)
Sales, maturities, and repayments of other investments	446,227
Purchases of property, plant, and equipment	(171,813)
Purchases of investments whose use is limited	(111,087)
Sales, maturities, and repayments of investments whose use is limited	<u>85,096</u>
Net cash used in investing activities	<u>(356,282)</u>
Cash flows provided by financing activities	
Proceeds from issuance of long-term debt	92,500
Payments on long-term debt	<u>(28,976)</u>
Net cash provided by financing activities	<u>63,524</u>
Increase in cash and cash equivalents	10,367
Cash and cash equivalents – beginning of year	<u>536,360</u>
Cash and cash equivalents – end of year	<u><u>\$ 546,727</u></u>
Supplemental cash flow information	
Cash paid for interest	\$ 41,017
Supplemental disclosure of noncash investing activities	
Additions of property, plant, and equipment funded through accounts payable	\$ 7,600

See accompanying notes to consolidated financial statements

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

HealthPartners, Inc. and subsidiaries (HP) is a integrated healthcare delivery system that provides healthcare services and coverage to approximately 832,000 members of HP insurance products as well as healthcare services to the general public throughout Minnesota and surrounding states. It provides these services through a network of 80 owned and leased primary and specialty care medical facilities and 22 dental facilities with over 1,100 full-time-equivalent medical and dental physicians and 5 owned hospitals with over 1,000 acute care beds, as well as contracting with various primary and specialty medical facilities and dental facilities, physician groups, hospitals, and related healthcare providers located primarily in the Twin Cities and Western Wisconsin areas.

The consolidated financial statements of HP include the following organizations:

Group Health Plan, Inc. (GHI)
HealthPartners, Inc. (HPI)
HealthPartners Insurance Company (HPIC)
HealthPartners Administrators, Inc. (HPAI)
Regions Hospital (Regions)
Park Nicollet Health System (PNHS)
Stillwater Health System (Lakeview Health)
Hudson Hospital (HH)
Hudson Hospital Foundation (HHF)
Westfields Hospital (WH)
Westfields Hospital Foundation (WHF)
HealthPartners Central Minnesota Clinics, Inc. (HPCMC)
Physicians Neck & Back Clinics, Inc. (PNBC)
Ramsey Integrated Health Services (IHS)
Capital View Transitional Care Center (CVTCC)
Dental Specialties, Inc. (DSI)
Western Wisconsin Emergency Medical Services Company (WEMS)
HPI-Ramsey
RH-Wisconsin, Inc. (RHW)
RHSC, Inc. (RHSC)
HealthPartners Services, Inc. (HPSI)
HealthPartners Associates, Inc. (HPA)
HealthPartners East Side Holding, LLC (HESH)
HealthPartners Ventures, Inc. (HPV)
HealthPartners Property Development Company, LLC (HPDC)
HealthPartners Institute for Education and Research (HPIER)
Regions Hospital Foundation (RHF)

Effective January 1, 2013, HP and PNHS combined organizations under a single, consumer-governed board of directors for the benefit of its patients, members, and the community.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

HP and PNHS accounted for this transaction as a merger under Accounting Standards Codification (ASC) Subtopic 958-805, *Not-for Profit Entities—Business Combination* and will therefore use the carryover basis of accounting. No consideration was paid by either HP or PNHS. PNHS is a nonprofit, integrated healthcare system located in St. Louis Park, Minnesota. PNHS provides care and support to the Minneapolis and surrounding communities through a 426 acute care bed hospital, 593 full-time-equivalent physicians practicing 45 specialties at 20 primary care clinics, 2 ambulatory surgery centers, 11 retail pharmacies, and 8 healthcare product retail stores.

PNHS is the parent company of Park Nicollet Methodist Hospital (Methodist), Park Nicollet Clinic (PNC) including PNMC Holdings a subsidiary of PNC, Park Nicollet Foundation (PNF), Park Nicollet Institute (PNI), Park Nicollet Health Care Products (PNHCP), Park Nicollet Enterprises (PNE), and Tria Orthopedic Center, LLC (TRIA).

GHI and HPI are not-for-profit corporations licensed as health maintenance organizations (HMO) in Minnesota.

GHI, PNHS, Regions, Methodist, Lakeview Health, HH, HHF, WH, WHF, PNC, PNF, PNI, PNHCP, PNBC, IHS, CVTCC, WEMS, HPI-Ramsey, RHW, RHSC, HPIER, and RHF are exempt from taxation under Section 501(c)(3) of the Internal Revenue Code (IRC). HPI is exempt under Section 501(c)(4) of the IRC. HESH, HPDC, and TRIA are limited liability corporations. All other organizations are for-profit taxable organizations.

HPI-Ramsey is the parent organization of Regions, Lakeview Health, IHS, CVTCC, RHF, and RHW.

RHW is the parent organization of HH, HHF, WH, WHF, and WEMS.

(b) Basis of Accounting

The consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (GAAP). All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Use of Estimates

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions, such as contractual allowances, allowances for doubtful accounts receivable, and charity care, due to third-party payors, postretirement benefit obligation, general and professional liability claims, estimated unpaid medical and dental claims, medical loss ratio (MLR) rebates, and workers' compensation claims liability, that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

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(d) Cash and Cash Equivalents

HP considers investments with a maturity of three months or less to be cash and cash equivalents and are carried at cost, which approximates fair value. Cash and cash equivalents held for long-term or restricted as to use are classified as investments and are excluded from cash and cash equivalents.

(e) Investments

Investments consist of marketable equity securities and fixed income securities. The investments are carried at fair value and are not included as investments whose use is limited or other investments.

Fixed maturity securities, which may be sold prior to maturity, are classified as available-for-sale and are carried at fair value. Premiums and discounts are amortized or accreted using the interest yield method. Interest income is earned on an accrual basis.

Marketable equity securities are generally classified as available-for-sale and are carried at fair value. HP recognizes dividend income on equity securities upon the declaration of the dividend.

(f) Investments Whose Use is Limited and Other Investments

Investments whose use is limited that are intended to be used for current operations are classified as current assets and are carried at fair value based on quoted market prices.

Investments whose use is limited and other investments that are not intended to be used for current operations are, therefore, classified as noncurrent assets and are carried at fair value based on quoted market prices.

(g) Realized and Unrealized Gains and Losses

Realized and unrealized gains and losses are determined using the specific security identification method. HP regularly reviews each investment in its various asset classes to evaluate the necessity of recording impairment losses for other-than-temporary declines in fair value. During these reviews, HP evaluates many factors, including, but not limited to, the length of time and the extent to which the current fair value has been below the cost of the security, specific credit issues such as collateral, financial prospects related to the issuer, HP's intent and ability to hold or sell the security, and current economic conditions.

Other-than-temporary impairment (OTTI) is recognized in earnings for a fixed maturity security in an unrealized loss position when it is anticipated that the amortized cost will not be recovered. In such situations, the OTTI recognized in earnings is the entire difference between the fixed maturity security's amortized cost and its fair value only when either HP has the intent to sell the fixed maturity security or it is more likely than not that HP will be required to sell the fixed maturity security before recovery of the decline in the fair value below amortized cost. If neither of these two conditions exists, the difference between the amortized cost basis of the fixed maturity security and the present value of the projected future cash flows expected to be collected is recognized as an OTTI in earnings (credit loss). If the fair value is less than the present value of projected future cash flows expected to be collected, this portion of the OTTI related to other-than credit factors (noncredit

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loss) is recorded in net assets as changes in net unrealized gains on investments for noncredit losses on investments. When an unrealized loss on a fixed maturity security is considered temporary, HP continues to record the unrealized loss in net assets as changes in net unrealized loss gains on investments and not in earnings. For equity securities which, when an OTTI has occurred, continue to be impaired for the entire difference between the equity security's cost and its fair value with a corresponding charge to earnings.

For nonstructured fixed maturity securities, an OTTI is recorded when HP believes that it is no longer probable that HP will recover all amounts due under the contractual terms of the security.

For structured fixed maturity securities, an OTTI is recorded when HP believes that based on expected future cash flows, HP will not recover all amounts due under the contractual terms of the security. The credit loss component considers inputs from outside sources along with managements' opinion of factors to develop inputs into the cash flow analysis. These inputs include, among other things, default assumptions on underlying loans, recovery assumptions once underlying loans are in default and a number of other economic inputs into the model.

For equity securities, an OTTI is recorded when HP does not have the ability and intent to hold the security until forecasted recovery, or if the forecasted recovery is not within a reasonable period. Mutual funds are reviewed by analyzing the characteristics of the underlying investments and the outlook for the asset class along with the ability and intent to hold investments.

All other material unrealized losses are reviewed for any unusual event that may trigger an OTTI. Determination of the status of each analyzed investment as other-than-temporary or not is made based on these evaluations with documentation of the rationale for the decision.

Upon recognizing an OTTI, the new cost basis of the security is the previous amortized cost basis less the OTTI recognized in investment income and net realized gains and losses. The new cost basis is not adjusted for any subsequent recoveries in fair value.

