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Form 990



Department of the Treasury  
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

Information about Form 990 and its instructions is at [www.IRS.gov/form990](http://www.irs.gov/form990)

OMB No 1545-0047

2013

Open to Public Inspection

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

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

SENTARA RMH MEDICAL CENTER

Doing Business As

Number and street (or P O box if mail is not delivered to street address)

2010 HEALTH CAMPUS DRIVE

Room/suite

City or town, state or province, country, and ZIP or foreign postal code

HARRISONBURG, VA 22801

D Employer identification number

54-0506331

E Telephone number

(540) 689-1000

G Gross receipts \$

517,307,760

F Name and address of principal officer

J MICHAEL BURRIS

2010 HEALTH CAMPUS DRIVE

HARRISONBURG,VA 22801

H(a) Is this a group return for subordinates?

☐ Yes☒ No

H(b) Are all subordinates included?

☐ Yes☐ No

If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status

☒ 501(c)(3) ☐ 501(c) ( ) ☐ (insert no ) ☐ 4947(a)(1) or ☐ 527

J Website:

WWW.RMHONLINE.COM

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other ☐

L Year of formation

1908

M State of legal domicile

VA

Part I Summary		
Activities & Governance	1	Briefly describe the organization's mission or most significant activities NOT-FOR-PROFIT COMMUNITY HOSPITAL ORGANIZATION
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets
	3	Number of voting members of the governing body (Part VI, line 1a) . . . . . 11
	4	Number of independent voting members of the governing body (Part VI, line 1b) . . . . . 6
	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a) . . . . . 3,085
	6	Total number of volunteers (estimate if necessary) . . . . . 315
	7a	Total unrelated business revenue from Part VIII, column (C), line 12 . . . . . 0
	7b	Net unrelated business taxable income from Form 990-T, line 34 . . . . . 0
Revenue	8	Contributions and grants (Part VIII, line 1h) . . . . .
	9	Program service revenue (Part VIII, line 2g) . . . . .
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d ) . . . . .
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)
	12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) . . . . .
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) . . . . .
	14	Benefits paid to or for members (Part IX, column (A), line 4) . . . . .
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)
	16a	Professional fundraising fees (Part IX, column (A), line 11e) . . . . .
	b	Total fundraising expenses (Part IX, column (D), line 25) <input type="checkbox"/> 585,090
	17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) . . . . .
	18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)
	19	Revenue less expenses Subtract line 18 from line 12 . . . . .
Net Assets or Fund Balances	20	Total assets (Part X, line 16) . . . . .
	21	Total liabilities (Part X, line 26) . . . . .
	22	Net assets or fund balances Subtract line 21 from line 20 . . . . .

Part II Signature Block

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

Sign Here

Signature of officer

J MICHAEL BURRIS CFO

Date

2014-11-10

Type or print name and title

Prnt/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name ☐

Firm's EIN ☐

Firm's address ☐

Phone no

Paid Preparer Use Only

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2013)

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

OUR MISSION IS TO IMPROVE HEALTH AND PROMOTE WELLBEING AND TO BE AN INNOVATIVE, COMMUNITY-ORIENTED HEALTH CARE PROVIDER COMMITTED TO OFFERING ACCESSIBLE, PERSONALIZED, AND HIGH-QUALITY SERVICES IN A COST-EFFECTIVE MANNER WE WILL WORK IN PARTNERSHIP WITH THE LOCAL MEDICAL COMMUNITY AND OTHER LOCAL AND REGIONAL HEALTH CARE RESOURCES TO ENSURE THAT NECESSARY HEALTH SERVICES ARE AVAILABLE TO ALL, REGARDLESS OF THEIR FINANCIAL STATUS WITH OUR PARTNERS, WE WILL SEEK TO ENHANCE THE HEALTH STATUS OF THE COMMUNITY WE SERVE BY OFFERING AN APPROPRIATE RANGE OF SERVICES, INCLUDING SELECTED AREAS OF EXCELLENCE WORKING WITH OUR LOCAL PHYSICIAN PARTNERS, WE WILL ACTIVELY PARTICIPATE IN THE FORMATION OF A LOCALLY CONTROLLED, INTEGRATED DELIVERY SYSTEM IN OUR EFFORTS, WE WILL BE GUIDED BY THE SHARED VALUES, BELIEFS AND NEEDS OF OUR LOCAL COMMUNITY

If "Yes," describe these new services on Schedule O

If "Yes," describe these changes on Schedule O

<b>4a</b>	(Code ) (Expenses \$ 289,201,513 including grants of \$ 301,391 ) (Revenue \$ 354,912,991 )
	<p>HOSPITAL SERVICES THE HOSPITAL PROVIDES HIGH-QUALITY HEALTH CARE TO THE COMMUNITY BY OFFERING THE LATEST TECHNOLOGY AND THE BEST TECHNICAL EXPERTISE THE HOSPITAL SERVES A SEVEN-COUNTY AREA WITH A POPULATION OF CLOSE TO 218,000 ADMITTING MORE THAN 19,000 INPATIENTS AND DELIVERING CLOSE TO 1,700 BABIES PER YEAR THE HOSPITAL IS LICENSED AS A 238-BED HOSPITAL AND PROVIDES AN APPROPRIATE ARRAY OF REGIONAL COMMUNITY HOSPITAL SERVICES INCLUDING ONCOLOGY, CARDIOLOGY INCLUDING CARDIAC SURGERY, BEHAVIORAL HEALTH, OBSTETRICS AND WOMEN'S SERVICES, OUTPATIENT AND INPATIENT SURGERY, SLEEP MEDICINE, EMERGENCY CARE, SENIOR SERVICES, HOME AND HOSPICE CARE, PHYSICIAN PRACTICES AND A VARIETY OF OTHER OUTPATIENT SERVICES AS WELL AS EDUCATION AND OUTREACH THE HOSPITAL IS HOME TO SCHOOLS OF RADIOLOGICAL TECHNOLOGY AND MEDICAL TECHNOLOGY ALONG WITH TRADITIONAL HEALTH SERVICES, THE HOSPITAL MAKES ITS RESOURCES AVAILABLE TO SUPPORT MANY COMMUNITY HEALTH INITIATIVES AND PROGRAMS SEE SCHEDULE O FOR A DESCRIPTION OF PROGRAMS AND ACCOMPLISHMENTS OF THE SENTARA HEALTHCARE SYSTEM AS A WHOLE FOR 2013</p>

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









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<b>4e</b>	<b>Total program service expenses</b>	<b>289,201,513</b>
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Part IV Checklist of Required Schedules

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

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☒

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	279	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	3,085	
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year?		No
3b	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		No
b	If "Yes," enter the name of the foreign country: _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
5b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
5c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		No
6b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
7a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		No
7b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
7c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
7d	If "Yes," indicate the number of Forms 8282 filed during the year.		
7e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
7f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
7g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	<b>Sponsoring organizations maintaining donor advised funds.</b>		
9a	Did the organization make any taxable distributions under section 4966?		
9b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	<b>Section 501(c)(7) organizations.</b> Enter		
10a	Initiation fees and capital contributions included on Part VIII, line 12.		
10b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		
11	<b>Section 501(c)(12) organizations.</b> Enter		
11a	Gross income from members or shareholders.		
11b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		
12a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
12b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		
13	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
13a	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
13b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		
13c	Enter the amount of reserves on hand.		
14a	Did the organization receive any payments for indoor tanning services during the tax year?		No
14b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year . . . . .	11	
If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O			
1b	Enter the number of voting members included in line 1a, above, who are independent . . . . .	6	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . . . .	2	Yes
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .	5	No
6	Did the organization have members or stockholders? . . . . .	6	Yes
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . .	7a	Yes
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	7b	Yes
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	The governing body? . . . . .	8a	Yes
8b	Each committee with authority to act on behalf of the governing body? . . . . .	8b	Yes
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O . . . . .	9	No

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

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

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	VA
18	Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request <input type="checkbox"/> Other (explain in Schedule O)	
19	Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year	
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization CORPORATE OFFICERS 2010 HEALTH CAMPUS DRIVE HARRISONBURG, VA 228018679 (540) 689-1245	

Part VII

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

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ANN E C HOMAN CHAIR/DIRECTOR	2 00 3 20	X		X				0	0	0
(2) HOWARD P KERN DIRECTOR/VICE CHAIR	2 00 50 20	X		X				0	1,865,703	660,096
(3) JAMES R MESSNER DIRECTOR/SECRETARY	2 00 1 20	X		X				0	0	0
(4) A JERRY BENSON PHD DIRECTOR	2 00 20	X						0	0	0
(5) DAVID L BERND DIRECTOR	2 00 52 20	X						0	3,601,597	215,569
(6) MENSEL D DEAN JR DIRECTOR	2 00 20	X						0	0	0
(7) JOSEPH K FUNKHOUSER II DIRECTOR	2 00 20	X						0	0	0
(8) ALDEN L HOSTETTER MD DIRECTOR	2 00 20	X						0	0	0
(9) ELMER E KENNEL MD DIRECTOR	2 00 20	X						0	0	0
(10) KENNETH M KRAKAUR DIRECTOR(THRU 11/13)	2 00 49 20	X						0	1,020,406	48,537
(11) ALLON H LEFEVER DIRECTOR	2 00 20	X						0	0	0
(12) TERRY M GILLILAND MD DIRECTOR(AS OF 11/13)	1 00 45 20	X						0	691,231	70,614
(13) J MICHAEL BURRIS TREASURER	35 00 35 20			X				0	359,438	93,466
(14) JAMES D KRAUSS PRESIDENT	40 00 20			X				756,665	0	91,810
(15) DONNA S HAHN VP, ACUTE CARE/CNE	40 00 0 00				X			243,478	0	52,427
(16) JOHN A MCGOWAN RMH MEDICAL GROUP CEO	40 00 0 00				X			396,605	0	35,445
(17) WILLIAM LENNEN MD ORTHOPEDIC SURGEON	40 00 0 00					X		1,035,222	0	39,067



Part VII

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) MARK COGGINS MD ORTHOPEDIC SURGEON	40 00 0 00					X		553,926	0	27,568
(19) CHRISTOPHER DIPASQUALE DO ORTHOPEDIC SURGEON	40 00 0 00					X		1,069,365	0	35,865
(20) THOMAS WEBER MD FAMILY PRACTITIONER	40 00 0 00					X		630,645	0	37,803
(21) HEIDI GORSUCH-RAFFERTY MD BREAST SURGEON	40 00 0 00					X		556,317	0	44,258
(22) DALE A CARROLL FORMER KEY EMPLOYEE	40 00 0 00						X	522,148	0	82,202
(23) KATHERINE A HARRISON FORMER KEY EMPLOYEE	37 00 3 00						X	206,788	0	15,220
(24) RICHARD L HAUSHALTER FORMER KEY EMPLOYEE	40 00 0 00						X	474,403	0	43,094
(25) MICHAEL J ROZMUS FORMER KEY EMPLOYEE	40 00 0 00						X	266,439	0	43,085
(26) MERV WEBB FORMER KEY EMPLOYEE	40 00 0 00						X	115,953	0	-24,107
(27) MARK ZIMMERMAN FORMER KEY EMPLOYEE	40 00 0 00						X	266,775	0	46,276
<b>1b Sub-Total</b>										
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>								7,094,729	7,538,375	1,658,295

2

Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶170

	Yes	No
3	Yes	
4	Yes	
5		No

Section B. Independent Contractors

1

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

(A) Name and business address	(B) Description of services	(C) Compensation
HARRISONBURG MEDICAL ASSOCIATES 1871 EVELYN BYRD AVE HARRISONBURG VA 22801	MEDICAL SERVICES	13,806,393
HARRISONBURG PHYSICIANS ANESTHESIOLOGY 1840 EAST MARKET STREET HARRISONBURG VA 22801	MEDICAL SERVICES	10,669,886
LANTZ CONSTRUCTION 539 SOUTH MAIN STREET BROADWAY VA 22815	CONSTRUCTION	3,393,909
COMPHEALTH INC PO BOX 972651 DALLAS TX 75397	MEDICAL SERVICES	2,695,468
HEMATOLOGYONCOLOGY ASSOCIATES 605 E BEVERLY STREET STAUNTON VA 24401	MEDICAL SERVICES	2,260,725

2

Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶90

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . . . .	1a			
	b	Membership dues . . . . .	1b	960		
	c	Fundraising events . . . . .	1c			
	d	Related organizations . . . . .	1d			
	e	Government grants (contributions)	1e	1,776,796		
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	1,596,022		
	g	Noncash contributions included in lines 1a-1f \$		86,086		
	h	Total. Add lines 1a-1f . . . . .		3,373,778		
Program Service Revenue	2a	NET PATIENT SRVC REV	Business Code 621300	347,732,989	347,732,989	
	b	OTHER PROGRAM SERVICES	621300	7,180,002	7,180,002	
	c					
	d					
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f . . . . .		354,912,991		
	Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .		5,465,483	
4		Income from investment of tax-exempt bond proceeds . . . . .				
5		Royalties . . . . .				
6a		Gross rents	(i) Real 186,798	(ii) Personal		
b		Less rental expenses	75,556			
c		Rental income or (loss)	111,242			
d		Net rental income or (loss) . . . . .		111,242		111,242
7a		Gross amount from sales of assets other than inventory	(i) Securities 151,850,973	(ii) Other 7,234		
b		Less cost or other basis and sales expenses	142,356,288	2,107		
c		Gain or (loss)	9,494,685	5,127		
d		Net gain or (loss) . . . . .		9,499,812		9,499,812
8a		Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	a 98,587			
b		Less direct expenses . . . . .	b 75,928			
c		Net income or (loss) from fundraising events . . . . .		22,659		22,659
9a		Gross income from gaming activities See Part IV, line 19 . . . . .	a			
b		Less direct expenses . . . . .	b			
c		Net income or (loss) from gaming activities . . . . .				
10a		Gross sales of inventory, less returns and allowances . . . . .	a 419,373			
b		Less cost of goods sold . . . . .	b 248,295			
c		Net income or (loss) from sales of inventory . . . . .		171,078		171,078
Miscellaneous Revenue		Business Code				
11a		EQUITY ALLOCATIONS	900099	970,196		970,196
b	DIETARY SALES	722210	22,347		22,347	
c						
d	All other revenue . . . . .					
e	Total. Add lines 11a-11d . . . . .		992,543			
12	Total revenue. See Instructions . . . . .		374,549,586	354,912,991	0	16,262,817

Part IX

Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.	34,280	34,280		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.	267,111	267,111		
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.	1,576,430	1,213,851	362,579	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	138,303,411	106,231,115	31,731,372	340,924
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	9,849,578	7,565,540	2,259,836	24,202
9	Other employee benefits.	15,834,143	12,162,373	3,632,917	38,853
10	Payroll taxes.	9,204,705	7,070,279	2,111,901	22,525
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	518,597	399,320	119,277	
c	Accounting.	153,000	117,810	35,190	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	302,428	232,870	69,558	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	40,907,271	39,660,105	1,247,166	
12	Advertising and promotion.	1,851,138	1,394,816	416,633	39,689
13	Office expenses.	6,941,974	5,271,756	1,574,680	95,538
14	Information technology.	6,210,109	4,777,175	1,426,949	5,985
15	Royalties.				
16	Occupancy.	5,311,690	4,087,562	1,220,960	3,168
17	Travel.	207,707	159,934	47,773	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	941,780	722,058	215,680	4,042
20	Interest.	10,761,036	10,761,036		
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	13,214,504	10,175,168	3,039,336	
23	Insurance.	2,205,127	1,697,948	507,179	
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O):				
a	MEDICAL SUPPLIES	54,309,325	54,309,325		
b	PURCHASED & CONTRACTED	13,274,137	10,221,085	3,053,052	
c	BAD DEBT PROVISION	9,206,451	9,206,451		
d	DUES, BOOKS & SUBSCRIPT	586,418	450,100	134,446	1,872
e	All other expenses	1,323,155	1,012,445	302,418	8,292
25	Total functional expenses. Add lines 1 through 24e.	343,295,505	289,201,513	53,508,902	585,090
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		46,368,166	1	50,744,893
	2	Savings and temporary cash investments			2	
	3	Pledges and grants receivable, net		2,151,243	3	1,402,982
	4	Accounts receivable, net		45,250,469	4	46,925,517
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		68,077	5	150,257
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		4,407,913	7	4,216,095
	8	Inventories for sale or use		5,692,702	8	4,957,870
	9	Prepaid expenses and deferred charges		4,739,852	9	5,052,907
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a173,305,431			
	b	Less accumulated depreciation	10b32,101,927	135,356,519	10c	141,203,504
	11	Investments—publicly traded securities		179,147,924	11	202,635,426
	12	Investments—other securities See Part IV, line 11		13,485,549	12	13,552,769
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		1,270,536	14	1,249,979
	15	Other assets See Part IV, line 11		14,809,811	15	13,734,917
	16	Total assets. Add lines 1 through 15 (must equal line 34)		452,748,761	16	485,827,116
Liabilities	17	Accounts payable and accrued expenses		23,902,013	17	26,365,652
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities			20	
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		359,384,637	25	326,402,741
	26	Total liabilities. Add lines 17 through 25		383,286,650	26	352,768,393
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.					
	27	Unrestricted net assets		35,123,054	27	100,053,893
	28	Temporarily restricted net assets		19,487,465	28	17,880,741
	29	Permanently restricted net assets		14,851,592	29	15,124,089
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		69,462,111	33	133,058,723
	34	Total liabilities and net assets/fund balances		452,748,761	34	485,827,116

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	374,549,586
2	Total expenses (must equal Part IX, column (A), line 25)	2	343,295,505
3	Revenue less expenses Subtract line 2 from line 1	3	31,254,081
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	69,462,111
5	Net unrealized gains (losses) on investments	5	8,950,781
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	23,391,750
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	133,058,723

Part XII Financial Statements and Reporting

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

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

SCHEDULE A  
(Form 990 or 990EZ)

Department of the  
Treasury  
Internal Revenue Service

Public Charity Status and Public Support  
Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization SENTARA RMH MEDICAL CENTER	Employer identification number 54-0506331
--	--

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

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

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

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

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

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

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

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

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

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

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

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

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated

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

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

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

(i)

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

(ii)

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

(iii)

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

Provide the following information about the supported organization(s)

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

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

Part II

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
11 Total support (Add lines 7 through 10)						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here . . . . . ▶						

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

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

Section A. Public Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

Section B. Total Support						
Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage		
15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage		
17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	
19a 33 1/3% support tests—2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
b 33 1/3% support tests—2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization ▶		
20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶		



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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE D  
(Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

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

▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization SENTARA RMH MEDICAL CENTER	Employer identification number  54-0506331
--	--

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

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

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

1

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

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

☐ Preservation of an historically important land area

☐ Protection of natural habitat

☐ Preservation of a certified historic structure

☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

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

1a

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

b

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

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

▶ \$

(ii) Assets included in Form 990, Part X

▶ \$

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$

b

Assets included in Form 990, Part X

▶ \$

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

Cat No 52283D

Schedule D (Form 990) 2013

Part III

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

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

☐

Public exhibition

d

☐

Loan or exchange programs

b

☐

Scholarly research

e

☐

Other

c

☐

Preservation for future generations
- 4
- Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII
- 5
- During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?
- ☐ Yes

☐ No

Part IV

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

- 1a
- Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?
- ☐ Yes

☐ No
- b
- If "Yes," explain the arrangement in Part XIII and complete the following table
- |    |        |
|----|--------|
|    | Amount |
| 1c |        |
| 1d |        |
| 1e |        |
| 1f |        |
- 2a
- Did the organization include an amount on Form 990, Part X, line 21?
- ☐ Yes

☐ No
- b
- If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII

Part V

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

	(a)Current year	(b)Prior year	b (c)Two years back	(d)Three years back	(e)Four years back
1a Beginning of year balance . . . . .	34,339,057	33,693,873	29,171,837	31,098,549	29,446,900
b Contributions . . . . .	1,514,019	1,941,005	7,634,593	1,334,949	1,310,621
c Net investment earnings, gains, and losses	2,161,899	1,870,472	119,000	2,080,749	3,427,364
d Grants or scholarships . . . . .					
e Other expenditures for facilities and programs . . . . .	5,010,145	3,166,293	3,231,557	5,342,410	3,086,336
f Administrative expenses . . . . .					
g End of year balance . . . . .	33,004,830	34,339,057	33,693,873	29,171,837	31,098,549

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

Board designated or quasi-endowment

b

Permanent endowment 45 820 %

c

Temporarily restricted endowment 54 180 %
- The percentages in lines 2a, 2b, and 2c should equal 100%
- 3a
- Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (i) unrelated organizations

3a(i)

☐ Yes

☐ No

(ii) related organizations

3a(ii)

☐ Yes

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

☐ Yes

☐ No
- 4
- Describe in Part XIII the intended uses of the organization's endowment funds

Part VI

Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a	Land	11,906,814		11,906,814
b	Buildings	42,713,174	2,507,635	40,205,539
c	Leasehold improvements			
d	Equipment	104,053,483	28,640,669	75,412,814
e	Other	14,631,960	953,623	13,678,337
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				141,203,504



Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

Part XII

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

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

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

Part XIII

Supplemental Information

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

Return Reference	Explanation
PART V, LINE 4	ENDOWMENT FUNDS ARE USED FOR VARIOUS EQUIPMENT, PROGRAMS, AND OPERATING EXPENSES IN ACCORDANCE WITH DONOR RESTRICTIONS

[illegible]

SCHEDULE F  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Statement of Activities Outside the United States

► Complete if the organization answered "Yes" to Form 990,  
Part IV, line 14b, 15, or 16.  
► Attach to Form 990. ► See separate instructions.  
► Information about Schedule F (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization  
SENTARA RMH MEDICAL CENTER

Employer identification number  
54-0506331

Part I

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

- 1 For grantmakers. Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☐ Yes ☐ No
- 2 For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.
- 3 Activities per Region (The following Part I, line 3 table can be duplicated if additional space is needed )

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e g , fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
( 1 ) CENTRAL AMERICA AND THE CARIBBEAN -	0	0	INVESTMENTS		2,371,521
( 2 )					
( 3 )					
( 4 )					
( 5 )					
3a Sub-total	0	0			2,371,521
b Total from continuation sheets to Part I	0	0			0
c Totals (add lines 3a and 3b)	0	0			2,371,521

Part II

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

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
( 1 )									
( 2 )									
( 3 )									
( 4 )									

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



Part III

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

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
( 1 )							
( 2 )							
( 3 )							
( 4 )							
( 5 )							
( 6 )							
( 7 )							
( 8 )							
( 9 )							
( 10 )							
( 11 )							
( 12 )							
( 13 )							
( 14 )							
( 15 )							
( 16 )							
( 17 )							
( 18 )							

**Part IV Foreign Forms**

- 1

Was the organization a U S transferor of property to a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)*

☒ Yes

☐ No
- 2

Did the organization have an interest in a foreign trust during the tax year? *If "Yes," the organization may be required to file Form 3520, Annual Return to Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A, Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)*

☐ Yes

☒ No
- 3

Did the organization have an ownership interest in a foreign corporation during the tax year? *If "Yes," the organization may be required to file Form 5471, Information Return of U.S. Persons with Respect to Certain Foreign Corporations. (see Instructions for Form 5471)*

☐ Yes

☒ No
- 4

Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If "Yes," the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)*

☒ Yes

☐ No
- 5

Did the organization have an ownership interest in a foreign partnership during the tax year? *If "Yes," the organization may be required to file Form 8865, Return of U.S. Persons with Respect to Certain Foreign Partnerships. (see Instructions for Form 8865)*

☒ Yes

☐ No
- 6

Did the organization have any operations in or related to any boycotting countries during the tax year? *If "Yes," the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713).*

☐ Yes

☒ No

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

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

**990 Schedule F, Supplemental Information**

Return Reference	Explanation
PART I, LINE 3	INVESTMENTS ARE RECORDED AT FAIR MARKET VALUE

SCHEDULE G  
(Form 990 or 990-EZ)

Supplemental Information Regarding  
Fundraising or Gaming Activities

OMB No 1545-0047

2013

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Complete if the organization answered "Yes" to Form 990, Part IV, lines 17, 18, or 19, or if the organization entered more than \$15,000 on Form 990-EZ, line 6a.  
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

▶ Information about Schedule G (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization  
SENTARA RMH MEDICAL CENTER

Employer identification number  
54-0506331

Part I Fundraising Activities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 17.  
Form 990-EZ filers are not required to complete this part.

