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Form **990**
 Department of the Treasury
 Internal Revenue Service

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)
 Do not enter Social Security numbers on this form as it may be made public. By law, the IRS generally cannot redact the information on the form.
 Information about Form 990 and its instructions is at www.irs.gov/form990

OMB No 1545-0047
2013
Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013, 2013, and ending 12-31-2013

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

C Name of organization: WESTFIELDS HOSPITAL INC
 Doing Business As:
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite: 8170 33RD AVENUE SOUTH PO BOX 1309
 City or town, state or province, country, and ZIP or foreign postal code: MINNEAPOLIS, MN 554401309

D Employer identification number: 39-0808442
E Telephone number: (952) 883-6584
G Gross receipts \$ 40,205,228

F Name and address of principal officer: STEVEN M MASSEY, 8170 33RD AVENUE SOUTH PO BOX 1309, MINNEAPOLIS, MN 554401309

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
 If "No," attach a list (see instructions)
H(c) Group exemption number ▶

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

J Website: WWW.HEALTHPARTNERS.COM

K Form of organization: Corporation Trust Association Other ▶
L Year of formation: 1950 **M** State of legal domicile: WI

Part I Summary

1 Briefly describe the organization's mission or most significant activities SEE SCHEDULE O - PRIMARY EXEMPT PURPOSE AND ACHIEVEMENTS					
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets					
Activities & Governance	3 Number of voting members of the governing body (Part VI, line 1a)	3	13		
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	7		
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	408		
	6 Total number of volunteers (estimate if necessary)	6	55		
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0		
	b Net unrelated business taxable income from Form 990-T, line 34	7b	0		
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year	1,074,929	Current Year	16,807
	9 Program service revenue (Part VIII, line 2g)		32,616,171		39,082,251
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)		123,028		122,676
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		657,260		720,061
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)		34,471,388		39,941,795
	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)		35,386		34,140
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0		0
Expenses	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)		17,730,662		21,699,647
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0		0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ ⁰				
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)		14,078,905		15,575,930
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)		31,844,953		37,309,717
19 Revenue less expenses Subtract line 18 from line 12		2,626,435		2,632,078	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year	39,088,903	End of Year	43,118,730
	21 Total liabilities (Part X, line 26)		19,883,524		20,814,861
	22 Net assets or fund balances Subtract line 21 from line 20		19,205,379		22,303,869

Part II Signature Block

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

Sign Here
 Signature of officer: _____ Date: 2014-11-14
 DAVE A DZIUK, TREASURER
 Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name ANN LAMOUREUX	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN P00691316
Firm's name ▶ KPMG LLP			Firm's EIN ▶ 13-5665207	
Firm's address ▶ 4200 WELLS FARGO CTR 90 S7TH STREET MINNEAPOLIS, MN 55402			Phone no (612) 305-5000	

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III Yes No

1 Briefly describe the organization's mission
WESTFIELDS HOSPITAL, IN PARTNERSHIP WITH OTHERS, WILL IMPROVE THE HEALTH OF OUR PATIENTS AND COMMUNITY BY PROVIDING HIGH QUALITY HEALTH CARE WHICH MEETS THE NEEDS OF ALL PEOPLE

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 \$ 30,983,657 including grants of \$ 34,140) (Revenue \$ 38,994,674)
SEE SCHEDULE O - PRIMARY 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 30,983,657

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)? <i>If "Yes," complete Schedule A</i>	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		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? <i>If "Yes," complete Schedule C, Part II</i>	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? <i>If "Yes," complete Schedule C, Part III</i>		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? <i>If "Yes," complete Schedule D, Part I</i>		No
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		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? <i>If "Yes," complete Schedule D, Part IV</i>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	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? <i>If "Yes," complete Schedule D, Part VII</i>		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? <i>If "Yes," complete Schedule D, Part VIII</i>		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? <i>If "Yes," complete Schedule D, Part IX</i>		No
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>		No
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)? <i>If "Yes," complete Schedule D, Part X</i>		No
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		No
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		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? <i>If "Yes," complete Schedule F, Parts I and IV</i>		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? <i>If "Yes," complete Schedule F, Parts II and IV</i>		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? <i>If "Yes," complete Schedule F, Parts III and IV</i>		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? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>		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? <i>If "Yes," complete Schedule G, Part II</i>		No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	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	Yes	
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		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <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	Yes	
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33		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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9	Sponsoring organizations maintaining donor advised funds.		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	Section 501(c)(7) organizations. Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	Section 501(c)(12) organizations. Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
13a	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.		
13b	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.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

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

Check if Schedule O contains a response 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		
	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		
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?		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?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	Yes	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	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?	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?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	a The governing body?	Yes	
8b	b Each committee with authority to act on behalf of the governing body?	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		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?		No
10b	b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
	b Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	Yes	
12b	b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	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	a The organization's CEO, Executive Director, or top management official	Yes	
15b	b Other officers or key employees of the organization	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)		
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?		No
16b	b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

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.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization
 JASON J LUHRS CHIEF FINANCIAL OFFICER 535 HOSPITAL ROAD
 NEW RICHMOND, WI 54017 (715) 243-2852

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) JOSEPH BEUNING PA DIRECTOR	40 00	X					13,600	0	2,794	
(2) GREG CHRISTENSON DIRECTOR	1 00	X					0	0	0	
(3) STEVE HARROLD DIRECTOR	50 39 50	X					0	107,514	12,616	
(4) HEATHER MCABEE DIRECTOR	1 00	X					0	0	0	
(5) TOM MEWS DIRECTOR	1 00	X					0	0	0	
(6) ANNE MIKE DIRECTOR	1 00	X					0	0	0	
(7) JEFF REDMON CHAIRMAN & DIRECTOR	2 00	X					0	0	0	
(8) AGNES RING VICE CHAIR & DIRECTOR	2 00	X					0	0	0	
(9) HENDRIK VAN DYK DIRECTOR	1 00	X					0	0	0	
(10) DAVE A DZIUK DIRECTOR & TREASURER	50 54 50	X		X			0	563,763	172,778	
(11) MIKE KAUPA DIRECTOR	50 54 50	X					0	926,053	137,626	
(12) BROCK D NELSON DIRECTOR & SECRETARY	50 54 50	X		X			0	586,029	181,857	
(13) J DANIEL NELSON MD DIRECTOR	50 49 50	X					0	491,956	107,222	
(14) DAVID DEGEAR MD VP - MEDICAL AFFAIRS	50 39 50			X			1,800	140,845	13,293	
(15) JASON LUHRS CFO	49 50 50			X			0	162,240	39,596	
(16) STEVEN MASSEY PRESIDENT & CEO	50 50 1 50			X			0	249,599	55,026	
(17) STEVE MUELLERLEILE VP - PLANNING & DEVELOPMENT	50 39 50			X			0	210,180	41,354	

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) HELEN A SATHRE VP - PATIENT CARE	50 00			X				172,160	0	24,583
(19) MARY ELLEN BURK IMAGING TECHNICIAN	57 00					X		131,694	0	23,129
(20) JOANN X MCGATH DIRECTOR OF NURSING	48 00					X		113,357	0	11,364
(21) CHAD P ENGSTROM DIRECTOR OF HUMAN RESOURCES	40 00					X		108,095	0	34,715
(22) SUSAN K ST JOHN IMAGING MANAGER	40 00					X		106,463	0	28,473
(23) NICOLE M TROSEN PHARMACY SUPERVISOR	40 00					X		122,102	0	15,439
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								769,271	3,438,179	901,865

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **9**

	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>		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>	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>		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
ANESTHETISTS INC PO BOX 376 NEW RICHMOND WI 54017	ANESTHESIA SERVICES	980,096
KRAUS-ANDERSON CONSTRUCTION CO 525 S 8TH STREET MINNEAPOLIS MN 55404	CONSTRUCTION SERVICES	816,037
WESTERN WISCONSIN MEDICAL ASSOCIATES SC 551 HOSPITAL ROAD NEW RICHMOND WI 54017	ER COVERAGE	711,969
DERRICK BUILDING SOLUTIONS LLC PO BOX 445 NEW RICHMOND WI 54017	CONSTRUCTION SERVICES	267,398
SHARED MEDICAL TECHNOLOGY INC 202 W NEWTON STREET RICE LAKE WI 54868	RADIOLOGY SERVICES	252,462

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 **10**

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					
	e	Government grants (contributions) 1e	7,500				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	9,307				
	g	Noncash contributions included in lines 1a-1f \$					
	h	Total. Add lines 1a-1f	16,807				
Program Service Revenue	2a	PATIENT SERVICES	623000	38,994,674	38,994,674		
	b	DIETARY SERVICES	900099	87,577		87,577	
	c						
	d						
	e						
	f	All other program service revenue					
	g	Total. Add lines 2a-2f		39,082,251			
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)		123,272		123,272
4		Income from investment of tax-exempt bond proceeds					
5		Royalties					
6a		Gross rents	(i) Real	744,817			
			(ii) Personal				
			b Less rental expenses	262,837			
			c Rental income or (loss)	481,980			
d		Net rental income or (loss)		481,980		481,980	
7a		Gross amount from sales of assets other than inventory	(i) Securities				
			(ii) Other				
			b Less cost or other basis and sales expenses		596		
			c Gain or (loss)		-596		
d		Net gain or (loss)		-596		-596	
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18	a				
b		Less direct expenses b					
c	Net income or (loss) from fundraising events						
9a	Gross income from gaming activities See Part IV, line 19	a					
b	Less direct expenses b						
c	Net income or (loss) from gaming activities						
10a	Gross sales of inventory, less returns and allowances	a					
		b Less cost of goods sold b					
		c Net income or (loss) from sales of inventory					
Miscellaneous Revenue		Business Code					
11a	OTHER INCOME	900099	238,081		238,081		
b							
c							
d	All other revenue						
e	Total. Add lines 11a-11d		238,081				
12	Total revenue. See Instructions		39,941,795	38,994,674	0	930,314	

