See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

As originally filed

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization	Employer identification number
THEDACARE MEDICAL CENTER- NEW LONDON INC FKA NEW LONDON FAMILY MEDICAL CENTER INC	39-0869788

Part I Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	X	
b If "Yes," was it a written policy?	1b	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. ☐ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: ☐ 100% ☐ 150% ☒ 200% ☐ Other _____ %	3a	X	
b Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: ☐ 200% ☐ 250% ☒ 300% ☐ 350% ☐ 400% ☐ Other _____ %	3b	X	
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a		X
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		
6a Did the organization prepare a community benefit report during the tax year?	6a	X	
b If "Yes," did the organization make it available to the public?	6b	X	

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			423,415.		423,415.	1.63%
b Medicaid (from Worksheet 3, column a)			3134873.	2805282.	329,591.	1.27%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			3558288.	2805282.	753,006.	2.90%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	19	168,225	184,887.		184,887.	.71%
f Health professions education (from Worksheet 5)	3	176	66,797.		66,797.	.26%
g Subsidized health services (from Worksheet 6)	4	0	2056373.		2056373.	7.90%
h Research (from Worksheet 7)	3	1,493	36,937.		36,937.	.14%
i Cash and in kind contributions for community benefit (from Worksheet 8)	6	276,126	129,963.	75.	129,888.	.50%
j **Total.** Other Benefits	35	446,020	2474957.	75.	2474882.	9.51%
k **Total.** Add lines 7d and 7j	35	446,020	6033245.	2805357.	3227888.	12.41%

As originally filed

THEDACARE MEDICAL CENTER- NEW LONDON INC
FKA NEW LONDON FAMILY MEDICAL CENTER INC 39-0869788

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	1	1	327.		327.	.00%
2	Economic development	1	3,769	1,422.	80.	1,342.	.01%
3	Community support						
4	Environmental improvements	1	3	8.		8.	.00%
5	Leadership development and training for community members	1	2	114.		114.	.00%
6	Coalition building	1	6,886	220.		220.	.00%
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	Total	5	10,661	2,091.	80.	2,011.	.01%

Part III Bad Debt, Medicare, & Collection Practices

				Yes	No
Section A. Bad Debt Expense					
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1			X
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	626,469.		
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	408,606.		
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	6,108,905.		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	5,532,753.		
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7	576,152.		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: ☐ Cost accounting system ☒ Cost to charge ratio ☐ Other				
Section C. Collection Practices					
9a	Did the organization have a written debt collection policy during the tax year?	9a		X	
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		X	

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 %

As originally filed

THEDACARE MEDICAL CENTER- NEW LONDON INC

Part V Facility Information

Section A. Hospital Facilities

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

How many hospital facilities did the organization operate during the tax year? 1

Name, address, primary website address, and state license number	Licensed hospital	Gen. medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 NEW LONDON FAMILY MEDICAL CENTER 1405 MILL STREET NEW LONDON, WI 54961	X	X			X		X			

As originally filed

THEDACARE MEDICAL CENTER- NEW LONDON INC

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group NEW LONDON FAMILY MEDICAL CENTER

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	1	X	
If "Yes," indicate what the CHNA report describes (check all that apply).			
a [X] A definition of the community served by the hospital facility			
b [X] Demographics of the community			
c [X] Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d [X] How data was obtained			
e [X] The health needs of the community			
f [X] Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g [X] The process for identifying and prioritizing community health needs and services to meet the community health needs			
h [X] The process for consulting with persons representing the community's interests			
i [X] Information gaps that limit the hospital facility's ability to assess the community's health needs			
j [X] Other (describe in Section C)			
2 Indicate the tax year the hospital facility last conducted a CHNA 20 13			
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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	X	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	4	X	
5 Did the hospital facility make its CHNA report widely available to the public?	5	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a [X] Hospital facility's website (list url): WWW.THEDACARE.ORG/HOSPITALS-AND-CLINICS/T			
b [ ] Other website (list url):			
c [X] Available upon request from the hospital facility			
d [X] Other (describe in Section C)			
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 [X] Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b [X] Execution of the implementation strategy			
c [X] Participation in the development of a community-wide plan			
d [X] Participation in the execution of a community-wide plan			
e [ ] Inclusion of a community benefit section in operational plans			
f [X] Adoption of a budget for provision of services that address the needs identified in the CHNA			
g [X] Prioritization of health needs in its community			
h [X] Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i [X] Other (describe in Section C)			
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Section C which needs it has not addressed and the reasons why it has not addressed such needs	7		X
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a		X
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b		
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

As originally filed

THEDACARE MEDICAL CENTER- NEW LONDON INC
FKA NEW LONDON FAMILY MEDICAL CENTER INC

Part V Facility Information *(continued)* NEW LONDON FAMILY MEDICAL CENTER

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that			
9 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	9	X	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	10	X	
If "Yes," indicate the FPG family income limit for eligibility for free care: 200 %			
If "No," explain in Section C the criteria the hospital facility used.			
11 Used FPG to determine eligibility for providing *discounted* care?	11	X	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 %			
If "No," explain in Section C the criteria the hospital facility used.			
12 Explained the basis for calculating amounts charged to patients?	12	X	
If "Yes," indicate the factors used in determining such amounts (check all that apply):			
a [X] Income level			
b [X] Asset level			
c [X] Medical indigency			
d [X] Insurance status			
e [X] Uninsured discount			
f [X] Medicaid/Medicare			
g [X] State regulation			
h [ ] Residency			
i [ ] Other (describe in Section C)			
13 Explained the method for applying for financial assistance?	13	X	
14 Included measures to publicize the policy within the community served by the hospital facility?	14	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a [X] The policy was posted on the hospital facility's website			
b [ ] The policy was attached to billing invoices			
c [X] The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d [X] The policy was posted in the hospital facility's admissions offices			
e [X] The policy was provided, in writing, to patients on admission to the hospital facility			
f [X] The policy was available on request			
g [ ] Other (describe in Section C)			

Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	15	X	
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 [ ] Reporting to credit agency			
b [ ] Lawsuits			
c [ ] Liens on residences			
d [ ] Body attachments			
e [ ] 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?	17		X
If "Yes," check all actions in which the hospital facility or a third party engaged			
a [ ] Reporting to credit agency			
b [ ] Lawsuits			
c [ ] Liens on residences			
d [ ] Body attachments			
e [ ] Other similar actions (describe in Section C)			

As originally filed

THEDACARE MEDICAL CENTER- NEW LONDON INC
FKA NEW LONDON FAMILY MEDICAL CENTER INC

Part V Facility Information *(continued)* NEW LONDON FAMILY MEDICAL CENTER

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

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

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	19	X	

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 Section C)
- d ☐ Other (describe in Section C)

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 Section C)

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 Section C.	21		X
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 Section C.	22		X

As originally filed

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.

NEW LONDON FAMILY MEDICAL CENTER:

PART V, SECTION B, LINE 1J: THEDACARE MEDICAL CENTER NEW LONDON'S CHNA ALSO IDENTIFIED OWNER EXPECTATIONS, MISSION/VALUES, KEY COMPONENTS OF OUR COMMITMENT, ORGANIZATIONAL SUPPORT, ADVISORY TEAM GUIDANCE AND THE HEALTH IMPROVEMENT MODEL.

NEW LONDON FAMILY MEDICAL CENTER:

PART V, SECTION B, LINE 3: PUBLIC HEALTH

THEDACARE WORKED CLOSELY WITH LOCAL OUTAGAMIE AND WAUPACA COUNTY PUBLIC HEALTH DEPARTMENTS THROUGHOUT THE ENTIRE NEEDS ASSESSMENT PROCESS. THEDACARE HAS REPRESENTATION ON THE FOX VALLEY COMMUNITY HEALTH IMPROVEMENT COALITION WHICH MEETS MONTHLY WITH LOCAL HEALTH SYSTEM REPRESENTATIVES AND PUBLIC HEALTH OFFICIALS FROM THE COUNTIES OF OUTAGAMIE, CALUMET AND WINNEBAGO AND CITIES OF APPLETON AND MENASHA. WAUPACA COUNTY PUBLIC HEALTH IS ALSO INVITED TO ATTEND. PUBLIC HEALTH IS REPRESENTED ON THEDACARE'S NEEDS ASSESSMENT ADVISORY COMMITTEE AND ALSO ON THE THEDACARE- LED NEW LONDON COMMUNITY HEALTH ACTION TEAM. IN ADDITION TO THESE FORMAL MEETINGS, ONE-ON-ONE INTERVIEWS WITH PUBLIC HEALTH OFFICIALS WERE CONDUCTED EITHER OVER THE PHONE OR IN PERSON. SOURCES: LINDA BEHM, WAUPACA COUNTY PUBLIC HEALTH NURSE AND MARY DORN, OUTAGAMIE COUNTY PUBLIC HEALTH MANAGER.

COMMUNITY HEALTH ACTION TEAMS (CHAT) ARE THE PRIMARY RESOURCES THEDACARE USES TO ENGAGE THE COMMUNITY IN BETTER UNDERSTANDING THE LOCAL HEALTH NEEDS AND DEVELOPING PLANS FOR ACTION. THEDACARE'S COMMUNITY HEALTH

As originally filed

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.

SPECIALISTS HELP FACILITATE THE CHAT EFFORTS FOR FOUR CHAT TEAMS IN THE FOX CITIES, NEW LONDON, SHAWANO AND WAUPACA AREAS. EACH CHAT TEAM IS COMPRISED OF LOCAL COMMUNITY LEADERS FROM BUSINESS, EDUCATION, PUBLIC HEALTH, AREA HEALTH SYSTEMS, FAITH COMMUNITIES, NON-PROFIT ORGANIZATIONS AND GOVERNMENT. THESE LEADERS SELECT ISSUES TO STUDY, ORGANIZE "PLUNGE" EXPERIENCES (DAY-LONG FIELD TRIPS) TO GAIN IN-DEPTH UNDERSTANDING AND COLLABORATE IN PROBLEM-SOLVING INITIATIVES. THIS RESULTS IN SUSTAINABLE, EFFECTIVE COMMUNITY-BASED SOLUTIONS TO SYSTEMIC HEALTH ISSUES. THEDACARE MEDICAL CENTER NEW LONDON PROVIDERS AND STAFF ARE INTEGRATED INTO A WIDE VARIETY OF THESE INITIATIVES. THE NEW LONDON CHAT TEAM INCLUDES LEADERS FROM PUBLIC HEALTH, NON-PROFITS, EDUCATION, AND HEALTH ORGANIZATIONS WHICH COLLECTIVELY REPRESENT THE BROAD INTERESTS OF THE COMMUNITY.

2013 NEW LONDON COMMUNITY HEALTH ACTION TEAM ROSTER:

LINDA BEHM, PUBLIC HEALTH NURSING SUPERVISOR, WAUPACA COUNTY DEPARTMENT OF HEALTH AND HUMAN SERVICES

TINA BETTIN, NURSE PRACTITIONER THEDACARE PHYSICIANS - MANAWA

BILL FITZPATRICK, ADMINISTRATOR SCHOOL DISTRICT OF NEW LONDON

DAVE KLINZING, POLICE LIAISON NEW LONDON SCHOOLS

PAULA MORGEN, COMMUNITY HEALTH THEDACARE

PHIL RAMSEY, CEO, HILLSHIRE FARMS

BILL SCHMIDT, CEO THEDACARE MEDICAL CENTER - NEW LONDON

JOHN SOLBERG, ADMINISTRATOR RAWHIDE BOYS RANCH

RITA THIEL, VP FIRST MERIT BANK

GREG WATLING, PASTOR FIRST CONGREGATIONAL CHURCH

KAYE THOMPSON, COMMUNITY HEALTH THEDACARE

As originally filed

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

KEY INFORMANT INTERVIEWS WERE CONDUCTED WITH EXPERTS REPRESENTING VULNERABLE OR MARGINALIZED POPULATIONS IN OUR COMMUNITY INCLUDING FARM FAMILIES, ELDERLY, SCHOOL COUNSELORS, POLICE LIAISON OFFICER, SADD DIRECTOR, SOCIAL WORKER AND PSYCHOLOGIST AND EMERGENCY ROOM EXPERTS. SOURCES: PAT ENRIGHT, AGING AND DISABILITY RESOURCE CENTER WAUPACA COUNTY; KIM EBERT, NEW LONDON SENIOR SERVICES MANAGER; GREG BLONDE; UNIVERSITY OF WISCONSIN EXTENSION WAUPACA COUNTY; RHONDA STREBEL, RURAL HEALTH INITIATIVE, ANNE-COLLINS REED - WAUPACA SCHOOLS PSYCHOLOGIST, BRET RODENZ, WAUPACA SCHOOLS POLICE LIAISON OFFICER, DALE FEIDT, WAUPACA SCHOOLS SADD DIRECTOR.