- 1 Indicate whether the organization raised funds through any of the following activities. Check all that apply.
- a ☐ Mail solicitations

e ☐ Solicitation of non-government grants

b ☐ Internet and email solicitations

f ☐ Solicitation of government grants

c ☐ Phone solicitations

g ☐ Special fundraising events

d ☐ In-person solicitations
- 2a Did the organization have a written or oral agreement with any individual (including officers, directors, trustees or key employees listed in Form 990, Part VII) or entity in connection with professional fundraising services?
- ☐ Yes ☐ No
- b If "Yes," list the ten highest paid individuals or entities (fundraisers) pursuant to agreements under which the fundraiser is to be compensated at least \$5,000 by the organization.

(i) Name and address of individual or entity (fundraiser)	(ii) Activity	(iii) Did fundraiser have custody or control of contributions?		(iv) Gross receipts from activity	(v) Amount paid to (or retained by) fundraiser listed in col (i)	(vi) Amount paid to (or retained by) organization
		Yes	No			
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
Total . . . . . ▶						

- 3 List all states in which the organization is registered or licensed to solicit contributions or has been notified it is exempt from registration or licensing.
- 
-

Part II Fundraising Events. Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

			(a) Event #1	(b) Event #2	(c) Other events	(d) Total events	
			<u>CLOUD'S SHOE SALE</u> (event type)	<u>FIRST UNIFORM/SHOE SALE</u> (event type)	<u>1</u> (total number)	(add col (a) through col (c))	
Revenue	1	Gross receipts . . . .	44,252	12,614	7,227	64,093	
	2	Less Contributions . .					
	3	Gross income (line 1 minus line 2) . . . .	44,252	12,614	7,227	64,093	
Direct Expenses	4	Cash prizes . . . .					
	5	Noncash prizes . .					
	6	Rent/facility costs . .					
	7	Food and beverages .					
	8	Entertainment . . . .					
	9	Other direct expenses .	37,521	10,300	3,305	51,126	
	10	Direct expense summary Add lines 4 through 9 in column (d) . . . . . ▶					(51,126)
	11	Net income summary Subtract line 10 from line 3, column (d) . . . . . ▶					12,967

Part III Gaming. Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

Revenue		(a) Bingo	(b) Pull tabs/Instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col (a) through col (c))
	1 Gross revenue . . . . .				
Direct Expenses	2 Cash prizes . . . . .				
	3 Non-cash prizes . . . . .				
	4 Rent/facility costs . . . . .				
	5 Other direct expenses . . . . .				
	6 Volunteer labor . . . . .	<div><input type="checkbox"/> Yes _____ % <input type="checkbox"/> No</div>	<div><input type="checkbox"/> Yes _____ % <input type="checkbox"/> No</div>	<div><input type="checkbox"/> Yes _____ % <input type="checkbox"/> No</div>	
	7 Direct expense summary Add lines 2 through 5 in column (d) . . . . . ▶				
	8 Net gaming income summary Subtract line 7 from line 1, column (d) . . . . . ▶				

9 Enter the state(s) in which the organization operates gaming activities \_\_\_\_\_

a Is the organization licensed to operate gaming activities in each of these states? . . . . . ☐ Yes ☐ No

b If "No," explain \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year? . . . . . ☐ Yes ☐ No

b If "Yes," explain \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Does the organization operate gaming activities with nonmembers? ☐ Yes ☐ No

**12**

Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?

☐ Yes ☐ No


**13**


Indicate the percentage of gaming activity operated in

<b>a</b>	The organization's facility	<b>13a</b>	%
<b>b</b>	An outside facility	<b>13b</b>	%

**14**

Enter the name and address of the person who prepares the organization's gaming/special events books and records

Name 



Address 

**15a**

Does the organization have a contract with a third party from whom the organization receives gaming revenue?


☐ Yes ☐ No


**b**

If "Yes," enter the amount of gaming revenue received by the organization  \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party  \$ \_\_\_\_\_

**c**


If "Yes," enter name and address of the third party

Name 


Address 

**16**

Gaming manager information

Name 

Gaming manager compensation  \$ \_\_\_\_\_

Description of services provided 

☐ Director/officer

☐ Employee

☐ Independent contractor

**17**


Mandatory distributions

**a**

Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?

☐ Yes ☐ No

**b**

Enter the amount of distributions required under state law distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year  \$ \_\_\_\_\_

**Part IV**

**Supplemental Information.** Provide the explanations required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

Return Reference	Explanation
------------------	-------------

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  
SENTARA RMH MEDICAL CENTER

Employer identification number  
54-0506331

Part I

Financial Assistance and Certain Other Community Benefits at Cost

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

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1) . . . .			14,870,603		14,870,603	4 450 %
b Medicaid (from Worksheet 3, column a) . . . . .			22,629,266	20,924,658	1,704,608	0 510 %
c Costs of other means-tested government programs (from Worksheet 3, column b) . .						
d <b>Total</b> Financial Assistance and Means-Tested Government Programs . .			37,499,869	20,924,658	16,575,211	4 960 %
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . .			1,257,920		1,257,920	0 380 %
f Health professions education (from Worksheet 5) . . . .			1,630,208	745,431	884,777	0 260 %
g Subsidized health services (from Worksheet 6) . . . .			49,710,255	39,027,929	10,682,326	3 200 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			159,648		159,648	0 050 %
j <b>Total</b> Other Benefits . . . .			52,758,031	39,773,360	12,984,671	3 890 %
k <b>Total.</b> Add lines 7d and 7j . .			90,257,900	60,698,018	29,559,882	8 850 %

Part II

Community Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing					
2	Economic development					
3	Community support					
4	Environmental improvements					
5	Leadership development and training for community members					
6	Coalition building					
7	Community health improvement advocacy					
8	Workforce development					
9	Other					
10	Total					

Part III

Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1

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

1

Yes

2

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

2

9,206,451

3

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

3

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

95,121,976

6

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

6

92,331,696

7

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

7

2,790,280

8

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

Section C. Collection Practices

9a

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

9a

Yes

b

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

9b

Yes

Part IV

Management Companies and Joint Ventures

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

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



## Section A. Hospital Facilities

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

**Schedule H (Form 990) 2013**

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)

SENTARA RMH MEDICAL CENTER

Name of hospital facility or facility reporting group

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

1

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

Part V

Facility Information (continued)

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

Part V

Facility Information (continued)

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

☒

Notified individuals of the financial assistance policy on admission
- b

☐

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

☒

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

☒

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

☒

Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

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

**Schedule H (Form 990) 2013**

Part V

Facility Information (continued)

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility  
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 17

Name and address	Type of Facility (describe)
1 See Additional Data Table	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
PART I, LINE 3C	AND PART V, SECTION B LINES 10&11 UNDER THE ORGANIZATION'S FINANCIAL ASSISTANCE POLICY, UNINSURED INDIVIDUALS RECEIVING EMERGENCY OR OTHER MEDICALLY NECESSARY CARE ARE CHARGED NO MORE THAN AMOUNTS GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERING SUCH CARE. IN ADDITION, AN INDIVIDUAL WHOSE INCOME IS AT OR BELOW 400% OF THE FPG MAY BE ELIGIBLE FOR ADDITIONAL FINANCIAL ASSISTANCE. WHEN AN INDIVIDUAL SUBMITS A FINANCIAL ASSISTANCE APPLICATION, THE ORGANIZATION USES A MULTI-FACETED REVIEW OF AN APPLICANT'S SITUATION TO DETERMINE BOTH ELIGIBILITY FOR FREE OR ADDITIONAL DISCOUNTED CARE, AND THE LEVEL OF DISCOUNT PROVIDED. AMONG THE FACTORS TAKEN INTO CONSIDERATION ARE WHETHER THE INDIVIDUAL HAS HEALTH INSURANCE COVERAGE, THE AMOUNT OF ASSETS AVAILABLE TO CONTRIBUTE TOWARDS THE COST OF CARE, THE AMOUNT OF INCOME AVAILABLE TO CONTRIBUTE TOWARDS THE COST OF CARE, EITHER THE INDIVIDUAL HAD THE ABILITY TO PURCHASE HEALTH INSURANCE THROUGH AN EMPLOYER AND DECLINED TO DO SO OR HAD ELIGIBILITY THROUGH A GOVERNMENT PROGRAM AND FAILED TO APPLY, FAMILY SIZE, AND WHETHER THE INDIVIDUAL HAS A HEALTH CONDITION THAT IS REASONABLY EXPECTED TO RESULT IN THEM BECOMING A RECURRING PATIENT WHO WILL CONTINUE TO ACCUMULATE HEALTH CARE EXPENSES. THE PROGRAM PROVIDES A SLIDING SCALE AMOUNT BASED ON THE ABOVE FACTORS, WHICH IS CAPPED BY A "MAXIMUM OUT OF POCKET" LIMIT THAT ALSO FOLLOWS A SLIDING SCALE. THE OUT-OF-POCKET MINIMUM COST FOR ALL FAP-ELIGIBLE INDIVIDUALS IS \$25.
PART I, LINE 6A	THE ORGANIZATION'S COMMUNITY BENEFIT REPORT WAS CONTAINED IN A SYSTEM-WIDE REPORT PREPARED BY SENTARA HEALTHCARE, EIN 52-1271901, THE ORGANIZATION'S 501 (C)(3) SOLE MEMBER.

Form and Line Reference	Explanation
PART I, LINE 7	A COST-TO-CHARGE RATIO, CALCULATED USING WORKSHEET 2, WAS USED TO CALCULATE COSTS REPORTED IN LINES 7A AND 7B. FOR LINE 7G, THE ORGANIZATION USED ITS INTERNAL COST ACCOUNTING SYSTEM TO CALCULATE THE COST OF SUBSIDIZED HEALTH SERVICES.
PART I, LINE 7, COLUMN (F)	THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 9,206,451.



Form and Line Reference	Explanation
PART I, LINE 7G	\$10,682,326 OF THE AMOUNT REPORTED IN COLUMN (E) IS ATTRIBUTABLE TO PHYSICIAN CLINICS
PART III, LINE 2	AMOUNT REPORTED ON LINE 2 INCLUDES ACTUAL BAD DEBT WRITE OFFS NET OF RECOVERIES PLUS CHANGES IN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IN ACCOUNTS RECEIVABLE

Form and Line Reference	Explanation
PART III, LINE 4	SEE PAGE 17 OF THE ATTACHED FINANCIAL STATEMENTS FOR THE FOOTNOTE WHICH DISCUSSES BAD DEBT
PART III, LINE 8	INTERNAL COST ACCOUNTING CALCULATIONS WERE USED TO DETERMINE THE MEDICARE ALLOWABLE COSTS

Form and Line Reference	Explanation
PART III, LINE 9B	PATIENTS WHO ARE KNOWN TO QUALIFY FOR FINANCIAL ASSISTANCE WILL HAVE THEIR BALANCES DISCOUNTED BY THE APPLICABLE RATE AND ANY REMAINING BALANCES WILL BE BILLED TO THEM THE COLLECTION PRACTICES OF STATEMENTS, LETTERS, PHONE CALLS, REFERRAL TO THIRD PARTY COLLECTION AGENCIES, ETC ARE THE SAME FOR ALL PATIENTS WITH A BALANCE DUE IF DURING A CALL THE PATIENT ASKS FOR FINANCIAL ASSISTANCE, AN APPLICATION IS MAILED TO THEM THE ORGANIZATION DID NOT IMPOSE COLLECTION ACTIONS FOR ANY PATIENT WITHOUT FIRST MAKING REASONABLE EFFORTS TO DETERMINE WHETHER THAT PATIENT WAS ELIGIBLE FOR FINANCIAL ASSISTANCE
PART VI, LINE 2	THE ORGANIZATION ASSESSES THE HEALTH CARE NEEDS OF THE COMMUNITIES IT SERVES THROUGH A HEALTH STATUS AND DEMOGRAPHIC ANALYSIS, AND A SURVEY OF KEY STAKEHOLDERS IN THE COMMUNITY HEALTH PRIORITIES WERE DISCUSSED AND INDENTIFIED BY THE RMH CHNA WORKGROUP

Form and Line Reference	Explanation
PART VI, LINE 3	SEE EXPLANATION FOR PART V, SECTION C, LINE 18E
PART VI, LINE 4	THE ROCKINGHAM MEMORIAL HOSPITAL SERVICE AREA IS RURAL AND CONTAINS TWO MEDICALLY UNDERSERVED POPULATIONS IN THE CITY OF HARRISONBURG, THERE ARE OVER 50 DISTINCT LANGUAGES OF ORIGIN SPOKEN BY STUDENTS IN THE HARRISONBURG CITY PUBLIC SCHOOLS COMPARED TO VIRGINIA AS A WHOLE, THE RMH SERVICE AREA HAS HIGHER RATES OF LOW-INCOME HOUSEHOLDS AND LOWERS EDUCATIONAL ATTAINMENT

Form and Line Reference	Explanation
PART VI, LINE 5	THE ORGANIZATION HAS A COMMUNITY-BASED BOARD COMPRISED OF A MAJORITY OF MEMBERS WHO ARE NEITHER EMPLOYEES, CONTRACTORS, NOR FAMILY MEMBERS THEREOF GENERALLY, MEDICAL STAFF MEMBERSHIP IS OPEN TO ALL CARE PROVIDERS WHO MAY QUALIFY THE ORGANIZATION'S SURPLUS FUNDS ARE USED FOR IMPROVEMENTS IN PATIENT CARE, PROVISION OF SERVICES TO THE UNINSURED AND UNDERINSURED, MEDICAL EDUCATION, AND COMMUNITY PROGRAMS
PART VI, LINE 6	THE ORGANIZATION IS AFFILIATED WITH THE SENTARA HEALTHCARE SYSTEM ("SENTARA") SENTARA, A NOT FOR PROFIT HEALTH SYSTEM, OPERATES MORE THAN 100 SITES OF CARE SERVING RESIDENTS ACROSS VIRGINIA AND NORTHEASTERN NORTH CAROLINA THE SYSTEM IS COMPRISED OF 11 ACUTE CARE HOSPITALS, INCLUDING SEVEN IN HAMPTON ROADS, ONE IN NORTHERN VIRGINIA, TWO IN THE BLUE RIDGE REGIONS AND ONE IN SOUTH CENTRAL VIRGINIA, ADVANCED IMAGINING CENTERS, NURSING AND ASSISTED-LIVING CENTERS, OUT PATIENT CAMPUSES, TWO HOME HEALTH AND HOSPICE AGENCIES, A 3,800-PROVIDER MEDICAL STAFF, AND FOUR MEDICAL GROUPS WITH OVER 600 PROVIDERS ITS AFFILIATION WITH SENTARA ENHANCES THE ORGANIZATION'S ABILITY TO ACHIEVE BEST PRACTICES IN HEALTHCARE DELIVERY, ACQUIRE CUTTING EDGE TECHNOLOGY AND INTEGRATED INFORMATION SYSTEMS, AND PROVIDE A HIGHER LEVEL OF MEDICAL CARE TO VIRGINIA'S BLUE RIDGE REGION COMMUNITY THESE ATTRIBUTES BETTER POSITION THE ORGANIZATION TO ADDRESS HEALTH CARE REFORM AND OTHER PROFOUND CHANGES AFFECTING THE HEALTHCARE ENVIRONMENT

Additional Data

Software ID:

Software Version:

EIN: 54-0506331

Name: SENTARA RMH MEDICAL CENTER

Form 990 Schedule H, Part V Section D. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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

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

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

Name and address	Type of Facility (describe)
1 MEDICAL OFFICE BLDG - PHYSIC PRACT 2006 HEALTH CAMPUS DRIVE HARRISONBURG,VA 22801	PHYSICIAN OFFICES - SPECIALTY PRACTICES
2 FUNKHOUSER WOMEN'S CENTER 2275 HEALTH CAMPUS DRIVE HARRISONBURG,VA 22801	PHYSICIAN OFFICES - SPECIALTY PRACTICES
3 RMH SOUTH MAIN HEALTH CENTER 1661 S MAIN STREET HARRISONBURG,VA 22801	PHYSICIAN OFFICES - SPECIALTY PRACTICES
4 RMH EAST ROCKINGHAM HEALTH CENTER 13737 SPOTSWOOD TRAIL ELKTON,VA 22827	PHYSICIAN OFFICES - SPECIALTY PRACTICES
5 REHAB SERVICES - PAVILION 2500 WELLNESS DRIVE HARRISONBURG,VA 22801	PHYSICIAN OFFICES - SPECIALTY PRACTICES
6 RMH HAHN CANCER CENTER 2008 HEALTH CAMPUS DRIVE HARRISONBURG,VA 22801	PHYSICIAN OFFICES - SPECIALTY PRACTICES
7 RMH VALLEY BEHAVIORAL MEDICINE 644 UNIVERSITY BLVD BROADWAY,VA 22815	PHYSICIAN OFFICES - SPECIALTY PRACTICES
8 RMH SPRINGBROOK FAMILY MEDICINE 173 E SPRINGBROOK ROAD BROADWAY,VA 22815	PHYSICIAN OFFICES - SPECIALTY PRACTICES
9 RMH OCCUPATIONAL HEALTH CENTER 1790-64B E MARKET STREET HARRISONBURG,VA 22801	PHYSICIAN OFFICES - SPECIALTY PRACTICES
10 RMH LURAY HEALTH CENTER 135 GENERAL DRIVE LURAY,VA 22835	PHYSICIAN OFFICES - SPECIALTY PRACTICES
11 RMH NEW MARKET HEALTH CENTER 9626 S CONGRESS ST NEW MARKET,VA 22844	PHYSICIAN OFFICES - SPECIALTY PRACTICES
12 RMH MOUNT JACKSON HEALTH CENTER 120 MEDICAL AVENUE MT JACKSON,VA 22842	PHYSICIAN OFFICES - SPECIALTY PRACTICES
13 RMH TIMBERVILLE HEALTH CENTER 165 NEW MARKET ROAD TIMBERVILLE,VA 22853	PHYSICIAN OFFICES - SPECIALTY PRACTICES
14 BRIDGEWATER REHAB 302 N SECOND STREET BRIDGEWATER,VA 22812	PHYSICIAN OFFICES - SPECIALTY PRACTICES
15 RMH CENTER FOR SLEEP MEDICINE 640 SOUTH MAIN ST HARRISONBURG,VA 22801	PHYSICIAN OFFICES - SPECIALTY PRACTICES
16 RMH TIMBERVILLE RADIOLOGYLAB 444 NEW MARKET ROAD TIMBERVILLE,VA 22853	PHYSICIAN OFFICES - SPECIALTY PRACTICES
17 RMH INTEGRATIVE MEDICINE 1931 MEDICAL AVENUE HARRISONBURG,VA 22801	PHYSICIAN OFFICES - SPECIALTY PRACTICES

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As Filed Data -

DLN: 93493314008674

Schedule I  
(Form 990)

Grants and Other Assistance to Organizations,  
Governments and Individuals in the United States  
Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.  
Attach to Form 990  
Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047  
**2013**  
Open to Public  
Inspection

Department of the Treasury  
Internal Revenue Service

Name of the organization  
SENTARA RMH MEDICAL CENTER

Employer identification number  
54-0506331

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ☒ Yes ☐ No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) CENTRAL SHENANDOAH EMERGENCY MEDICAL SERVICES 2312 WEST BEVERLY STREET STAUNTON,VA 24401	54-1906904	501(C)(3)	10,000				COUNCIL'S AMERICAN HEART ASSOCIATION COMMUNITY TRAINING CENTER SUPPORT
(2) HARRISONBURG ROCKINGHAM FREE CLINIC 25 WEST WATER STREET HARRISONBURG,VA 22801	54-1568909	501(C)(3)	9,280				CHRONIC DIABETES MANAGEMENT PROGRAM
(3) FUTURE GENERATIONS 390 ROAD LESS TRAVELED FRANKLIN,WV 26807	54-1651305	501(C)(3)	7,000				PENDELTON COUNTY DIABETES MANAGEMENT PROGRAM