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	34,140	34,140		
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				
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	18,357,547	15,800,003	2,557,544	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	280,327	265,027	15,300	
9	Other employee benefits	2,109,112	2,018,220	90,892	
10	Payroll taxes	952,661	900,666	51,995	
11	Fees for services (non-employees)				
a	Management				
b	Legal	2,321	314	2,007	
c	Accounting				
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)	4,396,589	3,693,316	703,273	
12	Advertising and promotion	240,566	18,787	221,779	
13	Office expenses	403,389	339,924	63,465	
14	Information technology	199,783	109,748	90,035	
15	Royalties				
16	Occupancy	816,458	756,398	60,060	
17	Travel	63,006	35,319	27,687	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	16,162	8,014	8,148	
20	Interest	479,619		479,619	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	2,099,784	1,050,427	1,049,357	
23	Insurance	122,917	122,917		
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	DRUGS	2,482,603	2,482,603		
b	MEDICAL SUPPLIES	2,336,938	2,333,815	3,123	
c	EQUIPMENT RENT/LEASE	1,267,801	777,264	490,537	
d	MISCELLANEOUS	214,232	33,683	180,549	
e	All other expenses	433,762	203,072	230,690	
25	Total functional expenses. Add lines 1 through 24e	37,309,717	30,983,657	6,326,060	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	206,863	1	686,001
	2 Savings and temporary cash investments	12,789,378	2	7,531,437
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	2,731,537	4	7,543,528
	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	273,312	8	681,804
	9 Prepaid expenses and deferred charges	102,242	9	79,382
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 29,520,807		
	b Less accumulated depreciation	10b 11,537,224	16,633,246	10c 17,983,583
	11 Investments—publicly traded securities	5,808,845	11	6,855,387
	12 Investments—other securities See Part IV, line 11		12	
	13 Investments—program-related See Part IV, line 11	543,480	13	345,000
	14 Intangible assets		14	1,412,608
	15 Other assets See Part IV, line 11		15	
16 Total assets. Add lines 1 through 15 (must equal line 34)	39,088,903	16	43,118,730	
Liabilities	17 Accounts payable and accrued expenses	11,135,613	17	12,683,609
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	8,747,911	20	8,131,252
	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		25	
	26 Total liabilities. Add lines 17 through 25	19,883,524	26	20,814,861
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	19,205,379	27	22,303,869
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	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	19,205,379	33	22,303,869	
34 Total liabilities and net assets/fund balances	39,088,903	34	43,118,730	

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	39,941,795
2	Total expenses (must equal Part IX, column (A), line 25)	2	37,309,717
3	Revenue less expenses Subtract line 2 from line 1	3	2,632,078
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	19,205,379
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	466,412
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	22,303,869

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)

Public Charity Status and Public Support

OMB No 1545-0047

2013

Open to Public Inspection

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization
WESTFIELDS HOSPITAL INC

Employer identification number
39-0808442

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

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

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II)
- 8 A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)
- 9 An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)**. (Complete Part III)
- 10 An organization organized and operated exclusively to test for public safety See **section 509(a)(4)**.
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h
 - a Type I b Type II c Type III - Functionally integrated d Type III - Non-functionally integrated
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?

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

(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)

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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 <input type="checkbox"/>						

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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		
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 <input type="checkbox"/>		

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 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 <input type="checkbox"/>						

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

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527. Complete if the organization is described below. Attach to Form 990 or Form 990-EZ. See separate instructions. Information about Schedule C (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

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 WESTFIELDS HOSPITAL INC

Employer identification number

39-0808442

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?
4a Was a correction made?
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?
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments

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

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

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

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 border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 65%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	Over \$17,000,000	\$1,000,000		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e													
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000													
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000													
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000													
Over \$17,000,000	\$1,000,000													
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)).

		(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	WESTFIELDS HOSPITAL, INC PAYS FOR CERTAIN CORPORATE AND EMPLOYEE PROFESSIONAL ASSOCIATION MEMBERSHIPS A PORTION OF SUCH MEMBERSHIP DUES POTENTIALLY COULD BE USED BY THE PROFESSIONAL ASSOCIATIONS FOR LOBBYING ACTIVITIES

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 WESTFIELDS HOSPITAL INC

Employer identification number 39-0808442

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

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4: Total number at end of year, Aggregate contributions to (during year), Aggregate grants from (during year), 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?
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?

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, Protection of natural habitat, Preservation of open space, Preservation of an historically important land area, Preservation of a certified historic structure.

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

Table with 2 columns: Held at the End of the Year. Rows 2a-2d: Total number of conservation easements, Total acreage restricted by conservation easements, Number of conservation easements on a certified historic structure included in (a), 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?

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)?

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

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

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

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

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

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

a Revenues included in Form 990, Part VIII, line 1
b Assets included in Form 990, Part X

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

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

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

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

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

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

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

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

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

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

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

- a** Board designated or quasi-endowment
 - b** Permanent endowment
 - c** Temporarily restricted endowment
- The percentages in lines 2a, 2b, and 2c should equal 100%

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

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

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

Part VI Land, Buildings, and Equipment. 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		48,587		48,587
b Buildings		16,447,324	3,982,862	12,464,462
c Leasehold improvements		75,957	15,815	60,142
d Equipment		12,625,065	7,322,709	5,302,356
e Other		323,874	215,838	108,036
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				17,983,583

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	40,205,228
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	40,205,228
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	-263,433	
c	Add lines 4a and 4b		4c	-263,433
5	Total revenue Add lines 3 and 4c . (This must equal Form 990, Part I, line 12)		5	39,941,795

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	37,573,150
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	263,433	
e	Add lines 2a through 2d		2e	263,433
3	Subtract line 2e from line 1		3	37,309,717
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	37,309,717

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 XI, LINE 4B - OTHER ADJUSTMENTS	RENTAL EXPENSE -262,837 LOSS ON FIXED ASSET DISPOSAL -596
PART XII, LINE 2D - OTHER ADJUSTMENTS	RENTAL EXPENSE 262,837 LOSS ON FIXED ASSET DISPOSAL 596

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2013

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.

Open to Public Inspection

Name of the organization WESTFIELDS HOSPITAL INC

Employer identification number 39-0808442

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? 1b If "Yes," was it a written policy? 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy... 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... 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"?

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (a) Number of activities or programs (optional), (b) Persons served (optional), (c) Total community benefit expense, (d) Direct offsetting revenue, (e) Net community benefit expense, (f) Percent of total expense. Rows include Financial Assistance and Means-Tested Government Programs and Other Benefits.

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	20,189		20,189	0.060 %
3 Community support		1,113	6,051		6,051	0.020 %
4 Environmental improvements			526		526	0 %
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy			2,115		2,115	0.010 %
8 Workforce development						
9 Other						
10 Total		1,115	28,881		28,881	0.090 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

	Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1 Yes	
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount	2 1,077,451	
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	3 239,527	
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 11,033,166
6 Enter Medicare allowable costs of care relating to payments on line 5	6 11,033,166
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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other	

Section C. Collection Practices

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

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 2 CANCER CENTER OF WESTERN WISCONSIN	ONCOLOGY SERVICES	23.680 %	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

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)

WESTFIELDS 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)	Yes	
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input 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 <u>20 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	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	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)	Yes	
a	<input checked="" type="checkbox"/> Hospital facility's website (list url) <u>WWW.WESTFIELDSHOSPITAL.COM</u>		
b	<input type="checkbox"/> Other website (list url) _____		
c	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
d	<input checked="" type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply 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 type="checkbox"/> Participation in the development of a community-wide plan		
d	<input 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		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)?		No
8b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
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?	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>150 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	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>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used	Yes	
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)	Yes	
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input 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?	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)	Yes	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input 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?	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		No
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in 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

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

If "No," indicate why

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

	Yes	No
19	Yes	

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

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

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

21 During the tax year, did the hospital facility charge any FAP-eligible 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 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

21		No
22		No

Part V Facility Information (continued)

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.

Form and Line Reference	Explanation
WESTFIELDS HOSPITAL, INC	PART V, SECTION B, LINE 3 PERSONS WHO REPRESENT THE BROAD INTERESTS OF THE COMMUNITY AS PART OF THE DATA COLLECTION PROCESS FOR THE MOST RECENT CHNA THAT WAS CONDUCTED IN 2012, REPRESENTATIVES FROM COMMUNITY HOSPITAL CONSULTING CONDUCTED INTERVIEWS WITH TWENTY (20) STAKEHOLDERS FROM MARCH 14, 2012 - APRIL 6, 2012 INTERVIEWS WERE CONDUCTED WITH PEOPLE WHO REPRESENT THE BROAD INTERESTS OF THE COMMUNITY INCLUDING - PEOPLE WITH SPECIAL KNOWLEDGE OF OR EXPERTISE IN PUBLIC HEALTH - FEDERAL, TRIBAL, REGIONAL, STATE OR LOCAL HEALTH DEPARTMENTS OR AGENCIES WITH INFORMATION RELEVANT TO THE HEALTH NEEDS OF COMMUNITY SERVED - LEADERS, REPRESENTATIVES OR MEMBERS OF MEDICALLY UNDERSERVED, LOW-INCOME AND MINORITY POPULATIONS AND POPULATIONS WITH CHRONIC DISEASE NEEDS IN THE COMMUNITY SERVED THE COUNTIES REPRESENTED INCLUDED WASHINGTON, DAKOTA, ST CROIX AND RAMSEY THE GOAL OF THE INTERVIEWS WAS TO GATHER OPINIONS AND PERCEPTIONS ON CURRENT HEALTH CARE ISSUES FACED IN THE COUNTIES SERVED AND/OR POPULATIONS REPRESENTED FOR A FULL DETAILED LIST OF INSTITUTIONS AND PERSONS, PLEASE SEE THE 2012 HEALTHPARTNERS CHNA LOCATED AT OUR WEBSITE HTTP //WWW WESTFIELDSHOSPITAL COM/HEALTH-WELLNESS-PROGRAMS/PROGRAMS/HEALTHIER-TOGETHER/
WESTFIELDS HOSPITAL, INC	PART V, SECTION B, LINE 4 NEEDS ASSESSMENT IN CONJUNCTION WITH OTHER HOSPITALS OTHER HOSPITAL FACILITIES INCLUDED IN THE 2012 HEALTHPARTNERS CHNA WERE - HUDSON HOSPITAL, HUDSON, WI - REGIONS HOSPITAL, ST PAUL, MN - LAKEVIEW HOSPITAL, STILLWATER, MN
WESTFIELDS HOSPITAL, INC	PART V, SECTION B, LINE 5D NEEDS ASSESSMENT REPORT AVAILABILITY THE WESTFIELDS HOSPITAL(WESTFIELDS) 2012 CHNA AND IMPLEMENTATION PLAN IS AVAILABLE ON THE HEALTH AND WELLNESS SECTION OF WESTFIELDS' WEBSITE AT HTTP //WWW WESTFIELDSHOSPITAL COM/HEALTH-WELLNESS-PROGRAMS/PROGRAMS/HEALTHIER-TOGETHER/
WESTFIELDS HOSPITAL, INC	PART V, SECTION B, LINE 7 UNADDRESSED IDENTIFIED NEEDS "INCREASE ACCESS TO DENTAL SERVICES" WAS IDENTIFIED AS THE SIXTH PRIORITY IN THE COMMUNITIES SERVED BY REGIONS, WESTFIELDS, HUDSON AND LAKEVIEW HOSPITALS WHILE THIS IS A CONCERN IN THE COMMUNITY, THE TEAM DECIDED TO FOCUS THEIR EFFORTS ON THE OTHER FIVE PRIORITIES BECAUSE HEALTHPARTNERS DENTAL GROUP, A DIVISION OF GROUP HEALTH PLAN, INC , A STAFF MODEL HMO, IS CURRENTLY THE LEADING DENTAL CARE PROVIDER TO UNINSURED PEOPLE IN MINNEAPOLIS/ST PAUL WESTFIELDS DECIDED NOT TO PRIORITIZE "INCREASE ACCESS TO DENTAL CARE" FOR THE FOLLOWING REASONS 1) DENTAL CARE IS NOT A CORE SERVICE LINE FOR THE HOSPITALS AND 2) HEALTHPARTNERS, THE PARENT ORGANIZATION, ALREADY PLACES SIGNIFICANT EMPHASIS ON DENTAL CARE SERVICES WITH ACCESS THROUGH ITS DENTAL PRACTICES AND FREE DENTAL CLINICS THUS, THE NEED IS BEING ADDRESSED BY THE PARENT ORGANIZATION
WESTFIELDS HOSPITAL, INC	PART V, SECTION B, LINE 14G WESTFIELDS SERVES ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY IN 2013, WESTFIELDS PROVIDED \$239,527 IN FINANCIAL ASSISTANCE WESTFIELDS 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, WESTFIELDS HAS DEVELOPED A FINANCIAL COUNSELING PROGRAM WHEN A PATIENT VISITS THE WESTFIELDS' EMERGENCY DEPARTMENT OR IS ADMITTED, BASIC INFORMATION ABOUT INSURANCE STATUS IS REQUESTED IF A PATIENT DOES NOT HAVE HEALTH INSURANCE, THE PATIENT FINANCIAL SERVICES DEPARTMENT IS CONTACTED TO MEET OR FOLLOW-UP WITH THE PATIENT ALL PATIENTS WITHOUT INSURANCE AUTOMATICALLY QUALIFY FOR A DISCOUNT OF 20%, 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 UNDERINSURED PATIENTS PATIENT FINANCIAL SERVICES, ADMINISTERED BY WESTFIELDS BUSINESS OPERATIONS, HELPS PATIENTS ENROLL IN GOVERNMENT PROGRAMS, FIND OTHER SOURCES OF PAYMENT, OR ACCESS SERVICES BEYOND MEDICAL CARE FINANCIAL INFORMATION (PAYMENT, BILLING AND INSURANCE COVERAGE) AND FINANCIAL ASSISTANCE OPPORTUNITIES ARE NOTED ON WESTFIELDS' WEB SITE, ON ALL BILLING STATEMENTS, AND IN THE PATIENT INFORMATION GUIDE, DISTRIBUTED TO ALL NEW PATIENTS IN ADDITION TO FINANCIAL COUNSELING, WESTFIELDS HAS A STAFF SOCIAL WORKER AND A CASE MANAGER TO HANDLE CRISIS INTERVENTIONS, EMERGENCY ROOM NEEDS, AND PATIENT AFTERCARE
WESTFIELDS HOSPITAL, INC	PART V, SECTION B, LINE 20D WESTFIELDS UTILIZES A SET PERCENTAGE AS ITS DISCOUNT FOR SELF-PAY PATIENTS