NEW LONDON FAMILY MEDICAL CENTER:

PART V, SECTION B, LINE 4: AFFINITY HEALTH SYSTEM

NEW LONDON FAMILY MEDICAL CENTER:

PART V, SECTION B, LINE 5D: THE CHNA WAS MADE AVAILABLE TO LOCAL CHAT, THEDACARE BOARDS AND LEADERSHIP TEAMS.

NEW LONDON FAMILY MEDICAL CENTER:

PART V, SECTION B, LINE 6I: THEDACARE ADDRESSES COMMUNITY HEALTH IMPROVEMENT IN THE ANNUAL STRATEGIC PLANNING PROCESS, AND REPORTS PROGRESS ANNUALLY TO THE THEDACARE BOARD OF TRUSTEES.

As originally filed

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.

NEW LONDON FAMILY MEDICAL CENTER:

PART V, SECTION B, LINE 7: CHRONIC DISEASE PREVENTION - WILL BE ADDRESSED IN OTHER AREAS SUCH PRIORITY AREAS.

SMOKING - SIGNIFICANT PROGRESS HAS ALREADY BEEN MADE ON THIS ISSUE.

VIOLENCE - ISSUE IS BEYOND WHAT OUR RESOURCES CAN SUPPORT AT THIS TIME.

PARENTING - ISSUE IS BEYOND WHAT OUR RESOURCES CAN SUPPORT AT THIS TIME.

SEXUALLY TRANSMITTED DISEASE - ISSUE IS BEYOND WHAT OUR RESOURCES CAN SUPPORT AT THIS TIME.

TRANSPORTATION FOR SENIORS - ISSUE IS BEYOND WHAT OUR RESOURCES CAN SUPPORT AT THIS TIME.

HIGH SCHOOL GRADUATION RATES - ISSUE IS BEYOND WHAT OUR RESOURCES CAN SUPPORT AT THIS TIME.

PART V, LINE 13:

PATIENTS ARE SENT AN OVERVIEW LETTER EXPLAINING THE PROCESS FOR APPLYING FOR OUR ASSISTANCE PROGRAM OR OUR STAFF WALKS THEM THROUGH THE PROCESS. THEY ARE ASKED TO COMPLETE AN APPLICATION THAT INCLUDES REQUESTS FOR INFORMATION. THIS INFORMATION IS NEEDED IN ORDER TO MAKE A DECISION AS TO WHETHER THE PATIENT MEETS THE CRITERIA FOR ACCEPTANCE, AND IF ACCEPTED, WHAT LEVEL OF ASSISTANCE WILL BE PROVIDED. ONCE THE DECISION IS MADE, WE WILL NOTIFY THE PATIENT AND IF ACCEPTABLE, WRITE OFF THE BALANCE AS DETERMINED.

As originally filed

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? 0

Name and address	Type of Facility (describe)

As originally filed

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.

PART I, LINE 3C:

IT IS THE ORGANIZATION'S POLICY THAT NO PATIENT SHOULD BE DENIED APPROPRIATE AND NECESSARY CARE ON THE BASIS OF INCOME. IN RESPONSE TO THIS POLICY, THE CARING HEARTS FINANCIAL ASSISTANCE PROGRAM WAS SET UP TO PROVIDE SHELTER TO THOSE PATIENTS WHO ARE UNABLE TO PAY FOR THEIR MEDICAL SERVICES. MEDICAL SERVICE FEES ARE WRITTEN OFF UNDER THE FINANCIAL ASSISTANCE PROGRAM THAT WOULD OTHERWISE HAVE BEEN SENT TO A COLLECTION AGENCY.

PART I, LINE 7:

THE COSTING METHODOLOGY USED TO CALCULATE THE AMOUNTS IN THE TABLE IS A COMBINATION OF AVERAGE COSTS AND ACTUAL COSTS PERTAINING TO SUPPLIES, WAGES, AND BENEFITS. FOR SUPPLIES, THE ACTUAL COST OF ITEMS USED FOR EACH EVENT IS APPLIED. IF NO ACTUAL COST IS AVAILABLE, WE THEN USE AN ESTIMATE. WAGES ARE CALCULATED BY MULTIPLYING THE AVERAGE WAGE RATE TIMES ACTUAL HOURS WORKED. THE BENEFIT RATE USED INCLUDES A FRINGE RATIO OF ALL BENEFITS RELATED TO THE ABOVE WAGE CALCULATION. THE COST ACCOUNTING SYSTEM DOES NOT DIFFERENTIATE BETWEEN DIFFERENT PAYER TYPES AND NO COST-TO-CHARGE

RATIO IS USED.

PART I, LINE 7G:

NO PHYSICIAN CLINICS ARE INCLUDED IN SUBSIDIZED HEALTH SERVICES.

PART I, LN 7 COL(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 $1,275,390.

PART II, COMMUNITY BUILDING ACTIVITIES:

THE HEALTH OF THE COMMUNITY SHAWANO MEDICAL CENTER SERVES IS PROMOTED THROUGH SEVERAL COMMUNITY BUILDING ACTIVITIES AS DESCRIBED BELOW:

CHAMBER OF COMMERCE SUPPORT - ENCOURAGES ECONOMIC DEVELOPMENT WHICH IN TURN PROVIDES JOBS AND INCOME, BOTH CONTRIBUTORS TO HEALTH.

DISASTER READINESS - HELPS ENSURE THE ENTIRE COMMUNITY IS READY FOR POTENTIAL EMERGENCIES.

RURAL PROVIDER RECRUITMENT - ENSURES QUALITY OF HEALTHCARE SERVICES IN RURAL MARKETS.

COMMUNITY SHARPS COLLECTION - REDUCING THE RISKS OF INFECTIOUS WASTE.

COMMUNITY GARDEN - DEVELOPMENT OF COMMUNITY GARDENS TO PROVIDE FRESH PRODUCE TO COMMUNITY MEMBERS AND FOOD PANTRY PATRONS.

FARMER'S MARKETS - PROVIDES FRESH PRODUCE TO AREA FOOD PANTRIES AND COMMUNITY.

TEAMING FOR HEALTH & RESILIENCY IMPROVEMENT VIA EDUCATION AND SUPPORT (THRIVES) - ASSISTING PEOPLE WITH CHRONIC ILLNESS.

Part VI Supplemental Information *(Continuation)*

CHAT - COMMUNITY LEADERS WORKING TOGETHER TO EXPLORE LOCAL AND REGIONAL HEALTH ISSUES.

UNITED WAY - WORKING EVERY DAY TO IMPROVE THE COMMUNITY.

PLUNGE INTO OBESITY - A DAY-LONG EDUCATION LEARNING EVENT ABOUT THE EFFECTS OF OBESITY ON LOCAL COMMUNITIES.

SEXUAL ASSAULT NURSE EXAMINER - WORKING TO END SEXUAL AND DOMESTIC VIOLENCE.

EMERGING LEADERS - MAKING AN IMPACT IN OUR COMMUNITY THROUGH DEDICATION TO SERVICE AND PHILANTHROPY.

ELECTRONIC RECYCLING EVENT - WORKING TO TREAT THE EARTH WITH THE RESPECT THAT IT DESERVES.

WISCONSIN SUSTAINABLE BUSINESS COUNCIL - TAKING AN ACTIVE POSITION ON THE ROLE OF CLIMATE CHANGE AND BUILDING HEALTHY COMMUNITIES BY REDUCING OR ELIMINATING OUR ENERGY WASTE AND WATER FOOTPRINT.

RURAL HEALTH INITIATIVE - ADDRESSING GROWING CONCERNS REGARDING THE HEALTH AND SAFETY ISSUES FACING TODAY'S FARM FAMILIES.

FOOD PANTRY INITIATIVE - WORKING TO EQUIP AREA FOOD PANTRIES TO ACCEPT LOCAL PRODUCE.

WORKPLACE WELLNESS INITIATIVE - WORKING WITH LOCAL BUSINESSES TO PROVIDE TOOLS FOR EMPLOYEE WELLNESS PROGRAMS.

MISSION OF HOPE - PROVIDING BASIC SERVICES TO COMMUNITY IN NEED.

PART III, LINE 2:

OVERDUE PATIENT ACCOUNTS ARE SENT THREE STATEMENTS BEGINNING THE MONTH AFTER THE ACCOUNT BECOMES OVERDUE. IF NO PAYMENT IS MADE DURING THIS PERIOD A FINAL LETTER IS SENT GIVING NOTICE OF THE OVERDUE ACCOUNT AND NOTIFYING THE INDIVIDUAL THAT THE AMOUNT WILL GO INTO COLLECTIONS. AT THIS POINT, THE AMOUNT IS MARKED AS BAD DEBT.

As originally filed

PART III, LINE 3:

A COST-TO-CHARGE RATIO WAS USED TO DETERMINE THE AMOUNTS REPORTED IN PART III LINES 2 AND 3. PATIENT PAYMENTS OR DISCOUNTS ARE APPLIED PRIOR TO DETERMINING BAD DEBT EXPENSE AND ARE NOT INCLUDED IN THE BAD DEBT WRITE-OFF REPORTED ON THE AUDITED FINANCIAL STATEMENTS. DEDUCTIBLES AND COINSURANCE AMOUNTS THAT ARE DEEMED UNCOLLECTIBLE ARE WRITTEN OFF EITHER TO BAD DEBT EXPENSE OR, IF APPLICABLE, TO CHARITY CARE IF THE PATIENT SO QUALIFIES FOR FINANCIAL ASSISTANCE. THE FINANCIAL STATEMENTS DO NOT CONTAIN A FOOTNOTE BUT THEY ACCOUNT FOR BAD DEBTS BASED ON GROSS CHARGES TO PATIENTS AFTER REFLECTING ANY PAYMENTS OR DISCOUNTS, OR AMOUNTS DETERMINED TO BE ELIGIBLE FOR CHARITY CARE/FINANCIAL ASSISTANCE.

PART III, LINE 8:

WE DID NOT REPORT ANY SHORTFALL AS A COMMUNITY BENEFIT. THE COSTING METHODOLOGY USED TO DETERMINE THE MEDICARE ALLOWABLE COSTS REPORTED IN THE ORGANIZATIONS MEDICARE COST REPORT IS STEP DOWN.

PART III, LINE 9B:

OUR POLICY IS NOT TO PURSUE PATIENT ACCOUNTS TO THE EXTENT ANY CHARGES ARE ELIGIBLE AND WRITTEN OFF THROUGH OUR CHARITY CARE/FINANCIAL ASSISTANCE PROGRAM. IF ONLY A PORTION OF THE CHARGES ARE ELIGIBLE AND WRITTEN OFF THROUGH OUR CHARITY CARE/FINANCIAL ASSISTANCE PROGRAM, THE REMAINING BALANCE WILL BE BILLED TO THE PATIENT AND COLLECTED IN ACCORDANCE WITH OUR NORMAL COLLECTION POLICY.