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

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

**Part III**

**Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

(a)Type of grant or assistance	(b)Number of recipients	(c)Amount of cash grant	(d)Amount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) EMPLOYEE RELIEF FUND	48	49,938			
(2) PATIENT MEDICAL EXPENSES	342	195,759			
(3) FITNESS CENTER SCHOLARSHIPS	96	13,414			
(4) SCHOLARSHIPS	6	8,000			

Part IV Supplemental Information. Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.	
Return Reference	Explanation
PART I, LINE 2	SENTARA RMH MEDICAL CENTER HAS A CAREFUL SCREENING PROCESS IN REVIEWING GRANT APPLICANTS THE APPLICATIONS ARE FIRST REVIEWED BY A SMALL COMMITTEE USING ESTABLISHED CRITERIA SUCH AS 1) WHAT COMMUNITY NEED IS BEING ADDRESSED, 2) THE ROLE OF PARTNERS IN THE INITIATIVE, 3) AN ACTION PLAN WITH SPECIFIC ACTIVITIES, 4) MEASURABLE GOALS OR OUTCOMES, 5) BUDGET, AND 6) SUSTAINABILITY FOR THE PROJECT IN THE FUTURE IF AWARDED THE GRANT, THE APPLICANT IS REQUIRED TO SUBMIT A WRITTEN REPORT OF THE OUTCOME WITHIN 12 MONTHS NO GRANTS ARE MADE OUTSIDE OF THE UNITED STATES
SCHEDULE I, PART III	-THE EMPLOYEE RELIEF FUND PROVIDES ASSITANCE TO EMPLOYEES WITH FINANCIAL NEED -PATIENT MEDICAL EXPENSES IS THE PAYMENT OF MEDICAL COSTS FOR INDIGENT PATIENTS -FITNESS CENTER SCHOLARSHIPS ARE SCHOLARSHIPS AWARDED TO INDIVUALS WHO HAVE AN IDENTIFIED MEDICAL NEED REQUIRING ONGOING PARTICIPATION IN AN EXERCISE PROGRAM - SCHOLARSHIPS ARE AWARDED TO NURSING STUDENTS WITH FINANCIAL NEED



Schedule J  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Compensation Information

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
SENTARA RMH MEDICAL CENTER

Employer identification number  
54-0506331

Part I

Questions Regarding Compensation

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

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

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

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

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

**Part III** Supplemental Information

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

Return Reference	Explanation
PART I, LINE 1A	MEMBERSHIP TO VALLEY WELLNESS CENTER, A RELATED 501(C)(3) ORGANIZATION WAS PROVIDED AT REDUCED RATES. THIS BENEFIT IS AVAILABLE TO ALL ORGANIZATION'S EMPLOYEES.
PART I, LINES 4A-B	HOWARD KERN PARTICIPATED IN THE SENTARA SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN. PARTICIPATION IN THE PLAN IS LIMITED TO SELECT INDIVIDUALS AS APPROVED BY SENTARA HEALTHCARE'S BOARD OF DIRECTOR'S COMPENSATION COMMITTEE. THE PLAN IS CURRENTLY CLOSED TO ADDITIONAL MEMBERS. VESTING OCCURS UPON THE COMPLETION OF A TWO-YEAR NON-COMPETE PERIOD FOLLOWING TERMINATION AFTER EARLY RETIREMENT DATE OR UPON DEATH. EARLY RETIREMENT DATE IS WHEN THE EXECUTIVE OBTAINS AT LEAST AGE 55 AND HAS 10 YEARS OF SERVICE AND BENEFITS ARE FORFEITED IF PARTICIPANT LEAVES PRIOR TO AGE 55 WITH 10 YEARS OF SERVICE. DAVID BERND PARTICIPATED IN AN INDIVIDUAL SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN. VESTING OCCURS EACH DECEMBER 31 AND THE PRESENT VALUE OF THE ADDITIONAL ACCRUAL IS DISTRIBUTED IN A TAXABLE LUMP SUM. FOR 2013, MR. BERND RECEIVED A TOTAL LUMP SUM DISTRIBUTION OF \$844,040. THIS AMOUNT HAS BEEN REPORTED IN COLUMN (B)(III) OF SCHEDULE J, PART II. DAVID BERND AND HOWARD KERN PARTICIPATED IN THE SENTARA OPTION PLAN FOR EXECUTIVES. THIS PLAN IS UNRELATED TO "EQUITY" OF THE EMPLOYER. PARTICIPATION IS LIMITED TO SELECT INDIVIDUALS AS APPROVED BY SENTARA HEALTHCARE'S BOARD OF DIRECTOR'S COMPENSATION COMMITTEE. VESTING IS DETERMINED BY THE GOVERNING BOARD OF SENTARA HEALTHCARE AND IS SEPARATELY STATED IN EACH PARTICIPANT'S OPTION AGREEMENT. THERE WERE NO OPTIONS GRANTED AFTER 2002. DAVID BERND, HOWARD KERN, KENNETH KRAKAUR, TERRY GILLILAND, M.D., AND JAMES KRAUSS PARTICIPATED IN THE SENTARA CAPITAL ACCUMULATION ACCOUNT PLAN. PARTICIPATION IS LIMITED TO A SELECT GROUP OF CORPORATE EXECUTIVES AS APPROVED BY SENTARA HEALTHCARE'S BOARD OF DIRECTOR'S COMPENSATION COMMITTEE. TERMS OF THE PLAN CHANGED EFFECTIVE JANUARY 1, 2009, WHEREBY VESTING OF CONTRIBUTIONS MADE ON OR AFTER THAT DATE NOW OCCURS ON THE EARLIER OF FIVE YEARS FOR EACH YEAR'S CONTRIBUTIONS OR AGE 55 WITH 10 YEARS OF SERVICE. UNDER THE OLD TERMS, VESTING OF CONTRIBUTIONS MADE PRIOR TO JANUARY 1, 2009 OCCURS ON THE EARLIEST OF ASSIGNED DISTRIBUTION DATE, DEATH, INVOLUNTARY TERMINATION WITHOUT CAUSE OR COMPLETION OF TWO-YEAR NON-COMPETE AFTER VOLUNTARY TERMINATION (REGARDLESS OF ORIGINAL ASSIGNED DISTRIBUTION DATE). DURING 2013, THE FOLLOWING CORPORATE EXECUTIVES RECEIVED VESTED DISTRIBUTIONS UNDER THE PLAN: HOWARD KERN (\$134,952), JAMES KRAUSS (\$17,768) AND KENNETH KRAKAUR (\$81,091). THESE AMOUNTS HAVE BEEN REPORTED IN COLUMN (B)(III) OF SCHEDULE J, PART II. DALE CARROLL AND RICHARD HAUSHALTER PARTICIPATE IN THE ORGANIZATION'S SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN. PARTICIPATION IS LIMITED TO THE CEO, CMO, AND COO POSITIONS. THE PLAN IS A DEFINED CONTRIBUTION PLAN WITH ANNUAL CONTRIBUTIONS EQUAL TO A FIXED PERCENT OF TOTAL COMPENSATION. THE FIXED PERCENT IS SET AT PLAN ENTRY AND NEVER ADJUSTED REGARDLESS OF WHETHER OR NOT ASSUMPTIONS ARE REALIZED. CONTRIBUTIONS ARE MADE AT THE END OF THE PLAN YEAR TO ACTIVE EXECUTIVES (NOT PAID IF SEPARATION OF SERVICE DURING YEAR). DURING 2013, DISTRIBUTIONS UNDER THE PLAN WERE AS FOLLOWS: DALE CARROLL (\$39,696) AND RICHARD HAUSHALTER (\$53,030). THESE AMOUNTS HAVE BEEN REPORTED IN COLUMN (B)(III) OF SCHEDULE J, PART II.
PART I, LINE 7	DURING 2013, THE ORGANIZATION MADE NON-FIXED PAYMENTS OF COMPENSATION UNDER THE FOLLOWING INCENTIVE PROGRAM: SHORT-TERM INCENTIVE PLAN - EXECUTIVES AND SENIOR LEADERS ARE ELIGIBLE FOR ANNUAL AWARDS BASED ON SYSTEM AND INDIVIDUAL PERFORMANCE.

Additional Data

Software ID:  
Software Version:  
EIN: 54-0506331  
Name: SENTARA RMH MEDICAL CENTER

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
HOWARD P KERN DIRECTOR/VICE CHAIR	(i)	0	0	0	0	0	0	0
	(ii)	888,192	820,913	156,598	638,375	21,721	2,525,799	200,477
DAVID L BERND DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	1,290,579	1,426,213	884,805	188,187	27,382	3,817,166	394,615
KENNETH M KRAKAUR DIRECTOR(THRU 11/13)	(i)	0	0	0	0	0	0	0
	(ii)	515,244	409,889	95,273	27,448	21,089	1,068,943	99,050
TERRY M GILLILAND MD DIRECTOR(AS OF 11/13)	(i)	0	0	0	0	0	0	0
	(ii)	473,261	182,965	35,005	64,688	5,926	761,845	0
J MICHAEL BURRIS TREASURER	(i)	0	0	0	0	0	0	0
	(ii)	268,004	91,434	0	70,124	23,342	452,904	0
JAMES D KRAUSS PRESIDENT	(i)	490,083	234,442	32,140	77,883	13,927	848,475	0
	(ii)	0	0	0	0	0	0	0
DONNA S HAHN VP, ACUTE CARE/CNE	(i)	195,218	47,528	732	31,302	21,125	295,905	0
	(ii)	0	0	0	0	0	0	0
JOHN A MCGOWAN RMH MEDICAL GROUP CEO	(i)	299,695	94,510	2,400	15,000	20,445	432,050	0
	(ii)	0	0	0	0	0	0	0
WILLIAM LENNEN MD ORTHOPEDIC SURGEON	(i)	703,332	267,478	64,412	15,000	24,067	1,074,289	0
	(ii)	0	0	0	0	0	0	0
MARK COGGINS MD ORTHOPEDIC SURGEON	(i)	506,512	39,874	7,540	7,500	20,068	581,494	0
	(ii)	0	0	0	0	0	0	0
CHRISTOPHER DIPASQUALE DO ORTHOPEDIC SURGEON	(i)	723,982	343,663	1,720	15,000	20,865	1,105,230	0
	(ii)	0	0	0	0	0	0	0
THOMAS WEBER MD FAMILY PRACTITIONER	(i)	290,736	322,139	17,770	15,000	22,803	668,448	0
	(ii)	0	0	0	0	0	0	0
HEIDI GORSUCH- RAFFERTY MD BREAST SURGEON	(i)	330,572	209,182	16,563	17,500	26,758	600,575	0
	(ii)	0	0	0	0	0	0	0
DALE A CARROLL FORMER KEY EMPLOYEE	(i)	362,122	113,308	46,718	65,128	17,074	604,350	0
	(ii)	0	0	0	0	0	0	0
KATHERINE A HARRISON FORMER KEY EMPLOYEE	(i)	165,597	40,362	829	5,350	9,870	222,008	0
	(ii)	0	0	0	0	0	0	0
RICHARD L HAUSHALTER FORMER KEY EMPLOYEE	(i)	306,762	94,739	72,902	26,724	16,370	517,497	0
	(ii)	0	0	0	0	0	0	0
MICHAEL J ROZMUS FORMER KEY EMPLOYEE	(i)	211,759	53,620	1,060	22,752	20,333	309,524	0
	(ii)	0	0	0	0	0	0	0
MERV WEBB FORMER KEY EMPLOYEE	(i)	69,617	43,398	2,938	-28,820	4,713	91,846	0
	(ii)	0	0	0	0	0	0	0
MARK ZIMMERMAN FORMER KEY EMPLOYEE	(i)	212,435	52,384	1,956	28,802	17,474	313,051	0
	(ii)	0	0	0	0	0	0	0

Schedule L  
(Form 990 or 990-EZ)

Transactions with Interested Persons

OMB No 1545-0047

2013

Open to Public Inspection

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

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

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

Name of the organization  
SENTARA RMH MEDICAL CENTER

Employer identification number  
54-0506331

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

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

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

2

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

3

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

Part II Loans to and/or From Interested Persons.

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

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e)Original principal amount	(f)Balance due	(g) In default?		(h) Approved by board or committee?		(i)Written agreement?	
			To	From			Yes	No	Yes	No	Yes	No
(1) DR WILLIAM LENNEN HIGHEST COMPENS		PHYS RECRUIT-INC GUAR		X	150,000	38,078		No		No	Yes	
(2) DR THOMAS WEBER HIGHEST COMPENSAT		PHYS RECRUIT-INC GUAR		X	125,000	112,179		No		No	Yes	
Total ▶ \$						150,257						

Part III Grants or Assistance Benefitting Interested Persons.

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

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

**Part IV Business Transactions Involving Interested Persons.**

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) PATHOLOGY ASSOCIATES OF HARRISONBURG	>5%-OWNED BY DIRECTOR ALDEN HOSTETTER, M D	211,255	PATHOLOGY SERVICES		No
(2) PLEASANT RUN LLC	>5%-OWNED BY DIRECTOR MENSEL D DEAN, JR	3,000,000	LOAN		No

**Part V Supplemental Information**

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

Return Reference	Explanation
SCH L, PART IV	DIRECTORS/TRUSTEES/OFFICERS/KEY EMPLOYEES OF THE ORGANIZATION MAY ALSO SERVE AS DIRECTORS/TRUSTEES/OFFICERS OF RELATED TAXABLE ENTITIES WITHIN THE SENTARA HEALTHCARE SYSTEM SEE SCHEDULE R FOR A LISTING OF TRANSACTIONS THE ORGANIZATION HAD WITH THESE RELATED TAXABLE ENTITIES

SCHEDULE M  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Noncash Contributions

▶Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.  
▶ Attach to Form 990.

▶Information about Schedule M (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
SENTARA RMH MEDICAL CENTER

Employer identification number  
54-0506331

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art . . . . .	X	1	12,500	FMV
2 Art—Historical treasures . . . . .				
3 Art—Fractional interests . . . . .				
4 Books and publications . . . . .				
5 Clothing and household goods . . . . .				
6 Cars and other vehicles . . . . .				
7 Boats and planes . . . . .				
8 Intellectual property . . . . .				
9 Securities—Publicly traded . . . . .	X	6	73,586	FMV
10 Securities—Closely held stock . . . . .				
11 Securities—Partnership, LLC, or trust interests . . . . .				
12 Securities—Miscellaneous . . . . .				
13 Qualified conservation contribution—Historic structures . . . . .				
14 Qualified conservation contribution—Other . . . . .				
15 Real estate—Residential . . . . .				
16 Real estate—Commercial . . . . .				
17 Real estate—Other . . . . .				
18 Collectibles . . . . .				
19 Food inventory . . . . .				
20 Drugs and medical supplies . . . . .				
21 Taxidermy . . . . .				
22 Historical artifacts . . . . .				
23 Scientific specimens . . . . .				
24 Archeological artifacts . . . . .				
25 Other ▶ ( )				
26 Other ▶( )				
27 Other ▶( )				
28 Other ▶ ( )				
29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . . .	29			
30a During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? . . . . .	30a	Yes	No	
b If "Yes," describe the arrangement in Part II				
31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?	31	Yes		
32a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? . . . . .	32a		No	
b If "Yes," describe in Part II				
33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II				

**Part III**

**Supplemental Information.** Provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

Return Reference	Explanation
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2013

Open to Public  
Inspection

SCHEDULE O

(Form 990 or 990-EZ)

Department of the Treasury

Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

▶ Attach to Form 990 or 990-EZ.

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

Name of the organization

SENTARA RMH MEDICAL CENTER

Employer identification number

54-0506331

Return Reference	Explanation	
	FORM 990, PART III, LINE 4A	<p>PROGRAM SERVICE ACCOMPLISHMENTS SENTARA HEALTHCARE I YOUR NOT-FOR-PROFIT HEALTH PARTNER F OR 125 YEARS, SENTARA HAS BEEN COMMITTED TO HELPING PEOPLE JUST LIKE YOU, PEOPLE WHO WANT THE MOST DEDICATED MEDICAL PROFESSIONALS HELPING THEM THROUGH EVERY STAGE OF LIFE TO PROV IDE A RANGE OF QUALITY CARE, WE HAVE GROWN SLOWLY THROUGHOUT VIRGINIA AND NORTH CAROLINA WE HAVE REACHED OUT TO INDUSTRY LEADERS AND JOINED FORCES, AND WE NOW OPERATE MORE THAN 10 0 SITES OF CARE, INCLUDING 12 ACUTE CARE HOSPITALS - SEVEN IN HAMPTON ROADS, ONE IN NORTHE RN VIRGINIA, TWO IN THE BLUE RIDGE REGION OF VIRGINIA, ONE IN SOUTHERN VIRGINIA AND ONE IN NORTH CAROLINA FOR MORE THAN A DECADE, MODERN HEALTHCARE MAGAZINE HAS RANKED US AS ONE O F THE NATION'S TOP INTEGRATED HEALTHCARE SY STEMS OUR NOT-FOR-PROFIT SY STEM PROUDLY INCLUD ES ADVANCED IMAGING CENTERS, NURSING AND ASSISTED-LIVING CENTERS, OUTPATIENT CAMPUSES, PHY SICAL THERAPY AND REHABILITATION SERVICES, HOME HEALTH AND HOSPICE AGENCY , A 3,800-PROVIDE R MEDICAL STAFF, AND FOUR MEDICAL GROUPS IN ADDITION, WE PROVIDE MEDICAL TRANSPORT AMBULA NCES AND NIGHTINGALE AIR AMBULANCE, AND EXTEND HEALTH INSURANCE TO 440,000 PEOPLE THROUGH OPTIMA HEALTH, OUR AWARD-WINNING HEALTH PLAN AMONG OUR MANY STRENGTHS, WE ARE A NATIONAL LEADER IN HEART AND KIDNEY CARE, STROKE CARE, AND INFECTION PREVENTION, AND WE WERE THE FI RST IN THE NATION TO PIONEER AND DEVELOP THE EICU, A REMOTE MONITORING SY STEM FOR INTENSIV E CARE OUR DEDICATION TO IMPROVING AND INCREASING MEDICAL OPTIONS FOR OUR PATIENTS IS REI NFORCED BY OUR ONGOING PARTICIPATION IN NATIONAL AND INTERNATIONAL RESEARCH THESE VITAL M EDICAL TRIALS HELP US ADVANCE TOWARD OUR MISSION OF IMPROVING HEALTH EVERY DAY IN NOVEMBE R 2013, WE PROUDLY CELEBRATED 125 YEARS OF DELIVERING COMPASSIONATE AND QUALITY CARE WHEN WE BEGAN AS THE RETREAT FOR THE SICK IN 1888 IN NORFOLK, VIRGINIA, MEDICAL PROVIDERS DEDI CATED THEMSELVES TO CARING FOR NORFOLK'S POOR, FOCUSED ON MEETING THEIR IMMEDIATE HEALTHCA RE NEEDS AS NOTED ABOVE AND DETAILED IN THIS REPORT, WE HAVE GROWN INTO A MULTI-STATE, IN TEGRATED HEALTHCARE SY STEM COMMITTED TO STILL DELIVERING THAT SAME COMPASSIONATE AND QUALI TY CARE AND REACHING FAR BEYOND THE PATIENTS WHO COME DIRECTLY TO US WE STRIVE TO SERVE E VERYONE IN OUR COMMUNITIES THROUGH HEALTH OUTREACH PROGRAMS, EDUCATION AND FINANCIAL SUPPO RT OF OTHER NOT-FOR-PROFIT HEALTH ORGANIZATIONS II GROWING THE SENTARA FAMILY SINCE THE B EGINNING, SENTARA HAS REACHED OUT TO NEARBY INDUSTRY LEADERS AND JOINED FORCES TO EXTEND H EALTHCARE TO MORE PEOPLE IN RECENT YEARS, WE HAVE GROWN IN VIRGINIA AND NORTH CAROLINA BY SEEKING PARTNERSHIPS WITH LONG-ESTABLISHED AND SUCCESSFUL HOSPITALS AND HEALTHCARE SY STEM S WHO SHARE OUR DEDICATION TO EXCELLENCE AND VALUE SOME OF OUR MOST RECENT ADDITIONS INCL UDE A HALIFAX REGIONAL HOSPITAL IN THE FALL OF 2012, HALIFAX REGIONAL HOSPITAL SIGNED A LETTER OF INTENT TO AFFILIATE WITH SENTARA HEALTHCARE IT IS AN INTEGRATED SY STEM INCLUDIN G A 192-BED HOSPITAL, THREE LONG-TERM CARE FACILITIES, A HOME CARE AND HOSPICE FACILITY, A ND A BROAD RANGE OF SPECIALTIES AND OUTPATIENT SERVICES ACROSS THE SOUTH BOSTON REGION, AB OUT 165 MILES WEST OF NORFOLK THE MERGER WAS COMPLETED JULY 1, 2013, WHICH ALSO MARKED HA LIFAX'S 60TH ANNIVERSARY SERVING THE SOUTH BOSTON COMMUNITY THE SYSTEM'S EXTENSIVE EXPERI ENCE SERVING RURAL COMMUNITIES MAKES IT PARTICULARLY VALUABLE TO LOCALS AND COMPLEMENTS SE NTARA'S COMMITMENT TO PERSONALIZED HEALTHCARE IT IS NOW THE 11TH OF 12 HOSPITALS IN SENTAR A'S NOT-FOR-PROFIT INTEGRATED HEALTH SY STEM B SENTARA ALBEMARLE HOSPITAL, MEDICAL GROUP AND RELATED FACILITIES SENTARA HEALTHCARE AND ALBEMARLE HEALTH OF NORTHEASTERN NORTH CAROL INA BEGAN A PARTNERSHIP MARCH 1, 2014, AFTER APPROVAL BY THE PASQUOTANK COUNTY BOARD OF CO MMISSIONERS AND THE ALBEMARLE HOSPITAL AUTHORITY BOARD OF COMMISSIONERS AND THEIR TWO-YEAR PROCESS OF EVALUATING POTENTIAL PARTNERS ALL FOUR ENTITIES SHARE THE GOALS OF IMPROVING THE COMMUNITY'S ACCESS TO PRIMARY CARE, MANAGING CHRONIC DISEASE AND IMPROVING SERVICES AN D PROGRAMS IN THE REGION LOCATED IN ELIZABETH CITY, SENTARA ALBEMARLE MEDICAL CENTER IS A 182 LICENSED BED, FULL-SERVICE FACILITY OFFERING A WIDE RANGE OF SERVICES, INCLUDING INP ATIENT AND CRITICAL CARE, A FULL ARRAY OF SURGICAL SERVICES, SOPHISTICATED DIAGNOSTIC IMAG ING TECHNOLOGY, COMPREHENSIVE WOMEN'S CARE, CARDIOLOGY, CANCER TREATMENT, REHABILITATION S ERVICES AND MORE SENTARA ALBEMARLE MEDICAL CENTER HAS ASSEMBLED A MEDICAL STAFF OF MORE T HAN 100 PHYSICIANS, REPRESENTING NEARLY 30 SPECIALTIES, AND A CARING STAFF OF ALMOST 1,000 EMPLOYEES IT IS NUMBER 12 OF OUR 12 HOSPITALS ALBEMARLE PHYSICIAN SERVICES SENTARA BRIN GS TOGETHER A DEDICATED TEAM OF PRIMARY CARE AND SPECIALTY PHYSICIANS TO CARE FOR PATIENTS ACROSS NORTHEASTERN NORTH CAROLINA ALL OF THE FACILITIES ADOPTED THE SENTARA NAME IN MAY 2014 III CONSTANTLY LOOKING AHEAD TO BEST SERVE OUR COMMUNITIES AND PROVIDE THE MOST PAT IENT-FOCUSED, COST-EFFECTIVE HEALTHCARE POSSIBLE,</p>