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	ACTUAL COSTS ESTIMATED USING COST-TO-CHARGE RATIO WORKSHEETS PROVIDED IN SCHEDULE H
PART I, LINE 7G	- LINE 7G SUBSIDIZED HEALTH SERVICESWESTFIELDS 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, SPECIALTY CLINIC, DURABLE MEDICAL EQUIPMENT, AND REGIONAL BLOOD BANK TOTALED \$1,070,923

Form and Line Reference	Explanation
PART I, LINE 7, COLUMN (F)	THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ - 17
PART II, COMMUNITY BUILDING ACTIVITIES	<p>PROMOTION OF COMMUNITY HEALTH AS A NOT-FOR-PROFIT COMMUNITY HOSPITAL SERVING THE NEW RICHMOND AREA SINCE 1950, WESTFIELDS CONTINUES TO PLAY AN IMPORTANT ROLE AND IS POSITIONED WELL TO MEET THE HEALTH CARE NEEDS OF THE AREA WESTFIELDS IS A FULL-SERVICE MEDICAL CAMPUS OFFERING EMERGENCY SERVICES, SPECIALTY CLINICS, PHARMACY, AS WELL AS INPATIENT, OUTPATIENT AND MATERNITY SERVICES EMBRACING THEIR MOTTO, "CARE FOR LIFE", WESTFIELDS STAFF MEMBERS ARE PASSIONATE ABOUT HELPING EACH PATIENT BECOME THE HEALTHIEST PERSON POSSIBLE AND ARE THERE FOR CARE AND SUPPORT EVERY STEP OF THE WAY WESTFIELDS IS GOVERNED BY A BOARD OF DIRECTORS WITH REPRESENTATION FROM COMMUNITY MEMBERS WORKING IN PARTNERSHIP WITH EACH OTHER, WESTFIELDS, THE HEALTHPARTNERS FAMILY OF ORGANIZATIONS, NEW RICHMOND CLINIC AND THE COMMUNITY 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 DEDICATED STAFF PROMOTE COMMUNITY HEALTH IN THE FOLLOWING WAYS FREE ON-GOING SUPPORT AND EDUCATION GROUPS IN BEREAVEMENT/ GRIEF, BREASTFEEDING, CANCER, DIABETES, NUTRITION AND WEIGHT MANAGEMENT AND CAREGIVERS, SCHOOL-BASED EDUCATION FOR ELEMENTARY AND SECONDARY SCHOOLS, TRAINING FOR HEALTH CARE PROFESSIONALS AND NURSING STUDENTS, SELF-HELP PROGRAMMING FOLLOWING CARDIAC REHAB AND PHYSICAL THERAPY TO COMMUNITY MEMBERS WESTFIELDS ENCOURAGES PATIENTS AND THEIR FAMILIES - THEIR PARTNERS IN HEALTH - TO BE ACTIVELY INVOLVED IN DECISIONS ABOUT THEIR OWN HEALTH CARE RESEARCH SHOWS THAT PATIENTS AND THEIR FAMILIES WHO ARE MORE INVOLVED WITH THEIR CARE FEEL THEY GET BETTER RESULTS AND ARE MORE SATISFIED SAFETY AND SATISFACTION ARE PRIORITIES AT WESTFIELDS A PATIENT AND FAMILY ADVISORY COUNCIL WAS FORMED IN 2013 TO INCREASE PATIENT'S AND FAMILY'S VOICES IN CARE DELIVERY WESTFIELDS IS MORE THAN JUST A HOSPITAL TAKING CARE OF PATIENTS WHEN THEY ARE SICK OR HURT THE GOAL IS TO BE A LEADING PARTNER IN HEALTH EDUCATION, OUTREACH AND IMPROVEMENT WESTFIELDS IS CONTINUALLY MAKING IMPROVEMENTS TO REACH THAT GOAL BENEFITS TO PATIENTS AND THE COMMUNITY IN 2013 WESTFIELDS' 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, WESTFIELDS 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 TOTAL 2013 COMMUNITY BENEFIT CONTRIBUTION EQUALED \$2,264,139, WHICH REPRESENTS 5.6% OF NET REVENUE THIS FIGURE IS REPORTED AT COST PER THE CATHOLIC HEALTH ASSOCIATION (CHA) COMMUNITY BENEFIT REPORTING 2013 ACCOMPLISHMENTS INCLUDE - SPECIALTY CLINIC GROWTH - CONTINUED ADDITION OF SPECIALTY SERVICES AND INCREASED PHYSICIAN AVAILABILITY FOR ADDED CONVENIENCE - CARE CLOSE TO HOME NEW OR EXPANDED SERVICES IN 2013 INCLUDED DERMATOLOGY, FAMILY MEDICINE AND PEDIATRICS - CONTINUED OPTIMIZATION OF EPIC - ELECTRONIC HEALTH RECORD (EHR) SYSTEM TO IMPROVE HEALTHPARTNERS' REGIONAL NETWORK AND ADVANCE QUALITY, SAFETY AND EXPERIENCE FOR PATIENTS, CLINICIANS AND MEDICAL STAFF, AND REDUCE HEALTH CARE COSTS FOR INPATIENTS, WESTFIELDS - IMPROVED MEDICATION SAFETY THROUGH THE IMPLEMENTATION OF BAR CODE MEDICATION ADMINISTRATION - REDUCED RE-ADMISSION RATES TO BELOW 10% THROUGHOUT 2013 - ADDED TELEMEDICINE CAPABILITIES FOR STROKE AND BURN CARE - SURPASSED OUR GOAL OF 90% ON PREVENTION MEASURES FOR SURGICAL CARE INFECTION PREVENTION - CERTIFIED AS A LEVEL 3 NCAQ PATIENT-CENTERED MEDICAL HOME - OPENED RETAIL PHARMACY TO MEET DEMAND IN THE COMMUNITY - COMMITMENTS TO MAJOR FACILITY UPGRADES TO SUPPORT BEST CARE BEST EXPERIENCE GOALS AND ACCOMMODATE ANTICIPATED GROWTH INCLUDED A REMODELING OF THE ROTUNDA AND PATIENT REGISTRATION AREA TO ALLOW A BETTER PATIENT EXPERIENCE WHEN ENTERING THE CAMPUS</p>