PART VI, LINE 2:

THEDACARE SERVES AN 8 COUNTY PRIMARY SERVICE AREA. FIVE THEDACARE HOSPITALS PROVIDE SERVICE IN THIS AREA. THEDACARE CONDUCTS A COMMUNITY NEEDS ASSESSMENT EVERY THREE YEARS FOR THE ENTIRE SYSTEM GATHERING DATA PERTINENT TO EACH COMMUNITY. INFORMATION COLLECTED INCLUDES DATA FROM THE WISCONSIN COUNTY HEALTH RANKINGS, FOX CITIES LIFE STUDY (LOCAL INDICATORS FOR EXCELLENCE), THE BEHAVIORAL RISK FACTOR SURVEILLANCE SURVEY, AND INSIGHTS GATHERED FROM MONTHLY MEETINGS OF THE THEDACARE-LED CHAT TEAM (COMMUNITY HEALTH ACTION TEAM) COMPRISED OF 12 COMMUNITY LEADERS IN BUSINESS, NON-PROFIT, CLERGY, HEALTHCARE, EDUCATION, PUBLIC HEALTH AND THE LOCAL COMMUNITY FOUNDATION.

PART VI, LINE 3:

PATIENT EDUCATION BEGINS WHEN A PATIENT IS ADMITTED TO A THEDACARE HOSPITAL. ADMISSION SPECIALISTS MEET WITH EACH PERSON INDIVIDUALLY TO ASSESS INSURANCE STATUS AND FINANCIAL NEED. IF NECESSARY, SPECIALISTS REFER PATIENTS TO CARE MANAGEMENT SPECIALISTS WHO ASSIST WITH THE ENROLLMENT OF PATIENTS IN AN APPLICABLE PROGRAM. THE HOSPITAL PATIENT HANDBOOK IS PROVIDED TO ALL IN-PATIENTS.
INTERNAL POLICIES SUCH AS DISCOUNTED SERVICES POLICY, CARING HEARTS POLICY AND PAYMENT FOR SERVICE POLICY FOR SELF-PAY BALANCES PROVIDE GUIDANCE.
THE THEDACARE WEBSITE, WWW.THEDACARE.ORG, PROVIDES EDUCATION REGARDING THE AFFORDABLE CARE ACT IN EASY TO UNDERSTAND LANGUAGE. IT DISCUSSES OPTIONS AND WHERE TO GO FOR ASSISTANCE.

PART VI, LINE 4:

THE NEW LONDON SERVICE AREA IS LOCATED PRIMARILY IN WAUPACA COUNTY, BUT DOES INCLUDE THE WESTERN PART OF OUTAGAMIE COUNTY. THE POPULATION OF WAUPACA COUNTY IS 52,410 NEW LONDON FAMILY MEDICAL CENTER'S

SERVICE AREA TOTALS APPROXIMATELY 50,000. THE POPULATION OF OUTAGAMIE COUNTY IS 176,695, HOWEVER THE MAJORITY OF OUTAGAMIE COUNTY POPULATION IS OUTSIDE OF NEW LONDON FAMILY MEDICAL CENTER'S SERVICE AREA. SERVICE AREA POPULATION IS CONCENTRATED IN THE CITY OF NEW LONDON.

WAUPACA COUNTY:

- WAUPACA COUNTY POPULATION GROWTH RATE OVER THE LAST DECADE IS 5.5%.
- WAUPACA COUNTY HIGH SCHOOL GRADUATION RATE IS 90%.
- TOP INDUSTRIES IN WAUPACA COUNTY INCLUDE NURSING/RESIDENTIAL FACILITIES, FOOD/BEVERAGE SERVICES, EDUCATION, METAL FABRICATION AND SOCIAL ASSISTANCE. THE AREA HAS A STRONG INDUSTRIAL BASE AND STABLE GOVERNMENT.
- THE MEDIAN AGE OF WAUPACA COUNTY RESIDENTS IS 43 YEARS.
- TWELVE PERCENT OF WAUPACA COUNTY POPULATION LIVES BELOW 100% OF THE FEDERAL POVERTY LEVEL, THE UNINSURED RATE IS 10%.
- IN WAUPACA COUNTY, THE LARGEST MINORITY POPULATION IS LATINO. NATIVE AMERICAN, ASIAN, MULTI-RACIAL AND AFRICAN-AMERICAN ACCOUNT FOR LESS THAN 1% EACH.

OUTAGAMIE COUNTY:

- OVER THE LAST DECADE, OUTAGAMIE COUNTY POPULATION GROWTH RATE IS 9.77%. THIS WILL MAKE OUTAGAMIE THE 5TH MOST POPULOUS COUNTY IN WISCONSIN BY 2035.
- THE OUTAGAMIE COUNTY HIGH SCHOOL GRADUATION RATE IS 87%.
- TRADE/TRANSPORTATION/UTILITIES, ALONG WITH MANUFACTURING EMPLOY THE MOST PEOPLE IN THE TWO-COUNTY REGION FOLLOWED BY EDUCATION/HEALTH. THESE THREE SECTORS EMPLOY 40% OF THE AREA'S WORKFORCE.
- IN COMPARISON TO MORE RURAL COUNTIES IN THE THEDACARE SERVICE AREA, OUTAGAMIE AND CALUMET COUNTIES CONTINUE TO HAVE A HIGHER PERCENTAGE OF

CHILDREN.

- IN OUTAGAMIE COUNTY 8% OF THE POPULATION LIVE BELOW 100% OF THE FEDERAL POVERTY LEVEL AND 10% OF THE POPULATION IS UNINSURED.

- THE PERCENTAGE OF NON-CAUCASIAN POPULATION HAS GROWN FROM 6.2% TO 8.8%. NINETY SIX PERCENT OF SERVICE AREA IS CAUCASIAN WITH HISPANIC POPULATION OF 2% SEEING THE FASTEST GROWTH. HMONG ARE ARRIVING AS REFUGEES FOR SIMULATION. THE LARGEST MINORITY POPULATIONS ARE LATINO AND ASIAN. NATIVE AMERICANS ACCOUNT FOR APPROXIMATELY 1% OF THE POPULATION AND AFRICAN-AMERICANS REPRESENT LESS THAN 1%. THE MOST SIGNIFICANT GROWTH AMONG MINORITY POPULATIONS FROM 2000 TO 2010 OCCURRED AMONG LATINOS.

PART VI, LINE 5:

EACH YEAR, NEW LONDON FAMILY MEDICAL CENTER'S PARENT ORGANIZATION THEDACARE SETS ASIDE A PERCENTAGE OF EXCESS NET BUDGETED INCOME TO FUND AN EFFORT CALLED CHAT (COMMUNITY HEALTH ACTION TEAM). CHAT IS A GROUP OF 12 LOCAL COMMUNITY LEADERS WHO STUDY SYSTEMIC HEALTH ISSUES OUTSIDE THE WALLS OF OUR HOSPITALS AND CLINICS AND WORK TO IDENTIFY INNOVATIVE, COLLABORATIVE SOLUTIONS THAT DRAW UPON THE WIDE ARRAY OF RESOURCES AND STRENGTHS OF OUR COMMUNITY. THROUGH CHAT, SUCH EFFORTS AS THE SHAWANO COUNTY RURAL HEALTH INITIATIVE HAVE BEEN DEVELOPED. THIS INITIATIVE TAKES BASIC HEALTH CARE AND SCREENING SERVICES TO THE FARM. EACH YEAR HUNDREDS OF FARM FAMILIES LIVING WITHOUT INSURANCE OR ONLY CATASTROPHIC COVERAGE RECEIVE CRITICAL ASSISTANCE. THIS INITIATIVE IS NOW ALSO IN OUTAGAMIE, WINNEBAGO AND WAUPACA COUNTIES. IN 2013, NEW LONDON TOOK A PLUNGE INTO OBESITY. THEDACARE PROVIDES FUNDING AND STAFF SUPPORT TO MAKE CHAT AND THESE COMMUNITY HEALTH EFFORTS POSSIBLE.

OTHER WAYS THAT THEDACARE HOSPITALS IMPROVE THE HEALTH OF THE COMMUNITY INCLUDE:

As originally filed

Part VI Supplemental Information *(Continuation)*

- IN 2013, THEDACARE SHARED ITS CUTTING EDGE APPLICATION OF LEAN PRODUCTION IMPROVEMENTS WITH HUNDREDS OF HEALTHCARE AND NON-HEALTHCARE VISITORS FROM AROUND THE WORLD. MOST WERE VISITORS WERE FROM HOSPITALS AND HEALTH SYSTEMS IN THE UNITED STATES LOOKING TO IMPROVE QUALITY AND REDUCE COSTS.

- THEDACARE HOSPITALS PROVIDED SUPPORT TO THE THEDACARE CENTER FOR HEALTHCARE VALUE WHICH IS COORDINATING EFFORTS ACROSS THE COUNTRY TO SHARE QUALITY IMPROVEMENT AND COST REDUCTION LEARNINGS.

- THEDACARE PARTNERS WITH THE FOX CITIES/UW RESIDENCY CENTER TO PROVIDE HANDS ON EXPERIENCE FOR MEDICAL STUDENTS.

- THEDACARE ALSO PARTNERS WITH AREA NURSING SCHOOLS SUCH AS UW OSHKOSH AND FOX VALLEY TECHNICAL COLLEGE TO PROVIDE PROFESSIONAL MENTORS FOR THEIR NURSING PROGRAMS AND VENUES FOR NURSING STUDENTS TO PRACTICE THEIR SKILLS.

- THEDACARE HOSPITALS PROVIDED FINANCIAL AS WELL AS DIAGNOSTIC AND LAB SUPPORT TO TWO AREA CLINICS PROVIDING MEDICAL AND DENTAL CARE TO THE UNDERSERVED IN OUR SERVICE AREA.

- THEDACARE HOSPITAL EMPLOYEES TAKE PART IN HELPING HEARTS, AN EMPLOYEE VOLUNTEERISM PROGRAM ENCOURAGING STAFF TO GIVE OF THEIR TIME IN THE COMMUNITY. THEDACARE PROVIDES PAID STAFF TO COORDINATE THE PROGRAM AND IDENTIFY AND PROMOTE VOLUNTEERISM OPPORTUNITIES. THEDACARE EMPLOYEES DONATED MORE THAN $1,434,000 IN UNPAID VOLUNTEER HOURS TO LOCAL NON-PROFITS IN 2013.

- ALL THEDACARE HOSPITALS PROVIDE HEALTH EDUCATION PROGRAMMING FOR THEIR RESPECTIVE COMMUNITIES FOCUSING ON SUCH CRITICAL TOPICS AS PROPER NUTRITION, DIABETES IDENTIFICATION, AND MENOPAUSE.

- NEW LONDON MEDICAL CENTER MAKES FINANCIAL AND IN-KIND DONATIONS TO NON-PROFIT ORGANIZATIONS INCLUDING UNITED WAY, HARBOR HOUSE DOMESTIC ABUSE SHELTER AND AMERICAN CANCER SOCIETY.

- NEW LONDON FAMILY MEDICAL CENTER STAFF WORK WITH THE AREA CHAMBER OF COMMERCE AND LOCAL HIGH SCHOOLS AND COLLEGES TO INFORM YOUTH ABOUT MEDICAL CAREER OPPORTUNITIES AND TO HELP PREPARE OUR EDUCATIONAL FACILITIES TO MEET THE HEALTHCARE STAFFING NEEDS FOR THE COMMUNITIES WE SERVE.