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	FORM 990, PART III, LINE 4A	<p>WE SEEK TO EXPAND AND ENHANCE OUR SERVICES IN A VARIETY OF WAYS WE STRIVE TO BE THE FIRST IN OUR COMMUNITIES TO OFFER NEW, YET PROVEN, MEDICAL PROCEDURES, AND WE REACH OUT TO NEW COMMUNITIES TO OFFER SERVICES WE HAVE PROUDLY AND SUCCESSFULLY OFFERED IN OTHER REGIONS WE ALSO LEAD AND PARTICIPATE IN RESEARCH EFFORTS TO IDENTIFY AND TEST FUTURE TREATMENTS AND BEST PRACTICES SOME OF THE WAYS WE HAVE DONE THIS RECENTLY INCLUDE A OFFERING NEW PROCEDURES AND TECHNOLOGY SENTARA PHYSICIANS LEAD THE WAY BY OFFERING LIFE-SAVING PROCEDURES PREVIOUSLY NOT AVAILABLE OR NOT READILY AVAILABLE BY DOING SO, THEY GIVE RESIDENTS THE COMFORT AND COST-SAVINGS OF BEING CLOSE TO HOME WHILE IMPROVING THEIR HEALTH IN 2013, SENTARA ADDED 3D MAMMOGRAPHY, A BREAKTHROUGH TECHNOLOGY FOR DETECTING EARLY BREAST CANCER, AT EIGHT BREAST IMAGING LOCATIONS FROM WILLIAMSBURG TO VIRGINIA BEACH THIS ADVANCED TECHNOLOGY CREATES 3D BREAST RECONSTRUCTIONS SO RADIOLOGISTS CAN VIEW BREASTS IN THIN LAYERS AND SEE EARLY CANCERS THAT WOULD NOT BE VISIBLE USING OTHER MAMMOGRAPHY IN 2012, SENTARA WILLIAMSBURG REGIONAL MEDICAL CENTER STARTED A NEW TREATMENT FOR SEVERE ASTHMA CALLED BRONCHIAL THERMOPLASTY THIS MINIMALLY INVASIVE OUTPATIENT PROCEDURE USES A BRONCHOSCOPE TO DELIVER THERMAL ENERGY TO THE LUNGS OF PATIENTS WITH ASTHMA TO DECREASE THE AMOUNT OF SMOOTH MUSCLE IN THE LUNGS THE MUSCLES THAT CONSTRICT AND RESULT IN ASTHMA SYMPTOMS THAT SAME YEAR, THE SENTARA CANCER NETWORK'S MOBILE PET/CT BEGAN PERFORMING BODY SCANS TO DISCOVER AND STAGE CANCERS THAT MAY HAVE SPREAD TO THE BONES THIS IS POSSIBLE DUE TO THE FDA'S APPROVAL OF THE USE OF 18F-SODIUM FLUORIDE AS AN INJECTION AT ROCKINGHAM MEMORIAL HOSPITAL IN 2012, PATIENTS WITH THE HEART CONDITION ATRIAL FIBRILLATION BENEFITTED FROM A PROCEDURE CALLED CARDIAC CRYOABLATION, APPROVED BY THE FDA IN LATE 2010 CRYOABLATION EMPLOYS A SPECIAL BALLOON THAT'S FILLED WITH A COOLANT TO REDUCE ITS TEMPERATURE TO MINUS 80 DEGREES CELSIUS THE BALLOON IS APPLIED TO THE HEART TISSUES THAT CAUSE IRREGULAR HEARTBEATS, AND THE COLD TEMPERATURES DESTROY THE TISSUE AND CORRECT THE HEART'S PROBLEM IT HAS PROVED SUCCESSFUL FOR PATIENTS WHO DID NOT RESPOND FULLY TO OTHER TREATMENTS WITH A \$725,000 GRANT FROM THE POTOMAC HEALTH FOUNDATION, SENTARA NORTHERN VIRGINIA MEDICAL CENTER PURCHASED A NEW DIGITAL MAMMOGRAPHY VAN WITH THE VAN, THE CENTER REACHES WOMEN WITH LITTLE OR NO INSURANCE, IN HOPES OF DETECTING CANCER EARLIER IN WOMEN IN PRINCE WILLIAM COUNTY, WHERE THERE'S A HIGHER-THAN-AVERAGE DEATH RATE FROM BREAST CANCER ON SEPTEMBER 17, 2012, SURGEONS AND CARDIOLOGISTS AT SENTARA HEART HOSPITAL WERE THE FIRST IN THE WORLD TO BEGIN PERFORMING SURGERIES IN THE DUAL EPICARDIAL ENDOCARDIAL PERSISTENT (DEEP) ATRIAL FIBRILLATION FEASIBILITY TRIAL THIS FOOD AND DRUG ADMINISTRATION-APPROVED STUDY IS SPONSORED BY CARDIAC DEVICE MANUFACTURER ATRICURE, INC AND IS DESIGNED TO EVALUATE THE SAFETY AND EFFICACY OF A COMBINED PROCEDURE WHEREBY THE SURGEON CREATES LINES OF BLOCK ON THE OUTSIDE OF THE HEART WORKING THROUGH TINY CHEST INCISIONS B EXPANDING SERVICE AREAS AND PARTNERSHIPS IN 2013, WE LAUNCHED AN EFFORT TO BETTER SERVE THE SENIOR POPULATION IN HAMPTON ROADS THROUGH A MEDICARE ADVANTAGE PRODUCT FROM OPTIMA HEALTH, SENTARA HEALTHCARE'S AWARD-WINNING HEALTH PLAN, ONE SPECIALIZED SENTARA MEDICAL GROUP (SMG) PRACTICE AND A NEW COLLABORATION WITH SMG, EASTERN VIRGINIA MEDICAL SCHOOL, OPTIMA HEALTH, SENTARA HOME CARE AND LIFE CARE AND SENTARA HOSPITALS TO CREATE A SEAMLESS EXPERIENCE FOR PATIENTS ACROSS THE CONTINUUM OF CARE</p>

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	FORM 990, PART III, LINE 4A	<p>IN AUGUST 2012, SENTARA AND MDLIVE ANNOUNCED AN EQUITY PARTNERSHIP TO DELIVER REAL-TIME MEDICAL CONSULTATIONS VIA TELEPHONE AND ONLINE VIDEO THROUGH AN ESTABLISHED NETWORK OF PHYSICIANS. PATIENTS USE THE MDLIVE VIRTUAL CONSULT PLATFORM TO CONSULT DIRECTLY WITH A LICENSED SENTARA OR PARTNER PHYSICIAN WHO CAN DIAGNOSE LOW-ACUITY ILLNESSES, PROVIDE CARE, AND SUBSCRIBE PRESCRIPTIONS. IN 2013, SENTARA EMPLOYEES WITH OPTIMA HEALTH AND CIGNA INSURANCE RECEIVED THE BENEFIT OF SENTARA MDLIVE APPOINTMENTS FOR A \$15 CO-PAY. WE SAW OVER 2,000 SENTARA EMPLOYEES/DEPENDENTS COVERED UNDER OPTIMA INSURANCE REGISTER WITH MDLIVE. THAT SAME YEAR, 429 EMPLOYEES AND THEIR FAMILIES MADE AN APPOINTMENT WITH MDLIVE. SENTARA IS WORKING WITH MDLIVE TO PARTNER WITH OTHER HEALTH SYSTEMS TO OFFER THE BENEFITS TO THEIR EMPLOYEES AND IS WORKING TO LEVERAGE THE TECHNOLOGY TO PILOT NEW MODELS TO TRANSFORM CARE AND IMPROVE LIVES. C. EXPANDING EDUCATIONAL SERVICES CONTINUING TO GROW AND DEVELOP AS WE AIM TO MEET THE DEMAND FOR WELL-EDUCATED HEALTHCARE EXPERTS, THE SENTARA SCHOOL OF HEALTH PROFESSIONALS CHANGED ITS NAME IN 2009 TO THE SENTARA COLLEGE OF HEALTH SCIENCES (SCHS). AT THE SAME TIME, IT RECEIVED APPROVAL TO OFFER A BACCALAUREATE DEGREE IN NURSING, A REQUIREMENT MORE HOSPITALS ARE SETTING FOR ITS STAFF. OUR BACHELOR OF SCIENCE IN NURSING PROGRAM BEGAN IN AUGUST 2010 WITH FOUR WAYS TO RECEIVE A DEGREE: TRADITIONAL BSN, LPN TO BSN, RN TO BSN AND EARLY ADMISSION FOR HIGH SCHOOL SENIORS. THE COLLEGE IS PROVIDING A NEW POOL OF HIGHLY COMPETENT NURSES. THE FIRST RN TO BSN CLASS GRADUATED IN MAY 2012 WITH SEVEN GRADUATES. TWENTY-SIX STUDENTS ALSO GRADUATED IN THE NEW, TRADITIONAL BSN PROGRAM, AND ONE STUDENT GRADUATED IN THE NEW LPN TO BSN PROGRAM. ALL STUDENTS PRACTICE THEIR SKILLS IN SENTARA'S SIMULATION LAB. A MINIMUM OF EIGHT TIMES, ENABLING THEM TO PERFECT THEIR CRITICAL-THINKING SKILLS IN A SAFE ENVIRONMENT. THE LAB, EQUIPPED WITH SIX, HIGH-FIDELITY PROGRAMMABLE MANNEQUINS WHO CAN CRY, SWEAT, BREATHE RAPIDLY AND DEVELOP SYMPTOMS OF CARDIAC ARREST, IS LOCATED INSIDE SCHS -- A FEATURE NOT FOUND IN MANY NURSING PROGRAMS -- SO THAT IT IS EASILY ACCESSIBLE FOR BOTH STUDENTS AND PROFESSORS, AND CLASSROOM INSTRUCTION OR FEEDBACK CAN OCCUR IMMEDIATELY AFTERWARDS. WE FURTHERED OUR OFFERINGS WITH THE SURGICAL TECHNOLOGY PROGRAM AT THE COLLEGE LAUNCHING THE FIRST ASSOCIATE OF OCCUPATIONAL SCIENCE DEGREE WITH THE JANUARY 2013 CLASS. D. RESEARCHING FOR THE FUTURE IN A PATIENT STUDY CONDUCTED AT SENTARA LEIGH HOSPITAL IN 2012, NURSES WERE EMPOWERED TO GIVE IV FLUIDS AT THE EARLIEST SIGNS THAT A KNEE OR HIP JOINT REPLACEMENT PATIENT'S BLOOD PRESSURE WAS TRENDING DOWNWARD. BEFORE THE STUDY, A 10-STEP PROCESS INCLUDING A PHYSICIAN ORDER WAS REQUIRED. THIS NEW PROTOCOL SPEEDED CARE AND REDUCED THE NUMBER OF PATIENTS WHOSE CONDITIONS WORSENE DUE TO LOW BLOOD PRESSURE BY 30 PERCENT. STUDY FINDINGS WERE SHARED WITH ORTHOPEDIC NURSES FROM AROUND THE UNITED STATES DURING THE 33RD ANNUAL NATIONAL ASSOCIATION OF ORTHOPAEDIC NURSES CONFERENCE IN SAN ANTONIO IN MAY 2013. IN APRIL 2012, SENTARA HEART HOSPITAL JOINED THE HEARTLIGHT TRIAL FOR THE TREATMENT OF SYMPTOMATIC ATRIAL FIBRILLATION. USING A FIBER OPTIC LIGHT, DOCTORS LOOK INSIDE THE BEATING HEART OF PATIENTS, TESTING A NEW DEVICE CALLED THE CARDIOFOCUS HEARTLIGHT ENDOSCOPIC ABLATION SYSTEM. THE SYSTEM INCLUDES A BALLOON, SMALL CAMERA AND LASER LIGHT TO PRECISELY DELIVER LIGHT ENERGY TO MISFIRING AREAS OF THE HEART AND TO HELP RESTORE REGULAR HEART RHYTHM. THE STUDY REACHED A MILESTONE IN FEBRUARY 2013 WHEN IT ENROLLED MORE THAN HALF OF THE TOTAL STUDY PARTICIPANTS. IN A 10-MONTH, 2012 STUDY, SENTARA PHYSICIANS WORKED WITH THE EASTERN VIRGINIA MEDICAL SCHOOL STRELITZ DIABETES CENTER TO DEVELOP ALERTS IN THE SENTARA ECARE HEALTH NETWORK, OUR ELECTRONIC MEDICAL RECORD SYSTEM, WHEN A CHANGE OCCURS IN A DIABETIC PATIENT'S CONDITION. THE ALERTS OFFER GUIDANCE ABOUT THE APPROPRIATE CARE FOR EACH SITUATION. DURING THE STUDY PERIOD, PATIENTS SHOWED SUBSTANTIAL IMPROVEMENT. NEARLY 900 PATIENTS MOVED FROM THE HIGHEST LEVEL OF RISK FOR COMPLICATIONS TO A HEALTHIER RANGE. THE RESULTS WERE PRESENTED MAY 2, 2013 IN PHOENIX AT THE 22ND ANNUAL SCIENTIFIC AND CLINICAL CONGRESS OF THE AMERICAN ASSOCIATION OF CLINICAL ENDOCRINOLOGISTS (AACE). SENTARA PARTNERED WITH CUPRON AND EOS SURFACES IN 2013 TO LAUNCH THE WORLD'S LARGEST CLINICAL TRIAL TO TEST THE EFFECTIVENESS OF COPPER-INFUSED HARD SURFACES AND LINENS IN PREVENTING HOSPITAL-ACQUIRED INFECTIONS. THE STUDY LAUNCHED AT SENTARA NORFOLK GENERAL HOSPITAL'S ICU AND SENTARA LEIGH HOSPITAL'S EAST TOWER IN THE FIRST QUARTER OF 2014 WITH MORE THAN 15,000 HORIZONTAL SQUARE FEET OF PATENT-PENDING CUPRON-ENHANCED EOS SURFACES INSTALLED. ANTI-ODOR TEXTILES MANUFACTURED BY ENCOMPASS ARE USED FOR PATIENT BED LINENS, GOWNS AND OTHER TEXTILES. THE COMPREHENSIVE PROGRAM IS BELIEVED TO BE THE WORLD'S LARGEST HOSPITAL EVALUATION OF ANTIMICROBIAL-PROTECTED MATERIALS, WITH THE GOAL OF COMBATING</p>

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FORM 990, PART III, LINE 4A		<p>THE SPREAD OF PATHOGENS KNOWN TO CONTRIBUTE TO HEALTHCARE INFECTIONS APPROXIMATELY SEVEN MILLION PEOPLE WORLDWIDE SUFFER FROM HOSPITAL-ACQUIRED INFECTIONS EACH YEAR IV BUILDING FOR THE FUTURE ALONG WITH REACHING OUT TO NEW COMMUNITIES, SENTARA HEALTHCARE STRIVES TO BUILD ON OUR EXISTING SERVICES AND IN OUR ESTABLISHED AREAS SO THAT WE EXCEED OUR PATIENTS' EXPECTATIONS AND MEET GROWING HEALTHCARE DEMANDS SOME OF THE CHANGES WE HAVE INVESTED IN RECENTLY WITHIN OUR ESTABLISHED COMMUNITIES INCLUDE A LORTON OUTPATIENT FACILITIES NEW OUTPATIENT FACILITIES OPENED IN LORTON/FAIRFAX COUNTY IN JUNE 2013 IT INCLUDES A 24-HOUR EMERGENCY DEPARTMENT AND AN ADVANCED IMAGING CENTER WITH A 64-SLICE CT AT LORTON MARKETPLACE AND ANOTHER IMAGING CENTER AT LORTON STATION, WHICH ADDED 3D MAMMOGRAPHY IN JULY 2013 THESE ARE CONVENIENT HEALTHCARE DESTINATIONS IN A FAST-GROWING MARKETPLACE WHERE THE MAJORITY OF POPULATION GROWTH WILL BE FROM PEOPLE OVER 65 B BEHAVIORAL HEALTH UNIT A 24-BED INPATIENT BEHAVIORAL HEALTH UNIT OPENED AT SENTARA VIRGINIA BEACH GENERAL HOSPITAL IN JANUARY 2014 THE UNIT INCLUDES 16 BEDS DESIGNATED FOR GERIATRIC PATIENTS AND EIGHT GENERAL ADULT BEDS THE NUMBER OF PATIENTS SEEKING PSYCHIATRIC SERVICES THROUGH THE EMERGENCY DEPARTMENT AT SENTARA VIRGINIA BEACH GENERAL HAS INCREASED 111 PERCENT SINCE 2006 IN THE PAST, SOME PATIENTS HAVE HAD TO WAIT FOR ADMISSION IN THE EMERGENCY DEPARTMENT, WHERE A STAFF PERSON HAD TO BE COMMITTED TO THE PATIENT FOR HIS OR HER SAFETY THE NEW BEDS SPEED UP ADMISSION AND IMPROVE CARE C MARTHA JEFFERSON NEUROSCIENCE CENTER THE NEUROSCIENCE CENTER BEGAN SERVING PATIENTS IN JANUARY 2013 IT IS EQUIPPED WITH THE LATEST TECHNOLOGY, WITH ELECTROMYOGRAPHY (EMG) AND ELECTROENCEPHALOGRAPHY (EEG) DIAGNOSTIC EQUIPMENT, NEW VESTIBULAR BALANCE REHABILITATION EQUIPMENT, LOW-DOSE CT-IMAGING, AND COMPLETE COMPLEX BRAIN SURGERY SUCH AS STEREOTACTIC RADIOSURGERY (SRS) FOUR NEUROLOGISTS, TWO NEUROSURGEONS AND 13 REHABILITATION THERAPISTS ARE UNDER ONE ROOF TO ENSURE PATIENTS RECEIVE CARE IN ONE LOCATION THE CENTER HAS ROLLED-OUT MULTI-DISCIPLINARY SUBSPECIALTY CLINICS THAT DELIVER A COORDINATED, PATIENT-CENTERED APPROACH THE CLINICS INCLUDE THE SEIZURE DISORDER AND EPILEPSY CLINIC, THE NEUROPATHY CLINIC, THE STROKE RECOVERY CLINIC, THE COGNITIVE REHABILITATION CLINIC AND THE VESTIBULAR BALANCE AND FALLS PREVENTION CLINIC D SENTARA EASTERN VIRGINIA MEDICAL SCHOOL (EVMS) COMPREHENSIVE PELVIC FLOOR CENTER SENTARA AND EVMS PARTNERED IN FEBRUARY 2013 TO CREATE THE CENTER AND COMBINE THE LATEST IN RESEARCH, STATE-OF-THE-ART TECHNOLOGY AND A MULTIDISCIPLINARY CARE TEAM THE CENTER BRINGS TOGETHER SPECIALISTS IN UROGYNECOLOGY, GASTROENTEROLOGY, SPECIALIZED RADIOLOGY, UROLOGY, COLORECTAL MEDICINE AND SURGERY, PHYSICAL MEDICINE AND REHABILITATION, NUTRITION AND PHYSICAL THERAPY TO HELP PATIENTS WITH PROBLEMS RELATED TO THE LOWER URINARY TRACT AND THE PELVIC FLOOR ALMOST HALF OF ALL WOMEN AND ONE IN FIVE MEN WILL EXPERIENCE URINARY INCONTINENCE, AND ROUGHLY 10 PERCENT OF WOMEN WILL UNDERGO SURGERY FOR PELVIC ORGAN PROLAPSE OR URINARY INCONTINENCE</p>