Form and Line Reference	Explanation
<p>SCHEDULE H, PART II - COMMUNITY BUILDING ACTIVITIES</p>	<p>WESTFIELDS 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, WESTFIELDS COMMUNITY BENEFIT PROGRAM STRIVES TO MAKE VALUABLE CONNECTIONS WITH INDIVIDUALS AND ORGANIZATIONS FROM PUBLIC, PRIVATE AND NONPROFIT SECTORS TO SHARE SKILLS AND ASSETS WESTFIELDS PARTICIPATED IN COMMUNITY-BUILDING ACTIVITIES THAT SUPPORTED ECONOMIC DEVELOPMENT TO IMPROVE THE BUSINESS CLIMATE IN THE REGION THESE ACTIVITIES INCLUDED EMERGENCY PREPAREDNESS AND YOUTH ASSET DEVELOPMENT INCLUDING DRUG AND SAFETY PREVENTION, LEADERSHIP DEVELOPMENT/CONFLICT RESOLUTION, HEALTH IMPROVEMENT ADVOCACY, WORKFORCE DEVELOPMENT AND COALITION BUILDING TO PROVIDE LEADERSHIP AND IN-KIND SUPPORT FOR HEALTHIER TOGETHER - ST CROIX COUNTY AND THE CENTRE WELLNESS FACILITY AND LOCAL COMMUNITY HEALTH TO PROMOTE POSITIVE BEHAVIOR TO REDUCE OBESITY, WESTFIELDS DEPLOYED THE YUMPOWER EFFORTS OF HEALTHPARTNERS AT THE COMMUNITY ELEMENTARY SCHOOLS YUMPOWER IS A KID FRIENDLY ONLINE RESOURCE THAT PROVIDES NUTRITIONAL ADVICE FOR HEALTHY EATING HABITS ADDITIONAL PROGRAMS/ACTIVITIES INCLUDED WEST CENTRAL REGIONAL TRAUMA ADVISORY COUNCIL (RTAC), NEW RICHMOND CHAMBER PARTNERSHIP, VISION 2020 COMMUNITY GROUP, AND THE LEADERSHIP TRUST INITIATIVE - A PROGRAM DEDICATED TO PROMOTING AND DEVELOPING DYNAMIC BUSINESS AND COMMUNITY LEADERS IN SUPPORT OF "HEALTHY FOOD IN HEALTH CARE", LOCAL FARMS AND PROCUREMENT OF LOCAL FOOD, WESTFIELDS PARTICIPATED IN COMMUNITY SUPPORTED AGRICULTURE AND SERVED AS A DISTRIBUTION SITE FOR LOCALLY-GROWN FRESH, ORGANIC PRODUCE FOR STAFF WESTFIELDS ALSO SPONSORED FREE FRUIT AND VEGETABLE GIVE-AWAYS AND COOKING DEMONSTRATIONS</p>
<p>PART III, LINE 4</p>	<p>BAD DEBT EXPENSE 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 WESTFIELDS 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 EXPENSE IS CALCULATED USING THE COST TO CHARGE RATIO FROM THE WORKSHEETS PROVIDED IN SCHEDULE H INSTRUCTIONS BAD DEBT EXPENSE IS CURRENTLY EXCLUDED FROM THE COMMUNITY BENEFIT CALCULATION PER THE WISCONSIN HOSPITAL ASSOCIATION (WHA)</p>

Form and Line Reference	Explanation
PART III, LINE 8	MEDICARE SURPLUS (SHORTFALL) IN LINE 7 REPRESENTS THE ADDITIONAL 1% OF ALLOWABLE COST THAT CRITICAL ACCESS HOSPITALS RECEIVE. MEDICARE SHORTFALL IS CURRENTLY EXCLUDED FROM THE COMMUNITY BENEFIT CALCULATION PER THE WHA, BUT CAN BE INCLUDED IN OTHER FINANCIAL REPORTS. WESTFIELDS BASES ITS MEDICARE COSTING METHODOLOGY ON THE CMS MEDICARE COST REPORT METHODOLOGY, COST TO CHARGE RATIO.
PART III, LINE 9B	WESTFIELDS DEBT COLLECTION POLICY CONTAINS PROVISIONS ON COLLECTION PRACTICES TO BE FOLLOWED FOR PATIENTS WHO ARE KNOWN TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE. WESTFIELDS 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.

Form and Line Reference	Explanation
PART VI, LINE 2	<p>NEEDS ASSESSMENT IN 2012, IN PARTNERSHIP WITH OTHER MEMBERS OF THE HEALTHPARTNERS HOSPITAL DIVISION, WESTFIELDS 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, WESTFIELDS' 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 WESTFIELDS WILL ADDRESS IN ITS CHNA IMPLEMENTATION PLAN TO FURTHER IDENTIFY AND ADDRESS SPECIFIC NEEDS IN ITS MARKET AREA, WESTFIELDS' 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 3 ACCESS TO PRIMARY AND PREVENTIVE HEALTH CARE IS LIMITED FOR SPECIAL POPULATIONS, SUCH AS THE UNINSURED 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 HEALTH PRIORITY 2 PROMOTE POSITIVE BEHAVIORS TO REDUCE OBESITY (NUTRITION / PHYSICAL ACTIVITY) PRIORITY 3 INCREASE ACCESS TO PRIMARY AND PREVENTIVE CARE PRIORITY 4 IMPROVE SERVICE INTEGRATION PRIORITY 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 SERVICES 2 OVERWEIGHT, OBESITY, AND LACK OF PHYSICAL ACTIVITY 3 ADEQUATE AND APPROPRIATE NUTRITION 4 ALCOHOL AND OTHER SUBSTANCE USE AND ADDICTION 5 TOBACCO USE AND EXPOSURE 2013 IMPLEMENTATION ACTIVITIES TOWARDS THESE PRIORITIES INCLUDED EXISTING AND NEW PROGRAMS AND ACTIVITIES ARE MOVING FORWARD TO ADDRESS THE NEEDS OF THE COMMUNITY - 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 - 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 - CONTINUE TO PARTNER WITH THE VITALITY INITIATIVE, A LOCAL GRASS ROOTS GROUP, TO IMPLEMENT HEALTHY EATING PROMOTIONS, COMMUNITY EVENTS, WEIGHT LOSS CHALLENGES, AND THE YEAR-ROUND "WALK CHALLENGE" - SUPPORT NEW RICHMOND COMMUNITY'S SAFE YOUTH CAMPAIGN, WHICH DEMONSTRATES THE CAUSE AND EFFECTS OF DRUNK DRIVING - CONTINUE FACILITATION OF THE LOCAL CANCER SUPPORT GROUP, IN COLLABORATION WITH THE CANCER CENTER OF WESTERN WISCONSIN - INCREASE RELATIONSHIPS WITH PRIMARY CARE CLINICS AND PRIMARY CARE PHYSICIANS, CONTINUING ITS WORK OF HOSPITAL - CLINIC INTEGRATION ON OCTOBER 1, 2013, NEW RICHMOND CLINIC OFFICIALLY JOINED THE FAMILY OF HEALTHPARTNERS ORGANIZATIONS THE COMBINATION ALLOWS US TO FURTHER DEVELOP ONE ELECTRONIC MEDICAL RECORD ACROSS THE CAMPUS FOR IMPROVED HEALTH AND EASIER ACCESS TO SERVICES</p>
PART VI, LINE 3	<p>PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE WESTFIELDS UTILIZES A SET PERCENTAGE AS ITS DISCOUNT FOR SELF-PAY PATIENTS WESTFIELDS EMPLOYS A SOCIAL WORKER AND FINANCIAL COUNSELORS TO ENSURE OUR PATIENTS RECEIVE THE BEST IN FINANCIAL SERVICE AS WELL AS INFORMATION ON COMMUNITY SERVICES, SUPPORT AND REFERRALS FOR THE UNDERINSURED OR UNINSURED IN ADDITION TO HIGH QUALITY CARE FINANCIAL COUNSELORS WORK CLOSELY WITH PATIENTS TO DISCUSS INSURANCE COVERAGE, PAYMENT OPTIONS OR HELP PATIENTS APPLY FOR COUNTY, FEDERAL OR STATE PROGRAMS WESTFIELDS OFFERS SELF-PAY DISCOUNTS AND HAS FINANCIAL ASSISTANCE AVAILABLE BASED ON INCOME, FAMILY SIZE AND OTHER ECONOMIC GUIDELINES WESTFIELDS' COMMUNITY CARE PROGRAM ASSISTS THOSE WHO ARE ENDURING FINANCIAL HARDSHIP THROUGH A) REDUCTION OF MONTHLY PAYMENTS OR B) PARTIAL OR TOTAL DISCOUNT DETERMINATION IS BASED ON FEDERAL INCOME POVERTY GUIDELINES, MONTHLY EXPENSES AND ASSETS</p>

Form and Line Reference	Explanation
PART VI, LINE 4	<p>COMMUNITY INFORMATION WESTFIELDS SERVES RESIDENTS FROM ST CROIX COUNTY, WISCONSIN AND SURROUNDING COUNTIES OF POLK, DUNN AND PIERCE 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 THIRD HEALTHIEST COUNTY OVERALL IN THE STATE (OUT OF 72 COUNTIES).</p>
PART VI, LINE 6	<p>AFFILIATED HEALTH CARE SYSTEM PLEASE 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,MN
SCHEDULE H - PART I, LINE 7F - HEALTH PROFESSIONS EDUCATION	WESTFIELDS STAFF PROVIDED CLINICAL TRAINING FOR 33 NURSES AND NURSING STUDENTS AND 20 HEALTH PROFESSIONALS FROM FIVE INSTITUTIONS AT A COST OF \$100,684

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

Part III can be duplicated if additional space is needed.

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

Part IV Supplemental Information. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
PART I, LINE 2	WESTFIELDS HOSPITAL, INC (WESTFIELDS) MANAGEMENT STAFF REVIEW THE MISSION AND PURPOSE OF POTENTIAL GRANTEE ORGANIZATIONS TO ASSURE CONSISTENCY WITH WESTFIELDS' MISSION AND PURPOSE AMOUNTS SUBSEQUENTLY GRANTED ARE SUBJECT TO THE WESTFIELDS' FORMAL SPENDING APPROVAL AND DOCUMENTATION PROCESS BASED ON AMOUNT OF THE EXPENDITURE

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2013

Open to Public Inspection

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

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

▶ Attach to Form 990. ▶ See separate instructions.

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

Department of the Treasury
Internal Revenue Service

Name of the organization
WESTFIELDS HOSPITAL INC

Employer identification number

39-0808442

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- | | |
|---|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax idemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

- b** If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain.
- 2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?

- 3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.
- | | |
|---|---|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

- 4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:
- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

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

- 5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:
- a** The organization?
- b** Any related organization?
- If "Yes," to line 5a or 5b, describe in Part III.
- 6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:
- a** The organization?
- b** Any related organization?
- If "Yes," to line 6a or 6b, describe in Part III.