- NEW LONDON FAMILY MEDICAL CENTER STAFF ARE INVOLVED IN STATEWIDE AND REGIONAL DISASTER READINESS PLANNING TO PREPARE OUR COMMUNITY FOR TIMES OF CRISIS.

- NEW LONDON FAMILY MEDICAL CENTER DONATES ATHLETIC TRAINING AND AMBULANCE SERVICE TO LOCAL ATHLETIC EVENTS.

- NEW LONDON FAMILY MEDICAL CENTER HOSTS AN ANNUAL WOMEN'S WELLNESS DAY TO EDUCATE WOMEN ABOUT THEIR UNIQUE HEALTH NEEDS.

- NEW LONDON FAMILY MEDICAL CENTER HOSTS HEALTH FAIRS TO REACH OUT TO MORE RURAL MARKETS AND PROVIDE SCREENING AND HEALTH INFORMATION.

- NEW LONDON FAMILY MEDICAL CENTER HOSTS PAIN MANAGEMENT SUPPORT GROUPS.

- NEW LONDON FAMILY MEDICAL CENTER OPENS ITS DOORS TO LOCAL NON-PROFITS SUCH AS GIRL SCOUTS, YOUTH BASEBALL AND OVEREATERS ANONYMOUS TO HOST MEETINGS.

- NEW LONDON FAMILY MEDICAL CENTER HOSTS A WOLF RIVER STURGEON SHUFFLE 5K WALK/RUN EACH SPRING TO PROMOTE AND ENCOURAGE FITNESS AND ACTIVITY.

- THEDA CARE PRESIDENT AND CEO IS ENGAGED IN STATEWIDE WISCONSIN COLLABORATIVE FOR HEALTHCARE QUALITY MAKING QUALITY HEALTHCARE DATA TRANSPARENT.

PART VI, LINE 6:

THEDACARE, THE PARENT ORGANIZATION, PROVIDES DIRECTION RELATED TO COMMUNITY NEEDS ASSESSMENT FOR ALL HOSPITALS AND MARKETS WITHIN ITS SERVICE AREA. EACH THEDACARE HOSPITAL, ALONG WITH COMMUNITY HEALTH IMPROVEMENT (CHI) STAFF AND COMMUNITY MEMBERS DETERMINE HOW BEST TO MEET

As originally filed

Part VI **Supplemental Information** *(Continuation)*

LOCAL NEEDS. IMPLEMENTATION OF COMMUNITY PROGRAMMING OCCURS AT THE LOCAL LEVEL.

PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT:

WI

EIN: 39-0869788

ThedaCare, Inc. and Affiliates

Appleton, Wisconsin

Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

EIN: 39-0869788

ThedaCare, Inc. and Affiliates

Consolidated Financial Statements

Years Ended December 31, 2013 and 2012

Table of Contents

WIPFLI LLP

EIN: 39-0869788

Independent Auditor's Report

Board of Directors
ThedaCare, Inc
Appleton, Wisconsin

We have audited the accompanying consolidated financial statements of ThedaCare, Inc and Affiliates, which comprise the consolidated balance sheets as of December 31, 2013 and 2012, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

EIN: 39-0869788

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ThedaCare, Inc and Affiliates as of December 31, 2013 and 2012, and the results of their operations, changes in their net assets, and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States.

Wipfli LLP

Wipfli LLP

April 24, 2014
Milwaukee, Wisconsin

EIN: 39-0869788

ThedaCare, Inc. and Affiliates

Consolidated Balance Sheets

December 31, 2013 and 2012

Assets	(In Thousands) 2013	2012
Current assets:		
Cash and cash equivalents	$ 42,034	$ 65,047
Short-term investments	368,501	299,604
Patient accounts receivable - Net	78,424	76,232
Other accounts receivable	15,661	14,235
Inventory	4,176	3,599
Prepaid expenses and other assets	4,197	3,197
Total current assets	512,993	461,914
Investments	119,124	80,856
Assets limited as to use:		
Investments held by bond trustee	14,084	14,228
Board-designated investments	3,437	3,437
Donor-designated investments	7,686	7,251
Total assets limited as to use	25,207	24,916
Land, buildings, and equipment - Net	352,663	360,445
Other assets:		
Bond issuance costs - Net	3,378	3,731
Investments in unconsolidated affiliates and other	10,132	11,217
Total other assets	13,510	14,948
TOTAL ASSETS	$ 1,023,497	$ 943,079

Liabilities and Net Assets	(In Thousands) 2013	2012
Current liabilities:		
Current portion of long-term debt	$ 10,210	$ 10,802
Accounts payable	15,558	13,575
Accrued and other liabilities	71,478	66,985
Estimated third-party payor settlements	1,849	2,550
Current portion of deferred employee benefit obligations	21,795	24,141
Residency fee deposits	28	42
Total current liabilities	120,918	118,095
Noncurrent liabilities:		
Long-term debt, net of current portion	228,748	239,035
Long-term deferred employee benefit obligations - Net of current portion	11,830	53,333
Other noncurrent liabilities	3,010	3,445
Total noncurrent liabilities	243,588	295,813
Total liabilities	364,506	413,908
Net assets		
Unrestricted	642,188	515,025
Temporarily restricted	10,635	8,074
Permanently restricted	6,168	6,072
Total net assets	658,991	529,171
TOTAL LIABILITIES AND NET ASSETS	$ 1,023,497	$ 943,079

See accompanying notes to consolidated financial statements.

EIN: 39-0869788

ThedaCare, Inc. and Affiliates

Consolidated Statements of Operations

Years Ended December 31, 2013 and 2012

	(In Thousands)	
	2013	2012
Revenue:		
Patient service revenue (net of contractual allowances and discounts)	$ 701,728	$ 686,693
Provision for bad debts	(24,411)	(18,778)
Net patient service revenue, less provision for bad debts	677,317	667,915
Other operating revenue	26,812	25,700
Medicaid assessment program revenue	16,358	15,626
Total revenue	720,487	709,241
Operating expenses:		
Compensation and benefits	406,671	386,090
Supplies and services	228,442	225,940
Depreciation and amortization	46,108	45,981
Interest expense	10,816	12,605
Medicaid assessment program expense	9,883	10,167
Total expenses	701,920	680,783
Operating income	18,567	28,458
Nonoperating income (expense)		
Investment income	59,727	35,638
Contributions - Net of related expenses and other of $1,367 in 2013 and $1,170 in 2012	(1,025)	(954)
Loss on early retirement of debt	-	(2,290)
Other	327	1,133
Total nonoperating income	59,029	33,527
Excess of revenue over expenses	77,596	61,985
Other changes in unrestricted net assets:		
Pension-related changes other than net periodic pension cost	48,664	(29,521)
Net assets released from restrictions	903	2,834
Change in unrestricted net assets	$ 127,163	$ 35,298

See accompanying notes to consolidated financial statements

EIN: 39-0869788

ThedaCare, Inc. and Affiliates

Consolidated Statements of Changes in Net Assets

Years Ended December 31, 2013 and 2012

	(In Thousands)	
	2013	2012
Unrestricted net assets:		
Excess of revenue over expenses	$ 77,596	$ 61,985
Pension-related changes other than net periodic pension cost	48,664	(29,521)
Net assets released from restrictions	903	2,834
Increase in unrestricted net assets	127,163	35,298
Temporarily restricted net assets:		
Contributions	2,928	1,100
Investment income	194	81
Net change in unrealized gains on investments	342	215
Net assets released from restrictions	(903)	(2,834)
Increase (decrease) in temporarily restricted net assets	2,561	(1,438)
Increase in permanently restricted net assets - Contributions	96	44
Change in net assets	129,820	33,904
Net assets at beginning	529,171	495,267
Net assets at end	$ 658,991	$ 529,171

See accompanying notes to consolidated financial statements.

EIN: 39-0869788

ThedaCare, Inc. and Affiliates

Consolidated Statements of Cash Flows

Years Ended December 31, 2013 and 2012

	(In Thousands)	
	2013	2012
Increase (decrease) in cash and cash equivalents.		
Cash flows from operating activities		
Change in net assets	$ 129,820	$ 33,904
Adjustments to reconcile change in net assets to net cash provided by operating activities.		
Depreciation and amortization	46,108	45,981
(Gain) loss on disposal of equipment	696	(309)
Undistributed equity in net gains of unconsolidated affiliates	(363)	(1,115)
Provision for bad debts	24,411	18,778
Net realized gains on investments and assets limited as to use	(8,807)	(4,575)
Net change in unrealized gains on investments and assets limited as to use	(43,800)	(23,611)
Pension-related changes other than net periodic pension cost	(48,664)	29,521
Loss on early retirement of debt	-	2,290
Changes in operating assets and liabilities		
Accounts receivable	(28,029)	(16,729)
Inventory	(577)	(194)
Prepaid expenses and other	(1,000)	(598)
Other assets	1,205	(1,289)
Investments and assets limited as to use held as trading securities	(30,966)	(30,388)
Accounts payable	1,983	(52)
Accrued and other liabilities	4,493	303
Estimated third-party payor settlements	(701)	(32)
Residency fee deposits	(14)	(51)
Deferred employee benefit obligations and other noncurrent liabilities	4,379	(7,183)
Total adjustments	(79,646)	10,747
Net cash provided by operating activities	50,174	44,651

ThedaCare, Inc. and Affiliates

Consolidated Statements of Cash Flows (Continued)

Years Ended December 31, 2013 and 2012

	(In Thousands)	
	2013	2012
Cash flows from investing activities.		
Purchases of land, buildings, and equipment	$ (38,423)	$ (19,404)
Purchases of investments	(27,883)	(24,638)
Sales of investments	4,000	-
Net cash used in investing activities	(62,306)	(44,042)
Cash flows from financing activities.		
Proceeds from issuance of long-term debt	-	49,745
Principal payments on long-term debt	(10,879)	(59,335)
Payments for bond issuance costs	(2)	(281)
Net cash used in financing activities	(10,881)	(9,871)
Net decrease in cash and cash equivalents	(23,013)	(9,262)
Cash and cash equivalents at beginning	65,047	74,309
Cash and cash equivalents at end	$ 42,034	$ 65,047
Supplemental cash flow information:		
Cash paid for interest	$ 10,796	$ 12,605

See accompanying notes to consolidated financial statements.

Note 1 Summary of Significant Accounting Policies

The Entity and Principles of Consolidation

The consolidated financial statements of ThedaCare, Inc. and Affiliates ("ThedaCare") include the accounts and operations of Theda Clark Medical Center, Inc. (TCMC); Appleton Medical Center, Inc. (AMC), New London Family Medical Center, Inc. (NLFMC); Riverside Medical Center, Inc. (RMC); and Shawano Medical Center, Inc (SMC) (collectively the "Hospitals") and various physician clinics (the "Clinics"). In addition to the Hospitals and the Clinics, the consolidated financial statements also include the following:

The Heritage, a division of ThedaCare, operates a 136-unit retirement center and an 18-unit assisted living center

Peabody Manor, a division of ThedaCare, operates a 58-bed skilled nursing facility.

ThedaCare Behavioral Health Services, a division of ThedaCare, operates various clinics that provide outpatient substance abuse and mental health services.

ThedaCare at Home, a division of ThedaCare, provides home health and hospice services, durable medical equipment, nursing and related home health services, including infusion therapy and respiratory care services.

ThedaCare at Work, a division of ThedaCare, provides comprehensive occupational medical, counseling, and training services.

ThedaCare Family of Foundations, Inc. is a nonstock, not-for-profit corporation formed in 2013 and organized and operated exclusively for charitable, scientific, and educational purposes. Its primary function is to raise support for ThedaCare's affiliates and to consolidate the activities and administration of ThedaCare's multiple foundations Accordingly, the ThedaCare foundations listed below were dissolved on December 31, 2013, and their net assets, fund-raising activities, and operations were transferred to ThedaCare Family of Foundations, Inc. as of December 31, 2013.