HP may, from time to time, sell invested assets subsequent to the balance sheet date that were considered temporarily impaired at the balance sheet date for several reasons. Conversely, HP may not sell invested assets that it asserted that it intended to sell at the balance sheet date. The rationale for the change in HP's ability and intent generally focuses on unforeseen changes in the economic facts and circumstances related to the invested asset subsequent to the balance sheet date, significant unforeseen changes in HP's liquidity needs, or changes in tax laws or the regulatory environment. HP had no material sales of invested assets in an unrealized loss position subsequent to December 31, 2013.

Certain organizations of HP have elected the "fair value option," in accordance with accounting guidance, for certain financial assets. For those financial assets, changes in unrealized gains and losses are recorded in investment income and net realized gains and losses within the consolidated statement of activities.

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(h) Other Current Assets

Other current assets include pharmaceutical, medical and surgical supplies inventories, which are valued at the lower of average cost or market.

(i) Property, Plant, and Equipment, Net

Property, plant, and equipment, net is recorded at cost, and depreciation is computed on the straight-line method over the estimated useful lives of the related assets as follows:

Land improvements	5–40 years
Buildings and building improvements	10–40 years
Equipment	3–15 years
Leasehold improvements	5–15 years

Equipment under capital lease is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation in the consolidated statement of activities.

Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of the underlying asset.

(j) Goodwill and Intangible Assets

Goodwill and intangible assets are assets representing the future economic benefits arising from business acquisitions. Goodwill and intangible assets are reviewed for impairment at least annually in accordance with the provisions of ASC Topic 350, *Intangibles—Goodwill and Other*. Goodwill is analyzed for impairment in a two step process. The first step compares the fair value of the reporting entity with the reporting entities carrying value, including goodwill. If the fair value of the reporting entity exceeds its carrying value, goodwill of the reporting entity is considered not impaired. If the carrying value of the reporting entity exceeds its fair value, the second step of the goodwill impairment test shall be performed to measure the amount of impairment loss, if any, to be recognized. Under step two, an impairment loss is recognized for any excess of the carrying amount of the reporting entity's goodwill over the implied fair value of that goodwill. The implied fair value of goodwill is determined by allocating the fair value of the reporting entity in a manner similar to a purchase price allocation and the residual fair value after this allocation is the implied fair value of the reporting entity's goodwill. Fair value of the reporting entity is determined using a discounted cash flow analysis. Intangible assets shall be reviewed for impairment and recognized if the carrying amount of an intangible asset is not recoverable and its carrying amount exceeds its fair value. After an impairment loss is recognized, the adjusted carrying amount of the intangible asset shall be its new accounting basis. Intangible assets that are deemed to have a finite useful life are amortized over their lives. HP did not recognize any impairment losses on goodwill or intangible assets in 2013.

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(k) *Impairment of Long-Lived Assets*

Management periodically reviews the carrying value of long-lived assets for potential impairment by comparing the carrying value of these assets to the estimated undiscounted future cash flows expected to result from the use of these assets. Should the sum of the related, expected future net cash flows be less than the carrying value, an impairment loss could be recognized dependent upon other considerations. In 2013, HP analyzed the carrying value of certain properties where HP determined that a potential impairment could exist. As a result of this analysis, an impairment loss of \$2,972 was recognized in 2013, and recorded in health services and administrative services depreciation expense in the consolidated statement of activities.

In addition to consideration of impairment upon events or changes in circumstances described above, management regularly evaluates the remaining useful lives of its long-lived assets. If estimates are revised, the carrying value of fixed assets is depreciated or amortized over the remaining lives.

(l) *Deferred Financing Costs*

Financing and legal costs incurred in connection with the issuance of long-term debt are amortized over the life of the related indebtedness using the effective-interest method, and are included within other assets on the consolidated statements of financial position.

(m) *Unpaid Medical Claims*

The liability for unpaid medical claims for medical services purchased are developed using actuarial methods based upon historical submission and payment data, cost trends, customer and product mix, seasonality, utilization of healthcare services, contracted service rates, and other relevant factors. The estimates may change as actuarial methods change or as underlying facts upon which estimates are based change. HP did not change actuarial methods during the year ended December 31, 2013. Management believes the amount of unpaid medical claims is adequate to cover HP's liability for unpaid medical claims as of December 31, 2013; however, actual claim payments may differ from those established estimates. Adjustments to unpaid medical claims estimates are reflected in operating results in the period in which the change in estimate is identified. Medical claims also include the cost to establish new or expanded healthcare services to assist certain providers who provide acute charity care, safety net care, and disproportionate share of charity care services.

(n) *Provider Payable*

HP's contracts with hospitals, specialists, and primary care providers (Providers) include provisions for pay for performance and outcome recognition programs. These programs include goals such as generic drug use, optimal diabetes care, patient satisfaction, depression outcomes, colorectal screening, and others that are measured and reported on a quarterly and annual basis. If the Providers exceed the goals that were agreed upon, they will receive shared savings payouts from HP.

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(o) Premiums Earned

Premiums earned revenue is recognized in the period for which services are covered. Unearned premiums received in advance of a coverage period are classified as deferred revenue in the consolidated statements of financial position.

Premium contracts are analyzed and losses recognized when it is probable that expected future healthcare costs and maintenance costs under a group of existing contracts exceeds anticipated future premiums and stop-loss insurance recoveries on those contracts. HP did not record a loss contract reserve in 2013.

(p) Net Health Service Revenue

Net health service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services in the period for which services are provided, including estimated retroactive adjustments, under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are provided and are adjusted in future periods as new data becomes available and as final settlements are determined.

The major portion of revenue from Medicare and Medicaid is based on preestablished payment rates based on patient diagnosis or clinical procedure.

HP utilizes a process to identify and appeal certain settlements with Medicare. Reimbursement is adjusted in the year the appeal is finalized. During 2013, appeals, cost report settlements, and other adjustments to prior year estimates resulted in a decrease in net health service revenue of \$1,607 in 2013 in the consolidated statement of activities.

Health service revenue at established rates, less third-party payor contractual adjustments and provisions for bad debt, for the year ended December 31, 2013 consisted of the following:

	2013
Medicare	\$ 612,897
Medicaid	248,210
Other third-party payor	1,147,468
Patients	276,417
Net health service revenue before provision for bad debt	2,284,992
Provision for bad debt	(35,106)
Net health service revenue	\$ 2,249,886

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(q) Other Revenue

Other revenue is recognized in the period in which services are rendered and consists primarily of administrative support fees from self-insured employer groups, retail sales revenue, grant revenue, cafeteria revenue, and parking ramp revenue.

(r) Uncompensated Care

Certain subsidiaries of HP provide medical care without charge or at a reduced cost to patients who were determined to be unable to pay (charity care) and provided medical care to patients who were determined to be able, but unwilling to pay (doubtful accounts). Upon determining that a patient meets the established HP charity care criteria, the charges for services provided to the patient are determined to qualify as uncompensated care and are not reported as revenue.

(s) Expenses

HP allocates certain direct support costs, including information systems and patient billing, to health services expenses in order to accurately reflect the cost of services provided. All allocations are eliminated in consolidation.

(t) Income Taxes

HPIC, HPSI, HPA, HPAI, HPCMC, PNE, DSI, and HPV (the Taxable Group) are subject to federal and state income taxes. Deferred income tax assets and liabilities are recognized for the differences between the financial and income tax reporting basis of assets and liabilities based on enacted tax rates and laws. The deferred income tax provision or benefit generally reflects the net change in deferred income tax assets and liabilities during the year. The current income tax provision reflects the tax consequences of revenues and expenses currently taxable or deductible on various income tax returns for the year reported.

Deferred tax assets of \$7,208 and \$8,729 have been recorded and included in other current assets in the consolidated statements of financial position at December 31, 2013 and January 1, 2013, respectively. Income tax receivables of \$25,526 and \$12,471 at December 31, 2013 and January 1, 2013, respectively, have been recorded and included in accounts receivable, net in the consolidated statements of financial position. Income tax payables of \$27 and \$0 at December 31, 2013 and January 1, 2013, respectively, have been recorded and included in accrued real estate, income taxes, and interest in the consolidated statements of financial position. Income tax expense of \$1,402 has been recorded and included in income and other taxes in the consolidated statement of activities for the year ended December 31, 2013.

The consolidated tax return of HPAI, HPIC, HPSI, and HPA is currently under examination by the Internal Revenue Service for the tax years ended December 31, 2010 and 2009. HP believes that any additional taxes refunded or assessed as a result of this examination will not have a material impact on the financial position of HP or the Taxable Group.

HP's accounting policy provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon examination, including

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resolutions of any related appeals or litigation processes, based on the technical merits. HP recorded no liabilities at December 31, 2013 or January 1, 2013 for unrecognized tax benefits.

(u) Risk Management

HP's investments are exposed to various risks, such as interest rate, market, cash flow, and credit risks. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the values of investments, it is possible that changes in risks in the near term could materially affect the amounts reported in the accompanying consolidated statements of financial position and consolidated statement of activities.

HP is exposed to various risks of loss related to torts; theft of; damage to, and destructions of assets; errors and omissions, injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant changes in HP's insurance coverage's in 2013.

HP has established reserves for unpaid medical claims based on assumptions concerning a number of factors, including trends in healthcare costs, expenses, general economic conditions, and other factors. To the extent that actual claims experience is less favorable than estimated based on HP's underlying assumptions, HP's incurred losses would increase and future earnings could be adversely affected.