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FORM 990, PART III, LINE 4A	<p>E SENTARA LEIGH TOWERS WORK BEGAN IN DECEMBER 2011 ON A MULTI-PHASE, THREE-YEAR PROJECT T O BUILD A NEW SENTARA LEIGH HOSPITAL ON THE SITE OF THE CURRENT ONE. SENTARA OPENED THE NE W EAST TOWER IN NOVEMBER 2013. ALONG WITH OUR PLANNED WEST TOWER, IT REPLACES THREE 1970S- ERA WINGS AT THE NORFOLK, VIRGINIA HOSPITAL. THE TOWERS FEATURE STATE-OF-THE-ART PATIENT R OOMS WITH PRIVATE BATHROOMS, NO-STEP SHOWERS AND OVERNIGHT ACCOMMODATIONS FOR FAMILIES. TH E PROJECT ALSO INCLUDES A 48-BED ORTHOPEDIC AND REHABILITATION CENTER ON THE FIRST FLOOR A ND EMPLOYS PART OF THE OUTSIDE GARDEN SPACE FOR WALKING EXERCISES ON DIFFERENT GRADES AND SURFACES, MAKING IT A TRUE HEALING GARDEN. THE TOWERS PROJECT WILL CONTINUE AS OUR STAFF M AINTAINS EXCELLENT, UNINTERRUPTED PATIENT CARE DURING THE PHASED CONSTRUCTION. F SENTARA HOSPICE HOUSE IN MARCH 2013, SENTARA OPENED SENTARA HOSPICE HOUSE, AN 8,311 SQUARE-FOOT FA CILITY TO PROVIDE CARE FOR UP TO 12 PEOPLE AND THEIR FAMILIES. PREVIOUSLY, WITH ONLY FIVE LIVE-IN HOSPICES IN VIRGINIA AND NONE IN HAMPTON ROADS, PATIENTS WERE NOT OFTEN ABLE TO CH OOSE THIS CARE. NOW THEY CAN. G ROCKINGHAM MEMORIAL HOSPITAL (RMH) WOMEN'S CENTER CONSTRU CTION BEGAN ON THE RMH FUNKHOUSER WOMEN'S CENTER IN JUNE 2012 AND WAS COMPLETED JUNE 2013. THE 15,000 SQUARE FOOT CENTER HOUSES WOMEN'S IMAGING, INCLUDING ADVANCED BREAST IMAGING/M AMMOGRAPHY AND BONE DENSITY SCREENING, RMH BREAST CARE, THE IMAGE RECOVERY CENTER AND RMH HEART CHECK FOR MEN AND WOMEN AND A SURGEON'S OFFICE. H ROCKINGHAM MEMORIAL HOSPITAL (RMH ) OUTPATIENT ORTHOPEDICS &amp; ADVANCED IMAGING CENTER RMH GAINED APPROVAL FOR THE NEW CENTER IN JULY 2012. THE NEW FACILITY WILL BE AN ORTHOPEDIC AND SPORTS MEDICINE DESTINATION INCLU DING ADVANCED IMAGING, RMH ORTHOPEDICS AND SPORTS MEDICINE, REHABILITATION THERAPY, A SPOR TS PERFORMANCE ARENA AND AN INTERVENTIONAL SUITE FOR PAIN MANAGEMENT AND SPECIAL PROCEDURE S. THE CENTER IS SCHEDULED TO BE COMPLETED IN LATE 2015. I MARTHA JEFFERSON OUTPATIENT CA RE CENTER A NEW OUTPATIENT CARE CENTER OPENED IN THE FALL OF 2012, WITH A FREE-STANDING 24 -HOUR ED AND IMAGING, LABORATORY SERVICES AND A PRIMARY CARE PRACTICE. THE ED SHORTENS TRA VEL TIME FOR EMS PROVIDERS, AND THE FACILITY AS A WHOLE HELPS CUT TRAVEL TIME FOR PATIENTS IN THE NORTHERN COUNTIES OF VIRGINIA. V SENTARA QUALITY &amp; PATIENT SAFETY DISTINCTIONS A MEASURING QUALITY HEALTHCARE SINCE OUR HEALTH SYSTEMS EARLIEST YEARS, WE HAVE BELIEVED T HE COMMUNITY DESERVES HEALTHCARE THAT IS MEASURABLY BETTER. SENTARA'S GOAL IS TO BE ACCRED ITED BY RESPECTED NATIONAL ORGANIZATIONS AND TO ACHIEVE TOP 10 PERCENT PERFORMANCE WHEREVE R BENCHMARKS EXIST. WE ARE PROUD OF THE WORK WE HAVE DONE SO FAR TOWARD THIS GOAL, AS IT H AS BEEN RECOGNIZED IN MANY WAYS. 1 TOP 100 INTEGRATED HEALTHCARE NETWORK SENTARA HAS CONS ISTENTLY RANKED AMONG THE NATION'S TOP INTEGRATED HEALTHCARE NETWORKS AS PUBLISHED IN MOD ERN HEALTHCARE'S FACT-BASED RANKING. THE ONLY HEALTHCARE SY STEM IN THE COUNTRY TO BE AMONG THE NATION'S TOP 10 FOR ALL 15 YEARS OF THE SURVEY, SENTARA LANDED AT NUMBER ONE IN 2001, 2010 AND 2011. THE STUDY, PUBLISHED ANNUALLY, HIGHLIGHTS THE TOP 100 INTEGRATED HEALTH CAR E NETWORKS ACROSS THE NATION AS SELECTED BY SDI, A HEALTH INFORMATION COMPANY. 2 USING TE CHNOLOGY TO IMPROVE CARE SENTARA HEALTHCARE WAS BEEN NAMED ONE OF THE NATION'S MOST WIRED HEALTH SY STEMS IN THE 2013 AND 2012 MOST WIRED SURVEY AND BENCHMARKING STUDY. HOSPITALS &amp; HEALTH NETWORKS POLLED ABOUT 1,570 HOSPITALS. THE SURVEY ASSESSES HOSPITALS AND HEALTH SY S TEMS' MEANINGFUL USE OF ELECTRONIC MEDIA TECHNOLOGY IN FOUR AREAS: INFRASTRUCTURE, BUSINESS AND ADMINISTRATIVE MANAGEMENT, CLINICAL QUALITY AND SAFETY, AND CARE CONTINUUM. 3 AWARD- WINING CARDIAC AND NEPHROLOGY CARE SENTARA HEART HOSPITAL/SENTARA NORFOLK GENERAL HOSPITAL IS A COMPREHENSIVE NETWORK OF PROVIDERS, FACILITIES AND SERVICES WORKING TOGETHER TO ENSU RE THE HIGHEST LEVEL OF CARE. SENTARA NORFOLK GENERAL HOSPITAL HAS BEEN RANKED THE NUMBER ONE HOSPITAL IN VIRGINIA AND HAMPTON ROADS BY U S NEWS &amp; WORLD REPORT. IN THE 2014-15 U S NEWS BEST HOSPITALS RANKINGS, THE HOSPITAL WAS RECOGNIZED WITH TWO NATIONALLY RANKED TOP 50 PROGRAMS: CARDIOLOGY AND HEART SURGERY. ARE RANKED 44TH, WHICH MARKS THE PROGRAM'S 14TH CONSECUTIVE YEAR AMONG THE NATION'S ELITE PROGRAMS IN THE U S NEWS NATIONAL SURVEY. FOR THE FIRST TIME, EAR, NOSE AND THROAT IS ALSO AMONG THE NATION'S TOP 50 PROGRAMS AT NUMBER 41. THIS NATIONAL RANKING IS DUE, IN PART, TO INNOVATIVE PROCEDURES USED BY SURGEONS AND R ADIOLOGISTS WITH EASTERN VIRGINIA MEDICAL SCHOOL MEDICAL GROUP FOR PATIENTS WITH HEAD AND NECK CANCERS AND TRAUMATIC INJURIES. THE TWO SPECIALTIES ARE THE ONLY TOP-50 RANKED HEART AND ENT PROGRAMS IN VIRGINIA. IN ADDITION TO THE NATIONAL RANKINGS, U S NEWS INCLUDED RAN KINGS FOR STATE AND METRO AREAS. SEVEN SENTARA HOSPITALS WERE FEATURED IN THE RANKINGS, WI TH SENTARA NORFOLK GENERAL HOSPITAL LISTED AT NUMBER ONE IN THE REGION AND NUMBER ONE IN T HE STATE. MARTHA JEFFERSON HOSPITAL RANKED 11TH IN</p>	

Return Reference	Explanation	
	FORM 990, PART III, LINE 4A	<p>THE STATE AND SENTARA ROCKINGHAM MEMORIAL HOSPITAL 15TH SENTARA VIRGINIA BEACH GENERAL HOSPITAL WAS 8TH IN THE STATE AND SECOND IN HAMPTON ROADS, SENTARA WILLIAMSBURG REGIONAL MEDICAL CENTER TIED WITH SENTARA LEIGH HOSPITAL FOR 20TH IN THE STATE AND WAS RANKED THIRD IN HAMPTON ROADS SENTARA LEIGH WAS SIXTH IN HAMPTON ROADS SENTARA PRINCESS ANNE HOSPITAL RANKED 15TH IN THE STATE AND THIRD IN HAMPTON ROADS 4 OUTSTANDING CANCER CARE AFTER A THREE-DAY SURVEY IN 2012, THE AMERICAN COLLEGE OF SURGEONS' COMMISSION ON CANCER RE-ACCREDITED THE SENTARA CANCER NETWORK FOR THREE YEARS WITH COMMENDATIONS THE ACCREDITATION WAS AS AN "INTEGRATED NETWORK" THE ONLY ONE IN VIRGINIA WITH NO DEFICIENCIES 5 SENTARA SYSTEM STROKE TEAM IN FEBRUARY 2013, THE VIRGINIA HOSPITAL ASSOCIATION SELECTED SENTARA'S STANDARDIZED STROKE PROGRAM AS A LEADING BEST PRACTICE THE SYSTEM STROKE TEAM AT SENTARA DEVELOPED A STANDARDIZED PROGRAM AND IMPLEMENTED IT AT 10 SENTARA HOSPITALS THE TEAM EVALUATED THE ENTIRE STROKE PROCESS FROM DIAGNOSIS IN THE FIELD AND TREATMENT IN THE EMERGENCY DEPARTMENT TO PATIENT DISCHARGE THE RESULTS INCLUDED A REDUCTION IN SYSTEM-WIDE STROKE MORTALITY FROM 11 PERCENT IN 2008 TO FIVE PERCENT IN 2012, A REDUCTION IN AVERAGE LENGTH OF STAY BY TWO DAYS WITH AN ASSOCIATED COST SAVINGS OF \$1.1 MILLION, AND INCREASED STROKE CORE METRIC PERFORMANCE FROM 54.9 PERCENT OF GOAL MET IN 2009 TO 92.1 PERCENT OF GOAL MET IN 2012 6 THE JOINT COMMISSION AND DET NORSKE VERITAS HEALTHCARE, INC. (DNVHC) ACCREDITATION THE JOINT COMMISSION ON ACCREDITATION OF HEALTHCARE ORGANIZATIONS HAS GIVEN SEVERAL OF OUR HOSPITALS ITS GOLD SEAL OF APPROVAL AND DISEASE-SPECIFIC CARE CERTIFICATION AN INDEPENDENT, NOT-FOR-PROFIT ORGANIZATION, THE JOINT COMMISSION ACCREDITS AND CERTIFIES MORE THAN 20,500 HEALTHCARE ORGANIZATIONS AND PROGRAMS IN THE UNITED STATES JOINT COMMISSION ACCREDITATION AND CERTIFICATION IS RECOGNIZED NATIONWIDE AS A SYMBOL OF QUALITY THAT REFLECTS AN ORGANIZATION'S COMMITMENT TO MEETING CERTAIN PERFORMANCE STANDARDS THEIR MISSION IS TO CONTINUOUSLY IMPROVE HEALTHCARE FOR THE PUBLIC BY EVALUATING HEALTHCARE ORGANIZATIONS AND INSPIRING THEM TO EXCEL IN PROVIDING SAFE AND EFFECTIVE CARE OF THE HIGHEST QUALITY AND VALUE SENTARA NORFOLK GENERAL HOSPITAL EARNED THE JOINT COMMISSION'S VASCULAR CERTIFICATION SENTARA NORFOLK GENERAL HOSPITAL, SENTARA LEIGH HOSPITAL, SENTARA VIRGINIA BEACH GENERAL HOSPITAL, SENTARA CAREPLEX HOSPITAL, SENTARA OBICI HOSPITAL, AND SENTARA PRINCESS ANNE HOSPITAL ALL EARNED PRIMARY STROKE CERTIFICATION VOLUNTARY HOSPITALS ASSOCIATION "BLUEPRINTED" THE SENTARA HAMPTON ROADS HOSPITALS' STROKE PROGRAMS AS A "LEADING PRACTICE IN STROKE CARE" WITH A WEBINAR ORIGINATING FROM SENTARA ROCKINGHAM MEMORIAL HOSPITAL (RMH) WAS CERTIFIED BY THE JOINT COMMISSION AS AN ADVANCED PRIMARY STROKE CENTER THE SURVEYORS RECOGNIZED RMH'S PATIENT DISCHARGE PHONE CALL PROGRAM AND ITS COLLABORATION WITH LOCAL EMS PROVIDERS AS BEST PRACTICES IN STROKE CARE DNVHC ACCREDITED MARTHA JEFFERSON HOSPITAL WITH A HOSPITAL CERTIFICATION AND A STROKE PROGRAM CERTIFICATION DNVHC'S ACCREDITATION PROGRAM INVOLVES ANNUAL HOSPITAL SURVEYS AND ENCOURAGES HOSPITALS TO OPENLY SHARE INFORMATION ACROSS DEPARTMENTS AND TO DISCOVER IMPROVEMENTS IN CLINICAL WORKFLOWS AND SAFETY PROTOCOLS DNVHC IS AN INTERNATIONAL COMPANY BASED OUTSIDE OF OSLO, NORWAY FOUNDED IN 1864 IN 2012, DNV MERGED WITH GERMAN-BASED GERMANISCHER LLOYD TO FORM THE DNV-GL GROUP</p>

Return Reference	Explanation	
FORM 990, PART III, LINE 4A	<p>7 AWARD FOR SUPPORTING BREASTFEEDING FOUR SENTARA HOSPITALS IN HAMPTON ROADS AND SIX PROG RAM CHAMPIONS RECEIVED BUSINESS INVESTMENT IN BABIES (BIB) AWARDS IN 2012 FROM THE BUSINES S CASE FOR BREASTFEEDING PROGRAM ADMINISTERED THROUGH CINCH, THE COALITION FOR INFANT AND CHILD HEALTH AT EASTERN VIRGINIA MEDICAL SCHOOL SENTARA WAS AMONG THE EMPLOYERS CITED FOR CREATING A SUPPORTIVE ENVIRONMENT FOR NURSING MOTHERS TO PUMP BREAST MILK DURING THE WORK DAY BY PROVIDING TIME, PRIVATE SPACE, AND WRITTEN POLICIES HOSPITALS INCLUDED SENTARA NOR FOLK GENERAL, SENTARA LEIGH, SENTARA VIRGINIA BEACH GENERAL, AND SENTARA PRINCESS ANNE 8 FIVE-STAR RANKINGS, SILVER ACHIEVEMENT, AND EXCELLENCE IN ACTION AWARDS FOR NURSING CENTE RS IN 2013, FOR THE THIRD YEAR IN A ROW, TWO SENTARA NURSING CENTERS RECEIVED A FIVE STAR OVERALL RANKING IN U S NEWS &amp; WORLD REPORT'S ANNUAL BEST NURSING HOMES SURVEY BEST NURSING HOMES RECOGNIZES TOP-RATED HOMES IN THE UNITED STATES OF MORE THAN 15,500 HOMES RATED, SENTARA NURSING CENTER WINDMERE, VIRGINIA BEACH AND NURSING CENTER PORTSMOUTH WERE AMONG FEWER THAN ONE IN EIGHT THAT RECEIVED A FIVE-STAR OVERALL RATING IN ALL FOUR QUARTERS SEN TARA NURSING CENTER BARCO, NORTH CAROLINA RECEIVED FIVE STARS IN 2012 AND 2013 AS WELL SE NTARA NURSING CENTER-CURRITUCK RECEIVED A 2012 SILVER-ACHIEVEMENT IN QUALITY AWARD FROM TH E AMERICAN HEALTHCARE ASSOCIATION AND NATIONAL CENTER FOR ASSISTED LIVING THE COMPETITIVE AWARDS FOLLOW CRITERIA IN THE BALDRIGE PERFORMANCE EXCELLENCE PROGRAM AND MARK MEASURABLE PROGRESS IN QUALITY IMPROVEMENTS IN LONG TERM CARE B PATIENT SAFETY OUR FOCUS GOES BEYO ND THE BASICS OF MAKING HEALTHCARE SAFE FOR OUR PATIENTS SENTARA HAS BUILT A STRONG "CULT URE OF SAFETY" TO REDUCE MEDICAL ERRORS BY MODELING SUCCESSFUL PROGRAMS FROM THE NUCLEAR P OWER AND AVIATION INDUSTRIES THIS CULTURE OF SAFETY PROMOTES BEHAVIORS THAT RESULT IN SAF E, RELIABLE AND EFFECTIVE CARE THE FOUNDATION OF THIS CULTURE IS A STRONG ACCOUNTABILITY TO PERFORM REGIMENTED BEHAVIORS THAT REDUCE MEDICAL ERRORS OUR STAFF USES GUIDELINES KNOW N AS "BEHAVIOR BASED EXPECTATIONS" OR BBE'S TO ENSURE THE HIGHEST STANDARD OF CARE THE GO AL IS TO MAKE THESE TOOLS AND TECHNIQUES A HABIT FOR OUR DEDICATION, WE HAVE RECEIVED NUM EROUS AWARDS FOR PATIENT SAFETY AND QUALITY OF CARE STANDARDS 1 THE LEAPFROG HOSPITAL SU RVEY THE LEAPFROG HOSPITAL RECOGNITION PROGRAM (LHRP) HONORS HOSPITALS THAT DEMONSTRATE EX CELLENCE OR IMPROVEMENT IN PATIENT SAFETY, QUALITY, AND RESOURCE UTILIZATION IN 2012, THE LEAPFROG GROUP DEVELOPED THE HOSPITAL SAFETY SCORE, GRADING MORE THAN 2,600 OF THE NATION 'S HOSPITALS ON PATIENT SAFETY IN VIRGINIA, 58 HOSPITALS WERE NAMED IN THE REPORT, AND SE VEN SENTARA HOSPITALS ACHIEVED THE HIGHEST GRADE OF A FOR DELIVERING SAFE CARE TO PATIENTS IN 2013, LEAPFROG RECOGNIZED SENTARA NORFOLK GENERAL HOSPITAL WITH AN A RATING 2 INFECTION PREVENTION PREVENTION OF HEALTH CARE-ASSOCIATED INFECTIONS IS A NATIONAL CONCERN, AND SENTARA CONTINUALLY STRIVES TO REDUCE THESE CASES ALL OF OUR HOSPITALS HAVE BEEN WORKING DILIGENTLY TO REDUCE THE OCCURRENCE OF VENTILATOR-ASSOCIATED PNEUMONIA (VAP), WHICH CAN D EVELOP IN PATIENTS WHO HAVE BEEN ON MECHANICAL VENTILATION FOR 48 HOURS OR MORE IN 2013, SENTARA WILLIAMSBURG REGIONAL MEDICAL CENTER MARKED NINE CONSECUTIVE YEARS WITH ZERO CASES OF VAP, WHICH NO OTHER HOSPITAL IN THE COUNTRY CAN CLAIM THE DEPARTMENT OF HEALTH AND HU MAN SERVICES AND THE CRITICAL CARE SOCIETIES COLLABORATIVE HAVE RECOGNIZED WILLIAMSBURG FO R OUTSTANDING ACHIEVEMENT AND LEADERSHIP IN THE ELIMINATION OF VAP VOLUNTARY HOSPITALS OF AMERICA (VHA), A VOLUNTARY NATIONAL ORGANIZATION FOCUSED ON HEALTH CARE FINANCIAL PERFORM ANCE THROUGH CLINICAL EXCELLENCE AND SUPPLY CHAIN MANAGEMENT, "BLUEPRINTED" THE PRACTICES AT SENTARA WILLIAMSBURG REGIONAL MEDICAL CENTER AS A MODEL FOR HOSPITALS ACROSS THE COUNTR Y 3 IMPROVING PATIENT SAFETY THROUGH TECHNOLOGY SENTARA HEALTHCARE PROVIDES THE SENTARA ECARE HEALTH NETWORK THE CLINICAL SY STEM USES INNOVATIVE TECHNOLOGY TO LINK PATIENT MEDIC AL INFORMATION BETWEEN OUR HOSPITALS, PHYSICIAN PRACTICES AND OTHER HEALTH CARE SITES OVER A PROTECTED NETWORK, ENABLING THE SECURE SHARING OF PATIENT INFORMATION, INCREASING PATIE NT SAFETY AND REDUCING PREVENTABLE MEDICAL ERRORS MY CHART, THE COMPONENT OF ECARE THAT AL LOWS PATIENTS TO ACCESS PART OF THEIR MEDICAL RECORDS, WAS PROMOTED TO PATIENTS IN 2011 A PHONE APP WAS CREATED TO PROVIDE EASY ACCESS AS WELL CURRENTLY , 140,000 PATIENTS ACCESS MYCHART EACH YEAR 2013 MARKED THE 13TH YEAR THAT WE EMPLOYED OUR EICU REMOTE MONITORING S YSTEM FOR OUR SICKEST HOSPITAL PATIENTS SENTARA WAS THE FIRST HOSPITAL SY STEM IN THE COUN TRY TO IMPLEMENT THE EICU SY STEM, WHICH USES A NETWORK OF CAMERAS, MONITORS, ALERTS, AND T WO-WAY COMMUNICATION LINKS DOCTORS AND CRITICAL CARE NURSES AT THE EICU COMMAND CENTER MA KE VIRTUAL ROUNDS ON ICU PATIENTS THIS SENTARA-PIONEERED TECHNOLOGY IS NOW USED TO HELP C ARE FOR PATIENTS IN NEARLY 5,000 ICU BEDS NATIONAL</p>	