- 7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III.
- 8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.
- 9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

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

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

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

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

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

Part III Supplemental Information

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 AND OFFICERS DAVID A DZIUK \$19,876 BROCK D NELSON 41,192 ----- TOTAL \$61,068 =====
PART I, LINE 6	WESTFIELDS HOSPITAL, INC (WESTFIELDS) DOES HAVE EMPLOYEES, HOWEVER, WESTFIELDS' CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER ARE EMPLOYEES OF RELATED ORGANIZATIONS REGIONS HOSPITAL (REGIONS) AND GROUP HEALTH PLAN, INC (GHI) RESPECTIVELY COMPENSATION PAID TO THESE TWO OFFICERS BY REGIONS AND GHI IS REIMBURSED BY WESTFIELDS BOTH REGIONS AND GHI HAVE MANAGEMENT INCENTIVE PROGRAMS THAT INCENT AND REWARD THE ORGANIZATIONS' BUSINESS LEADERS WHO HELP THE ORGANIZATION ACHIEVE STATED BUSINESS AND/OR HEALTH IMPROVEMENT GOALS FOR A SPECIFIC FISCAL YEAR THE PROGRAM IS AN ELEMENT OF THE PARTICIPANT'S REGIONS OR GHI TOTAL COMPENSATION PACKAGE REGIONS AND GHI MANAGEMENT INCENTIVE PROGRAMS' REWARDS ARE BASED ON POSITION IN THE ORGANIZATION 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
FORM 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 DIRECTORS AND OFFICERS DAVID A DZIUK \$ 17,825 MIKE KAUPA \$ 61,278 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: 39-0808442
Name: WESTFIELDS 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				
DAVE A DZIUK DIRECTOR & TREASURER	(i)	0	0	0	0	0	0	
	(ii)	417,027	116,920	29,816	131,730	41,048	736,541	17,825
MIKE KAUPA DIRECTOR	(i)	0	0	0	0	0	0	
	(ii)	527,715	260,756	137,582	63,600	74,026	1,063,679	61,278
BROCK D NELSON DIRECTOR & SECRETARY	(i)	0	0	0	0	0	0	
	(ii)	457,118	128,911	0	140,570	41,287	767,886	0
J DANIEL NELSON MD DIRECTOR	(i)	0	0	0	0	0	0	
	(ii)	462,356	29,600	0	66,809	40,413	599,178	0
DAVID DEGEAR MD VP - MEDICAL AFFAIRS	(i)	1,800	0	0	0	0	1,800	0
	(ii)	75,244	65,194	407	235	13,058	154,138	0
JASON LUHRS CFO	(i)	0	0	0	0	0	0	0
	(ii)	138,949	23,291	0	12,036	27,560	201,836	0
STEVEN MASSEY PRESIDENT & CEO	(i)	0	0	0	0	0	0	0
	(ii)	199,637	49,962	0	20,952	34,074	304,625	0
STEVE MUELLERLEILE VP - PLANNING & DEVELOPMENT	(i)	0	0	0	0	0	0	0
	(ii)	177,521	32,659	0	6,504	34,850	251,534	0
HELEN A SATHRE VP - PATIENT CARE	(i)	147,045	25,115	0	4,500	20,083	196,743	0
	(ii)	0	0	0	0	0	0	0
MARY ELLEN BURK IMAGING TECHNICIAN	(i)	131,345	349	0	5,830	17,299	154,823	0
	(ii)	0	0	0	0	0	0	0

Schedule L (Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

Department of the Treasury Internal Revenue Service

Name of the organization WESTFIELDS HOSPITAL INC

Employer identification number

39-0808442

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

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

Table with 4 main columns: (a) Name of disqualified person, (b) Relationship between disqualified person and organization, (c) Description of transaction, (d) Corrected? (Yes/No)

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

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

Part II Loans to and/or From Interested Persons.

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

Table with 9 main columns: (a) Name of interested person, (b) Relationship with organization, (c) Purpose of loan, (d) Loan to or from the organization (To/From), (e) Original principal amount, (f) Balance due, (g) In default? (Yes/No), (h) Approved by board or committee? (Yes/No), (i) Written agreement? (Yes/No)

Part III Grants or Assistance Benefitting Interested Persons.

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

Table with 5 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of assistance, (d) Type of assistance, (e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) PHYSICIANS OF NEW RICHMOND LLC	INDIVIDUAL MEMBERS ARE DIRECTORS AND AN OFFICER OF THE ORGANIZATION	1,221,106	ACQUISITION		No

Part V Supplemental Information

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

Return Reference	Explanation
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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

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

2013

**Open to Public
Inspection**

Name of the organization
WESTFIELDS HOSPITAL INC

Employer identification number

39-0808442

Return Reference	Explanation	
FORM 990, PART III, LINE 4A- PRIMARY EXEMPT PURPOSE AND ACHIEVEMENTS		<p>I ORGANIZATION AND GOVERNANCE WESTFIELDS HOSPITAL, INC (WESTFIELDS), A STATE LICENSED 25 - BED, LEVEL IV CRITICAL ACCESS HOSPITAL (CAH), IS A WISCONSIN NON-PROFIT ORGANIZATION EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE (IRC) SECTION 501(C)(3) AND IS PART OF THE FAMILY OF HEALTHPARTNERS ORGANIZATIONS (HEALTHPARTNERS), AN INTEGRATED SYSTEM OF HEALTH FINANCING, CARE DELIVERY, AND SUPPORT SERVICES PROVIDING HEALTH PLAN SERVICES TO OVER 1,165,000 MEMBERS AND DELIVERING CARE TO OVER 4,500,000 PATIENT ENCOUNTERS, PRIMARILY IN MINNESOTA AND WESTERN WISCONSIN HEALTHPARTNERS' MISSION IS TO IMPROVE HEALTH AND WELL-BEING IN PARTNERSHIP WITH OUR MEMBERS, PATIENTS AND COMMUNITY HEALTHPARTNERS SEEKS TO TRANSFORM HEALTHCARE THROUGH A RELENTLESS FOCUS ON THE TRIPLE AIM - PROVIDING EXCEPTIONAL 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 TAXABLE ENTITIES - INCLUDING FIVE HOSPITALS AND THEIR RELATED FOUNDATIONS, TWO HEALTH MAINTENANCE ORGANIZATIONS, FOUR NON-PROFIT PHYSICIAN GROUPS, HOME CARE, TRANSITIONAL CARE, MEDICAL EQUIPMENT, A THIRD PARTY ADMINISTRATOR THAT SERVES SELF INSURED EMPLOYERS, AND MANY MORE A COMPLETE LISTING OF ALL HEALTHPARTNERS ORGANIZATIONS, FOR WHICH HPI IS THE PARENT ORGANIZATION AND THE REPORTING RELATIONSHIP BETWEEN EACH OF THOSE ORGANIZATIONS, CAN BE FOUND 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 RECOGNIZED 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 FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) RH-WISCONSIN AND GROUP HEALTH PLAN, INC (GHI) ARE CORPORATE MEMBERS OF WESTFIELDS GHI IS A MINNESOTA NON-PROFIT CORPORATION AND LICENSED HEALTH MAINTENANCE ORGANIZATION (HMO) RECOGNIZED AS EXEMPT FROM FEDERAL INCOME TAX UNDER IRC SECTION 501(C)(3) IN TURN, WESTFIELDS IS THE SOLE CORPORATE MEMBER OF THE WESTFIELDS HOSPITAL FOUNDATION A WISCONSIN NON-STOCK CORPORATION EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE (IRC) SECTION 501(C)(3) AS A NOT-FOR-PROFIT COMMUNITY HOSPITAL SERVING THE NEW RICHMOND WISCONSIN AREA SINCE 1950, WESTFIELDS CONTINUES TO PLAY AN IMPORTANT ROLE AND IS POSITIONED WELL TO MEET THE HEALTH CARE NEEDS OF THE AREA WESTFIELDS IS A FULL SERVICE MEDICAL CAMPUS OFFERING EMERGENCY SERVICES, PRIMARY CARE AND SPECIALTY CLINICS, PHARMACY, AS WELL AS INPATIENT, OUTPATIENT AND MATERNITY CARE ON OCTOBER 1, 2013, NEW RICHMOND CLINIC OFFICIALLY JOINED WESTFIELDS ADDING 17 PROVIDERS SPECIALIZING IN FAMILY MEDICINE, GENERAL SURGERY, OB/GYN AND GASTROENTEROLOGY THE COMBINATION ALLOWS US TO EXPAND ACCESS TO PRIMARY CARE AND FURTHER DEVELOP ONE ELECTRONIC MEDICAL RECORD ACROSS THE CAMPUS FOR IMPROVED HEALTH AND EASIER ACCESS TO SERVICES WESTFIELDS STAFF MEMBERS ARE PASSIONATE ABOUT HELPING EACH PATIENT BECOME THE HEALTHIEST PERSON POSSIBLE AND ARE THERE FOR CARE AND SUPPORT EVERY STEP OF THE WAY WESTFIELDS ENCOURAGES PATIENTS AND THEIR FAMILIES - THEIR PARTNERS IN HEALTH - TO BE ACTIVELY INVOLVED IN DECISIONS ABOUT THEIR OWN HEALTH CARE IN 2013 A PATIENT AND FAMILY ADVISORY COUNCIL WAS FORMED TO INCREASE THE VOICE OF PATIENTS AND FAMILIES IN EVERY ASPECT OF CARE RESEARCH SHOWS THAT PATIENTS AND THEIR FAMILIES WHO ARE MORE INVOLVED WITH THEIR CARE FEEL THEY GET BETTER RESULTS AND ARE MORE SATISFIED SAFETY AND SATISFACTION ARE PRIORITIES AT WESTFIELDS WESTFIELDS AND HEALTHPARTNERS PARTNER WITH OTHER PLANS, CARE PROVIDERS AND NON-PROFIT ORGANIZATIONS IN THE REGION AND THROUGHOUT THE NATION TO INCREASE ACCESS, CREATE AND DISSEMINATE QUALITY MEASURES AND INITIATIVES, PARTICIPATE IN DEVELOPMENT OF PUBLIC POLICY AND COLLABORATE ON SYSTEM IMPROVEMENTS WESTFIELDS CONTINUES TO WORK IN PARTNERSHIP WITH THE HEALTHPARTNERS FAMILY OF ORGANIZATION AND THE COMMUNITY TO ALSO PROMOTE COMMUNITY HEALTH THROUGH CLINICAL INITIATIVES, EDUCATION AND OUTREACH, AND COMMUNITY HEALTH IMPROVEMENT EFFORTS SUCH AS HEALTHIER TOGETHER - ST CROIX COUNTY 2013 ACCOMPLISHMENTS INCLUDE - OPENED COMMUNITY PHARMACY ON WESTFIELDS' CAMPUS TO MEET DEMAND IN THE COMMUNITY - SPECIALTY CLINIC GROWTH INCLUDED NEW OR EXPANDED SERVICES THAT INCLUDED DERMATOLOGY, FAMILY MEDICINE AND PEDIATRICS THE ADDITION CREATED CONVENIENCE OF ACCESS TO SPECIALTY CARE THAT IS CLOSE TO HOME AND PHYSICIAN AVAILABILITY - IN 2013, WESTFIELDS INTEGRATED WITH THE NEW RICHMOND CLINIC</p>