(v) Medical Loss Ratio

HP is subject to the minimum MLR rebate requirements of the Health Care Reform Act. Under the regulations of the Health Care Reform Act, insured plans will be required to make premium rebate payments to its enrollees that are enrolled under certain health insurance policies if a specific minimum annual MLR is not met in the prior year. The required minimum MLR, as defined by the Health Care Reform Act for insured plans is 85% for the large group market and 80% for the individual and small group markets. HP believes it will meet all minimum annual MLR requirements for the year ended December 31, 2013 and as such has recorded no liability.

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(w) Recent Accounting Pronouncements

Accounting Standards Update (ASU) No. 2011-06, *“Other Expenses—Fees Paid to the Federal Government by Health Insurers a consensus of the Financial Accounting Standards Board (FASB) Emerging Issues Task Force”* (ASU 2011-06) addresses the recognition and classification of an entity’s share of the annual health insurance industry assessment (the industry fee) mandated by Health Reform Legislation. The industry fee is levied on health insurers for each calendar year beginning on or after January 1, 2014 and is not deductible for income tax purposes. The amount of the industry fee for each health insurer is based on a ratio of the insurer’s net health insurance premium written for the previous calendar year compared to the U.S. health insurance industry total net premiums. In accordance with the amendments in ASU 2011-06 on January 1, 2014, the liability for the industry fee payable will be estimated and recorded in full within HP’s 2014 consolidated financial statements, with a corresponding deferred cost that will be amortized to expense using a straight-line method of allocation over the calendar year that it is payable. The estimated assessment for HP in 2014 is approximately \$34,000.

(2) Investments

The composition of the investment portfolios as of December 31, 2013 and January 1, 2013 is summarized as follows:

	<u>Investments</u>	<u>Investments whose use is limited (current)</u>	<u>Investments whose use is limited (noncurrent)</u>	<u>Other investments</u>	<u>Total</u>
December 31, 2013					
Cash equivalents	\$ 9,506	17,459	36,566	8,646	72,177
Government agency securities	234,908	—	57,501	224,785	517,194
Asset-backed securities	70,741	—	2,211	28,127	101,079
Residential mortgage-backed securities	54,192	—	5,985	41,714	101,891
Commercial mortgage-backed securities	53,846	—	2,598	19,097	75,541
Corporate obligations	270,000	1,225	32,407	51,489	355,121
Preferred securities	—	—	1,288	22,700	23,988
Common stocks/mutual funds	2,105	231	35,904	399,137	437,377
	<u>\$ 695,298</u>	<u>18,915</u>	<u>174,460</u>	<u>795,695</u>	<u>1,684,368</u>

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	<u>Investments</u>	<u>Investments whose use is limited (current)</u>	<u>Investments whose use is limited (noncurrent)</u>	<u>Other investments</u>	<u>Total</u>
January 1, 2013					
Cash equivalents	\$ 14,129	17,085	3,712	7,001	41,927
Government agency securities	206,181	—	65,567	175,667	447,415
Asset-backed securities	67,075	—	1,556	11,760	80,391
Residential mortgage-backed securities	59,712	—	6,838	41,089	107,639
Commercial mortgage-backed securities	39,815	—	1,532	10,600	51,947
Corporate obligations	270,831	—	39,470	48,660	358,961
Preferred securities	—	—	1,180	19,473	20,653
Common stocks/mutual funds	1,800	229	30,215	344,169	376,413
	<u>\$ 659,543</u>	<u>17,314</u>	<u>150,070</u>	<u>658,419</u>	<u>1,485,346</u>

Investments whose use is limited consists of long-term professional liability trust funds, donor restricted funds, debt service reserve funds, and the proceeds of the Hospital Facility Revenue Bonds.

Investment return, net of amounts capitalized, for the year ended December 31, 2013, is summarized as follows:

	<u>2013</u>
Interest and dividends	\$ 24,978
Net realized gains	<u>54,647</u>
Total investment income and net realized gains	79,625
Change in net unrealized gains and losses on investments	<u>14,553</u>
Total investment return	<u>\$ 94,178</u>

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HP did not record any impairment losses in 2013.

Gross unrealized losses and fair values, aggregated by investment category and length of time that individual securities have been in a continuous unrealized loss position, including the noncredit portion of OTTI, as of December 31, 2013 and January 1, 2013, are as follows:

	Less than 12 months		12 months or more		Total	
	Fair value	Unrealized loss	Fair value	Unrealized loss	Fair value	Unrealized loss
December 31, 2013						
Government agency securities	\$ 261,705	(2,277)	33,730	(517)	295,435	(2,794)
Asset-backed securities	32,690	(155)	1,032	(45)	33,722	(200)
Residential mortgage-backed securities	30,621	(535)	1,430	(54)	32,051	(589)
Commercial mortgage-backed securities	36,296	(400)	750	(7)	37,046	(407)
Corporate obligations	76,837	(769)	43	(6)	76,880	(775)
Common stocks/mutual funds	38,326	(931)	2,505	(692)	40,831	(1,623)
	<u>\$ 476,475</u>	<u>(5,067)</u>	<u>39,490</u>	<u>(1,321)</u>	<u>515,965</u>	<u>(6,388)</u>
January 1, 2013						
Government agency securities	\$ 83,054	(345)	—	—	83,054	(345)
Asset-backed securities	5,778	(34)	635	(18)	6,413	(52)
Residential mortgage-backed securities	3,288	(11)	731	(54)	4,019	(65)
Commercial mortgage-backed securities	8,088	(20)	—	—	8,088	(20)
Corporate obligations	24,209	(65)	537	(14)	24,746	(79)
Common stocks/mutual funds	5,642	(408)	2,662	(1,293)	8,304	(1,701)
	<u>\$ 130,059</u>	<u>(883)</u>	<u>4,565</u>	<u>(1,379)</u>	<u>134,624</u>	<u>(2,262)</u>

All investments in a gross unrealized loss position at December 31, 2013 and January 1, 2013 were investment grade. The investments in a gross unrealized loss position at December 31, 2013 and January 1, 2013 represent 30.63% and 9.06%, respectively, of the fair value of total investments in HP's portfolio.

The following paragraphs summarize HP's evaluation of investment categories with unrealized losses as of December 31, 2013 and January 1, 2013.

Government agency securities are temporarily impaired due to current interest rates and not credit-related reasons. HP expects to collect all principle and interest on these securities.

Asset-backed securities, residential mortgage-backed securities, and commercial mortgage-backed securities are impacted by both interest rates and the value of the underlying collateral. HP utilizes thresholds and discounted cash flow models using outside assumptions to determine if an OTTI is warranted.

Corporate obligation valuations are impacted by both interest rates and credit industry specific issues. HP recognizes OTTI due to credit issues when HP determines the security will not recover in a reasonable

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period of time. Unrealized losses are primarily due to the interest rate environment and certain industries falling out of favor.

Common stocks and mutual funds with unrealized losses primarily represent highly diversified, publicly traded equity securities that generally move up or down with the capital markets.

(3) Fair Value of Financial Instruments

All financial instruments are carried at fair value, with the exception of revenue bonds and long-term debt, which had a carrying value of \$795,551 and \$732,027, and a fair value of \$819,830 and \$779,552 as of December 31, 2013 and January 1, 2013, respectively.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

(a) Cash and Cash Equivalents

The carrying amount approximates fair value due to the short duration of these financial instruments.

(b) Investments, Investments Whose Use is Limited, and Other Investments

The fair values are based on quoted market prices at the reporting date where available. For securities not actively traded, fair value is estimated based on investments with similar interest rates, credit quality, yield, and maturity.

(c) Revenue Bonds and Long-Term Debt

The fair values are estimated based on cash flows, discounted at current rates, for instruments of similar maturities and credit quality, or based on quoted market prices for similar issues, as advised by HP's investment bankers.

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and lowest priority to unobservable inputs (Level 3 measurements). Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. The three levels of the fair value hierarchy under GAAP are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that HP has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;

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- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the valuation methodologies used in 2013.

Cash Equivalents

Valued daily based on subscription and redemption activity at a stable \$1 net asset value (NAV). Redemptions can occur daily at NAV and there are no restrictions to redemption or unfunded commitments.

Mutual Funds, Common Stock, and Preferred Stock

Valued daily based on unadjusted quoted market prices from national exchanges.

Collective/Commingled Funds

Valued based on the underlying market value of securities held in the funds as determined by the common/collective trust fund manager. The underlying asset values are determined using various inputs; however, the accounts are valued using the NAV of each account. Redemptions can occur daily at NAV and there are no restrictions to redemption or unfunded commitments and these investments are classified as Level 2.

Government Agency Securities, Asset-backed Securities, Residential Mortgage-backed Securities, Commercial Mortgage-backed Securities, Corporate Obligations, and Preferred Securities.

Valued based on the closing price reported on the active market on which the individual securities are traded. For preferred securities classified as level three securities, the fair value is based on a bid evaluated price.