Note 1 Summary of Significant Accounting Policies (Continued)

The Entity and Principles of Consolidation (Continued)

Theda Clark Medical Center Foundation, Inc. and Appleton Medical Center Foundation, Inc. were not-for-profit foundations organized and operated exclusively for charitable, scientific, and educational purposes and whose primary function was to raise support for TCMC and AMC, respectively

Wolf River Area Healthcare Foundation, Inc. was a not-for-profit foundation organized and operated exclusively for charitable, scientific, and educational purposes and whose primary function was to raise support for NLFMC.

Shawano Medical Center Foundation, Inc. was a not-for-profit foundation organized and operated exclusively for charitable, scientific, and educational purposes and whose primary function was to raise support for SMC.

George F. Peabody Foundation, Inc. was a nonstock, not-for-profit corporation that received gifts and bequests, administered and invested funds, and disbursed payments for the encouragement of effective elderly health care.

Community Hospice Foundation, Inc. was a nonstock, not-for-profit corporation that received gifts and bequests, administered and invested funds, and disbursed payments for the support, use, maintenance, and operation of ThedaCare at Home hospice services.

All intercompany balances and transactions have been eliminated in consolidation.

Financial Statement Presentation

ThedaCare follows accounting standards set by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) The ASC is the single source of authoritative accounting principles generally accepted in the United States (GAAP) to be applied to nongovernment entities.

Note 1 Summary of Significant Accounting Policies (Continued)

Use of Estimates in Preparation of Financial Statements

The preparation of the accompanying consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates. The use of estimates and assumptions in the preparation of the accompanying consolidated financial statements is primarily related to the valuation of the net patient accounts receivable and settlements with third-party payors, as well as the valuation of fair value of ThedaCare's alternative investments, the projected benefit obligation relating to ThedaCare's defined benefit pension plan, and the accrual for self-funded health benefits to employees.

Cash Equivalents

ThedaCare considers all highly liquid short-term investments with a maturity of three months or less when acquired to be cash equivalents, with the exception of cash equivalents held as short-term investments in the investment portfolio.

Patient Accounts Receivable and Credit Policy

Patient accounts receivable are uncollateralized patient obligations that are stated at the amount management expects to collect from outstanding balances. These obligations are primarily from local residents, most of whom are insured under third-party payor agreements. ThedaCare bills third-party payors on the patients' behalf, or if a patient is uninsured, the patient is billed directly. Once claims are settled with the primary payor, any secondary insurance is billed, and patients are billed for copay and deductible amounts that are the patients' responsibility. Payments on accounts receivable are applied to the specific claim identified on the remittance advice or statements ThedaCare does not have a policy to charge interest on past due accounts.

Note 1 Summary of Significant Accounting Policies (Continued)

Patient Accounts Receivable and Credit Policy (Continued)

Patient accounts receivable are recorded in the accompanying consolidated balance sheets net of contractual adjustments and an allowance for doubtful accounts, which reflects management's best estimate of the amounts that will not be collected. Management provides for contractual adjustments under terms of third-party reimbursement agreements through a reduction of gross revenue and a credit to patient accounts receivable. In evaluating the collectibility of patient accounts receivable, ThedaCare analyzes historical loss experience on revenue from all payors. Using the loss experience rate, ThedaCare estimates the appropriate allowance for doubtful accounts and provision for bad debts The difference between the standard rates (or the discounted rates if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

Inventory

Inventory is valued at the lower of cost (first-in, first-out method) or market.

Assets Limited as to Use

Assets limited as to use include assets the Board of Directors have designated for replacement and expansion of facilities, over which the Board retains control and may at its discretion subsequently use for other purposes, assets set aside to fund donor designations, and assets held by a trustee under revenue bond indenture agreements.

Note 1 Summary of Significant Accounting Policies (Continued)

Investments

Investments are designated as trading securities All investments, with the exception of investments in unconsolidated affiliates, are measured at fair value in the accompanying consolidated balance sheets. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in nonoperating income unless the income or loss is restricted by donor or law. Realized gains and losses are determined by specific identification.

Land, Buildings, and Equipment

Land, buildings, and equipment are stated at historical cost. Items of an ordinary maintenance or repair nature are charged directly to expense as incurred, and major renewals or improvements that extend the useful life of the buildings or equipment are capitalized. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring these assets, net of any earnings on these funds. Cost and related accumulated depreciation for property sold or otherwise retired are removed from the accounts, and gains or losses on disposition are included in operations. Assets under capital leases are amortized over the shorter of the lease period or the life of the asset.

Depreciation is computed using the straight-line method. The estimated useful lives used for depreciation purposes are:

Land improvements	5 to 25 years
Buildings and improvements	10 to 40 years
Equipment	3 to 15 years
Computer hardware and software	3 to 5 years

Notes to Consolidated Financial Statements
(In Thousands)

Note 1 Summary of Significant Accounting Policies (Continued)

Bond Issuance Costs

ThedaCare amortizes bond issuance costs over the terms of the bonds. The amortization is calculated using the effective interest method. At December 31, 2013 and 2012, accumulated amortization of bond issuance costs was $5,401 and $5,046, respectively

Goodwill

Goodwill is the excess of the total cost of the acquisition over the fair value of the net assets acquired. Goodwill is recorded at cost and is included in other assets in the accompanying consolidated balance sheets.

Goodwill is not amortized, but it is subject to annual tests for impairment. For purposes of assessing the impairment of goodwill, ThedaCare evaluates goodwill at each reporting unit level. In 2011, ThedaCare adopted the provisions of Accounting Standards Update (ASU) 2011-08, *Intangibles - Goodwill and Other (Topic 350) Testing Goodwill Impairment,* which allows ThedaCare to assess the totality of qualitative factors (such as relevant events and circumstances) to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, including goodwill. If ThedaCare determines it is more likely than not that the fair value of a reporting unit is less than its carrying amount, ThedaCare estimates the fair value of the reporting unit, and the fair value is then compared with the carrying value of the applicable reporting unit. If the carrying amount of the reporting unit exceeds its calculated fair value, a second step of the goodwill impairment would be performed to measure the amount of impairment loss, if any.

Based on impairment analyses, ThedaCare recorded impairment charges of $243 and $1,113 in 2013 and 2012, respectively, which are recorded within depreciation and amortization expenses in the accompanying consolidated statements of operations. Goodwill, which is included in investments in unconsolidated affiliates and other in the accompanying consolidated balance sheets, was $1,305 and $997 as of December 31, 2013 and 2012, respectively.

Note 1 Summary of Significant Accounting Policies (Continued)

Long-Lived Assets

ThedaCare periodically evaluates the carrying value of land, buildings and equipment, and other long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. In 2013, additional accelerated depreciation of $4,121 was recorded related to the Shawano hospital facility, which will be replaced by a new facility in 2015 (see Note 6). No impairment losses on long-lived assets were recognized in 2012.

Residency Fee Deposits

Residency fee deposits associated with The Heritage are no longer collected. The remaining deposits held are being refunded by reducing the tenants' monthly rents. When a tenant leaves, The Heritage immediately refunds the total amount due.

Fair Value of Measurements

ThedaCare measures fair value of its financial instruments, including assets within the defined benefit noncontributory retirement plan, using a three-tier hierarchy that prioritizes the inputs used in measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

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

Note 1 Summary of Significant Accounting Policies (Continued)

Fair Value of Measurements (Continued)

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
- 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's 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 observable inputs and minimize the use of unobservable inputs.

Temporarily and Permanently Restricted Net Assets

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

Note 1 Summary of Significant Accounting Policies (Continued)

Patient Service Revenue

ThedaCare recognizes patient service revenue associated with services provided to patients who have third-party payor coverage primarily on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, ThedaCare recognizes revenue on the basis of discounted rates established under ThedaCare's uninsured patient policy. The provision for contractual adjustments (that is the difference between established rates and expected third-party payor payments) and the discounts (that is the difference between established rates and the amount billable) are recognized on the accrual basis. These amounts are deducted from gross patient service revenue to determine patient service revenue (net of contractual allowances and discounts). Based on ThedaCare's historical experience, a significant portion of uninsured patients will be unwilling or unable to pay for services provided. Thus ThedaCare records a provision for bad debts related to uninsured patients in the period the services are provided. The provision for bad debts is based on historical loss experience and is deducted from patient service revenue (net of contractual allowances and discounts) to determine net patient service revenue. ThedaCare also accrues retroactive adjustments under reimbursement agreements with third-party payors on an estimated basis in the period the related services are provided. Estimates are adjusted in future periods as final settlements are determined.

Charity Care

ThedaCare provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates Because collection is not pursued on amounts determined to qualify as charity care, these amounts are not included in patient service revenue (net of contractual allowances and discounts).

The estimated cost of providing care to patients under ThedaCare's charity care policy is calculated by multiplying the ratio of cost-to-gross charges by the gross uncompensated charity care charges. The costs to provide care to patients under ThedaCare's charity care policy was $8,401 and $7,876 for the years ended December 31, 2013 and 2012, respectively

Note 1 Summary of Significant Accounting Policies (Continued)

Other Operating Revenue

Other operating revenue consists of rental income, equity in unconsolidated affiliates' earnings, cafeteria and vending proceeds, medical records, Medicare and Medicaid electronic health record (EHR) incentive payments, and various other programs. Included in rental income are amounts from residential units, an assisted living center, and various other entities occupying hospital and clinic space.

The American Recovery and Reinvestment Act of 2009 (ARRA) provides for incentive payments under the Medicare and Medicaid programs for eligible hospitals and physicians that demonstrate meaningful use of certified EHR technology. These provisions of ARRA, collectively referred to as the Health Information Technology for Economic and Clinical Health Act, are intended to promote the adoption and meaningful use of health information technology and qualified EHR technology.

ThedaCare recognizes revenue for EHR incentive payments when there is reasonable assurance that the conditions of the program will be met, primarily demonstrating meaningful use of certified EHR technology for the applicable period. The demonstration of meaningful use is based on meeting a series of objectives Meeting the series of objectives in order to demonstrate meaningful use becomes progressively more stringent as its implementation is phased in through stages as outlined by the Centers for Medicare & Medicaid Services (CMS). Amounts recognized under the Medicare and Medicaid EHR incentive programs are based on management's best estimates that are based, in part, on cost report data that is subject to audit by fiscal intermediaries, accordingly, amounts recognized are subject to change In addition, ThedaCare's compliance with the meaningful use criteria is subject to audit by the federal government or its designee.

Note 1 Summary of Significant Accounting Policies (Continued)

Medicaid Assessment Program

Wisconsin state regulations require eligible hospitals to pay the state an annual assessment. The assessment period is the state's fiscal year, which runs from July 1 through June 30. The assessment is based on each hospital's gross revenue, as defined. The revenue generated from the assessment is to be used, in part, to increase overall reimbursement under the Wisconsin Medicaid program

Operating Income

The accompanying consolidated statements of operations include the intermediate subtotal operating income. Nonoperating income (expense) includes investment income (loss), contributions net of related expenses, and nonrecurring gains and losses, which management views as outside of normal operating activities.

Excess of Revenue Over Expenses

The accompanying consolidated statements of operations and changes in net assets include excess of revenue over expenses, which is considered the operating indicator. Changes in unrestricted net assets, which are excluded from the operating indicator, include changes in pension obligation other than pension expense, permanent transfer of assets to and from affiliates for other than goods and services, and contributions of long-lived assets.

Note 1 Summary of Significant Accounting Policies (Continued)

Unconditional Promises to Give and Contributions

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. Contributions are considered available for unrestricted uses unless specifically restricted by the donor. The gifts are reported as either temporarily restricted or permanently restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the accompanying consolidated statements of operations and changes in net assets as net assets released from restrictions.