Return Reference	Explanation	
FORM 990, PART III, LINE 4A- PRIMARY EXEMPT PURPOSE AND ACHIEVEMENTS		<p>THE COMBINATION ALLOWS US TO FURTHER DEVELOP ONE ELECTRONIC MEDICAL RECORD ACROSS THE CAMP US FOR IMPROVED HEALTH AND EASIER ACCESS TO SERVICES - CONTINUED OPTIMIZATION OF EPIC - ELECTRONIC HEALTH RECORD (EHR) SYSTEM TO IMPROVE HEALTHPARTNERS' REGIONAL NETWORK AND ADVANCE QUALITY, SAFETY AND EXPERIENCE FOR PATIENTS, CLINICIANS AND MEDICAL STAFF, AND REDUCE HEALTH CARE COSTS FOR INPATIENTS, WESTFIELDS - IMPROVED MEDICATION SAFETY THROUGH THE IMPLEMENTATION OF BAR CODE MEDICATION ADMINISTRATION - REDUCED READMISSION RATES TO BELOW 10 % THROUGHOUT 2013 - ADDED TELEMEDICINE CAPABILITIES FOR STROKE AND BURN CARE FOR OUTPATIENTS, WESTFIELDS - SURPASSED A GOAL OF 90% ON PREVENTION MEASURE FOR SURGICAL CARE INFECTION PREVENTION - BEGAN WORK ON A COMPREHENSIVE DIABETES PROGRAM, ADDING CERTIFIED DIABETES EDUCATORS ON SITE FIVE DAYS A WEEK WESTFIELDS COMMITMENT TO SUPPORT BEST CARE BEST EXPERIENCE GOALS AND ACCOMMODATE ANTICIPATED GROWTH INCLUDED A REMODELING THE ROTUNDA AND PATIENT REGISTRATION AREA TO ALLOW A BETTER PATIENT EXPERIENCE WHEN ENTERING THE CAMPUS - WESTFIELDS HOSPITAL WAS NAMED LARGE BUSINESS OF THE YEAR BY THE NEW RICHMOND AREA CHAMBER OF COMMERCE - WESTFIELDS WAS RECOGNIZED BY PRACTICE GREENHEALTH, WITH A PARTNER FOR CHANGE AWARD FOR ITS WORK TO SUPPORT AN ENVIRONMENTALLY FRIENDLY FACILITY II BENEFITS TO PATIENTS AND THE COMMUNITY IN 2013 WESTFIELDS' 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, WESTFIELDS 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 A COMPREHENSIVE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WAS CONDUCTED FOR REGIONS HOSPITAL, LAKEVIEW MEMORIAL HOSPITAL, HUDSON HOSPITAL AND WESTFIELDS FROM JANUARY - JULY 2012 THE ANALYSIS INCLUDED A CAREFUL REVIEW OF THE MOST CURRENT HEALTH DATA AVAILABLE AND INPUT FROM NUMEROUS COMMUNITY REPRESENTATIVES WITH SPECIAL KNOWLEDGE WESTFIELDS LEADERSHIP HAS DEVELOPED THIS COMMUNITY BENEFIT IMPLEMENTATION PLAN TO IDENTIFY HOSPITAL-SPECIFIC ACTIVITIES AND SERVICES, WHICH DIRECTLY ADDRESS THESE HEALTH CONCERNS, AND ARE INTENDED TO POSITIVELY IMPACT THE COMMUNITIES IT SERVES THE OBJECTIVES WERE DETERMINED BY STUDYING THE HEALTH NEEDS IDENTIFIED, WITHIN THE CONTEXT OF WESTFIELDS' OVERALL STRATEGIC PLAN, AND THE AVAILABILITY OF FINITE RESOURCES THE PLAN IS CATEGORIZED BY PRIORITY, INCLUDING CORRESPONDING OBJECTIVES, A RATIO NABLE FOR EACH OBJECTIVE BASED ON THE RESEARCH CONDUCTED, FOLLOWED BY SPECIFIC IMPLEMENTATION ACTIVITIES IT WAS CONCLUDED THAT THE FOUR PRIORITIZED HEALTH NEEDS, WHICH ARE CURRENTLY OF PARAMOUNT CONCERN TO THE COMMUNITIES SERVED BY WESTFIELDS, ARE FROM THE RESEARCH, FINDINGS AND THE TOP FIVE PRIORITIES WERE IDENTIFIED TO ADDRESS THESE COMMUNITY HEALTH NEEDS PRIORITY 1 INCREASE ACCESS TO MENTAL HEALTH PRIORITY 2 PROMOTE POSITIVE BEHAVIORS TO REDUCE OBESITY (NUTRITION / PHYSICAL ACTIVITY) PRIORITY 3 INCREASE ACCESS TO PRIMARY AND PREVENTIVE CARE PRIORITY 4 IMPROVE SERVICE INTEGRATION PRIORITY 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 SERVICES 2 OVERWEIGHT, OBESITY, AND LACK OF PHYSICAL ACTIVITY 3 ADEQUATE AND APPROPRIATE NUTRITION 4 ALCOHOL AND OTHER SUBSTANCE USE AND ADDICTION</p>

Return Reference	Explanation	
FORM 990, PART III, LINE 4A		<p>5 TOBACCO USE AND EXPOSURE "INCREASE ACCESS TO DENTAL SERVICES" WAS IDENTIFIED AS THE SIXTH PRIORITY IN THE COMMUNITIES SERVED BY REGIONS HOSPITAL, LAKEVIEW MEMORIAL HOSPITAL, HUDSON HOSPITAL AND WESTFIELDS WHILE THIS IS A CONCERN IN THE COMMUNITY, THE TEAM DECIDED TO FOCUS THEIR EFFORTS ON THE OTHER FIVE PRIORITIES BECAUSE HEALTHPARTNERS HAS AN INSURANCE COMPANY IT'S CURRENTLY THE LEADING DENTAL CARE PROVIDER TO UNINSURED PEOPLE IN MINNEAPOLIS/ST PAUL WESTFIELDS DECIDED NOT TO PRIORITIZE "INCREASE ACCESS TO DENTAL CARE" FOR THE FOLLOWING REASONS 1) DENTAL CARE IS NOT A CORE SERVICE LINE FOR THE HOSPITALS AND 2) HEALTHPARTNERS, THE PARENT ORGANIZATION, ALREADY PLACES SIGNIFICANT EMPHASIS ON DENTAL CARE SERVICES WITH ACCESS THROUGH ITS DENTAL PRACTICES AND FREE DENTAL CLINICS. THUS, THE NEED IS BEING ADDRESSED BY HEALTHPARTNERS. 2013 IMPLEMENTATION ACTIVITIES TOWARDS THESE PRIORITIES INCLUDED EXISTING AND NEW PROGRAMS AND ACTIVITIES ARE MOVING FORWARD TO ADDRESS THE NEEDS OF THE COMMUNITY - 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 NAMIWALK, AND UTILIZING HEALTHPARTNERS' RESOURCES AND TOOLKITS TO RAISE PUBLIC AWARENESS OF MENTAL ILLNESS - 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 - CONTINUE TO PARTNER WITH THE VITALITY INITIATIVE, A LOCAL GRASS ROOTS GROUP, TO IMPLEMENT HEALTHY EATING PROMOTIONS, COMMUNITY EVENTS, WEIGHT LOSS CHALLENGES, AND THE YEAR?ROUND "WALK CHALLENGE" - SUPPORT NEW RICHMOND COMMUNITY'S SAFE YOUTH CAMPAIGN, WHICH DEMONSTRATES THE CAUSE AND EFFECTS OF DRUNK DRIVING - CONTINUE FACILITATION OF THE LOCAL CANCER SUPPORT GROUP, IN COLLABORATION WITH THE CANCER CENTER OF WESTERN WISCONSIN - INCREASE RELATIONSHIPS WITH PRIMARY CARE CLINICS AND PRIMARY CARE PHYSICIANS, CONTINUING ITS WORK OF HOSPITAL - CLINIC INTEGRATION. ON OCTOBER 1, 2013, NEW RICHMOND CLINIC OFFICIALLY JOINED WESTFIELDS HOSPITAL. THE COMBINATION ALLOWS US TO FURTHER DEVELOP ONE ELECTRONIC MEDICAL RECORD ACROSS THE CAMPUS FOR IMPROVED HEALTH AND EASIER ACCESS TO SERVICES. TOTAL 2013 COMMUNITY BENEFIT CONTRIBUTION EQUATED \$2,264,139, WHICH REPRESENTED 5.6% OF THE OVERALL NET REVENUE. THIS FIGURE IS REPORTED AT COST PER THE CATHOLIC HEALTH ASSOCIATION (CHA) COMMUNITY BENEFIT 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. WESTFIELDS PROVIDED \$239,527 IN FINANCIAL ASSISTANCE TO 84 LOW INCOME AND UNINSURED PATIENTS. FINANCIAL ASSISTANCE REPRESENTS ABOUT 0.75% OF WESTFIELDS TOTAL OPERATING EXPENSES. CARE FOR MEDICAID PATIENTS. WESTFIELDS PROVIDES INPATIENT AND OUTPATIENT CARE, INCLUDING EMERGENCY DEPARTMENT SERVICES, TO MEDICAID PATIENTS. PAYMENTS RECEIVED FOR THESE SERVICES ARE BELOW THE COST OF CARE PROVIDED. WESTFIELDS EXPENSE TO COVER UNREIMBURSED MEDICAID COSTS FOR 1,812 PATIENTS TOTALED \$719,103. SUBSIDIZED HEALTH SERVICES. WESTFIELDS IS COMMITTED TO PROVIDING NEEDED SERVICES EVEN AT A FINANCIAL LOSS. IN 2013, LOSS ON SERVICES FOR OUTPATIENT HEALTH SERVICES INCLUDING SPECIALTY CLINIC, ONCOLOGY, PHYSICAL THERAPY, DURABLE MEDICAL EQUIPMENT, RESPIRATORY THERAPY, AND REGIONAL BLOOD BANK TOTALED \$1,070,923. COMMUNITY HEALTH IMPROVEMENT SERVICES. NEARLY 2,500 PEOPLE BENEFITED FROM THE FOLLOWING PROGRAMS OR ACTIVITIES THAT WERE CARRIED OUT AND SUPPORTED BY WESTFIELDS IN 2013 FOR THE EXPRESS PURPOSE OF IMPROVING COMMUNITY HEALTH TOTALING A COST OF \$44,119. COMMUNITY HEALTH EDUCATION. OVER 2,000 PEOPLE ATTENDED EDUCATIONAL PROGRAMS, CLASSES, SPECIAL EVENTS, HEALTH FAIRS OR SUPPORT GROUPS TAUGHT OR HOSTED BY MEDICAL AND CLINIC STAFF AND CAMPUS PARTNERS OR WERE HOSPITAL FITNESS CENTER MEMBERS (111 EDUCATION AND FITNESS TRAINING). TOTAL COMMUNITY HEALTH EDUCATION EXPENSES TOTALED \$26,187. CLASSES INCLUDED BREASTFEEDING, FAMILY/PARENTING/SIBLING EDUCATION, DIABETES, NUTRITION AND WEIGHT MANAGEMENT, SCHOOL BASED HEALTH EDUCATION, WORKSITE HEALTH EDUCATION, WOMEN'S HEALTH TOPICS, AND SENIOR CARE. IN ADDITION, OVER 400 PEOPLE ATTENDED SUPPORT GROUPS HELD FOR THE BROADER COMMUNITY ON BREASTFEEDING, CANCER, DIABETES, NUTRITION AND WEIGHT MANAGEMENT, CAREGIVERS, SMOKING CESSATION, AND TRAUMATIC BRAIN INJURY. COMMUNI</p>