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

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The following tables present the level within the fair value hierarchy at which HP's invested assets are measured on a recurring basis at December 31, 2013 and January 1, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2013				
Cash equivalents	\$ 72,177	—	—	72,177
Fixed income				
Government agencies	517,194	—	—	517,194
Asset-backed securities	—	101,079	—	101,079
Residential mortgage-backed securities	—	101,891	—	101,891
Commercial mortgage-backed securities	—	75,541	—	75,541
Corporate obligations	—	355,121	—	355,121
Preferred securities	13,078	10,074	836	23,988
Common stock				
Small cap stocks	54,306	—	—	54,306
Mid cap stocks	30,343	—	—	30,343
Large cap stocks	22,872	—	—	22,872
International stocks	2,401	—	—	2,401
Miscellaneous stocks	—	105	—	105
Mutual funds				
Fixed income funds	50,202	—	—	50,202
Real estate investment trust funds	1,132	—	—	1,132
Managed futures	551	—	—	551
Large cap funds	74,471	—	—	74,471
Mid cap funds	36,737	—	—	36,737
Small cap funds	3,421	—	—	3,421
Index funds	37,327	—	—	37,327
Balanced funds	65	—	—	65
Collective/commingled funds	—	22,062	—	22,062
International funds	101,382	—	—	101,382
Total investment assets at fair value	\$ <u>1,017,659</u>	<u>665,873</u>	<u>836</u>	<u>1,684,368</u>

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	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
January 1, 2013				
Cash equivalents	\$ 41,927	—	—	41,927
Fixed income				
Government agencies	447,415	—	—	447,415
Asset-backed securities	—	80,391	—	80,391
Residential mortgage-backed securities	—	107,639	—	107,639
Commercial mortgage-backed securities	—	51,947	—	51,947
Corporate obligations	—	358,961	—	358,961
Preferred securities	9,774	10,879	—	20,653
Common stock				
Small cap stocks	41,938	—	—	41,938
Mid cap stocks	23,613	—	—	23,613
Large cap stocks	17,004	—	—	17,004
International stocks	2,431	—	—	2,431
Miscellaneous stocks	—	75	—	75
Mutual funds				
Fixed income funds	47,487	29,690	—	77,177
Real estate investment trust funds	1,087	—	—	1,087
Managed futures	571	—	—	571
Large cap funds	60,616	—	—	60,616
Mid cap funds	27,127	—	—	27,127
Small cap funds	3,719	—	—	3,719
Index funds	18,959	—	—	18,959
Balanced funds	2,381	—	—	2,381
Collective/commingled funds	—	19,393	—	19,393
International funds	80,322	—	—	80,322
Total investment assets at fair value	\$ <u>826,371</u>	<u>658,975</u>	<u>—</u>	<u>1,485,346</u>

HP did not have any transfers between Levels 1, 2, and 3 during the year ended December 31, 2013.

HP has no financial assets or liabilities that were measured at fair value on a nonrecurring basis at December 31, 2013 and January 1, 2013.

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(In thousands)

(4) Accounts Receivable, Net

Accounts receivable, net at December 31, 2013 and January 1, 2013 were as follows:

	December 31, 2013	January 1, 2013
Health service	\$ 353,683	343,782
Premiums	109,519	110,491
Other	63,765	63,971
Allowance for doubtful accounts	(86,134)	(89,445)
Total	<u>\$ 440,833</u>	<u>428,799</u>

Health service accounts receivable are reduced by an allowance for doubtful accounts or charity care, based on established guidelines for identifying uncollectible patient accounts and classifying these accounts as either doubtful accounts or charity care. In evaluating the collectibility of accounts receivable, HP's management periodically assesses the allowance for doubtful accounts and charity care by taking into consideration, by payor category, the expected net collections, accounts receivable aging, historical collections experience, economic conditions, trends in healthcare coverage, and other collection indicators. The primary source of the allowance for doubtful accounts is the patient responsibility portion of commercial accounts. The primary source of the allowance for charity care is charges for uninsured patients. Patients who are insured are assessed separately for collectibility from uninsured patients. The results of these assessments are used to establish the net realizable value of patient accounts receivable and the allowance for doubtful accounts and charity care. For premiums and other receivables, HP's policy is to set up allowances for all receivables over 90 days outstanding.

HP grants credit without collateral to its patients, most of whom are insured under third-party payor arrangements. The mix of gross health service receivables by payor at December 31, 2013 and January 1, 2013 was as follows:

	December 31, 2013	January 1, 2013
Medicare	24%	23%
Medicaid	7	8
Other third-party payors	50	49
Patients	19	20
Total	<u>100%</u>	<u>100%</u>

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(5) Property, Plant, and Equipment, Net

A summary of the costs and the related accumulated depreciation at December 31, 2013 and January 1, 2013 is as follows:

	December 31, 2013		January 1, 2013	
	Cost	Accumulated depreciation	Cost	Accumulated depreciation
Land and land improvements	\$ 68,744	8,422	68,017	7,967
Buildings and building improvements	1,162,496	605,462	1,117,940	558,399
Equipment	1,076,862	849,483	995,308	779,809
Leasehold improvements	157,409	97,166	147,404	89,564
Construction in progress	38,443	—	17,495	—
	<u>\$ 2,503,954</u>	<u>1,560,533</u>	<u>2,346,164</u>	<u>1,435,739</u>
Property, plant, and equipment, net	\$ 943,421		\$ 910,425	

(a) Regions Hospital Campus

The majority of Regions' main campus is owned by Ramsey County and leased to Regions. The original lease agreement grants Regions use of the property through December 2066 and requires Regions to: (i) provide care to the indigent of Ramsey County throughout the lease term; (ii) pay all taxes, utilities, maintenance, and insurance costs with respect to the property; (iii) use its best efforts to continue providing, and consult with the Ramsey County Board of Commissioners before discontinuing, its major or unique services, including but not limited to, the trauma center, burn unit, graduate medical education, and research services; and (iv) not assign the lease to a for-profit corporation.

The property leased from Ramsey County is included in Regions' net property, plant, and equipment. Under the lease, Regions is required to provide a minimum dollar amount of charity care to Ramsey County residents. In the event the value of charity care does not meet the lease requirement, Regions can fulfill the requirement by making capital improvements to Regions' property. Regions' compliance with the charity care requirement of the lease is based on the value of charity care provided and reduced by Ramsey County's direct cash support, if any.

(b) Construction in Progress

Construction in progress at December 31, 2013 and January 1, 2013 represents deposits on equipment purchases and costs incurred in connection with remodeling and building projects. At December 31, 2013 and January 1, 2013, there was \$60 and \$26, respectively, of capitalizable interest included in construction in progress.

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(6) Goodwill and Other Intangible Assets

(a) Goodwill

HP has a carrying value of goodwill of \$19,154 and \$16,413 at December 31, 2013 and January 1, 2013, respectively, related to business acquisitions. HP did not recognize any impairment related to goodwill in 2013.

(b) Other Intangible Assets

The following table represents a summary of HP's other intangible assets by major asset class at December 31, 2013 and January 1, 2013:

	Gross carrying amount	Accumulated amortization	Net
December 31, 2013:			
Intellectual property	\$ 100	(41)	59
Brand name	2,786	(777)	2,009
Noncompete clauses	1,610	(1,511)	99
Total	<u>\$ 4,496</u>	<u>(2,329)</u>	<u>2,167</u>
January 1, 2013:			
Intellectual property	\$ 100	(31)	69
Brand name	2,786	(505)	2,281
Noncompete clauses	1,610	(1,138)	472
Total	<u>\$ 4,496</u>	<u>(1,674)</u>	<u>2,822</u>

Aggregate amortization expense for amortizing other intangible assets was \$655 for the year ended December 31, 2013. Estimated amortization expense for the next five years is: \$375 in 2014, \$283 in 2015, \$279 in 2016, \$279 in 2017, and \$279 in 2018.

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(In thousands)

(7) Long-Term Debt

Long-term debt at December 31, 2013 and January 1, 2013 consisted of the following:

	December 31, 2013	January 1, 2013
Health Care Facility Revenue Bonds – Series 2003 (1)	\$ 43,030	53,845
Hospital Facility Revenue Bonds – Series 2006 (2)	174,951	176,732
Hospital Facility Revenue Bonds – Series 1998 (3)	36,166	37,665
Health Care Facility Revenue Bonds – Series 2009 (4)	183,780	183,516
Health Care Facility Revenue Bonds – Series 2008C (5)	177,799	187,333
HealthPartners, Inc. Senior Notes – Series 2013 (6)	92,500	—
Lakeview Health mortgage revenue bonds – Series 2005 (7)	26,776	27,481
Hudson Hospital refunding revenue bonds – Series 2012 (8)	19,469	20,365
Westfields mortgage bonds payable – Series 1999A and B (9)	8,130	8,749
HESH loan payable (10)	11,438	12,734
Health Care Facility Revenue Note – Series 2006 (11)	1,981	2,085
Meadowbrook note payable (12)	328	1,229
Capital lease obligations (13)	19,203	20,293
Total long-term debt	795,551	732,027
Less current portion	25,080	21,381
Long-term portion	\$ 770,471	710,646

Annual principal payments due on the above debt are as follows:

Year ending December 31:	
2014	\$ 25,080
2015	26,890
2016	28,215
2017	29,470
2018	30,841
Thereafter	655,055
Total	\$ 795,551

- 1) *The Health Care Facility Revenue Bonds – Series 2003* were issued by the Housing and Redevelopment Authority of the City of Saint Paul (HRA) and the City of Minneapolis on behalf of GHI and the Obligated Group, which includes Regions, HPI, HPAI, and HPIC (collectively, the “Obligated Group”). The bonds are payable in semiannual installments through 2029 with interest rates ranging from 5.00% to 6.00% and are the sole obligation of GHI and the Obligated Group. The Obligated Group’s gross revenues were pledged toward repayment of the bonds. Financing costs are

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(In thousands)

amortized over the life of the bonds. The debt agreements provide for certain financial covenants and also limit the amount of additional debt that can be incurred.