Advertising Costs

Advertising costs are expensed as incurred.

Income Taxes

The consolidated entities are nonprofit corporations as described in Section 501(c)(3) of the Internal Revenue Code (the "Code") and are exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The consolidated entities are also exempt from state income taxes on related income.

In order to account for any uncertain tax positions, ThedaCare determines whether it is more like than not that a tax position will be sustained upon examination of the technical merits of the position, assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more-likely-than-not recognition threshold, the benefit of that position is not recognized in the consolidated financial statements. ThedaCare recorded no assets or liabilities related to uncertain tax positions in 2013 and 2012. Tax returns for the years ended 2010 and beyond remain subject to examination by applicable taxing authorities

Note 1 Summary of Significant Accounting Policies (Continued)

Subsequent Events

ThedaCare has evaluated subsequent events for potential recognition and/or disclosure through April 24, 2014, the date the consolidated financial statements were issued.

Note 2 Unconsolidated Affiliates

ThedaCare accounts for its investments in the following unconsolidated affiliates under the equity method of accounting:

Gold Cross Ambulance Service, Inc - ThedaCare owns 50% of Gold Cross Ambulance Service, Inc., a not-for-profit corporation formed by area hospitals to provide ambulance services to the community.

Premium Healthcare, Inc - ThedaCare owns 50% of Premium Healthcare, Inc., a corporation formed to assist in the administration of contracts on behalf of health care providers and to develop and implement systems of utilization management and quality control for services of health care providers.

Groth Clinical Services, LLC - ThedaCare owned 50% of Groth Clinical Services LLC, a corporation formed to manage the supplies and productivity of the outpatient surgery area at AMC. This joint venture was liquidated in 2013.

Aylward Clinical Services, LLC - ThedaCare owned 50% of Aylward Clinical Services, LLC, a corporation formed to manage the supplies and productivity of the outpatient surgery area at TCMC. This joint venture was liquidated in 2013.

The total investment related to these affiliates in the accompanying consolidated balance sheets was $2,716 and $5,138 as of December 31, 2013 and 2012, respectively Included in other operating revenue is equity in net income of these affiliates of $363 and $1,115 for 2013 and 2012, respectively.

(In Thousands)

Note 2 Unconsolidated Affiliates (Continued)

A summary of certain estimated financial data for ThedaCare's unconsolidated affiliates as of and for the years ended December 31 is as follows:

	2013	2012
Total assets	$ 6,190	$ 11,192
Net assets	$ 5,432	$ 10,276
Operating and total revenue	$ 14,976	$ 28,454
Excess (deficiency) of revenue over expenses	$ (245)	$ 2,230

ThedaCare also has investments in unconsolidated affiliates accounted for under the cost method. The carrying value of these affiliates was $1,853 and $1,840 at December 31, 2013 and 2012, respectively.

Note 3 Reimbursement Arrangements With Third-Party Payors

Agreements are maintained with third-party payors that provide for reimbursement at amounts that vary from ThedaCare's established rates. A summary of the basis of reimbursement with major third-party payors follows:

Government Payors

TCMC and AMC

Medicare - Inpatient hospital acute care services are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Outpatient services are reimbursed primarily on a prospective payment methodology based on a patient classification system.

Note 3 Reimbursement Arrangements With Third-Party Payors (Continued)

Medicaid - Inpatient and outpatient services are reimbursed primarily based on prospectively determined rates.

NLFMC, RMC, and SMC

These hospitals operate as critical access hospitals (CAHs). Under the CAH designation, inpatient and outpatient hospital services rendered to Medicare and Medicaid beneficiaries are paid based on a cost-reimbursement methodology.

Physician Clinics

Clinics are reimbursed by Medicare based on federally established fixed fee schedules. Medicaid reimbursement is based on the lower of each clinic's cost charges or a specified rate per visit.

Other Providers

Nursing home, behavioral health, and home health and hospice services are reimbursed by Medicare and Medicaid based on fee schedules or prospectively determined rates per day or episode of care.

Other Payors

ThedaCare has entered into payment agreements with commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment under these agreements includes prospectively determined rates per discharge, discounts from established charges, fee schedules, and prospectively determined daily rates.

Accounting for Contractual Arrangements

Certain Medicare and Medicaid services are reimbursed at tentative rates, with final settlements determined after audit of the related annual cost reports. The cost reports have been audited by Medicare and Medicaid fiscal intermediaries through December 31, 2008.

Note 3 Reimbursement Arrangements With Third-Party Payors (Continued)

Electronic Health Record (EHR) Incentive Revenue

During 2013 and 2012, ThedaCare recognized $8,774 and $8,402, respectively, in EHR incentive payments from the Medicare and Medicaid programs These payments are included in other operating revenue in the accompanying consolidated statements of operations. As of December 31, 2013 and 2012, outstanding receivables from Medicare and Medicaid for EHR incentive payments totaled $6,923 and $7,064, respectively, and are included in other receivables in the accompanying consolidated balance sheets.

Accountable Care Organization

In 2012, ThedaCare along with other parties formed an accountable care organization (ACO) to participate in the Medicare Shared Savings Program (MSSP). The original term of the MSSP is three years The ACO participants coordinate care for assigned Medicare fee-for-service members. Based on terms of the agreement with CMS, the ACO has the potential to receive a portion of the cost savings or pay a portion of the losses for services provided to assigned members. For the years ended December 31, 2013 and 2012, ThedaCare has recorded revenue of $1,710 and $1,000, respectively, related to this agreement, which is included in other operating revenue in the accompanying consolidated statements of operations.

As part of the MSSP, CMS required the ACO to obtain a letter of credit for $5,110. The letter of credit expires on December 31, 2014. No amounts were drawn on the letter of credit as of December 31, 2013. CMS could draw on the letter of credit if the ACO defaulted on their financial obligation under the MSSP agreement. The ACO has no assets or liabilities at December 31, 2013.

Note 3 Reimbursement Arrangements With Third-Party Payors (Continued)

Compliance

The health care industry is subject to numerous laws and regulations of federal, state, and local governments Compliance with these laws and regulations, particularly those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time. Violations by health care providers of laws and regulations could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenue from patient services. Management believes ThedaCare is in substantial compliance with current laws and regulations.

CMS uses recovery audit contractors (RACs) as part of its efforts to ensure accurate payments. RACs search for potentially inaccurate Medicare payments that may have been made to health care providers and not detected through existing CMS program integrity efforts. Once a RAC identifies a claim it believes is inaccurate, CMS makes a deduction from or addition to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment. The provider will then have the opportunity to appeal the adjustment before final settlement of the claim is made As of December 31, 2013, ThedaCare has received notice from the RAC of certain claims identified by the RAC as inaccurate. Management believes any reimbursement adjustments related to these claims will not be significant

Notes to Consolidated Financial Statements

(In Thousands)

Note 4 Patient Accounts Receivable and Allowance for Doubtful Accounts

Patient accounts receivable consisted of the following at December 31:

	2013	2012
Patient accounts receivable	$ 155,114	$ 139,500
Less:		
Contractual adjustments	60,657	50,076
Allowance for doubtful accounts	16,033	13,192
Patient accounts receivable - Net	$ 78,424	$ 76,232

Write-offs as a percentage of gross revenue balance (loss experience) increased 25% in 2013 compared to 2012. In addition, ThedaCare's patient accounts receivable balance increased $15,614 in 2013 compared to 2012. These factors caused the allowance for doubtful accounts to increase to 10.3% of patient accounts receivable at December 31, 2013, from 9.5% of patient accounts receivable at December 31, 2012. The discount from the standard rate given to uninsured patients increased to 33% in 2013 from 26% in 2012. ThedaCare did not change its charity care policy during 2013 or 2012.

Note 5 Investments and Fair Value Measurements

Following is a description of the valuation methodologies used for assets measured at fair value, including assets held in ThedaCare's defined benefit retirement plans (see Note 9). Money market funds are valued using a net asset value (NAV) of $1. Mutual funds are valued at the daily closing price as reported by the fund. These funds are registered with the Securities and Exchange Commission and are required to publish their daily NAV and to transact at that price. U.S. government and agency obligations and corporate bonds and asset-backed securities are valued using pricing models maximizing the use of observable inputs on similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. Common stocks and preferred stocks are valued using quoted market prices at the closing price reported on the active market on which the individual securities are traded.

(In Thousands)

Note 5 Investments and Fair Value Measurements (Continued)

Alternative investments are reported at fair value and represent investments in offshore feeder funds These funds are made up of several underlying managers, each of whom manage their own portfolio. Fair value is determined based on the fair value of the underlying investments. Alternative investments are considered Level 2 if the investment can trade at NAV and has a redemption notification or lockup period of 90 days or less, otherwise they are considered Level 3. For the years ended December 31, 2013 and 2012, the application of valuation techniques applied to these investments has been consistent.

The tables below present the balances of assets measured at fair value on a recurring basis by level within the hierarchy as of December 31·

	2013			
	Fair Value Measurements Using			Total Assets
	Level 1	Level 2	Level 3	at Fair Value
Money market funds	$ 9,549	$ -	$ -	$ 9,549
U S government and agency obligations	-	43,241	-	43,241
Corporate bonds and asset-backed securities	-	3,240	-	3,240
Common and preferred stocks				
Consumer discretionary	11,502	-	-	11,502
Consumer staples	6,042	-	-	6,042
Energy	3,248	-	-	3,248
Financials	5,708	-	-	5,708
Health care	5,450	-	-	5,450
Industrials	11,511	-	-	11,511
Information technology	9,384	-	-	9,384
Materials	4,520	-	-	4,520
Telecommunication services	952	-	-	952
Utilities	725	-	-	725
Marketable limited partnerships	150	-	-	150
Mutual funds				
Equities	201,409	-	-	201,409
Fixed income	117,783	-	-	117,783
Alternative investments	-	61,921	16,497	78,418
Total	$ 387,933	$ 108,402	$ 16,497	$ 512,832

(In Thousands)

Note 5 Investments and Fair Value Measurements (Continued)

	2012			
	Fair Value Measurements Using			Total Assets
	Level 1	Level 2	Level 3	at Fair Value
Money market funds	$ 24,532	$ -	$ -	$ 24,532
U S government and agency obligations	-	39,610	-	39,610
Corporate bonds and asset-backed securities	-	4,197	-	4,197
Common and preferred stocks				
Consumer discretionary	8,255	-	-	8,255
Consumer staples	4,841	-	-	4,841
Energy	2,894	-	-	2,894
Financials	4,915	-	-	4,915
Health care	4,060	-	-	4,060
Industrials	9,601	-	-	9,601
Information technology	5,525	-	-	5,525
Materials	3,291	-	-	3,291
Telecommunication services	1,042	-	-	1,042
Utilities	680	-	-	680
Marketable limited partnerships	110	-	-	110
Mutual funds				
Equities	135,076	-	-	135,076
Fixed income	104,679	-	-	104,679
Alternative investments	-	41,225	10,843	52,068
Total	$ 309,501	$ 85,032	$ 10,843	$ 405,376

(In Thousands)

Note 5 Investments and Fair Value Measurements (Continued)

The changes in Level 3 assets measured at fair value on a recurring basis are summarized as follows:

	2013	2012
Balance at beginning	$ 10,843	$ 25,653
Purchases	9,882	10,638
Total net gains included in excess of revenue over expenses	860	205
Transfers to Level 2	(5,088)	(25,653)
Balance at end	$ 16,497	$ 10,843
Net unrealized gains included entirely in excess of revenue over expenses for the year relating to assets held at year-end	$ 860	$ 205