Return Reference	Explanation	
FORM 990, PART III, LINE 4A		<p>TY BASED CLINICAL SERVICES WESTFIELDS HOSTED A BLOOD DRIVE IN SUPPORT OF THE AMERICAN RED CROSS, OFFERED A FREE DIABETES SCREENING, AND BLOOD PRESSURE SCREENING AT A LOW COST OF \$5 ,244 HEALTH CARE SUPPORT SERVICES IN 2013, 19 PEOPLE REALIZED THE BENEFIT OF HEALTH CARE SUPPORT SERVICES AVAILABLE INCLUDING THE LIFELINE HOME MONITORING SYSTEM ENROLLMENT ASSISTANCE, INFORMATION AND REFERRAL SERVICES PROVIDED TO HELP SECURE A PAYMENT SOURCE OR ACCESS SERVICES BEYOND MEDICAL CARE FOR UNINSURED AND UNDERINSURED PATIENTS, THE COST WAS \$2,831 COMMUNITY BENEFIT OPERATION COSTS ASSOCIATED WITH DEDICATED STAFF, PROGRAM OPERATIONS, RESOURCE EXPENSES, WHA SURVEY COMPLETION, HEALTHIER TOGETHER PARTICIPATION, NEEDS ASSESSMENT EXPENSES TOTALED \$9,857, AND A TOTAL OF 845 HOURS WERE CONTRIBUTED HEALTH PROFESSIONS EDUCATION WESTFIELDS' STAFF PROVIDED CLINICAL TRAINING FOR 33 NURSES AND NURSING STUDENTS AND 20 HEALTH PROFESSIONALS FROM TWELVE INSTITUTIONS AT A COST OF \$100,684 CASH DONATIONS & GRANTS WESTFIELDS DONATIONS AND GRANTS TO COMMUNITY ORGANIZATIONS IN SUPPORT OF HEALTH CAREERS EDUCATION AND COMMUNITY BUILDING EFFORTS TO IMPROVE THE HEALTH AND WELL-BEING OF THE COMMUNITY AT LARGE TOTALED \$47,343 IN 2013 MAJOR CONTRIBUTIONS WERE MADE TO GRACE PLACE, THE CENTRE, RELAY FOR LIFE SPONSORSHIP, ALZHEIMER'S WALK, HEART WALK, AND MANY OTHERS IN-KIND DONATIONS IN-KIND DONATIONS IN 2013 CONSISTED OF ADMINISTRATIVE SUPPORT FOR NOT-FOR-PROFIT GROUPS, EQUIPMENT DONATIONS, AND MEALS ON WHEELS PROGRAM PROVIDED TO PATIENT FAMILIES AND COMMUNITY MEMBERS TOTALING \$15,559 AND 1045 ADMINISTRATIVE SUPPORT HOURS CONTRIBUTION COMMUNITY BUILDING ACTIVITIES AS WESTFIELDS 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, WESTFIELDS COMMUNITY BENEFIT PROGRAM STRIVES TO MAKE VALUABLE CONNECTIONS WITH INDIVIDUALS AND ORGANIZATIONS FROM PUBLIC, PRIVATE AND NONPROFIT SECTORS TO SHARE SKILLS AND ASSETS IN 2013, WESTFIELDS COMMUNITY-BUILDING ACTIVITIES EQUALED \$28,881 WESTFIELDS PARTICIPATED IN COMMUNITY-BUILDING ACTIVITIES THAT SUPPORTED ECONOMIC DEVELOPMENT TO IMPROVE BUSINESS CLIMATE IN THE REGION, EMERGENCY PREPAREDNESS AND YOUTH ASSET DEVELOPMENT, INCLUDING DRUG SAFETY AND PREVENTION, LEADERSHIP DEVELOPMENT/CONFLICT RESOLUTION, HEALTH IMPROVEMENT ADVOCACY, WORKFORCE DEVELOPMENT, AND COALITION BUILDING TO PROVIDE LEADERSHIP AND IN-KIND SUPPORT FOR HEALTHIER TOGETHER - ST CROIX COUNTY, THE CENTRE WELLNESS FACILITY, AND LOCAL COMMUNITY HEALTH ADDITIONAL PROGRAMS/ACTIVITIES INCLUDED WEST CENTRAL REGIONAL TRAUMA ADVISORY COUNCIL (RTAC), NEW RICHMOND CHAMBER, VISION 2020 COMMUNITY GROUP, AND THE LEADERSHIP TRUST INITIATIVE - A PROGRAM DEDICATED TO PROMOTING AND DEVELOPING DYNAMIC BUSINESS AND COMMUNITY LEADERS COMMUNITY BENEFIT STORY WEST FIELDS "TELLS ITS STORY" ANNUALLY WITH RELEASE OF CONTRIBUTION INFORMATION AND LIFE-CHANGING STORIES FROM COMMUNITY MEMBERS INCLUDED IN THE COMMUNITY NEWSLETTER AND POSTED TO THE HOSPITAL WEBSITE & FACEBOOK PAGE OUR STORIES INCLUDE VIDEO MESSAGES OF OUR PATIENTS' STORIES AND THE KIND OF CARE THEY RECEIVED THROUGH OUR HOSPITAL WE ALSO INCLUDE THE STORIES OF OUR OWN STAFF AND THEIR EXPERIENCE CARING FOR OUR PATIENTS THESE STORIES ARE VALUABLE AND PROVIDE A TRUE AND HONEST SENSE OF THE KIND OF ENGAGEMENT AND IMPACT WE HAVE FOR ONE ANOTHER</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 4	AS OF OCTOBER 1, 2013, WESTFIELDS HOSPITAL ADOPTED A MENDED AND RESTATED BY LAWS THIS OCCURRED IN CONJUNCTION WITH WESTFIELDS HOSPITAL ACQUIRING THE ASSETS OF NEW RICHMOND CLINIC THE CHANGES TO THE BY LAWS ARE NOT MATERIAL CHANGES THE PRIOR BY LAWS PROVIDED THAT THE OWNERS OF THE PROFESSIONAL CORPORATION THAT OPERATED THE NEW RICHMOND CLINIC HAD THE POWER TO APPOINT TWO OF ITS PHYSICIANS AS HOSPITAL BOARD MEMBERS, THE NEW BY LAWS CLARIFY THAT THE PROFESSIONAL CORPORATION HAS NO ROLE IN BOARD APPOINTMENTS-PHYSICIANS ARE NOW SELECTED FROM THE PHYSICIANS STAFFING THE PRIMARY CARE CLINIC OWNED BY WESTFIELDS HOSPITAL

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	RH WISCONSIN, INC IS THE CLASS A MEMBER AND GROUP HEALTH PLAN, INC IS THE CLASS B MEMBER OF WESTFIELDS

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	THE CLASS A MEMBER (RH WISCONSIN, INC) APPOINTS THREE DIRECTORS TO REPRESENT THE CLASS A MEMBER THE CLASS B MEMBER (GROUP HEALTH PLAN, INC) APPOINTS TWO DIRECTORS TO REPRESENT THE CLASS B MEMBER TWO HEALTH CARE PROVIDERS ARE NOMINATED AS DIRECTORS BY AN UNRELATED MEDICAL GROUP AND APPOINTED BY MAJORITY VOTE OF THE FULL BOARD EIGHT COMMUNITY REPRESENTATIVES ARE APPOINTED AS DIRECTORS BY THE CLASS A MEMBER UPON RECOMMENDATION BY THE EXECUTIVE COMMITTEE OF THE BOARD OF DIRECTORS

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	THE CLASS A AND CLASS B MEMBERS (RH WISCONSIN, INC AND GROUP HEALTH PLAN, INC RESPECTIVELY) BOTH MUST APPROVE THE DECISIONS OF THE BOARD OF DIRECTORS AS FOLLOWS - AMENDMENT OF ARTICLES OR BYLAWS IMPACTING MEMBERSHIP - RESIGNATION OF A MEMBER - DISSOLUTION - ANY CHANGE IN THE FUNDAMENTAL NATURE OR PURPOSE - MERGER OR CONSOLIDATION WITH ANOTHER CORPORATION - DISPOSITION OF SUBSTANTIALLY ALL ASSETS ONLY THE CLASS A MEMBER MUST APPROVE THE DECISIONS OF THE BOARD OF DIRECTORS AS FOLLOWS - AMENDMENT OF ARTICLES OR BYLAWS NOT IMPACTING MEMBERSHIP - ANNUAL OPERATING AND CAPITAL BUDGETS AND STRATEGIC PLANS - ESTABLISHMENT OF NEW ENTITIES OR SIGNIFICANT RELATIONSHIPS WITH OTHER ENTITIES - UNBUDGETED EXPENDITURES IN EXCESS OF AMOUNTS ESTABLISHED BY THE MEMBER - GUARANTEEING THE DEBT OF ANY OTHER PERSON OR ENTITY - A LOAN OR OTHER INDEBTEDNESS IN EXCESS OF AMOUNTS ESTABLISHED BY THE MEMBER - TRANSFER OF ASSETS TO ANOTHER ENTITY - APPOINTMENT OF AUDITORS - APPOINTMENT OF THE PRESIDENT AND THE BOARD CHAIR