Return Reference	Explanation	
	FORM 990, PART III, LINE 4A	<p>LY ANOTHER SAFETY INITIATIVE ADOPTED BY SENTARA IS BEDSIDE MEDICATION VERIFICATION, INCLU DING BAR-CODING TECHNOLOGY NATIONAL STUDIES HAVE FOUND THAT BEDSIDE VERIFICATION CAN REDU CE HOSPITAL MEDICATION ERRORS BY NEARLY 70 PERCENT VI COMMITMENT TO THE COMMUNITY AS A N OT-FOR-PROFIT HEALTHCARE ORGANIZATION, WE CONTINUOUSLY REINVEST IN THE COMMUNITY-BY PURCHA SING THE MOST MEDICALLY ADVANCED TECHNOLOGY, BUILDING NEW, STATE-OF-THE-ART HEALTHCARE FAC ILITIES, TRAINING MEDICAL PROFESSIONALS, AND PROVIDING THE HIGHEST QUALITY HEALTHCARE TO A LL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY IT'S NOT JUST OUR MISSION, IT'S OUR COMMIT MENT TO THE COMMUNITY MARTHA JEFFERSON HOSPITAL WAS HONORED BY THE CHARLOTTESVILLE REGION AL CHAMBER OF COMMERCE WITH THE 2012 HOVEY S DABNEY AWARD FOR CORPORATE CITIZENSHIP ORGA NIZATIONS RECEIVING THIS AWARD ARE KNOWN FOR ENGAGING IN SOUND, SUCCESSFUL BUSINESS PRACTI CE AND BEING GOOD PARTNERS WITH OTHER BUSINESSES, INVESTING DIRECTLY IN THE ECONOMIC AND C ULTURAL ADVANCEMENT OF THE COMMUNITY , PURSING A POSITIVE WORK ENVIRONMENT, AND INSPIRING B Y EXAMPLE THE FEDERAL DEPARTMENT OF HEALTH AND HUMAN SERVICES AWARDED ROCKINGHAM MEMORIAL HOSPITAL (RMH) WITH A \$3 1 MILLION, FIVE-YEAR GRANT IN NOVEMBER 2012 TO HELP FAMILIES AT RISK FROM SUBSTANCE ABUSE AS A FISCAL AGENT, RMH OVERSEES ADMINISTRATION OF THE GRANT, AN D CENTRAL SHENANDOAH VALLEY FAMILY PARTNERSHIP HELPS FAMILIES WITH CHILDREN IN DANGER OF B EING REMOVED FROM THEIR HOMES BECAUSE OF SUBSTANCE ABUSE BY A CAREGIVER SOLIANT HEALTH NA MED MARTHA JEFFERSON HOSPITAL THE TOP VOTE-GETTER IN THE COUNTRY IN ITS ANNUAL "MOST BEAUT IFUL HOSPITAL" SURVEY IN 2012 HERE ARE SOME OF THE OTHER WAYS WE'VE INVESTED IN THE PEOPL E WE SERVE A THE SENTARA HEALTH FOUNDATION WE ESTABLISHED THE SENTARA HEALTH FOUNDATION IN 1998 TO IMPROVE HEALTH AND QUALITY OF LIFE THROUGHOUT SOUTHEASTERN VIRGINIA AND NORTH C AROLINA, AND TO DEMONSTRATE OUR NOT-FOR-PROFIT MISSION THE FOUNDATION HAS TOUCHED THE LIV ES OF MANY VIRGINIA RESIDENTS FROM THE EASTERN SHORE TO GREATER HAMPTON ROADS THROUGH GRAN TS SUPPORTING COMMUNITY HEALTH PROGRAMS SPECIFICALLY , IT HAS AWARDED OVER \$10 MILLION IN GRANTS, INCLUDING \$601,800 IN 2013 PROGRAMS INCLUDE DENTAL CARE, PRENATAL SUPPORT, MEDICA TION ASSISTANCE, AND REDUCED-COST PRIMARY CARE THE FOUNDATION ALSO SPONSORS COMMUNITY EVE NTS, SUCH AS THE SUSAN G KOMEN TIDEWATER RACE FOR THE CURE, THE AMERICAN HEART ASSOCIATIO N HEART GALA AND HEART WALK AND THE AMERICAN CANCER SOCIETY RELAY FOR LIFE B IN SUPPORT OF THE COMMUNITY LED BY A VOLUNTEER COMMUNITY BOARD OF DIRECTORS, SENTARA PROUDLY PROVIDES CARE TO ALL, AND REINVESTS IN THE COMMUNITY IN NUMEROUS WAYS 1 CONTRIBUTIONS EACH YEAR, WE PROVIDE MILLIONS OF DOLLARS IN BENEFITS TO THE COMMUNITY IN 2013, SENTARA REINVESTED \$299,989,000 INTO OUR COMMUNITIES SENTARA EARMARKED \$20,454,000 FOR HEALTH CARE TEACHING PROGRAMS TO ENSURE A QUALIFIED POOL OF PHY SICIANS AND NURSES WE ALSO SPENT \$5,355,000 TO SUPPORT LOCAL COMMUNITY PROGRAMS THAT PROVIDED HEALTH EVENTS AND HEALTH SCREENINGS TO INDIVIDUALS WE FUNDED \$274,180,000 IN UNCOMPENSATED PATIENT CARE FOR PEOPLE WHO WERE UNINSURE D OR UNDERINSURED 2 MEDICALLY UNDERSERVED SENTARA MEDICAL GROUP'S PHY SICIANS AND MEDICAL STAFF VOLUNTEER THOUSANDS OF HOURS TO EASTERN VIRGINIA MEDICAL SCHOOL (EVMS), FREE CLINIC S, COMMUNITY EDUCATION, AND CIVIC AND CHARITABLE PROGRAMS WE SUPPORT AND OPERATE UNCOMPEN SATED CARE CLINICS THROUGHOUT THE REGION, INCLUDING THE SENTARA AMBULATORY CARE CENTER (ACC) THE ACC IS A COLLABORATIVE EFFORT WITH EVMS AND IS LOCATED NEAR SENTARA NORFOLK GENERA L HOSPITAL IT FEATURES AN APPOINTMENT SIDE, WHICH FUNCTIONS LIKE A DOCTOR'S OFFICE, AND A SAME-DAY "WALK-IN" SERVICE SIDE FOR MORE PRESSING AND IMMEDIATE HEALTH CONCERNS</p>

Return Reference	Explanation	
FORM 990, PART III, LINE 4A	<p>IN NOVEMBER 2012, SENTARA PARTNERED WITH THE FREE FOUNDATION TO OPEN A VIRGINIA BEACH FACILITY THE NON-PROFIT COLLECTS, REFURBISHES, STERILIZES, AND DISTRIBUTES USED DURABLE MEDICAL EQUIPMENT TO THOSE WHO CANNOT AFFORD IT THE SENTARA HEALTH FOUNDATION SUPPORTED THE FREE SET-UP AND DONATED SPACE C IN SUPPORT OF COMMUNITY HEALTH INITIATIVES 1 SENTARA COMMUNITY HEALTH AND PREVENTION AS PART OF SENTARA'S COMMITMENT TO PREVENTIVE HEALTH MEASURES, WE SPONSOR AND HOST SPECIAL COMMUNITY INITIATIVES THAT ARE DESIGNED TO EDUCATE THE COMMUNITY ABOUT HEALTH OUR CAMPAIGNS HAVE INCLUDED -NATIONAL DRUG TAKE BACK DAY -DRIVE-THRU FLU SHOTS -WOMEN'S DAY HEALTH FAIR -WEBINARS FOR WEIGHT LOSS SURGERY -PAINT FACEBOOK PINK TO RAISE AWARENESS FOR BREAST HEALTH -TEXT OUTREACH TO PREGNANT WOMEN -EATING FOR LIFE, AN AWARD-WINNING NUTRITION AND HEALTHY EATING PROGRAM -KNOW YOUR NUMBERS, A CARDIOVASCULAR RISK REDUCTION AND HEALTH IMPROVEMENT PROGRAM -WALK-ABOUT WITH HEALTHY EDGE, A WALKING PROGRAM THAT ENCOURAGES WALKING FOR CARDIOVASCULAR HEALTH -GET OFF YOUR BUTT STAY SMOKELESS FOR LIFE, A SMOKING CESSATION PROGRAM -HEALTHY HEART PROGRAM, A CARDIOVASCULAR DISEASE REDUCTION PROGRAM -SENTARA LIVING, A COMPREHENSIVE WELLNESS PROGRAM FOR SENIORS - SENTARA'S MOBILE MAMMOGRAPHY UNIT VISITS NUMEROUS WORK SITES EVERY YEAR TO ENCOURAGE WELLNESS -CAMP LIGHTHOUSE, A GRIEF CAMP FOR KIDS AGES 5-16 WHO HAVE EXPERIENCED THE DEATH OF A LOVED ONE -DON'T SIT ON COLON CANCER HEALTHY EATING AND SCREENING CAMPAIGN AND 5K - PROSTATE CANCER EDUCATION AND FREE SCREENINGS -MOBILE ER TENTS AT VIRGINIA BEACH ROCK 'N' ROLL HALF MARATHON -A NEW BLOG FOR WOMEN OF CHILDBEARING AGE WITH INFORMATION AND SUPPORT FOR MOTHERS AND MOTHERS-TO-BE -COURAGE FUN, A PROJECT TO COMBAT CHILDHOOD OBESITY THROUGH SOCCER TRAINING AND WEIGHT MANAGEMENT EDUCATION -LUNG CANCER SCREENING EDUCATION FOR SMOKERS 55 AND OLDER WHO HAVE SMOKED A PACK A DAY FOR OVER 30 YEARS 2 TOBACCO-FREE ENVIRONMENTS HOSPITALS SEE THE EFFECTS OF TOBACCO EVERY DAY IN HEART DISEASE, RESPIRATORY AILMENTS, AND CANCERS IN RESPONSE, SENTARA HAS IMPLEMENTED OUR TOBACCO-FREE ENVIRONMENT (TFE) CAMPAIGN NO ONE IS ALLOWED TO SMOKE, CHEW OR DIP ANYWHERE ON CAMPUS, NOT EVEN IN CARS THE GOAL IS NOT JUST TO AVOID THE AESTHETIC AND HEALTH ISSUES OF SECOND-HAND SMOKE, BUT TO PUT SENTARA'S MISSION INTO PRACTICE BY HELPING STAFF, PATIENTS, AND VISITORS QUIT THIS HABIT AS OF 2011, ALL OF OUR FACILITIES ADOPTED THE TOBACCO FREE ENVIRONMENT INITIATIVES WE HAVE EARNED THE AMERICAN CANCER SOCIETY "EXCELLENCE IN THE WORKPLACE TOBACCO CONTROL" AWARD FOR OUR EFFORTS VII OPTIMA HEALTH PLAN A IMPROVING HEALTH OPERATING WITH THE SAME MISSION IN MIND -- TO IMPROVE HEALTH EVERY DAY --IS OUR HEALTH PLAN, OPTIMA HEALTH WITH MORE THAN 25 YEARS OF HEALTH INSURANCE EXPERIENCE, OPTIMA HEALTH PROVIDES HEALTH PLAN COVERAGE TO MORE THAN 440,000 MEMBERS THROUGHOUT THE STATE OUR QUALITY PROVIDER NETWORK FEATURES MORE THAN 15,000 PROVIDERS INCLUDING SPECIALISTS, PRIMARY CARE PHYSICIANS, AND HOSPITALS B SUPPORTING THE COMMUNITY OPTIMA HEALTH PROVIDES MORE THAN INSURANCE FOR OUR COMMUNITIES, WE REACH OUT THROUGH HEALTH SCREENINGS, EVENTS, EDUCATION MATERIALS, AND IMMUNIZATIONS OUR HIGHLIGHTS IN 2013 INCLUDED -HEALTH IMPROVEMENT EVENT PARTICIPATION NUMBERS INCREASED FROM THE PREVIOUS YEAR ( IN 2012 THERE WERE 43,263 PARTICIPANTS COMPARED TO 43,351 PARTICIPANTS IN 2013 ) THESE EVENTS WERE OFFERED TO CHURCHES, EMPLOYER GROUPS INCLUDING COMMUNITY HEALTH CENTERS AND OTHER COMMUNITY LOCATIONS -EATING FOR LIFE, WALKABOUT WITH HEALTHY EDGE, HEALTHY HEART, MEDITATION, TAI CHI AND YOGA, OUR CARDIOVASCULAR DISEASE RISK REDUCTION PROGRAMS, COLLECTIVELY INCREASED IN DISTRIBUTION BY 9 PERCENT OVER 2012 -FLU PATROL ADMINISTERED A TOTAL OF 10,583 IMMUNIZATIONS 8,573 WERE GIVEN TO OPTIMA HEALTH INSURED EMPLOYERS IN VIRGINIA THIS NUMBER SURPASSED OUR GOAL OF 8,000 -PREVENTIVE BIRTHDAY CARD REMINDERS FOR PREVENTIVE HEALTH SCREENINGS DELIVERED MESSAGES TO 255,945 ADULT HEALTH PLAN MEMBERS PREVENTIVE BIRTHDAY CARD REMINDERS FOR CHILDREN DELIVERED ANNUAL PHYSICAL EXAM MESSAGES TO 149,026 HEALTH PLAN MEMBERS SELF-CARE MANUALS WERE DISTRIBUTED TO HEALTH PLAN MEMBERS AND COMMUNITY ORGANIZATIONS 1,775 WENT OUT IN 2013 -OUR TOBACCO CESSATION PROGRAM HAD 11,404 INTERVENTIONS IN 2013 WE SENT OUT 46,261 CAMPUS-WIDE ELECTRONIC INTERVENTIONS TO PROMOTE THE GREAT AMERICAN SMOKEOUT AND DISTRIBUTED 5,719 QUIT KITS OUR CERTIFIED TOBACCO TREATMENT SPECIALISTS FACILITATED 17 TOBACCO CESSATION AWARENESS GROUP PROGRAMS FOR 56 PARTICIPANTS AND PROVIDED 38 TOBACCO AWARENESS PRESENTATIONS FOR COMMUNITY AND EMPLOYER GROUPS WE CONTACTED OVER 320 INPATIENTS FOUR WEEKS AFTER THEIR HOSPITAL DISCHARGE FOR TOBACCO CESSATION FOLLOW-UP -DURING THE MONTH OF NOVEMBER, 17,029 EMPLOYEES COMPLETED A HEALTH RISK ASSESSMENT IN CONJUNCTION WITH THE HEALTHY EDGE/MISSION HEALTH PROGRAM OF THOSE, 9,690 EMPLOYEES ATTENDED 132 ON-SITE HEALTH SCREENINGS WITHIN SIX MONTHS IN 20</p>	

Return Reference	Explanation	
FORM 990, PART III, LINE 4A		<p>13, WE IDENTIFIED 5,746 EMPLOYEES WITH TWO OR MORE HEALTH RISKS AND 5,423 AGREED TO ENGAGE WITH A HEALTH COACH 3,238 EMPLOYEES AGREED TO CONTINUE ENGAGING WITH THEIR HEALTH COACH 1,554 EMPLOYEES FROM 2013 WILL NO LONGER NEED TO ENGAGE WITH A HEALTH COACH OUR EMPLOYEE MAMMOGRAPHY PROGRAM OFFERED ALL FEMALE SENTARA EMPLOYEES AGE 40 AND OVER THE OPPORTUNITY FOR A MAMMOGRAM 678 EMPLOYEES SUBMITTED MAMMOGRAPHY, COLORECTAL CANCER SCREENING AND PROSTATE CANCER SCREENING PROGRAM COUPONS IN 2013 -12,205 CITY OF VIRGINIA BEACH AND VIRGINIA BEACH PUBLIC SCHOOL EMPLOYEES ENROLLED IN THE WELLNESS FOR LIFE PROGRAM OF THOSE, 7,199 EMPLOYEES ATTENDED 59 ON-SITE HEALTH SCREENINGS WITHIN NINE MONTHS 4,996 EMPLOYEES WERE IDENTIFIED WITH TWO OR MORE HEALTH RISKS OVERALL, 80 PERCENT OF ELIGIBLE EMPLOYEES PARTICIPATED -HAMPTON ROADS SANITATION DISTRICT AWARDED A THREE-YEAR HEALTH IMPROVEMENT SERVICES CONTRACT TO OPTIMA HEALTH &amp; PREVENTIVE SERVICES THIS UNIQUE CONTRACT IS BETWEEN OPTIMA HEALTH AND A GROUP THAT IS INSURED WITH ANOTHER CARRIER FOR OUR OUTSTANDING WELLNESS SERVICES OUR HEALTH PROGRAMMING IMPACTED 812 EMPLOYEES IN 2013 - POCKET EKG SCREENED 341 PARTICIPANTS IN 2013 WE IDENTIFIED 320 (94 PERCENT) OF THOSE PARTICIPANTS WITH CARDIOVASCULAR HEALTH RISKS -WE SUPPORTED COMMUNITY PARTNERS INCLUDING VIRGINIA DEPARTMENT OF HEALTH, VIRGINIA DIABETES COUNCIL, PENINSULA AGENCY ON AGING, COMMUNITY HEALTH CENTERS, AND VARIOUS CHURCHES WITH CARDIOVASCULAR HEALTH RISK REDUCTION RESOURCES, CANCER RISK REDUCTION PROGRAMS AND CLINICAL EXPERTISE FOR PROGRAM DEVELOPMENT C ACCREDITATION AND AWARDS THE NATIONAL COMMITTEE FOR QUALITY ASSURANCE (NCQA) HAS RECOGNIZED OUR QUEST FOR EXCELLENCE BY AWARDING OUR COMMERCIAL HMO AND MEDICAID HMO PRODUCTS WITH AN "EXCELLENT" ACCREDITATION STATUS WE HAVE MAINTAINED THIS RATING SINCE 1998, A CLAIM NO OTHER HEALTH PLAN IN THE REGION CAN MAKE OPTIMA HEALTH RECEIVED AN A+ RATING FROM THE STREET COM (WEISS RATINGS, INC ) FOR FINANCIAL SOUNDNESS, RECOGNIZING OUR ABILITY TO WITHSTAND SEVERE ECONOMIC ADVERSITY AND SHOWING EXCEPTIONAL FINANCIAL STRENGTH THE STREET COM IS THE NATION'S LEADING INDEPENDENT PROVIDER OF RATINGS AND ANALYSES OF FINANCIAL SERVICE COMPANIES, MUTUAL FUNDS, AND STOCKS THE RATING RECOGNIZES OPTIMA HEALTH AS AN OUTSTANDING INSURER OFFERING EXCELLENT FINANCIAL STABILITY FOR ITS CUSTOMERS FEWER THAN FIVE PERCENT OF THE NATION'S HMOS AND HEALTH INSURERS MEET THE STREET COM RATING'S CRITERIA FOR EXCEPTIONAL FINANCIAL STRENGTH VIII CONCLUSION THROUGH ALL THAT WE DO AT SENTARA HEALTHCARE AND OPTIMA HEALTH, WE STRIVE TO IMPROVE HEALTH EVERY DAY, WHETHER IT IS BY USING THE MOST ADVANCED MEDICAL EQUIPMENT POSSIBLE, CARING FOR A NEW PATIENT WHO MIGHT NOT OTHERWISE BE HELPED, OR RESEARCHING NEW WAYS TO PREVENT OR CURE CHALLENGING HEALTH CONDITIONS WHILE OUR OFFICIAL PATIENT COUNT COULD BE FIGURED HOSPITAL BY HOSPITAL AND PHYSICIAN'S OFFICE BY PHYSICIAN'S OFFICE, WE BELIEVE WE MAY HELP OVER THREE MILLION PEOPLE WHETHER ENROLLED "PATIENTS" OR COMMUNITY MEMBERS - ACROSS VIRGINIA AND NORTH CAROLINA, THANKS TO ALL OF OUR VITAL HEALTH SERVICES AND PROGRAMS OFFERED EACH YEAR</p>

Return Reference	Explanation
FORM 990, PART V, LINE 1A FORM 1096	THE ORGANIZATION IS THE 501(C)(3) SOLE MEMBER OF ANOTHER 501(C)(3) ORGANIZATION FOR WHICH IT MAINTAINS AN AGENCY RELATIONSHIP AND ISSUES 1099S. THE NUMBER REPORTED IS A BEST ESTIMATE OF THE 1099S ATTRIBUTABLE TO THE ORGANIZATION. THE EXACT NUMBER CANNOT BE DETERMINED, AS SOME OF THE 1099S ISSUED BY THE ORGANIZATION ARE ATTRIBUTABLE TO MORE THAN ONE ENTITY, AND THERE IS NO REPORTING MECHANISM TO DETERMINE 1099S ATTRIBUTABLE SOLELY TO THE ORGANIZATION.