During 2013 and 2012, ThedaCare reclassified alternative investments within its portfolio from Level 3 to Level 2 based on ASC Topic 820-10-35-58, *Fair Value Measurements and Disclosures,* which provides guidance that the ability to trade the investment at NAV would allow the investment to be classified as Level 2

The following table sets forth additional disclosures of ThedaCare's investments whose fair value is estimated at net asset value per share as of December 31, 2013

	Fair Value	Unfunded Commitment	Redemption Frequency	Redemption Notice Period	Lockup Period
Alternative investments (a)	$78,418	$12,928	Ranges from quarterly to every two years depending on the terms of the fund	Ranges from 30-day notice to 90-day notice depending on the terms of the fund	Fair value of $7,059 subject to a two-year lockup, $1,741 subject to a 13-year lockup, $7,697 subject to a 10-year lockup

(a) This class invests primarily in offshore partnerships with diverse portfolios including common stocks, preferred stocks, bonds, asset-backs securities, short-sales, real estate and other unique investment vehicles

(In Thousands)

Note 5 Investments and Fair Value Measurements (Continued)

Such amounts were classified in the accompanying consolidated balance sheets as of December 31 as follows:

	2013	2012
Short-term investments	$ 368,501	$ 299,604
Investments	119,124	80,856
Assets limited as to use:		
Investments held by bond trustee	14,084	14,228
Board-designated investments	3,437	3,437
Donor-designated investments	7,686	7,251
Totals	$ 512,832	$ 405,376

Investment return is comprised of and classified as follows in the consolidated financial statements:

	2013	2012
Interest income and dividends	$ 7,656	$ 7,748
Net realized gains on investments and assets limited as to use	8,807	4,575
Net change in unrealized gains on investments and assets limited as to use	43,800	23,611
Total investment return	$ 60,263	$ 35,934
Unrestricted - Investment income	$ 59,727	$ 35,638
Temporarily restricted.		
Investment income	194	81
Net change in unrealized gains on investments	342	215
Total temporarily restricted	536	296
Total investment return	$ 60,263	$ 35,934

(In Thousands)

Note 6 Land, Buildings, and Equipment

A summary of land, buildings, and equipment and the related accumulated depreciation and amortization is as follows at December 31:

	2013	2012
Land and improvements	$ 27,185	$ 26,563
Buildings and improvements	454,331	442,128
Equipment	306,842	295,619
Computer software	6,335	4,818
Construction in progress	9,537	3,383
Buildings and equipment under capital leases	11,749	12,154
Total land, buildings, and equipment	815,979	784,665
Accumulated depreciation and amortization	(463,316)	(424,220)
Land, buildings, and equipment - Net	$ 352,663	$ 360,445

Accumulated amortization on buildings and equipment under capital leases at December 31, 2013 and 2012 was $9,995 and $8,358, respectively.

Depreciation and amortization expense on land, buildings, and equipment for 2013 and 2012 was $45,510 and $44,398, respectively

At December 31, 2013, ThedaCare had commitments totaling $6,921 related to general construction projects and major equipment purchases. ThedaCare also had commitments totaling approximately $50,000 related to constructing and equipping a new hospital in Shawano, Wisconsin. The new facility is expected to be placed in service in 2015.

(In Thousands)

Note 7 Long-Term Debt

Long-term debt at December 31 is summarized as follows:

	2013	2012
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2005, interest at 4 50% to 5 00%, due in installments through 2030	$ 50,665	$ 52,500
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2009A, interest at 5.00% to 5.50%, due in installments through 2038	85,265	86,915
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2009B, interest at 4.00% to 5.00%, due in installments through 2020	21,685	25,005
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2010, interest at 4.00% to 5.50%, due in installments through 2027	20,720	21,755
Wisconsin Health and Educational Facilities Authority Revenue Bonds, Series 2012, interest at 1 95%, due in installments beginning in 2021 continuing through 2030	49,745	49,745
Note payable City of Shawano, Wisconsin Industrial Development Revenue Bonds, Series 2001, interest at 70% of one-month LIBOR plus 1.30% (1.03% at December 31, 2013), due in installments through 2018	3,768	4,410

Notes to Consolidated Financial Statements

(In Thousands)

Note 7 Long-Term Debt (Continued)

	2013	2012
Note payable City of Shawano, Wisconsin Industrial Development Revenue Bonds, Series 2006, interest at 4.93%, due in installments through 2031; the interest rate becomes variable in October 2021	$ 4,952	$ 5,122
Capital lease obligations	2,158	4,385
Totals	238,958	249,837
Less - Current portion	10,210	10,802
Long-term debt, net of current portion	$ 228,748	$ 239,035

The loans and related agreements with Wisconsin Health and Educational Facilities Authority (WHEFA) and the city of Shawano provide, among other things, that ThedaCare, TCMC, AMC, NLFMC, RMC, and SMC (collectively the "Obligated Group") are jointly and severally obligated for the debt service on all obligations issued thereunder Under the terms of the agreements various amounts are being held on deposit with a trustee for bond redemption, interest payments, and certain construction expenditures. In addition, the master trust indenture requires the Obligated Group to maintain certain financial ratios and places restrictions on various activities such as the transfer of assets and incurrence of additional indebtedness. Management believes ThedaCare is in compliance with all such covenants.

(In Thousands)

Note 7 Long-Term Debt (Continued)

In October 2012, ThedaCare issued its Series 2012 Revenue Bonds with a total principal value of $49,745 The proceeds of the 2012 Revenue Bonds, along with existing balances in funds held by the trustee, were used to refund the Series 2001 Revenue Bonds The Series 2012 Revenue Bonds were issued pursuant to a Bond Trust Indenture by and between WHEFA and The Bank of New York Mellon Trust Company, N A , as bond trustee, with proceeds loaned to ThedaCare pursuant to a Loan Agreement by and between ThedaCare and WHEFA. The Series 2012 Revenue Bonds were also issued pursuant to a Master Trust Indenture between ThedaCare and U.S. Bank N.A. as Master Trustee The Obligated Group is liable for all obligations under the Loan Agreement The Series 2012 Revenue Bonds were purchased by a financial institution upon issuance based on a Purchase Agreement and will remain with the financial institution until 2022, at which point the bonds may be reoffered if certain conditions have been satisfied pursuant to the Purchase Agreement.

In conjunction with the refunding of the Series 2001 Revenue Bonds, ThedaCare recorded a loss on early retirement of debt totaling $2,290 for the year ended December 31, 2012. The loss, which includes the write-off of unamortized deferred financing cost, is included in nonoperating income (expense) in the accompanying consolidated statements of operations.

Scheduled payments on all long-term debt are as follows.

Maturity Date	Bonds and Notes Payable	Capital Leases	Total
2014	$ 9,041	$ 1,169	$ 10,210
2015	9,280	219	9,499
2016	9,175	237	9,412
2017	9,598	256	9,854
2018	9,788	277	10,065
Thereafter	189,918	-	189,918
Total	$ 236,800	$ 2,158	$ 238,958

Total interest cost incurred during 2013 and 2012 was $10,816 and $12,605, respectively

(In Thousands)

Note 8 Lease Commitments

Lease expense charged to operations for all operating leases was $18,581 and $18,252 in 2013 and 2012, respectively. As of December 31, 2013, future minimum lease payments under all operating leases with initial or remaining noncancelable lease terms in excess of one year are as follows:

2014	$	17,081
2015		16,667
2016		16,267
2017		11,967
2018		12,072
Thereafter		23,533
Total	$	97,587

Note 9 Deferred Employee Benefit Obligations and Pension Plans

Deferred Contribution Plan

ThedaCare offers a defined contribution 403(b) savings plan in which substantially all employees may participate. For employees age 19 and over, the plan includes a 75% match on the first 4% of eligible wages contributed to the plan by employees, plus an annual employer contribution from 3% to 8% of eligible wages based on years of service to employees who meet a minimum-hours requirement and are employed as of the last day of the plan year (December 31). ThedaCare also contributes a transition contribution equal to 7% of eligible wages to employees age 55 and over who had at least 10 years of services as of January 1, 2010 ThedaCare will make transition contributions through 2016. Total defined contribution expense was $22,625 and $21,625 during 2013 and 2012, respectively

Note 9 Deferred Employee Benefit Obligations and Pension Plans (Continued)

Deferred Compensation

ThedaCare provides certain executive compensation plans that vest over a one- to five-year time period and are paid out once the balances are fully vested. Related liabilities are $4,583 and $3,242 at December 31, 2013 and 2012, respectively.

Pension and Other Postretirement Benefits

The ThedaCare Pension Plan, which was frozen in 2009, is a defined benefit pension plan that covers all full and many part-time employees of ThedaCare who have completed one year of service and attained the age of 21. ThedaCare funds contributions to the plan based on actuarial computations using the projected unit credit method. Benefits are based on years of service and the employee's average compensation for the five highest consecutive years of service. ThedaCare contributed $0 and $11,400 to the plan during 2013 and 2012, respectively. There is no anticipated contribution for ThedaCare's pension plan for the year ending December 31, 2014.

ThedaCare also provides certain benefits to eligible employees after their retirement date Such benefits include life insurance and the additional claims cost in excess of standard premiums for medical and dental benefits. ThedaCare funds benefit costs on a pay-as-you-go basis. During 2013 and 2012, ThedaCare made benefit payments totaling approximately $340 and $320, respectively. The contribution for ThedaCare's other postretirement benefits for the year ending December 31, 2014, is anticipated to be $380.

(In Thousands)

Note 9 Deferred Employee Benefit Obligations and Pension Plans (Continued)

Pension and Other Postretirement Benefits (Continued)

Information regarding the benefit obligations and assets of the pension and postretirement benefit plans as of and for the years ended December 31 are as follows:

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
Actuarial present value of benefit obligations				
Accumulated benefit obligation	$ 239,456	$ 295,648	$ 5,429	$ 5,689
Change in projected benefit obligation				
Projected benefit obligation at beginning	$ 295,648	$ 253,881	$ 5,689	$ 4,783
Service cost	-	-	295	254
Interest cost	9,934	10,940	193	208
Actuarial (gains) losses	(41,192)	46,508	(408)	764
Benefits paid	(24,934)	(15,681)	(340)	(320)
Projected benefit obligation at end of measurement period	239,456	295,648	5,429	5,689
Change in plan assets				
Fair value of plan assets at beginning of measurement period	227,105	205,647	-	-
Actual return on plan assets	13,672	25,739	-	-
Employer contributions	-	11,400	340	320
Benefits paid	(24,934)	(15,681)	(340)	(320)
Fair value of plan assets at end of measurement period	215,843	227,105	-	-
Funded status at end of measurement period	$ (23,613)	$ (68,543)	$ (5,429)	$ (5,689)
Amounts recognized in the consolidated balance sheets consist of the following				
Current portion of deferred employee benefit obligations	$ (21,415)	$ (23,801)	$ (380)	$ (340)
Long-term deferred employee benefit obligations	(2,198)	(44,742)	(5,049)	(5,349)
Totals	$ (23,613)	$ (68,543)	$ (5,429)	$ (5,689)
Amounts recognized in unrestricted net assets				
Net actuarial loss	$ 61,548	$ 109,762	$ 680	$ 1,132
Net prior service credit	-	-	(5)	(7)
Total recognized in unrestricted net assets	$ 61,548	$ 109,762	$ 675	$ 1,125

(In Thousands)

Note 9 Deferred Employee Benefit Obligations and Pension Plans (Continued)

Pension and Other Postretirement Benefits (Continued)

Components of net periodic benefit cost and other amounts recognized in changes in unrestricted net assets are as follows:

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
Net periodic benefit cost				
Service cost	$ -	$ -	$ 295	$ 254
Interest cost on projected benefit obligation	9,934	10,940	193	208
Expected return on plan assets	(14,215)	(13,112)	-	-
Amortization of				
Net losses	7,566	5,126	45	-
Net prior service cost	-	-	(3)	(3)
Net periodic pension cost	3,285	2,954	530	459
Other changes in plan assets and benefit obligations recognized in unrestricted net assets				
Net actuarial (gain) loss arising during the period	(40,648)	33,880	(408)	764
Amortization of prior service cost	-	-	3	3
Amortization of net actuarial loss	(7,566)	(5,126)	(45)	-
Total other changes in plan assets and benefit obligations	(48,214)	28,754	(450)	767
Total recognized in net periodic benefits cost and unrestricted net assets	$ (44,929)	$ 31,708	$ 80	$ 1,226

The estimated net actuarial loss for the defined benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost during 2014 is $3,514. The estimated prior service cost for the other postretirement benefits plan that will be amortized from unrestricted net assets into net periodic benefit cost during 2014 is $3

(In Thousands)

Note 9 Deferred Employee Benefit Obligations and Pension Plans (Continued)

Pension and Other Postretirement Benefits (Continued)

The following weighted average assumptions were used to estimate the benefit obligation at December 31 and the net periodic benefit cost for the years ended December 31:

	Pension Benefits		Other Postretirement Benefits	
	2013	2012	2013	2012
Discount rate (benefit obligation)	4 50%	3 50%	4 50%	3 50%
Discount rate (benefit cost)	3 50%	4 50%	3.50%	4 50%
Assumed rate of return on plan assets (benefit obligation)	6 60%	6 60%	N/A	N/A
Assumed rate of return on plan assets (benefit cost)	6 60%	6 60%	N/A	N/A

To develop the expected long-term rate of return on asset assumptions, ThedaCare considered the historical returns and future expectations for returns in each asset class, as well as targeted asset allocation percentages within the pension portfolio This resulted in the selection of 6.60% for the 2013 and 2012 long-term rate of return on asset assumptions.

For postretirement benefit obligation measurement purposes, an 8.5% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2013. The rate is assumed to decrease by 0.5% per year to 5% in 2021 and remain at that level thereafter.

(In Thousands)

Note 9 Deferred Employee Benefit Obligations and Pension Plans (Continued)

Pension and Other Postretirement Benefits (Continued)

The assumed health care cost trend assumption has a significant effect on the amounts reported for the postretirement benefit obligation. A one-percentage-point change in the assumed health care cost trend rate would have the following effects:

	One Percentage Point Increase	One Percentage Point Decrease
Effect on service and interest cost components in 2013	$ 54	$ (47)
Effect on postretirement benefit obligation as of December 31, 2013	444	(389)

The following estimated future benefit payments, which reflect expected future service, as appropriate, are as follows:

	Pension Benefits	Postretirement Benefits
2014	$ 21,415	$ 380
2015	20,996	410
2016	20,620	460
2017	20,766	465
2018	20,883	510
Years 2019 through 2023	93,435	2,625

(In Thousands)

Note 9 Deferred Employee Benefit Obligations and Pension Plans (Continued)

Plan Assets

The pension fund is managed in accordance with the documents, policies, applicable laws, and regulations of the pension investment policy. The pension investment policy includes specific guidelines for quality, asset concentration, asset mix, asset allocations, and performance expectations. The pension funds are reviewed for compliance with the pension investment policy by the Finance Committee.

The asset mix for the years ended December 31 was as follows:

	2013	2012
Fixed income securities (includes cash and cash equivalents maintained to meet anticipated plan expenses and distributions)	65%	67%
Equity securities	35%	33%
Totals	100%	100%

The fair values of pension plan assets by asset category at December 31 were as follows:

	2013			
Asset Category	Level 1	Level 2	Level 3	Total
Domestic equity mutual funds	$ 60,849	$ -	$ -	$ 60,849
International mutual funds	13,664	-	-	13,664
Fixed income mutual funds	141,330	-	-	141,330
Total	$ 215,843	$ -	$ -	$ 215,843

	2012			
Asset Category	Level 1	Level 2	Level 3	Total
Domestic equity mutual funds	$ 63,224	$ -	$ -	$ 63,224
International mutual funds	11,618	-	-	11,618
Fixed income mutual funds	152,263	-	-	152,263
Total	$ 227,105	$ -	$ -	$ 227,105

(In Thousands)

Note 10 Unemployment Compensation

The Hospitals have elected to pay for unemployment compensation benefits on a reimbursement basis and have filed with the Wisconsin Department of Industry, Labor, and Human Relations (the "Department") letters of credit in the aggregate amount of $6,109 at December 31, 2013 and 2012. The Department notifies ThedaCare on an annual basis of the amount of the letter of credit required to be in compliance.

Note 11 Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets were available for the following purposes at December 31:

	2013	2012
Capital expenditures:		
Theda Clark	$ 800	$ -
Campaign Fund	287	287
Programs:		
ThedaCare Community Fund	1,613	1,875
Capital expenditures or programs:		
Shawano Medical Center	1,462	-
Peabody Manor	1,255	1,043
Cancer Center	543	517
Aylward Surgery Center	479	424
Appleton Medical Center	369	369
Urology	199	136
Collaborative care	-	298
ThedaStar	184	-
Various	3,180	2,779
Pledges due to time restrictions	264	346
Total temporarily restricted net assets	$ 10,635	$ 8,074

Notes to Consolidated Financial Statements
(In Thousands)

Note 11 Temporarily and Permanently Restricted Net Assets (Continued)

Permanently restricted net assets consist of various endowment funds, the assets of which are to be held indefinitely The composition of permanently restricted net assets at December 31 was as follows

	2013	2012
Shattuck Fund	$ 3,124	$ 3,124
Strange Endowment	1,000	1,000
Children's Endowment	425	425
Elderly services	299	299
TC Endowment Fund	208	208
Scholarship	176	175
Boldt Family Fund	149	149
Various	787	692
Total permanently restricted net assets	$ 6,168	$ 6,072

Note 12 Endowment Funds

The endowment consists of 18 individual funds established for a variety of purposes The endowment includes both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with the endowment are classified and reported based on the existence or absence of donor-imposed restrictions.

(In Thousands)

Note 12 Endowment Funds (Continued)

Interpretation of Relevant Law

The Board of Directors of ThedaCare has interpreted the state of Wisconsin Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, ThedaCare classified as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets.

ThedaCare's endowment net asset composition by type of fund is as follows at December 31

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ -	$ 1,518	$ 6,168	$ 7,686
Board designated	3,437	-	-	3,437
Total funds	$ 3,437	$ 1,518	$ 6,168	$ 11,123

	2012			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor restricted	$ (1)	$ 1,179	$ 6,072	$ 7,250
Board designated	3,437	-	-	3,437
Total funds	$ 3,436	$ 1,179	$ 6,072	$ 10,687

(In Thousands)

Note 12 Endowment Funds (Continued)

The changes in endowment by net asset class for ThedaCare were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at December 31, 2011	$ 3,428	$ 1,008	$ 6,028	$ 10,464
Investment return				
Investment income	-	55	-	55
Net realized and unrealized appreciation	8	205	-	213
Total investment return	8	260	-	268
Contributions	-	-	44	44
Appropriation of endowment assets for expenditure	-	(89)	-	(89)
Endowment net assets at December 31, 2012	3,436	1,179	6,072	10,687
Investment return				
Investment income	-	51	-	51
Net realized and unrealized appreciation	1	396	-	397
Total investment return	1	447	-	448
Contributions	-	-	96	96
Appropriation of endowment assets for expenditure	-	(108)	-	(108)
Endowment net assets at December 31, 2013	$ 3,437	$ 1,518	$ 6,168	$ 11,123

Funds With Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires ThedaCare to retain as a fund of perpetual duration Deficiencies of this nature that are reported in unrestricted net assets were $0 and $1 as of December 31, 2013 and 2012, respectively. These deficiencies resulted from unfavorable market fluctuations that occurred after the investment of new permanently restricted contributions and continued appropriation for certain programs that was deemed prudent by the Board of Directors.

Note 12 Endowment Funds (Continued)

Return Objectives and Risk Parameters

ThedaCare has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 Index while assuming a moderate level of investment risk.

Strategies Employed for Achieving Objectives

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

ThedaCare has a policy of appropriating for distribution each year 5% of its endowment fund's average fair value over the prior 12 quarters through the calendar year-end preceding the fiscal year in which the distribution is planned. In establishing this policy, ThedaCare considered the long-term expected return on its endowment

(In Thousands)

Note 13 Patient Service Revenue (Net of Contractual Allowances and Discounts)

Patient service revenue (net of contractual allowances and discounts) consisted of the following:

	2013	2012
Gross patient service revenue:		
Inpatient	$ 362,564	$ 354,550
Outpatient	906,457	860,909
Total gross patient service revenue	1,269,021	1,215,459
Deductions - Primarily contractual adjustments and third-party reimbursement agreements	567,293	528,766
Patient service revenue (net of contractual allowances and discounts)	$ 701,728	$ 686,693

Medicare and Medicaid revenue as a percent of gross patient service revenue approximated 50.6% and 50.0% in 2013 and 2012, respectively.

Patient service revenue (net of contractual allowances and discounts) recognized from these major payor sources is as follows:

	2013	2012
Medicare, Medicaid, health maintenance organization plans, and other third-party payors	$ 661,479	$ 647,866
Uninsured patients	40,249	38,827
Patient service revenue (net of contractual allowances and discounts)	$ 701,728	$ 686,693

(In Thousands)

Note 14 Malpractice Insurance

ThedaCare has professional liability insurance for claim losses of less than $1,000 per claim and $3,000 per year for claims incurred during a policy year regardless of when claims are reported (occurrence coverage). ThedaCare is insured against losses in excess of these amounts through its mandatory participation in the 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 through December 31, 2014

Note 15 Functional Expenses

ThedaCare provides general health care and other services to residents within its geographic locations including hospital and ambulatory services and retirement center services. For the years ended December 31, expenses related to providing these services were as follows:

	2013	2012
Hospital services	$ 437,788	$ 432,964
Ambulatory services	149,437	139,826
Retirement center services	43,422	43,597
Medicaid assessment program expense	9,883	10,167
General and administrative	61,390	54,229
Total expenses	$ 701,920	$ 680,783

(In Thousands)

Note 16 Concentration of Credit Risk

Cash - ThedaCare maintains its cash in bank deposit accounts, which exceeded the federally insured limits at December 31, 2013. Management regularly monitors ThedaCare's cash balances along with the financial condition of the financial institutions to minimize this potential risk.

Accounts Receivable - ThedaCare grants credit without collateral to its patients, most of whom are local residents of Appleton, Wisconsin, and the surrounding area and insured under third-party payor agreements. At December 31, the mix of gross receivables from patients and third-party payors are approximately as follows:

	2013	2012
Commercial programs	43%	41%
Medicare	36%	31%
Self-pay	14%	19%
Medicaid	7%	9%
Totals	100%	100%

Note 17 Reclassifications

Certain reclassifications have been made to the 2012 consolidated financial statements to conform to the 2013 classifications.

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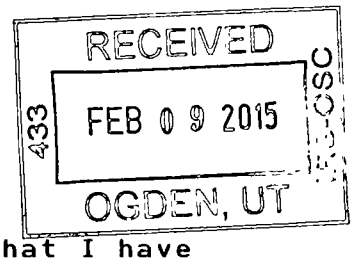
THEDACARE MEDICAL CENTER - NEW
LONDON INC
1405 MILL STREET
NEW LONDON WI 54961



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DECLARATION

Under penalties of perjury, I declare that I have examined the return identified in this letter, including any accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct and complete. I understand that this declaration will become a permanent part of that return.

Signature of officer or trustee — Date: 1/29/2015

CFO

Title