- 2) *The Hospital Facility Revenue Bonds* – Series 2006 were issued by the HRA on behalf of Regions. The bonds are payable in annual installments through 2036 with interest rates ranging from 4.625% to 5.25% and are the sole obligation of the Obligated Group. The bond proceeds were used primarily for hospital facility construction, general facility refurbishing, and equipment acquisition. The Obligated Group's gross revenues were pledged toward repayment of the bonds. The debt agreements include covenants enumerating minimum debt service coverage requirements, along with restrictions on the incurrence of additional debt, sales of assets, mergers and consolidations, transactions with affiliates, creation of liens, and certain other matters.
- 3) *The Hospital Facility Revenue Bonds* – Series 1998 were issued by the HRA on behalf of Regions. The bonds are payable in annual installments through 2028 with interest rates ranging from 5.00% to 5.30% and are the sole obligation of the Obligated Group. The bond proceeds were used primarily for hospital facility construction, general facility refurbishing, and equipment acquisition. The Obligated Group's gross revenues were pledged toward repayment of the bonds. The debt agreements include covenants enumerating minimum debt service coverage requirements, along with restrictions on the incurrence of additional debt, sales of assets, mergers and consolidations, transactions with affiliates, creation of liens, and certain other matters.
- 4) *The Health Care Facility Revenue Bonds* – Series 2009 were issued by the City of St. Louis Park, Minnesota on behalf of PNHS and the PNHS Obligated Group, which includes PNHS, Methodist, PNC, PNI, PNHCP, and PNMC Holdings (collectively, the "PNHS Obligated Group"). Proceeds were used to refund the series 2008A and series 2008B PNHS Obligated Group bonds. Principal payments are due annually in varying amounts beginning in 2024 and running through 2039. The series 2009 bonds are uninsured and were issued with interest rates ranging from 5.50% to 5.75%. Under terms of the bond indenture agreements, the PNHS Obligated Group is required to maintain certain deposits with a trustee. Under terms of the master indenture agreement, the PNHS Obligated Group has granted bond holders a security interest in the gross revenues of the PNHS Obligated Group. The PNHS Obligated Group has also mortgaged and pledged certain real and personal property as security for the obligations.
- 5) *The Health Care Facility Revenue Bonds* – Series 2008C were issued by the City of St. Louis Park, Minnesota on behalf of PNHS and the PNHS Obligated Group. Proceeds were used to refund the series 2003A PNHS Obligated Group bonds. Principal payments are due annually in varying amounts through 2030. The Series 2008C bonds are uninsured and were issued with interest rates ranging from 5.50% to 5.75%. Under terms of the bond indenture agreements, the PNHS Obligated Group is required to maintain certain deposits with a trustee. Under terms of the master indenture agreement, the PNHS Obligated Group has granted bond holders a security interest in the gross revenues of the PNHS Obligated Group. The PNHS Obligated Group has also mortgaged and pledged certain real and personal property as security for the obligations.
- 6) *The HealthPartners, Inc Senior Notes* – Series 2013 were issued by HP and the Obligated Group. The bonds are payable in annual principal payments and semiannual interest payments through 2030

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with an interest rate of 4.61% and are the sole obligation of HP and the Obligated Group. The Obligated Group's gross revenues were pledged toward repayment of the bonds. Financing costs are amortized over the life of the bonds. The debt agreements provide for certain financial covenants and also limit the amount of additional debt that can be incurred.

- 7) *Lakeview Health – Health Care Revenue Bonds* – Series 2005 were issued through the City of Stillwater, Minnesota. The net proceeds from the bonds were used to fund construction of a new clinic in Stillwater, Minnesota and to reimburse Lakeview Health for prior project costs. The bonds are payable in semiannual installments through 2035 with interest rates ranging from 3.50% to 5.00% and are secured by future gross revenues of Lakeview Health.
- 8) *Hudson Hospital Refunding Revenue Bonds Payable* – Series 2012 were issued by the Wisconsin Health and Educational Facilities on behalf of HH. The bonds are payable in monthly installments through 2029 with an interest rate of 3.61% with substantially all of the mortgaged property of the hospital campus pledged as collateral on the Revenue Bonds.
- 9) *Westfields Mortgage Bonds Payable* – WH mortgage bonds payable consists of a \$7,000 Hospital Facilities Revenue Note, Series 1999A, and a \$6,990 Hospital Facilities Revenue Note, Series 1999B (collectively, the “Westfields Notes”). WH entered into this loan agreement with the Community Development Authority of the City of New Richmond, WI, and the Village of Star Prairie, WI. The Westfields Notes are payable in monthly installments through 2024 with an interest rate of 5.75% and are collateralized by land, land improvements, and the building.
- 10) *HESH Loan Payable* – HESH entered into a loan arrangement with Prudential Insurance Company of America in connection with the building and equipping of the HealthPartners Specialty Center facility. The loan is payable in monthly installments through 2020 with an interest rate of 5.99% and is secured by the land, all buildings, structures, and improvements located in or on the land and all of the fixtures, and personal property owned by HESH but excluding all personal property owned by any tenant of the property.
- 11) *Health Care Facility Revenue Note* – Series 2006 was issued by the City of Maplewood, MN, on behalf of Regions. The note is payable in monthly installments through 2026 with an interest rate of 5.39% and is the sole obligation of Regions. The bond proceeds were used primarily for the acquisition, construction, and equipping of the Maplewood Sleep Center.
- 12) *Meadowbrook note payable* – In 1989, PNHS entered into a note obligation, the proceeds of which were used to construct the Meadowbrook building. The Meadowbrook obligation provides for monthly installments through 2014 at an interest rate of 10.50%.
- 13) *Capital lease obligations* – In 2004, PNHS entered into a lease with 494 France Partnership, LLC for the Tria building. The lease term continues through 2025. PNHS also has another building capital lease that continues through 2031.

HP was in compliance with all debt covenants as of December 31, 2013.

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The debt agreements also require HP to maintain certain funds in trust accounts. Investments in the trusts are recorded at fair value. Such funds are included in investments whose use is limited in the consolidated statements of financial position at December 31, 2013 and January 1, 2013 and were as follows:

	December 31, 2013	January 1, 2013
Funds held by trustee:		
Project funds for capital additions	\$ —	7,598
Debt service reserve fund	70,061	69,838
Bond interest and principal fund	17,587	17,173
Total funds held by trustee	87,648	94,609
Less current portion	18,004	17,591
Long-term portion	\$ 69,644	77,018

(8) Operating Leases

HP leases clinics, office space, and medical equipment under noncancelable operating lease agreements that expire at varying dates with options for renewal. The leases provide for minimum monthly rental payments, plus additional rentals, based on HP's pro rata share of utilities, maintenance, taxes, insurance, and building management expenses.

Total rental expense, including operating expenses, for all operating leases during 2013 was \$56,826.

Minimum future lease payments required under noncancelable equipment and building leases are as follows:

Year ending December 31:	
2014	\$ 26,730
2015	23,593
2016	21,454
2017	19,900
2018	14,055
Thereafter	56,103
Total	\$ 161,835

HPI is a minority member of Bloomington Central Station, LLC, the owner of the HP campus, and the landlord of HP's corporate headquarters building at 8170 33rd Avenue South, Bloomington, MN. HPI has certain rights under the LLC agreement and the lease agreement.

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(In thousands)

(9) Asbestos Abatement

ASC 410, *Asset Retirement and Environmental Obligations*, requires companies to accrue for costs related to legal obligations to perform certain activities in connection with the retirement, disposal, or abandonment of assets. HP recorded asset retirement obligations in accordance with this interpretation for conditional asset retirement obligations related to the removal of asbestos contained within some of its buildings. The asset retirement obligation is adjusted each year for any liabilities incurred or settled during the period, accretion expense, and any revisions made to the estimated cash flows. At December 31, 2013 and January 1, 2013, HP has asset retirement obligations recorded of \$5,253 and \$5,259, respectively.

(10) Retirement Plans

HP provides several retirement programs for its various groups of employees.

GHI, HPCMC, PNBC, RHSC, and HPA (the Group) have a noncontributory defined benefit cash balance plan covering their employees age 21 and over with a minimum of one year of service. Contributions to the plan are a function of the years of service, the level of compensation, and an interest rate credit. Plan assets are invested in a fund consisting of common stocks, bonds, and other marketable securities. The plan is funded in accordance with federal law and regulations.

Lakeview Health has a defined benefit pension plan covering substantially all of its employees. Pension benefits are based on years of service and the employees' compensation during their highest consecutive five-year compensation period. Lakeview Health funds contributions to the plan based on actuarial computations using the projected unit credit method.

HP uses a December 31 measurement date for the retirement plans.