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	WESTFIELDS' 990 RETURN HAS A COMPREHENSIVE REVIEW PROCESS THAT IS FOLLOWED BEFORE IT IS PRESENTED TO THE GOVERNING BODY OF WESTFIELDS. THE REVIEW PROCESS INCLUDES A LAYERED REVIEW BY THE TAX DEPARTMENT OF GROUP HEALTH PLAN, INC (GHI), THE MANAGEMENT TEAM OF WESTFIELDS, GHI'S INTERNAL LEGAL DEPARTMENT AND WESTFIELDS'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 WESTFIELDS. WESTFIELDS MAKES AVAILABLE TO THE GOVERNING BODY (BOARD OF DIRECTORS) A COPY OF THE 990 FOR REVIEW AND COMMENT PRIOR TO THE FILING OF THE 990 RETURN. THIS COPY WILL BE PROVIDED IN A MAILING TO THE BOARD MEMBERS PRIOR TO THE FILING OF THE 990. EACH BOARD MEMBER WILL HAVE AN OPPORTUNITY TO COMMENT OR ASK QUESTIONS ABOUT THE 990 BEFORE IT IS FILED. THIS PROCESS WILL BE NOTED AND DOCUMENTED IN A WRITTEN MEMO IN THE FILES OF THE BOARD OF DIRECTORS.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	WESTFIELDS 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 WITH BOARD DELEGATED POWERS AND KEY EMPLOYEES ARE PROVIDED ANNUALLY WITH A COPY OF THE POLICY AND ARE REQUIRED TO COMPLETE A QUESTIONNAIRE IDENTIFYING ANY POTENTIAL CONFLICTS OF INTEREST THE FULL BOARD IS ADVISED OF ANY POTENTIAL CONFLICTS AND THE PROCESS TO BE FOLLOWED IN RESOLVING THE CONFLICT AS RECOMMENDED BY THE CHAIR, CEO AND GENERAL COUNSEL 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 CHIEF EXECUTIVE OFFICER (CEO) AND CHIEF FINANCIAL OFFICER (CFO) OF WESTFIELDS ARE EMPLOYED BY REGIONS HOSPITAL (REGIONS), A RELATED ORGANIZATION. REGIONS HAS AN ANNUAL PROCESS TO REVIEW THE MARKET COMPARABILITY OF THE TOTAL COMPENSATION OF ITS OFFICERS. EVERY THREE YEARS, UNDER THE DIRECTION OF THE REGIONS 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, REGIONS' 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 W2S. 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 CEO BASED ON THE PERFORMANCE REVIEW AND THE MARKET COMPARABILITY DATA, APPROVED BY THE COMPENSATION COMMITTEE. THE BOARD HAS 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	WESTFIELDS' FINANCIAL STATEMENTS AND 990 RETURNS ARE MADE AVAILABLE TO ANY PERSON WHO REQUESTS THE INFORMATION FROM WESTFIELDS OR HEALTHPARTNERS, INC

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

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	PROFESSIONAL SERVICES PROGRAM SERVICE EXPENSES 3,693,316 MANAGEMENT AND GENERAL EXPENSES 703,273 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 4,396,589

Return Reference	Explanation
FORM 990, PART XI, LINE 9	FASB 124 - FAIR MARKET VALUATION ADJUSTMENT 466,409 ROUNDING 3

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2013

Open to Public Inspection

- ▶ 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.

Department of the Treasury
Internal Revenue Service

Name of the organization
WESTFIELDS HOSPITAL INC

Employer identification number

39-0808442

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							

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

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) HEALTHPARTNERS INC - CLAIMSHEALTHCARE SERVICES	L	365,801	

Part VII Supplemental Information

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

Return Reference**Explanation**

Additional Data

Software ID:
Software Version:
EIN: 39-0808442
Name: WESTFIELDS 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)(IV)	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 & 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 INC 8170 33RD AVE S PO BOX 1309 MPLS, MN 554401309 39-0804125	HOSPITAL	WI	501(C)(3)	170(B)(1) (A) (III)	RH-WISCONSIN & GROUP HEALTH PLAN INC	Yes	
(11) 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	
(12) 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	
(13) 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	
(14) 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	
(15) 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	
(16) 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	
(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 554401309 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 554401309 41-0834920	HEALTHCARE	MN	501(C)(3)	170(B)(1) (A)(III)	PARK NICOLLET HEALTH SERVICES	Yes	
(5) PNMC HOLDINGS 6500 EXCELSIOR BLVD ST LOUIS PARK, MN 554401309 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 6500EXCELSIOR BLVD ST LOUIS PARK, MN 55426 41-1656735	REAL ESTATE FOR RELATED ORGANIZATIONS	MN	PARK NICOLLET HEALTH SERVICES	C				Yes	

Form **4562**
 Department of the Treasury
 Internal Revenue Service (99)

Depreciation and Amortization
(Including Information on Listed Property)

OMB No 1545-0172
2013
 Attachment
 Sequence No **179**

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

Name(s) shown on return WESTFIELDS HOSPITAL INC	Business or activity to which this form relates FORM 990 PAGE 10	Identifying number 39-0808442
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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	2,170,905

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 <input type="checkbox"/>		

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	
i Nonresidential real property			39 yrs	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	2,170,905
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? Yes No
24b If "Yes," is the evidence written? Yes 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
25 Special 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)
26 Property used more than 50% in a qualified business use
27 Property used 50% or less in a qualified business use
28 Add amounts in column (h), lines 25 through 27 Enter here and on line 21, page 1
29 Add amounts in column (i), line 26 Enter here and on line 7, page 1

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)
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?
35 Was the vehicle used primarily by a more than 5% owner or related person?
36 Is another vehicle available for personal use?
(a) Vehicle 1 (b) Vehicle 2 (c) Vehicle 3 (d) Vehicle 4 (e) Vehicle 5 (f) Vehicle 6
Yes No Yes No Yes No Yes No Yes No Yes No

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?
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
44 Total. Add amounts in column (f) See the instructions for where to report



HEALTHPARTNERS, INC.

Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(With Independent Auditors' Report Thereon)

HEALTHPARTNERS, INC.

Table of Contents

	Page(s)
Independent Auditors' Report	1-2
Consolidated Financial Statements:	
Statements of Financial Position as of December 31, 2013 and January 1, 2013	3
Statement of Activities for the year ended December 31, 2013	4
Statement of Cash Flows for the year ended December 31, 2013	5
Notes to Consolidated Financial Statements	6-45



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
	<u> </u>	<u> </u>
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
	<u> </u>	<u> </u>
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
	<u> </u>	<u> </u>
Total assets	\$ 3,886,490	3,540,643
	<u> </u>	<u> </u>
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
	<u> </u>	<u> </u>
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
	<u> </u>	<u> </u>
Total liabilities	1,680,002	1,699,982
	<u> </u>	<u> </u>
Net assets:		
Unrestricted	2,161,716	1,799,264
Temporarily restricted	33,134	30,020
Permanently restricted	11,638	11,377
	<u> </u>	<u> </u>
Total net assets	2,206,488	1,840,661
	<u> </u>	<u> </u>
Total liabilities and net assets	\$ 3,886,490	3,540,643
	<u> </u>	<u> </u>

See accompanying notes to consolidated financial statements.

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

	2013
Revenues:	
Premiums earned	\$ 2,585,024
Net health service revenue	2,249,886
Other revenue	308,521
Investment income and net realized gains	79,625
Total revenues	5,223,056
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	38,729
Total health services	4,305,895
Administrative services:	
Salaries and employee benefits	235,780
Supplies and other	271,420
Depreciation	26,270
Interest	1,538
Total administrative services	535,008
Health services taxes and assessments:	
MCHA assessments	51,315
Medical care surcharge	34,860
Premium tax	30,530
Income and other taxes	13,864
Total health services taxes and assessments	130,569
Total expenses	4,971,472
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	2,759
Increase in net assets	365,827
Net assets – beginning of year	1,840,661
Net assets – end of year	\$ 2,206,488

See accompanying notes to consolidated financial statements.

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

	2013
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	303,125
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	85,096
Net cash used in investing activities	(356,282)
Cash flows provided by financing activities	
Proceeds from issuance of long-term debt	92,500
Payments on long-term debt	(28,976)
Net cash provided by financing activities	63,524
Increase in cash and cash equivalents	10,367
Cash and cash equivalents – beginning of year	536,360
Cash and cash equivalents – end of year	\$ 546,727
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

December 31, 2013 and January 1, 2013

(In thousands)

(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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

(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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

(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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

(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:

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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

(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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

(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>

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

	<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:

	2013
Interest and dividends	\$ <u>24,978</u>
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><u>94,178</u></u>

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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;

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

- 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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(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	\$ 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>

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

	<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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(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	\$ 440,833	428,799

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	100%	100%

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

(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	—
	\$ 2,503,954	1,560,533	2,346,164	1,435,739
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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

(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	\$ 4,496	(2,329)	2,167
January 1, 2013:			
Intellectual property	\$ 100	(31)	69
Brand name	2,786	(505)	2,281
Noncompete clauses	1,610	(1,138)	472
Total	\$ 4,496	(1,674)	2,822

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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(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
	<hr/>	<hr/>
Total long-term debt	795,551	732,027
Less current portion	25,080	21,381
	<hr/>	<hr/>
Long-term portion	\$ 770,471	710,646
	<hr/> <hr/>	<hr/> <hr/>

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
	<hr/>
Total	\$ 795,551
	<hr/> <hr/>

- 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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(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>	
		<u>December 31,</u>	<u>January 1,</u>
		<u>2013</u>	<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	(50,835)
Unrecognized net actuarial loss		57,972	146,841
Unrecognized prior service cost		3,564	4,689
Prepaid benefit cost	\$	<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	\$	<u>57,686</u>	<u>(50,835)</u>
		<u>December 31,</u>	<u>January 1,</u>
		<u>2013</u>	<u>2013</u>
Amount recognized in net assets:			
Net loss	\$	57,972	146,841
Net prior service cost		3,564	4,689
Total amount recognized	\$	<u>61,536</u>	<u>151,530</u>

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

	December 31, 2013	January 1, 2013
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		202,812
Total	\$	378,873

(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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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
	100.0%	100.0%	100.0%
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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(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	17,800	199,269	—	217,069
Total investment assets at fair value	\$ <u>330,009</u>	<u>223,854</u>	<u>—</u>	<u>553,863</u>

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(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	15,651	149,381	—	165,032
	<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,</u> <u>2013</u>	<u>January 1,</u> <u>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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

(c) Components of Net Periodic Benefit Cost

	<u>2013</u>
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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

(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.

<u>Pension Fund</u>	<u>EIN/Pension Plan Number</u>	<u>Pension Protection Act Zone Status 2013</u>	<u>FIP/RP Status Pending/Implemented</u>	<u>2013 Contributions</u>	<u>Surcharge Imposed</u>	<u>Expiration Date of Collective-Bargaining Agreement</u>
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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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	<u>(1,003)</u>
Benefit obligation – December 31, 2013	<u>\$ 16,860</u>

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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

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

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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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

	<u>December 31, 2013</u>	<u>January 1, 2013</u>
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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

(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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

\$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:

	<u>2013</u>
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	<u>30,662</u>
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.

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

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

HEALTHPARTNERS, INC.

Notes to Consolidated Financial Statements

December 31, 2013 and January 1, 2013

(In thousands)

(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.