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 2	BUSINESS OR FAMILY RELATIONSHIP OF OFFICERS, DIRECTORS, ETC DAVID BERND AND HOWARD KERN HAVE A BUSINESS RELATIONSHIP THE ORGANIZATION'S OFFICERS AND DIRECTORS SERVED TOGETHER ON THE BOARDS OF OTHER ORGANIZATIONS WITHIN THE SENTARA HEALTHCARE SYSTEM ("THE SYSTEM"), AS WELL AS JOINT VENTURES IN WHICH THE SYSTEM HAD AN OWNERSHIP INTEREST SEE SCHEDULE R FOR A LISTING OF SUCH ENTITIES

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	EXPLANATION OF CLASSES OF MEMBERS OR SHAREHOLDERS THE ORGANIZATION HAS ONE CLASS OF MEMBER THE SOLE MEMBER IS SENTARA HEALTHCARE, A VIRGINIA NONSTOCK CORPORATION DESCRIBED IN SECTION 501 (C)(3) OF THE INTERNAL REVENUE CODE

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	HOW MEMBERS OR SHAREHOLDERS ELECT GOVERNING BODY CLASS B DIRECTORS OF THE ORGANIZATION ARE APPOINTED BY SENTARA HEALTHCARE, THE 501(C)(3) SOLE MEMBER OF THE ORGANIZATION THE SOLE MEMBER ALSO RATIFIES CLASS A DIRECTORS OF THE ORGANIZATION ONCE NOMINATED BY THE ORGANIZATION'S NOMINATING COMMITTEE AND ELECTED BY THE ORGANIZATION'S BOARD OF DIRECTORS

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	<p>DECISIONS OF GOVERNING BODY APPROVAL BY MEMBERS OR SHAREHOLDERS THE ORGANIZATION MAY NOT TAKE OR ALLOW ANY OF THE FOLLOWING GOVERNANCE ACTIONS WITHOUT THE CONSENT OF ITS 501(C)(3) SOLE MEMBER, SENTARA HEALTHCARE APPROVAL OR ADOPTION OF ANY PLAN OF MERGER OR CONSOLIDATION, ANY SALE, LEASE, EXCHANGE, MORTGAGE, PLEDGE OR OTHER DISPOSITION OF ALL, OR SUBSTANTIALLY ALL, THE PROPERTY AND ASSETS OF THE ORGANIZATION, THE VOLUNTARY DISSOLUTION OR LIQUIDATION OF THE ORGANIZATION, REVOCATION OF AN SUCH VOLUNTARY DISSOLUTION PROCEEDINGS, OR ANY DECISION TO FILE A PETITION REQUESTING OR CONSENTING TO AN ORDER FOR RELIEF UNDER THE FEDERAL BANKRUPTCY LAWS OR SIMILAR STATE LAWS FOR THE ORGANIZATION, ELECTION OF NEW BOARD MEMBERS, OR AMENDMENT, RESTATEMENT OR REPEAL OF ANY ORGANIZING OR ENABLING DOCUMENTS OR BYLAWS THE APPROVAL OF THE SOLE MEMBER IS ALSO REQUIRED FOR CERTAIN OPERATIONAL ACTIONS, AS OUTLINED IN THE ORGANIZATION'S BYLAWS SUCH ACTIONS INCLUDE, BUT ARE NOT LIMITED TO, APPROVAL OF STRATEGIC PLANS AND ANNUAL OPERATING AND CAPITAL BUDGETS, TRANSACTIONS WITH INTERESTED PERSONS, CREATION OR ACQUISITION OF SUBSIDIARIES OR INTERESTS IN WHICH THE ORGANIZATION WILL BE A MEMBER, ENTRANCE INTO JOINT VENTURE OR OTHER SIMILAR ARRANGEMENTS, EMPLOYMENT MATTERS CONCERNING THE ORGANIZATION'S PRESIDENT, UNBUDGETED CAPITAL EXPENDITURES OR INDEBTEDNESS OVER SPECIFIED DOLLAR AMOUNTS, AND THE COMMENCEMENT OR SETTLEMENT OF LITIGATION SENTARA HEALTHCARE HAS EXCLUSIVE AUTHORITY TO DIRECT AND MANAGE THE OPERATIONS AND AFFAIRS OF THE HOSPITAL, SUBJECT TO BOARD OVERSIGHT TO THE EXTENT AND IN THE MANNER SET FORTH IN THE ORGANIZATION'S BYLAWS</p>



Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE ORGANIZATION WAS PART OF THE SENTARA HEALTHCARE SYSTEM ("THE SYSTEM"), AND AS SUCH, USED THE SYSTEM'S IN-HOUSE TAX DEPARTMENT, HEADED BY A LICENSED CERTIFIED PUBLIC ACCOUNTANT, TO BOTH PREPARE AND REVIEW ITS FORM 990. DURING THE PREPARATION AND REVIEW PROCESS, THE TAX DEPARTMENT WORKED CLOSELY WITH THE ORGANIZATION AND OTHER SYSTEM DEPARTMENTS, SUCH AS LEGAL, COMPENSATION AND BENEFITS, COMPLIANCE, FINANCE, AND MARKETING, TO ENSURE THAT A COMPLETE AND ACCURATE RETURN WAS FILED.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	ALL MEMBERS WITH ANY CONFLICT OF INTEREST ARE MADE AWARE OF THE NEED TO EXCUSE THEMSELVES FROM PARTICIPATING IN ANY DISCUSSION OR VOTING ON ANY ISSUES WHERE THERE MAY BE A CONFLICT OFFICERS AND KEY EMPLOYEES OF THE ORGANIZATION ARE AWARE OF THEIR DUTIES AND RESPONSIBILITIES IN REGARDS TO THIS ISSUE

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	<p>PRESIDENT/CEO AN INDEPENDENT COMPENSATION CONSULTING FIRM WAS RETAINED BY SENTARA RMH MEDICAL CENTER'S BOARD OF DIRECTORS (BOD) TO COMPLETE MARKET ANALYSIS AND RECOMMEND PRESIDENT/CEO COMPENSATION CHANGES THE BOD APPROVES ALL COMPENSATION CHANGES FOR THE PRESIDENT/CEO OFFICERS AN INDEPENDENT COMPENSATION CONSULTING FIRM WAS RETAINED BY SENTARA RMH MEDICAL CENTER'S BOARD OF DIRECTORS (BOD) TO COMPLETE MARKET ANALYSIS AND RECOMMEND OFFICER AND KEY EMPLOYEE COMPENSATION CHANGES THE BOD APPROVES ALL COMPENSATION CHANGES FOR THE OFFICERS AND KEY EMPLOYEES VICE CHAIRMAN THE VICE CHAIRMAN ALSO SERVES AS THE COO/PRESIDENT OF THE SENTARA HEALTHCARE SYSTEM ("SENTARA") SENTARA FOLLOWED PROCESSES AND PROCEDURES SET FORTH IN ITS GOVERNING DOCUMENTS TO ENSURE COMPLIANCE WITH ITS OBLIGATIONS AS A 501(C)(3) HEALTHCARE ORGANIZATION TO PAY DISQUALIFIED PERSONS REASONABLE COMPENSATION SUCH PROCESSES AND PROCEDURES ARE INTENDED TO ESTABLISH THE REBUTTABLE PRESUMPTION OF REASONABLENESS UNDER THE INTERNAL REVENUE CODE SECTION 4958 REGULATIONS THE COMPENSATION PHILOSOPHY OF THE SYSTEM AS A WHOLE IS TO BASE OVERALL COMPENSATION AND BENEFITS FOR EXECUTIVES ON NOT-FOR-PROFIT MARKET COMPARABLES, ADJUSTED AS APPLIED TO EACH EXECUTIVE, TAKING INTO CONSIDERATION THE INDIVIDUAL SKILLS, EXPERIENCE, TENURE AND PERFORMANCE OF THE EXECUTIVE BEING COMPENSATED AND OVERALL PERFORMANCE OF THE ORGANIZATION IN LINE WITH THIS PHILOSOPHY, THE SYSTEM PERFORMED SUBSTANTIAL DUE DILIGENCE AS TO MARKET COMPARABLES THE SYSTEM'S COMPENSATION COMMITTEE, WHICH CONSISTS OF SYSTEM BOARD MEMBERS WITHOUT CONFLICTS OF INTERESTS, ENGAGED AN OUTSIDE CONSULTANT, WHO REPORTS TO THE COMPENSATION COMMITTEE, TO CONDUCT A STUDY ASSESSING THE COMPETITIVENESS OF TOTAL COMPENSATION (INCLUDING CASH COMPENSATION, BENEFITS AND PERQUISITES) OF ITS SENIOR EXECUTIVES PRIOR TO MAKING DECISIONS REGARDING ANNUAL BASE SALARY ADJUSTMENTS, APPROVING INCENTIVE AWARDS, OR CONSIDERING PROGRAMMATIC CHANGES THE STUDY COMPARED THE COMPENSATION OF THE SYSTEM'S SENIOR EXECUTIVES TO COMPENSATION DATA FROM MULTIPLE PUBLISHED SURVEY SOURCES BASED ON THE SENIOR EXECUTIVE'S FUNCTIONAL RESPONSIBILITY IN CONDUCTING THE STUDY, THE CONSULTANT TARGETED OTHER NOT-FOR-PROFIT HEALTH SYSTEMS OF SIMILAR SIZE BASED ON NET REVENUE AND COMPLEXITY FOR HEALTH PLAN POSITIONS, HEALTH PLANS WITH SIMILAR PREMIUMS, OR MEMBERS, WERE TARGETED THE CONSULTANT ALSO CONDUCTS A REVIEW OF THE ORGANIZATION'S PERFORMANCE RELATIVE TO A GROUP OF NOT-FOR-PROFIT HEALTH SYSTEMS OF COMPARABLE SIZE AND SCOPE OF OPERATIONS EVERY YEAR THE MOST RECENT STUDY COMPARED SENTARA'S PERFORMANCE TO 29 NOT-FOR-PROFIT HEALTHCARE SYSTEMS BASED ON NET REVENUE GROWTH, OPERATING MARGIN, BOND RATING, AND QUALITATIVE PERFORMANCE MEASURES BASED ON RANKINGS FROM SDI'S NATIONAL TOP INTEGRATED HEALTH NETWORKS OVERALL, THE CONSULTANT DETERMINED THAT SENTARA'S PAY WAS ALIGNED WITH ITS RELATIVE PERFORMANCE THE COMPENSATION STUDY WAS PRESENTED TO THE SYSTEM'S COMPENSATION COMMITTEE, WHICH MADE ITS COMPENSATION DECISIONS BASED ON A) ITS REVIEW AND ANALYSIS OF THE PERFORMANCE OF BOTH THE ORGANIZATION AND ITS SENIOR EXECUTIVES AND, B) A REASONABLENESS OF COMPENSATION ANALYSIS AND OPINION FROM AN EXTERNAL EXPERT IN THE COMPENSATION OF EXECUTIVES IN THE TAX-EXEMPT HEALTH CARE FIELD THE COMMITTEE'S BASES FOR ITS DECISIONS WERE DOCUMENTED IN COMMITTEE MINUTES TAKEN DURING THE MEETING AND THEN CIRCULATED FOR REVIEW AND APPROVAL ALL DECISIONS REGARDING COMPENSATION WERE MADE BY THE COMMITTEE, WHICH CONSISTS OF SYSTEM BOARD MEMBERS WITHOUT CONFLICT OF INTERESTS CFO/TREASURER THE TREASURER ALSO SERVES AS CFO/TREASURER OF MARTHA JEFFERSON HOSPITAL, AN AFFILIATE OF THE ORGANIZATION MARTHA JEFFERSON HOSPITAL HAS AN ESTABLISHED CEO EVALUATION COMMITTEE MADE UP OF HOSPITAL BOARD MEMBERS AND COMMITTEE MEMBERS ON AN ANNUAL BASIS, A THIRD PARTY COMPENSATION CONSULTING FIRM PROVIDES AN INDEPENDENT REVIEW AND ANALYSIS OF BASE AND TOTAL COMPENSATION AND EXECUTIVE PERQUISITES FOR THE CFO/TREASURER USING MARKET COMPARABILITY DATA THE CONSULTING FIRM RENDERS AN OPINION ON THE FAIR MARKET VALUE OF COMPENSATION PAID AND BENEFITS PROVIDED WITH RESPECT TO THE IRS INTERMEDIATE SANCTIONS REGULATIONS</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE CONSOLIDATED FINANCIAL STATEMENTS FOR SENTARA HEALTHCARE AND SUBSIDIARIES WERE MADE PUBLICLY AVAILABLE THROUGH THE USE OF DAC BOND (DISCLOSURE DISSEMINATION AGENT) AND CAN BE FOUND ON THE INTERNET AT <a href="http://WWW.DACBOND.COM">WWW.DACBOND.COM</a> THE ORGANIZATION'S GOVERNING DOCUMENTS AND CONFLICTS OF INTEREST POLICY ARE GENERALLY NOT MADE AVAILABLE TO THE PUBLIC

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	NON-EMPLOYEE HEALTHCARE PROFESSIONAL PROGRAM SERVICE EXPENSES 35,484,810 MANAGEMENT AND GENERAL EXPENSES 0 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 35,484,810 OTHER NON-MEDICAL PROFESSIONAL FEES PROGRAM SERVICE EXPENSES 4,175,295 MANAGEMENT AND GENERAL EXPENSES 1,247,166 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 5,422,461

Return Reference	Explanation
FORM 990, PART XI, LINE 9	DECREASE IN ADDITIONAL MINIMUM PENSION LIABILITY 22,706,080 OTHER CHANGES 685,670

Return Reference	Explanation
STATEMENT FILED PURSUANT TO TREASURY REGULATION SEC 1 6038-2(J) (3)	<p>THE TAXPAYER IS A MEMBER OF THE SENTARA HEALTHCARE ("SHC") CONTROLLED GROUP SHC, EIN 52-1271901, OWNS BAY PRIMEX INSURANCE COMPANY, LTD , A CONTROLLED FOREIGN CORPORATION SHC FURNISHES ALL INFORMATION REQUIRED OF THE TAXPAYER BY IRC SECTION 6038 AND THE REGULATIONS THEREUNDER WITH RESPECT TO BAY PRIMEX INSURANCE COMPANY, LTD THEREFORE, PURSUANT TO TREASURY REGULATION SEC 1 6038-2(J)(2), THE TAXPAYER IS EXCEPTED FROM PROVIDING SUCH INFORMATION THE REQUIRED INFORMATION IS E-FILED WITH SHC'S FORM 990 RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX IN ADDITION, ONE MEMBER OF THE SHC CONTROLLED GROUP OWNS A NON-CONTROLLING INTEREST IN VIRGINIA SOLUTIONS SPC, LTD , A CONTROLLED FOREIGN CORPORATION ALL INFORMATION REQUIRED OF THE TAXPAYER BY IRC SECTION 6038 AND THE REGULATIONS THEREUNDER WITH RESPECT TO VIRGINIA SOLUTIONS SPC, LTD IS FURNISHED BY HALIFAX REGIONAL HOSPITAL, EIN 54-0648699 THEREFORE, PURSUANT TO TREASURY REGULATION SEC 1 6038-2(J)(2), THE TAXPAYER IS EXCEPTED FROM PROVIDING SUCH INFORMATION THE REQUIRED INFORMATION IS E-FILED WITH THE ORGANIZATION'S FORM 990 RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX</p>

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization  
SENTARA RMH MEDICAL CENTER

Employer identification number  
54-0506331

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) RMH MEDICAL GROUP LLC 2010 HEALTH CAMPUS DRIVE HARRISONBURG, VA 22801 27-1444665	HEALTHCARE	VA	31,121,625	0	ROCKINGHAM MEMORIAL HOSPITAL

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



Part III

Identification of Related Organizations Taxable as a Partnership

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

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

Part IV

Identification of Related Organizations Taxable as a Corporation or Trust

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

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

Part V

Transactions With Related Organizations

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

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

1

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

a

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

b

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

c

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

d

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

e

Loans or loan guarantees by related organization(s)

f

Dividends from related organization(s)

g

Sale of assets to related organization(s)

h

Purchase of assets from related organization(s)

i

Exchange of assets with related organization(s)

j

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

k

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

l

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

m

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

n

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

o

Sharing of paid employees with related organization(s)

p

Reimbursement paid to related organization(s) for expenses

q

Reimbursement paid by related organization(s) for expenses

r

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

s

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

Yes

No

1a

No

1b

No

1c

No

1d

No

1e

No

1f

No

1g

No

1h

No

1i

No

1j

No

1k

Yes

1l

Yes

1m

No

1n

No

1o

Yes

1p

No

1q

Yes

1r

No

1s

Yes

2

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

Schedule R (Form 990) 2013

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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Additional Data

Software ID:

Software Version:

EIN: 54-0506331

Name: SENTARA RMH MEDICAL CENTER

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512 (b)(13) controlled entity?	
						Yes	No
(1) CLARKSVILLE SENIOR CARE LLC  2204 WILBORN AVENUE SOUTH BOSTON, VA 24592 54-1957066	SENIOR CARE	VA	501(C)(3)	11A TYPE I	DIRECT CONTROLLING ENTITY	Yes	
(1) HALIFAX REGIONAL DEV FOUNDATION INC  2204 WILBORN AVENUE SOUTH BOSTON, VA 24592 54-1801459	HLTH/WELFARE	VA	501(C)(3)	11A TYPE I	HALIFAX REGIONAL HOSPITAL	Yes	
(2) HALIFAX REGIONAL HOSPITAL INCORPORATED  2204 WILBORN AVENUE SOUTH BOSTON, VA 24592 54-0648699	HEALTHCARE	VA	501(C)(3)	LN3_HOSPITALCOOPINSE	HALIFAX REGIONAL HOSPITAL	Yes	
(3) HALIFAX REGIONAL LONG TERM CARE INC  103 ROSE HILL DRIVE SOUTH BOSTON, VA 24592 54-6074529	SENIOR CARE	VA	501(C)(3)	11A TYPE I	SENTARA HEALTHCARE	Yes	
(4) HALIFAX REGIONAL PROPERTIES INC  2204 WILBORN AVENUE SOUTH BOSTON, VA 24592 54-1801463	HLTH/WELFARE	VA	501(C)(3)	11A TYPE I	HALIFAX REGIONAL HOSPITAL	Yes	
(5) SENTARA HEALTHCARE  6015 POPLAR HALL DRIVE NORFOLK, VA 23502 52-1271901	HEALTH CARE	VA	501(C)(3)	LN7_NORMALGOVTSUPPOR	HALIFAX REGIONAL HOSPITAL		No
(6) SENTARA PRINCESS ANNE HOSPITAL  6015 POPLAR HALL DRIVE NORFOLK, VA 23502 52-1277419	HEALTH CARE	VA	501(C)(3)	LN3_HOSPITALCOOPINSE	SENTARA HOSPITALS	Yes	
(7) SENTARA HOSPITALS  6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1547408	HEALTH CARE	VA	501(C)(3)	LN3_HOSPITALCOOPINSE	SENTARA HEALTHCARE	Yes	
(8) SENTARA MEDICAL GROUP  6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1217184	HEALTH CARE	VA	501(C)(3)	LN9_MORETHAN30PCTCON	SENTARA HEALTHCARE	Yes	
(9) SENTARA ENTERPRISES  6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1917649	HEALTH CARE	VA	501(C)(3)	LN9_MORETHAN30PCTCON	SENTARA HEALTHCARE	Yes	
(10) SENTARA LIFE CARE CORP  6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1217183	HEALTH CARE	VA	501(C)(3)	LN9_MORETHAN30PCTCON	SENTARA HEALTHCARE	Yes	
(11) MPB INC  6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1346393	TITLE HOLDING COMPANY	VA	501(C)(2)		SENTARA ENTERPRISES	Yes	
(12) OPTIMA HEALTH PLAN  6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1283337	HMO	VA	501(C)(3)	11A - I	SENTARA HEALTHCARE	Yes	
(13) POTOMAC HOSPITAL CORP OF PRINCE WILLIAM  6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-0853898	HEALTH CARE	VA	501(C)(3)	LN3_HOSPITALCOOPINSE	SENTARA HEALTHCARE	Yes	
(14) VALLEY WELLNESS CENTER  501 STONE SPRING ROAD HARRISONBURG, VA 22801 52-1309257	PREVENTATIVE HEALTH/REHAB	VA	501(C)(3)	LN9_MORETHAN30PCTCON	ROCKINGHAM MEMORIAL HOSPITAL	Yes	
(15) MJH FOUNDATION  500 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE, VA 22911 54-1401357	INVEST/MGT SVCS FOR MARTHA JEFFERSON HOSPITAL	VA	501(C)(3)	11A - I	MARTHA JEFFERSON HOSPITAL	Yes	
(16) MARTHA JEFFERSON HOSPITAL FOUNDATION  500 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE, VA 22911 30-0041113	FUNDRAISING	VA	501(C)(3)	11A - I	MARTHA JEFFERSON HOSPITAL	Yes	
(17) MARTHA JEFFERSON HOSPITAL  500 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE, VA 22911 54-0261840	HEALTH CARE	VA	501(C)(3)	LN3_HOSPITALCOOPINSE	SENTARA HEALTHCARE	Yes	
(18) ROCKINGHAM HEALTH CARE INC  2010 HEALTH CAMPUS DRIVE HARRISONBURG, VA 22801 52-1309259	SUPPORT OF HEALTHCARE ORGS	VA	501(C)(3)	11B - II	N/A		No





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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
SOUTHSIDE HEALTH SERVICES INC 2204 WILBORN AVENUE SOUTH BOSTON, VA 24592 54-1417772	HEALTH SERVICES	VA	N/A	C				Yes	
DOMINION HEALTH MEDICAL ASSOCIATES LTD 2204 WILBORN AVENUE SOUTH BOSTON, VA 24592 54-1060357	PHYS PRACTICE	VA	N/A	C				Yes	
SENTARA HOLDINGS INC 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1555638	HOLDING COMPANY	VA	N/A	C				Yes	
SENTARA HEALTH PLANS INC 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 52-2368125	TPA	VA	N/A	C				Yes	
OPTIMA HEALTH GROUP 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1473382	HMO	VA	N/A	C				Yes	
OPTIMA HEALTH INSURANCE COMPANY 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1642752	HEALTH INSURANCE	VA	N/A	C				Yes	
OPTIMA BEHAVIORAL HEALTH SERVICES 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 62-1382666	MENTAL HEALTH SVCS	VA	N/A	C				Yes	
SENTARA VENTURES INC 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1688615	HOLDING COMPANY	VA	N/A	C				Yes	
SMG INNOVATIONS INC 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 20-3730331	HEALTH CARE	VA	N/A	C				Yes	
SENTARA OBICI PROFESSIONAL CENTER 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1445865	RE RENTAL	VA	N/A	C				Yes	
SENTARA STRATEGIC SOLUTIONS INC 6015 POPLAR HALL DRIVE NORFOLK, VA 23502 54-1020941	HEALTH CARE	VA	N/A	C				Yes	
POTOMAC VENTURES CORP 2300 OPITZ BLVD WOODBIDGE, VA 22191 54-1441420	PHARMACY	VA	N/A	C				Yes	
ROCKINGHAM HEALTH SERVICES INC 2010 HEALTH CAMPUS DRIVE HARRISONBURG, VA 22801 54-1721387	CONTRACTING SVCS	VA	ROCKINGHAM MEMORIAL HOSPITAL	C			100 000 %	Yes	
MARTHA JEFFERSON MEDICAL ENTERPRISES INC 500 MARTHA JEFFERSON DRIVE CHARLOTTESVILLE, VA 22911 54-1841528	MEDICAL BILLING SVCS	VA	N/A	C				Yes	
BAY PRIMEX INSURANCE COMPANY LTD PO BOX 1051 GRAND CAYMAN CJ 98-0704114	INSURANCE	CJ	N/A	C				Yes	



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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
MARTHA JEFFERSON HOSPITAL	O	143,836	CORP BOOKS/REC
MARTHA JEFFERSON HOSPITAL	Q	255,546	CORP BOOKS/REC
OPTIMA HEALTH PLAN	L	22,197,230	CORP BOOKS/REC
SENTARA ENTERPRISES	K	113,771	CORP BOOKS/REC
SENTARA ENTERPRISES	Q	1,316,039	CORP BOOKS/REC
VALLEY WELLNESS CENTER	K	123,523	CORP BOOKS/REC
VALLEY WELLNESS CENTER	S	283,168	CORP BOOKS/REC



**SENTARA HEALTHCARE AND SUBSIDIARIES**

Consolidated Financial Statements and  
Supplemental Schedules

December 31, 2013 and 2012

(With Independent Auditors' Report Thereon)

## SENTARA HEALTHCARE AND SUBSIDIARIES

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KPMG LLP  
Suite 1900  
440 Monticello Avenue  
Norfolk, VA 23510

## **Independent Auditors' Report**

The Board of Directors  
Sentara Healthcare

We have audited the accompanying consolidated financial statements of Sentara Healthcare and subsidiaries, 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 consolidated financial statements

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

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

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

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

### ***Opinion***

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Sentara Healthcare and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for the years then ended, in accordance with U S generally accepted accounting principles.