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(In thousands)

The Plans' benefit obligation and funded status at December 31, 2013 and January 1, 2013, and changes for the year ended December 31, 2013 are as follows:

		<u>2013</u>
Change in benefit obligation:		
Benefit obligation – January 1, 2013	\$	491,846
Service cost		23,072
Interest cost		19,288
Actuarial loss		(21,765)
Benefits paid		(15,172)
Expenses		(1,092)
Benefit obligation – December 31, 2013	\$	<u>496,177</u>
Change in plan assets:		
Fair value of plan assets – January 1, 2013	\$	441,012
Actual return on plan assets		85,979
Employer contributions		43,136
Benefits paid		(15,172)
Expenses		(1,092)
Fair value of plan assets – December 31, 2013	\$	<u>553,863</u>
	<u>December 31,</u>	<u>January 1,</u>
	<u>2013</u>	<u>2013</u>
Funded status:		
Funded status	\$	57,686
Unrecognized net actuarial loss		(50,835)
Unrecognized prior service cost		146,841
		3,564
Prepaid benefit cost	\$	4,689
		<u>119,222</u>
		<u>100,695</u>
Amount recognized in the statements of financial position consists of the following:		
Noncurrent assets – prepaid employee benefits	\$	57,686
Noncurrent liabilities – deferred employee benefits		—
		(50,835)
Total amount recognized	\$	57,686
		(50,835)
	<u>December 31,</u>	<u>January 1,</u>
	<u>2013</u>	<u>2013</u>
Amount recognized in net assets:		
Net loss	\$	57,972
Net prior service cost		146,841
		3,564
Total amount recognized	\$	4,689
		<u>61,536</u>
		<u>151,530</u>

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(In thousands)

	<u>December 31, 2013</u>	<u>January 1, 2013</u>
Weighted average assumptions as of December 31, 2013 and January 1, 2013:		
Discount rate – the Group	4.75%	4.00%
Discount rate – Lakeview Health	5.10	4.26
Expected return on plan assets – the Group	7.75	8.00
Expected return on plan assets – Lakeview Health	7.50	7.50
Rate of compensation increase – the Group	4.00	4.00
Rate of compensation increase – Lakeview Health	5.00	5.00

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

Estimated benefit payments:	
2014	\$ 31,704
2015	33,669
2016	34,747
2017	37,489
2018	38,452
2019–2023	<u>202,812</u>
Total	<u>\$ 378,873</u>

(a) *Plan Assets*

HP has in place an Asset Allocation and Investment Policy Guidelines document that provides general oversight of the Plans' assets. The asset class investment return goals are broken down by the following asset classes: core fixed income, large cap equities, small cap equities, and international equities. In addition to the return objectives, each asset class has a minimum and maximum range and a targeted asset allocation percentage. In general, investment managers selected are expected to adequately diversify each portfolio in their efforts to maximize risk-adjusted performance. The Plans may use private placements, mutual funds, and commingled/collective funds periodically to gain exposure to certain asset classes.

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HP pension plan weighted average asset allocations at December 31, 2013 and January 1, 2013 by assets category are as follows:

	Target allocation	December 31, 2013	January 1, 2013
Asset category:			
Equity securities	75.0%	74.1%	71.7%
Debt securities	25.0	20.1	25.4
All other assets	—	5.8	2.9
	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Employer contributions – contributions expected to be paid in 2014 for the measurement year ended December 31, 2013			\$ 20,000

In 2013, HP made cash contributions to the pension plan of \$43,136, of which \$32,000 is currently invested in the asset category of all other assets. These assets have yet to be rebased, and once they have been rebased, they will be moved based on HP's target allocation policy.

HP has classified its investments in the pension plans as collective/commingled funds, mutual funds, common stock (domestic and international), preferred stock, fixed income securities, and money market accounts.

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(In thousands)

The following tables present the level within the fair value hierarchy at which HP's invested assets are measured on a recurring basis at December 31, 2013 and January 1, 2013:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
December 31, 2013				
Cash equivalents	\$ 32,807	—	—	32,807
Fixed income				
Asset-backed securities	—	919	—	919
Government agencies	18,567	—	—	18,567
Mortgage-backed securities	—	574	—	574
Corporate obligations	—	23,092	—	23,092
Common stock				
Small cap stocks	47,950	—	—	47,950
Mid cap stocks	2,703	—	—	2,703
Preferred stock	725	—	—	725
Mutual funds				
Fixed income funds	68,503	—	—	68,503
Large cap funds	10,892	—	—	10,892
International funds	122,423	—	—	122,423
Commodity funds	7,639	—	—	7,639
Collective/commingled funds	<u>17,800</u>	<u>199,269</u>	<u>—</u>	<u>217,069</u>
Total investment assets at fair value	\$ <u>330,009</u>	<u>223,854</u>	<u>—</u>	<u>553,863</u>

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(In thousands)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
January 1, 2013				
Cash equivalents	\$ 11,846	—	—	11,846
Fixed income				
Asset-backed securities	—	257	—	257
Government agencies	16,808	—	—	16,808
Mortgage-backed securities	—	478	—	478
Corporate obligations	—	25,316	—	25,316
Common stock				
Small cap stocks	31,386	—	—	31,386
Mid cap stocks	1,850	—	—	1,850
Preferred stock	326	—	—	326
Mutual funds				
Fixed income funds	70,570	—	—	70,570
Large cap funds	8,198	—	—	8,198
International funds	99,978	—	—	99,978
Commodity funds	8,967	—	—	8,967
Collective/commingled funds	<u>15,651</u>	<u>149,381</u>	<u>—</u>	<u>165,032</u>
Total investment assets at fair value	\$ <u>265,580</u>	<u>175,432</u>	<u>—</u>	<u>441,012</u>

HP did not have any transfers between Levels 1 and 2 during the year ended December 31, 2013.

(b) *Accumulated Benefit Obligation*

Information for pension plans with an accumulated benefit obligation in excess of plan assets is as follows:

	<u>December 31, 2013</u>	<u>January 1, 2013</u>
Projected benefit obligation	\$ 496,177	491,846
Accumulated benefit obligation	454,445	448,954
Fair value of plan assets	553,863	441,012

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(In thousands)

(c) Components of Net Periodic Benefit Cost

	2013
Service cost	\$ 23,072
Interest cost	19,288
Expected return on plan assets	(32,209)
Amortization of prior service cost	1,125
Recognized actuarial loss	13,334
Net periodic benefit cost	<u>\$ 24,610</u>

(d) Regions Plans

Substantially, all full-time employees of Regions are covered by Regions' defined contribution retirement plan or by the defined benefit plans administered by the Public Employees Retirement Association of the state of Minnesota (PERA).

Regions sponsors a defined contribution retirement plan covering all employees over the age of 21 who have completed one year of eligible service and are not covered by PERA. The plan provides for both a base contribution and a matching contribution funded by the employer based on the employees' participation in a qualifying 403(b) plan. The plan is a qualified plan under IRC Section 401(a) and satisfies the requirements of Section 401(m). Regions' contributions range from 4% to 6% of eligible employees' compensation. Total contributions to the plan were \$10,620 in 2013.

PERA is a contributory defined benefit retirement plan available to employees hired by Regions prior to September 3, 1986, who may, but are not obligated to, continue PERA participation under provisions of Minnesota Statutes. The PERA plan provides retirement benefits, as well as disability benefits to members, and benefits to survivors upon death of eligible members. Benefits are established by Minnesota State Statute and vest after three years of credited services. Contributions by Regions to this plan are based on a percentage of eligible employees' salaries. The contributory percentage is established by PERA. Contributions to PERA were \$265 in 2013. Regions' relative actuarial position and relative net assets available for benefits are not determinable.

(e) GHI Plans

GHI sponsors two qualified defined contribution plans under various sections of the IRC, which are the GHI 403(b)(7) Plan and the GHI 401(k) Plan. Employee balances in the GHI 403(b)(7) Plan were frozen, effective July 3, 1996. Eligible employees of GHI can contribute 1.0% to 50.0% of annual compensation up to the maximum dollar limits established by the Internal Revenue Service with GHI matching the participants' contribution up to 7.5% of their salary. GHI made discretionary contributions to the GHI 401(k) Plan, for which GHI, HPCMC, RHSC, HPA, and PNBC are participants, of \$25,686 in 2013.

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(f) *PNHS Plans*

PNHS contributes to various multiemployer defined benefit pension plans under the terms of collective-bargaining agreements that cover its union-represented employees. The risks of participating in these multiemployer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multiemployer plan by one employer may be used to provide benefits to employees of other participating employers.
- If a participating employer stops contributing to the plan, the unfunded obligations of the plan may be borne by the remaining participating employers.
- If PNHS chooses to stop participating in some of its multiemployer plans, PNHS may be required to pay those plans an amount based on the underfunded status of the plan, referred to as a withdrawal liability.

PNHS's participation in these plans for the annual period ended December 31, 2013, is outlined in the following table. The zone status is based on information that PNHS received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65% funded, plans in the yellow zone are between 65% and 80% funded, and plans in the green zone are at least 80% funded.

Pension Fund	EIN/Pension Plan Number	Pension Protection Act Zone Status 2013	FIP/RP Status Pending/Implemented	2013 Contributions	Surcharge Imposed	Expiration Date of Collective-Bargaining Agreement
Twin Cities Hospitals Minnesota Nurses Association	41-6184922	Yellow as of 1/1/2013	Yes *	14,088 **	No	5/31/2016
Twin Cities Hospitals Workers Pension Plan	41-1303906	Green as of 1/1/2013	No	550	No	2/28/2015

* The sponsor has commenced a funding improvement plan in order to meet funding requirements over a funding improvement period ending in 2020

** The required 2014 contribution was paid in December 2013 rather than in January 2014

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PNHS was listed in both the Twin Cities Hospitals Minnesota Nurses Association and the Twin Cities Hospitals Workers Pension Plan Form 5500 as providing more than 5% of the total contributions for 2012.

In addition, PNHS participates in one other multiemployer pension plan. Total contributions to this plan were \$120 in 2013.

PNHS has a defined contribution pension plan covering all eligible noncontract employees under which PNHS makes contributions of 4.5% of a participant's compensation up to 100% of the social security wage base and 9.7% of any compensation in excess of 100% of the social security wage base up to a maximum wage base of \$255. Plan contribution expense for PNHS was \$22,046 in 2013.

PNHS also offers a 401(k) and a 403(b) contributory savings plan covering substantially all employees. Discretionarily, PNHS matches a specified percentage of each employee's contribution up to a maximum of 4% of the individual's compensation. For 2013, PNHS made contributory matches of 40%. Plan contribution expense for PNHS was \$6,339 in 2013.

(g) WH Plans

WH has a defined contribution retirement plan covering substantially all employees who meet the requirement set forth in the plan. The eligible employees can elect to contribute, up to the maximum dollar limits established by the Internal Revenue Service, of their annual salary to the plan with WH matching the participants' contributions up to 5% of their salary. Contributions to the plan were \$185 in 2013.

(h) HH Plans

HH has a defined contribution retirement plan for all its eligible employees. HH contributes 3% of annual compensation for those plan participants contributing a minimum of 1% of their annual compensation. For those employees attaining 15 or more years of continuous service, HH will contribute between 4% and 8% of the employees' annual compensation assuming the employee contributes an equal percentage. Contributions to the plan were \$425 in 2013.

(i) Lakeview Health Plans

LMHA has a defined contribution plan or 401(k) plan covering substantially all employees of LMHA who meet the requirements set forth in the plan. An employee becomes eligible to participate after completing one year of service, accumulating 1,000 hours of service, and attaining age 21. A participant may elect to defer compensation not to exceed a dollar limit, which is set by law. All employee contributions to the 401(k) plan are 100% vested. LMHA will make matching contributions to the 401(k) plan in the amount of 2% of the compensation that is contributed by the employee. Contributions to the 401(k) plan were \$762 in 2013.

SMG has a defined contribution 401(k) plan covering substantially all employees of SMG who meet the requirements set forth in the plan. A participant may elect to defer compensation not to exceed a

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dollar limit, which is set by law. All employee contributions to the 401(k) are 100% vested. SMG also has a profit sharing plan, where SMG has the discretion to determine contribution amounts. A participant is eligible after completing 1,000 hours of service and if the participant is employed on the last day of the plan year. Contributions to both the 401(k) plan and the profit sharing plan were \$1,556 in 2013.

(11) Postretirement Benefits

HP provides four postretirement benefit plans for its various groups of employees.

Regions sponsors a defined benefit plan that provides postretirement medical and dental benefits to substantially all of Regions' employees hired prior to January 1, 1993, and retired by December 31, 2000. The plan is contributory for retirees below age 65 and noncontributory for retirees age 65 and older. In 1994, the plan was amended to eliminate subsidized coverage after age 65 for participants who retired after July 1, 1994. In 1999, the plan was amended to eliminate coverage for active employees who retired after December 31, 2000.

GHI sponsors a defined benefit plan that provides postretirement medical and dental benefits to GHI employees. As of January 1, 2006, new early retirees (ages 55 to 64) will not be allowed to purchase two single policies. Instead, they must purchase family coverage if they elect coverage for spouse or dependent. As of January 1, 2008, new nonunion early retirees (ages 55 to 64) will pay rates that are based on the actual experience of the early retiree group (i.e., retiree group rates).

PNHS extends health insurance coverage to certain union contract labor who elect to retire and begin receiving pension benefits at age 55 or older, until such time as the retiree is eligible for Medicare. PNHS also has a defined benefit postretirement health care plan covering certain former employees and spouses who satisfied certain eligibility requirements. No other employees will be included in this plan.

HP uses a December 31 measurement date for the postretirement plans.

The following provides a reconciliation of the changes in the plans' benefit obligations and fair value of assets over the year ended December 31, 2013, and a statement of funded status as of the same dates:

	<u>2013</u>
Change in benefit obligation:	
Benefit obligation – January 1, 2013	\$ 21,854
Service cost	658
Interest cost	728
Actuarial gain	(5,377)
Benefits paid	(1,003)
Benefit obligation – December 31, 2013	<u>\$ 16,860</u>

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		<u>2013</u>
Change in plan assets:		
Fair value of plan assets – January 1, 2013	\$	—
Employer contributions		1,003
Benefits paid		<u>(1,003)</u>
Fair value of plan assets – December 31, 2013	\$	<u>—</u>
	<u>December 31,</u>	<u>January 1,</u>
	<u>2013</u>	<u>2013</u>
Funded status:		
Funded status	\$	(16,860)
Unrecognized prior year service cost		(4)
Unrecognized net gain		<u>(7,792)</u>
Net amount recognized	\$	<u>(24,656)</u>
Amounts recognized in the statement of financial position consist of:		
Current liabilities – salaries and employee benefits payable	\$	(1,200)
Noncurrent liabilities – postretirement benefit obligation		<u>(15,660)</u>
Total amount recognized	\$	<u>(16,860)</u>
Amounts recognized in net assets consist of:		
Net gain	\$	(7,792)
Prior service cost		<u>(4)</u>
Total amount required	\$	<u>(7,796)</u>

The components of net periodic benefit cost for the plans for 2013 were as follows:

		<u>2013</u>
Service cost	\$	658
Interest cost		728
Amortization of prior year service cost		(318)
Recognized actuarial gain		<u>(362)</u>
Net periodic postretirement benefit cost	\$	<u>706</u>

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Assumptions and healthcare trends for December 31, 2013 and January 1, 2013 were as follows:

	December 31, 2013	January 1, 2013
Assumed healthcare cost trends:		
Following year	6.75–7.50%	7–7.70%
Rate to which the cost trend rate is assumed to decline	5.00% & 4.50%	5.00% & 4.50%
Year that the rate reaches the ultimate trend rate	2020, 2021 & 2029	2018, 2021 & 2029
Assumptions used to determine benefit obligations:		
Discount rate	2.85%, 4.35% & 4.75%	2.85%, 3.50% & 4.00%
Future compensation increase rates	—	—
Assumptions used to determine net periodic benefit costs:		
Discount rate	2.85%, 4.00% & 7.00%	4.00%, 4.75% & 7.50%
Expected long-term rate of return	—	—

As an indicator of sensitivity, a 1% increase in the assumed healthcare cost trend rate for each year would increase the accumulated postretirement benefit obligation as of December 31, 2013, between approximately 6.4% and 9.7% and postretirement healthcare benefit expenses for 2013 between approximately 6.4% and 40.2%. A 1% decrease in the assumed healthcare cost trend rate for each year would decrease the accumulated benefit obligation as of December 31, 2013, between approximately 5.9% and 8.4% and the postretirement healthcare benefit expenses for 2013 between approximately 5.9% and 35.0%.

The following is the expected cash cost to HP for the next 10 years using current healthcare cost assumptions:

Year ending December 31:	
2014	\$ 1,207
2015	1,284
2016	1,366
2017	1,455
2018	1,496
2019–2023	7,555

In December 2003, the Medicare Prescription Drug Improvement and Modernization Act of 2003 (the Act) was signed into law. The provisions of the Act provide for a federal subsidy for plans that provide prescription drug benefits and meet certain qualifications and, alternatively, would allow prescription drug plan sponsors to coordinate with the Medicare benefit. HPI's retirement medical plan is not eligible for the Medicare subsidy under the Act; however, the Regions' postretirement plans provide prescription drug coverage for certain Medicare-eligible retirees.

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(12) Deferred Compensation Plan

HP offers certain employees nonqualified deferred compensation plans created in accordance with applicable provisions of the IRC. The plans permit qualifying employees to defer a portion of their salary until future years. The accumulated deferred compensation balance is not immediately available to employees until a certain criteria has been met depending on the specific deferred compensation plan.

All amounts of compensation deferred under the plans and all income attributable to those amounts (until paid or made available to the employee or other beneficiary) are solely the property and rights of HP (not restricted to the payment of benefits under the plan), subject only to the claim of general creditors. Participants' rights under the plans are equal to those of general creditors of HP in an amount equal to the fair market value of the deferred account for each participant. The related assets and liabilities are reported at fair value.

The liabilities for these plans at December 31, 2013 and January 1, 2013 were \$47,427 and \$37,037, respectively, and are included in deferred employee benefits in the consolidated statements of financial position.

(13) Self-Insured Programs

HP has various self-insured programs covering professional liability, workers' compensation, and certain health and dental claims. Provisions for related losses on incurred claims are included as liabilities.

GHI, Regions, WH, and HH have professional liability insurance programs providing coverage on a claims-made basis. GHI and Regions has coverages that have a self-insured retention (SIR) limit of \$5,000 per occurrence in 2013. GHI and Regions have purchased insurance policies with excess per claim and annual aggregate limits. GHI's and Regions per claim limits in excess of the SIR limits are \$55,000 in 2013. WH and HH have coverages that have a limit of \$1,000 per occurrence and \$3,000 aggregate in 2013. This coverage is purchased through Physicians Insurance Company of Wisconsin, Inc. WH and HH are insured against losses in excess of these amounts through its participation in the mandatory Patients' Compensation Fund of the state of Wisconsin. The professional liability insurance policy is renewable annually and has been renewed by the insurance carrier for the annual period extending to February 1, 2015.

PNHS is self-insured for claims made up to \$3,500 per claim and \$12,000 annual aggregate SIR in 2013. PNHS also has an aggregate excess umbrella coverage limit of \$50,000 annually to cover the excess SIR, as well as the excess of PNHS' other corporate insurance programs in 2013.

Lakeview Health's malpractice insurance is a claims made policy. Should this policy lapse and not be replaced with equivalent coverage, claims based upon occurrence during its term, but reported subsequent thereto, would be uninsured.

(14) Related-Party Transactions

HP has a one-third ownership interest in St. Francis Regions Medical Center (St. Francis) with Allina Health System and Essentia each holding a one-third ownership interest in St. Francis as well. HP's

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ownership interest is accounted for on the equity basis and is included in other assets in the consolidated statements of financial position and in other revenue in the consolidated statement of activities. At December 31, 2013, HP's ownership interest in St. Francis was \$32,744. HP's proportionate share in income of St. Francis was \$4,353 in 2013. Effective January 1, 2014, HP's and Allina Health System's ownership interest in St. Francis will increase to 47.5% with Essentia's ownership interest decreasing to 5%.

During 2013, a member of Western Wisconsin Medical Association (WWMA) was a board member of HP. WWMA was paid \$6,611 in 2013 to provide medical services to HPI and GHI's enrolled members.

(15) Provider Tax

The legislature of the State of Minnesota passed a law in 1992 requiring all healthcare providers to pay a tax on healthcare services they provide to patients. The funds collected from this tax help provide health insurance coverage to individuals who otherwise could not afford health insurance. In 2013, the provider tax was 2% of healthcare services, which is included within health services on the consolidated statement of activities.

(16) Minnesota Comprehensive Health Association

Minnesota Comprehensive Health Association (MCHA) was created as a nonprofit association that provides health insurance to residents of Minnesota who otherwise are unable to obtain coverage in the marketplace. Membership in MCHA is state mandated and composed of all insurers, HMOs, nonprofit health service corporations, and fraternal benefit societies transacting the business of health insurance in Minnesota. Contributing members are assessed amounts to reimburse MCHA for claims expenses in excess of revenues. Each contributing member's assessment is based on the ratio of its health insurance premiums earned to the total contributing members' annual premium revenues in Minnesota.

(17) Medical Care Surcharge

The legislature of the State of Minnesota passed a law in 1992 requiring all healthcare providers to pay a medical care surcharge. The purpose of the surcharge was to maintain the federal matching funds the state receives for the Medicaid program and to improve reimbursement to providers for Medicaid patients.

(18) Premium Tax

The legislature of the State of Minnesota passed legislation in 1992 requiring HMOs to pay 1% tax on premium revenue effective January 1, 1996. The funds collected from this tax help provide health coverage to individuals who otherwise could not afford health insurance. In 2013, the premium tax for HMOs was 1% as determined by the State Finance Commissioner based on funds available in the Health Care Access Fund. HPIC, a subsidiary of HP, was assessed a 2% premium tax in 2013.

(19) Minnesota Capitalization Requirements

The legislature of the State of Minnesota enacted a bill (the Bill) relating to HMOs requiring, among other things, that HMOs maintain positive working capital, make certain deposits, and comply with certain net worth requirements. The Bill requires that existing HMOs maintain cash deposits equal to the greater of

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\$500 or 33% of their uncovered expenses in the preceding calendar year. The term “uncovered expenses” is defined as the costs of healthcare services that are covered by the HMO for which the enrollee would also be liable in the event of the organization’s insolvency. The legislature of the State of Minnesota enacted a bill requiring that insurance companies maintain at least \$500 in securities as a guarantee that the obligations to policyholders will be performed. At December 31, 2013 and January 1, 2013, the depository requirements were satisfied through statutory deposits with Wells Fargo Bank Minnesota, NA.

The Bill also requires that existing HMOs and Accident and Health Insurance Companies maintain a “total adjusted capital to risk-based capital,” defined as total admitted assets less total liabilities at the regulatory action level, which is greater than 150% of the risk-based capital authorized control level. On a consolidated basis, all HP-affiliated HMOs and Accident and Health Insurance Companies are in compliance with the above provisions at December 31, 2013 and January 1, 2013.

(20) Charity Care, Taxes, and Assessments

In furtherance of its charitable purpose, HP provides a variety of benefits to the community. HP maintains records to identify, measure, and estimate the cost for community service programs.

HP also conducts medical research and provides medical education programs in furtherance of its commitment to improving the healthcare available to the community.

HP also provides medical care without charge or at reduced cost to low-income community residents, primarily through: (a) the services to patients who express a willingness to pay but who are determined to be unable to pay and (b) participation in public program payments (primarily Medicare and Medicaid).

The cost of charity care, community service, medical education, taxes, and assessments for the year ended December 31, 2013 was as follows:

		2013
Cost of charity care	\$	32,841
Community service		27,018
Medical education		12,964
Medical care surcharge		34,860
MCHA assessments		51,315
Premium tax		30,530
Provider tax		30,662
		<hr/>
Total cost of charity care, community service medical education, taxes, and assessments	\$	<u>220,190</u>

(21) Net Assets

HP reports net assets based on the existence or absence of donor-imposed restrictions. The expiration of donor restrictions is recorded in the period in which the restrictions expire. Permanently restricted net assets have been restricted by donors to be maintained by HP in perpetuity.

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Operating income related to restricted assets is primarily due to contributions revenue, contributions expense, and investment income.

	<u>2013</u>
Unrestricted net assets – January 1, 2013	\$ 1,799,264
Excess of revenues over expenses – unrestricted	237,807
Change in net unrealized gains and losses on investments	14,558
Recognition of change in pension and postretirement funded status	94,690
Net assets released from restrictions	<u>15,397</u>
Unrestricted net assets – December 31, 2013	<u>\$ 2,161,716</u>
Temporarily restricted net assets – January 1, 2013	\$ 30,020
Excess of revenues over expenses – temporarily restricted	13,749
Net investment income and realized gains	2,705
Change in net unrealized gains and losses on investments	(4)
Change in beneficial interest	45
Contributions	3,569
Net assets released from restrictions	<u>(16,950)</u>
Temporarily restricted net assets – December 31, 2013	<u>\$ 33,134</u>
Permanently restricted net assets – January 1, 2013	\$ 11,377
Excess of revenues over expenses – permanently restricted	28
Net investment income and realized gains	9
Change in net unrealized gains and losses on investments	(1)
Contributions	<u>225</u>
Permanently restricted net assets – December 31, 2013	<u>\$ 11,638</u>
Total net assets – January 1, 2013	\$ 1,840,661
Total net assets – December 31, 2013	2,206,488
Total excess of revenues over expenses	251,584

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(22) Contingencies

The healthcare industry is subject to numerous laws and regulations of federal, state, and local governments. Compliance with these laws and regulations can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Government activity has increased with respect to investigations and allegations concerning possible violations of regulations by healthcare providers, which could result in the imposition of significant fines and penalties as well as significant repayments of previously billed and collected revenues for patient services. HP has a corporate compliance plan designed in accordance with federal guidelines. As a part of this plan, HP performs periodic internal reviews of its compliance with laws and regulations, and investigates and attempts to resolve and remedy reported or suspected incidents of material noncompliance with applicable laws, regulations, or policies on a timely basis. Management of HP believes that HP's compliance programs and procedures lead to substantial compliance with current laws and regulations.

HP periodically identifies potential documentation and coding compliance issues. When this occurs, HP follows up with an investigation and, where warranted, initiates disclosure and repayment to the appropriate regulatory authorities. A provision would be made in HP's consolidated financial statements for possible fines, penalties, repayments, or adverse judgments in these matters to the extent the amount is reasonably determinable.

HP is involved in litigation and regulatory investigations and audits arising in the normal course of business. It is management's opinion that these matters will be resolved without material adverse effect on HP's consolidated financial position or results of activities.

(23) Subsequent Events

Effective January 1, 2014, Amery Regional Medical Center (ARMC) joined the HP family of care. ARMC is a 25-bed critical access hospital, has four clinics, a dialysis center, a wound healing center, a geriatric mental health center and an assisted living facility. ARMC is located in Amery, Wisconsin. This transaction will be accounted for as an acquisition under ASC Subtopic 958-805, *Not-For Profit Entities—Business Combinations*.

HP has evaluated all other subsequent events from the consolidated statements of financial position date through March 28, 2014, the date at which the consolidated financial statements were issued, and determined that there are no other items to disclose.