*Other Matter*

Our audits were performed for the purpose of forming an opinion on the basic consolidated financial statements as a whole. The supplementary information included in schedules 1 through 10 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and the other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

KPMG LLP

Norfolk, Virginia  
March 28, 2014

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Consolidated Balance Sheets

December 31, 2013 and 2012

(In thousands)

<b>Assets</b>	<b>2013</b>	<b>2012</b>
Current assets		
Cash and cash equivalents	\$ 936,370	857,447
Receivables, net	445,862	460,629
Investments and assets whose use is limited	230,532	396,182
Inventories	58,433	52,838
Prepaid expenses and other current assets	37,678	43,146
Total current assets	1,708,875	1,810,242
Investments and assets whose use is limited	2,306,524	1,790,040
Property, plant, and equipment, net	1,691,546	1,545,665
Land held for future use, at cost	22,899	13,605
Other assets, net	124,635	147,349
Total assets	<u>\$ 5,854,479</u>	<u>5,306,901</u>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 114,941	96,898
Employee compensation and benefits	198,162	177,464
Medical claims accrued and payable	92,453	85,058
Current installments of long-term debt	20,547	23,283
Long-term debt subject to current remarketing provisions	219,100	380,926
Estimated third-party pay or settlements	5,914	3,339
Other current liabilities	133,108	130,374
Total current liabilities	784,225	897,342
Long-term debt, excluding current installments	1,120,245	960,224
Retirement obligations	95,518	388,145
Other long-term liabilities	271,227	344,284
Total liabilities	<u>2,271,215</u>	<u>2,589,995</u>
Net assets		
Unrestricted	3,469,635	2,608,041
Temporarily restricted	64,280	65,276
Permanently restricted	18,997	18,639
Total net assets attributable to Sentara Healthcare	3,552,912	2,691,956
Noncontrolling interest	30,352	24,950
Total net assets	<u>3,583,264</u>	<u>2,716,906</u>
Total liabilities and net assets	<u>\$ 5,854,479</u>	<u>5,306,901</u>

See accompanying notes to consolidated financial statements

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Consolidated Statements of Operations

Years ended December 31, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Operating revenues, gains, and other support		
Net patient service revenue (net of contractual allowances and discounts)	\$ 2,985,210	2,844,943
Provision for bad debts	(249,048)	(249,044)
Net patient service revenue less provision for bad debts	2,736,162	2,595,899
Premium and capitation revenue	1,440,849	1,354,516
Other operating revenue	116,251	110,339
Net assets released from restrictions for operations	5,464	7,474
Total operating revenues, gains, and other support	<u>4,298,726</u>	<u>4,068,228</u>
Operating costs and expenses		
Salaries and wages	1,410,743	1,308,386
Benefits	344,396	313,226
Medical claims	882,590	847,351
Other operating	1,222,842	1,120,928
Interest	42,484	46,720
Depreciation and amortization	173,891	167,819
Total operating costs and expenses	<u>4,076,946</u>	<u>3,804,430</u>
Net operating income	221,780	263,798
Nonoperating gains, net	390,034	167,572
Excess of revenues over expenses before noncontrolling interest	611,814	431,370
Noncontrolling interest	(5,402)	(4,475)
Excess of revenues over expenses attributable to Sentara Healthcare	606,412	426,895
Net assets released from restricted funds for capital purchases	2,942	5,945
Change in funded status of retirement obligations	252,240	(125,096)
Increase in unrestricted net assets	<u>\$ 861,594</u>	<u>307,744</u>

See accompanying notes to consolidated financial statements

SENTARA HEALTHCARE AND SUBSIDIARIES

Consolidated Statements of Changes in Net Assets

Years ended December 31, 2013 and 2012

(In thousands)

	Unrestricted	Temporarily restricted	Permanently restricted	Noncontrolling interest	Total
Balance at December 31, 2011	\$ 2,300,297	66,640	18,358	20,475	2,405,770
Excess of revenues over expenses	426,895	—	—	4,475	431,370
Net assets released from restricted funds for capital purchases	5,945	(5,945)	—	—	—
Change in funded status of pension liability	(125,096)	—	—	—	(125,096)
Contributions	—	8,596	64	—	8,660
Net assets released from restrictions	—	(7,474)	—	—	(7,474)
Investment earnings	—	3,459	217	—	3,676
Change in net assets	307,744	(1,364)	281	4,475	311,136
Balance at December 31, 2012	2,608,041	65,276	18,639	24,950	2,716,906
Excess of revenues over expenses	606,412	—	—	5,402	611,814
Net assets released from restricted funds for capital purchases	2,942	(2,942)	—	—	—
Change in funded status of pension liability	252,240	—	—	—	252,240
Contribution of Halifax Regional Hospital (HRH) restricted net assets	—	1,143	—	—	1,143
Contributions	—	2,739	363	—	3,102
Net assets released from restrictions	—	(5,464)	—	—	(5,464)
Investment earnings (loss)	—	3,528	(5)	—	3,523
Change in net assets	861,594	(996)	358	5,402	866,358
Balance at December 31, 2013	\$ 3,469,635	64,280	18,997	30,352	3,583,264

See accompanying notes to consolidated financial statements



# SENTARA HEALTHCARE AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

Years ended December 31, 2013 and 2012

(In thousands)

	2013	2012
Cash flows from operating activities		
Increase in net assets	\$ 866,358	311,136
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Contribution of HRH net assets	(102,665)	—
Provision for bad debts	249,048	249,044
Depreciation and amortization	173,891	167,819
Net realized and unrealized gains on investments	(179,474)	(108,867)
Loss on disposal of property, plant, and equipment	579	101
Loss on refunding of debt	99	5,920
Amortization of bond premiums	230	321
Change in market value of derivative instruments	(40,514)	(349)
Gain on redemption of derivative instrument	(8,338)	—
Equity in earnings of limited investment companies	(16,474)	(21,128)
Equity in earnings of joint ventures	(9,099)	(20,122)
Restricted contributions received	(3,102)	(8,660)
Changes in operating assets and liabilities		
Receivables, net	(212,993)	(292,877)
Inventories	(3,170)	373
Prepaid expenses and other current assets	8,403	(1,009)
Accounts payable and accrued expenses	8,912	19,331
Employee compensation and benefits	13,968	5,627
Medical claims accrued and payable	7,395	(14,943)
Estimated third-party payor settlements	871	(1,750)
Retirement obligations	(298,982)	96,323
Other liabilities	(27,847)	16,566
Net cash provided by operating activities	427,096	402,856
Cash flows from investing activities		
Capital expenditures	(213,501)	(195,635)
Purchases of investments, net	(119,650)	(244,534)
Contribution of HRH cash	5,073	—
Net changes in other assets	6,042	(11,470)
Proceeds from the disposal of property, plant, and equipment	3,655	4,439
Net cash used in investing activities	(318,381)	(447,200)
Cash flows from financing activities		
Restricted contributions received	3,102	8,660
Proceeds from issuance of long-term debt	160,515	303,053
Payments on long-term debt	(193,409)	(270,842)
Net cash (used in) provided by financing activities	(29,792)	40,871
Net increase (decrease) in cash and cash equivalents	78,923	(3,473)
Cash and cash equivalents at beginning of year	857,447	860,920
Cash and cash equivalents at end of year	\$ 936,370	857,447
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	\$ 42,670	46,753
Cash refunded during the year for income taxes	(406)	(860)

See accompanying notes to consolidated financial statements

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

#### (1) Description of Organization

##### *(a) Corporate Organization and Mission*

Sentara Healthcare (Sentara) is a nonstock, nonprofit, 501(c)(3) tax-exempt Virginia Corporation formed to coordinate, promote, and plan for the provision of health services, medical education, and the economic development of Virginia and North Carolina

The mission of Sentara is "We improve health every day." Sentara recognizes that the public trust in its hospitals and services represents both a privilege and a commitment. As the region's not-for-profit health partner, Sentara is recognized as a leader in providing high quality healthcare regardless of a patient's ability to pay.

##### *(b) Principles of Consolidation*

Sentara is affiliated with its subsidiaries through the legal relationship of sole "member" or sole "stockholder." As sole member/stockholder, Sentara has those rights and powers prescribed by law and provided in the subsidiaries' Articles of Incorporation and Bylaws. All significant intercompany balances and transactions have been eliminated in consolidation. Noncontrolling interests have been recorded to recognize the portion of the net assets and operating results of affiliates not wholly owned by Sentara.

The consolidated financial statements include the subsidiaries of Sentara organized into the following lines of business:

- Sentara Healthcare Corporate (SHC) provides overall administration for all Sentara subsidiaries and includes Bay Primev Insurance Company, Ltd., a captive insurance company, which insures professional and general liability risks, and Medical Practice Buildings (MPB), which operates medical office buildings.
- Sentara Hospitals (Hospitals), located in the Hampton Roads, Northern Virginia, Blue Ridge, and South Boston areas of Virginia, provides acute care hospital services and operates Sentara Norfolk General Hospital (SNGH), Sentara Virginia Beach General Hospital (SVBGH), Sentara Leigh Hospital (SLH), Sentara CarePlex Hospital (SCPH), Sentara Williamsburg Regional Medical Center (SWRMC), Sentara Obici Hospital (SOH), Sentara Princess Anne Hospital (SPAH), Sentara Northern Virginia Medical Center (SNVMC), Sentara RMH Medical Center (SRMH), Martha Jefferson Hospital (MJH), and Halifax Regional Hospital (HRH).
- Sentara Enterprises (SE) administers various outpatient healthcare programs, including home health services and patient transportation.
- Sentara Life Care Corporation (SLCC) provides geriatric care services and operates long-term care and assisted living facilities.
- Optima Health Plan (OHP) is a health maintenance organization.

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

- Sentara Holdings, Inc. (SHI) includes the subsidiaries Sentara Health Plans, Inc. (SHP), Sentara Ventures, Inc. (SVI), and Obici Professional Center (OPC). SHP provides and administers medical services to subscribers and includes Optima Health Group (OHG), a health maintenance organization, Optima Behavioral Health Services (OBHS), a mental health services company, and Optima Health Insurance Company (OHIC), a health insurance company. SVI has been organized to carry on taxable healthcare activities. OPC operates medical office buildings and includes Obici Medical Management Services (OMMS), which owns and operates physician practices and urgent care centers.
- Sentara Medical Group (SMG) owns and operates physician practices and urgent care centers. SMG Innovations (SMGI) is a subsidiary of SMG and owns and operates specialized physician practices.

## (2) Affiliation and Joint Venture

### (a) Affiliation

On July 1, 2013, Sentara, Halifax Regional Health System (HRHS) and HRHS's subsidiary, Halifax Regional Hospital (HRH) closed the transactions contemplated by an Affiliation Agreement among those parties, dated April 23, 2013. As of such closing, Sentara became the sole member of HRH, and HRH became the sole member or stockholder, as applicable, of Halifax Regional Development Foundation, Inc., Halifax Regional Long-Term Care, Inc., Clarksville Senior Care, LLC, Halifax Regional Properties, Inc., Southside Health Services, Inc., and Halifax Physician Hospital Organization, Inc. HRH is a 192-bed, acute inpatient, outpatient and emergency care provider to residents of South Boston, Virginia and its surrounding area.

Pursuant to the Affiliation Agreement, Sentara committed to expend a total investment of \$115,000 over a 10-year period to support expansion and enhancement of medical services for the communities served. Such amounts will be expended pursuant to plans and budgets approved by Sentara.

No consideration was paid to HRH as a result of the Agreement. Sentara applied the business combination accounting guidance in Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2010-07, *Not-for-Profit Entities* (Topic 958-805) *Mergers and Acquisitions*, to account for the transactions. The guidance primarily characterizes business combinations between not-for-profit entities as nonreciprocal transfers of assets resulting in the contribution of the fair value of the acquiree's net assets to the acquirer. Accounting Standards Codification (ASC) 958-805 prescribes that the acquirer recognize an excess of the fair value of the acquisition date unrestricted net assets acquired over the fair value of the consideration transferred as a separate credit in its consolidated statement of operations. Accordingly, Sentara recognized, as a component of nonoperating gains, net, contribution income related to the unrestricted net assets acquired in the transaction of \$101,522 in its consolidated statement of operations for the year ended December 31, 2013. Sentara also recorded an increase in restricted net assets of \$1,143 in its statement of changes in net assets for the year ended December 31, 2013 as a result of the affiliation.

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

The following table summarizes the estimated fair values of the assets acquired and liabilities assumed as of the date of the affiliation

Assets	
Current assets	\$ 35,579
Property and equipment	90,017
Other long-term assets	<u>35,390</u>
Total assets	<u>\$ 160,986</u>
Liabilities	
Current liabilities	\$ 21,908
Long-term debt	24,544
Other long-term liabilities	<u>11,869</u>
Total liabilities	<u>58,321</u>
Net assets acquired	
Unrestricted	101,522
Temporarily restricted	<u>1,143</u>
Total net assets	<u>102,665</u>
Total liabilities and net assets	<u>\$ 160,986</u>

The following tables summarize the activity attributable to HRH since the date of affiliation through December 31, 2013, and Sentara's pro forma combined results as though the affiliation occurred at the beginning of fiscal year 2012

Since affiliation date	
Operating revenues	\$ 56,864
Net operating loss	(2,345)
Changes in net assets	
Unrestricted	\$ 23,020
Temporarily restricted	<u>26</u>
Total changes in net assets	<u>\$ 23,046</u>

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

	<b>Sentara pro forma combined</b>	
	<b>2013</b>	<b>2012</b>
Operating revenues	\$ 4,357,330	4,184,017
Net operating income	214,720	259,206
Changes in net assets		
Unrestricted	\$ 784,163	310,306
Temporarily restricted	(2,246)	(1,413)
Permanently restricted	358	281
Total changes in net assets	\$ 782,275	309,174

### (b) *Joint Venture*

SPAH opened on August 4, 2011 as a 160-bed acute care hospital that serves southern Virginia Beach, as well as neighboring Chesapeake and northeastern North Carolina communities. SPAH is a joint venture between Sentara and Bon Secours Health System, Inc. (Bon Secours) (collectively, the Members) pursuant to an Amended and Restated Master Agreement executed on August 3, 2011. Approximately 80% of the project costs for the new hospital were financed by Sentara, the borrowings of which were assumed by the joint venture. The remaining project costs plus working capital were funded 70% by Sentara and 30% by Bon Secours. Distributions to the Members occur in accordance with the respective membership interests based on days cash on hand above certain thresholds.

The financial position and results of operations of SPAH are included in the consolidated financial statements of Sentara. Bon Secours' interest is reflected as a noncontrolling interest in the consolidated statements of changes in net assets. An excess of revenues over expenses of \$12,605 and \$5,402 was attributable to Sentara and to the noncontrolling interest, respectively, for the year ended December 31, 2013. An excess of revenues over expenses of \$10,455 and \$4,475 was attributable to Sentara and to the noncontrolling interest, respectively, for the year ended December 31, 2012.

### (3) **Summary of Significant Accounting Policies**

#### (a) *Cash and Cash Equivalents*

Cash and cash equivalents include highly liquid investments with original maturities of three months or less, excluding amounts held in investments.

At December 31, 2013 and 2012, unrestricted cash and cash equivalents totaling \$113,880 and \$81,570, respectively, and unrestricted investments totaling \$204,399 and \$204,809, respectively, were held by Sentara's insurance subsidiaries, OHP, OHIC, and OHG. Transfers of funds by these entities to other Sentara affiliates are subject to approval by the Virginia State Corporation Commission Bureau of Insurance.

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

#### **(b) *Investments and Assets Limited as to Use***

Investments in readily marketable debt and equity securities are carried at fair value. All investments, except for the portion required for payment of current liabilities, are classified as noncurrent assets. Readily marketable investments are deemed to be trading securities, therefore, investment income or loss (including realized and unrealized gains and losses) is included in nonoperating gains, net, unless restricted as to use by donor or law.

Sentara invests in alternative investments in the form of limited liability companies or partnerships. Alternative investments are accounted for under the equity method based on Sentara's interest in their underlying net assets. Alternative investments are typically not readily marketable and, accordingly, their fair value may be different from their carrying value and that difference could be material. Sentara's share of alternative investment gains and losses is included in nonoperating gains, net. Alternative investments are included in investments in the consolidated balance sheets.

Sentara's investments are exposed to several risks, including interest rate, currency, market, and credit risks. It is at least reasonably possible that changes in the values of investment securities will occur in the near term due to these risks and such changes could materially affect the amounts reported in the consolidated financial statements.

Sentara has invested in a number of joint ventures, limited liability corporations, and other nonpublic entities that provide specialty healthcare services or engage in other activities. Investments where Sentara has between a 20% and up to a 50% ownership interest are accounted for using the equity method. Sentara's equity in their earnings, which totaled \$9,099 and \$20,122 for the years ended December 31, 2013 and 2012, respectively, is included in other operating revenue in the accompanying consolidated statements of operations. These investments are included in other assets, net, in the accompanying consolidated balance sheets and totaled \$35,981 and \$36,079 at December 31, 2013 and 2012, respectively.

Assets limited as to use include assets held by trustees under debt agreements, malpractice funding arrangements, derivative financial instrument agreements, or internally designated as endowment funds.

#### **(c) *Property, Plant, and Equipment***

Property, plant, and equipment are recorded at cost at the date of acquisition or fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Leasehold improvements are amortized over the life of the lease, or the useful life of the asset, whichever is shorter. Estimated useful lives range from 3 to 25 years for land improvements, 10 to 50 years for buildings, fixed equipment, and leasehold improvements, and 3 to 20 years for major movable equipment. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. Gains or losses on disposal of property, plant, and equipment are included in operating income. Repairs and maintenance are expensed as incurred.

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

**(d) *Impairment of Long-Lived Assets***

Sentara assesses long-lived assets for impairment by determining whether their carrying values can be recovered through the undiscounted future operating cash flows generated by the assets. The amount of impairment, if any, is measured by comparison of the fair value of the assets to their carrying value. Fair value is determined using market data or projected discounted future operating cash flows using a discount rate reflecting Sentara's weighted average cost of capital.

**(e) *Goodwill***

Goodwill represents the excess of the purchase price over the fair value of the net assets of acquired companies. In accordance with ASU 2010-07, Sentara no longer amortizes goodwill, but tests the carrying value of goodwill annually for impairment. Total goodwill recognized on acquisitions, less accumulated amortization, was \$27.772 and \$25.037 as of December 31, 2013 and 2012, respectively, and is included in other assets, net.

**(f) *Medical Claims Accrued and Payable***

Claims unpaid by Sentara's insurance subsidiaries include amounts billed and not paid and an estimate of costs incurred for unbilled services provided. The estimated liability for unbilled services is based principally on historical payment patterns using actuarial techniques. Unpaid claims adjustment expenses are accrued based on an estimate of the costs necessary to process unpaid claims. Claims unpaid are reviewed and adjusted periodically and, as adjustments are made, differences are included in current operations.

**(g) *Derivative Financial Instruments***

Sentara recognizes the fair value of derivative financial instruments, currently consisting of interest rate swap agreements, as assets or liabilities in the accompanying consolidated balance sheets. Sentara has elected not to use hedge accounting with respect to any of its derivative financial instruments. Accordingly, the change in fair value of these instruments is included in nonoperating income, net. Net cash settlement amounts are included in interest expense.

**(h) *Temporarily and Permanently Restricted Net Assets***

Net assets and their related changes are classified based on the existence or absence of donor-imposed restrictions. Temporarily restricted net assets have 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 as endowments. Related income on endowment assets is classified as temporarily restricted until appropriated for expenditure. Temporarily restricted net assets have been restricted primarily for the provision of various healthcare services.

**(i) *Nonoperating Gains, Net and Excess of Revenues over Expenses***

Activities related to the provision of healthcare services are reported as operating revenues and expenses. Activities that result in gains or losses unrelated to Sentara's primary mission are considered to be nonoperating.

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

The consolidated statements of operations include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include changes in the funded status of defined-benefit pension plans, contributions of long-lived assets (including assets acquired using donor-restricted contributions), and capital contributions from noncontrolling interests.

**(j) *Net Patient Service Revenue***

Net patient service revenue is reported at the estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as changes to estimates become known and tentative and final settlement adjustments are determined.

**(k) *Charity Care***

Sentara provides care to patients that meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because Sentara does not pursue collection of amounts determined to qualify as charity care, related charges are not reported as revenue or included in accounts receivable.

**(l) *Premium and Capitation Revenue***

Premium and capitation payments are recognized as revenue during the coverage period. Sentara's insurance subsidiaries are obligated to provide healthcare services. Premium billings are billed in the month preceding the coverage period and are recorded as unearned revenue until earned. Payments received by the Hospitals from SHP are eliminated in consolidation.

**(m) *Medical Claims Expense***

Medical claims expense for Sentara's insurance subsidiaries is recognized as services are provided, including estimated amounts for claims incurred but not yet reported. These expenses are reported net of subscriber copay and deductible amounts and net of reimbursement from coordination of benefits. Reinsurance premiums, net of recoveries, are included in medical claims expense in the accompanying consolidated statements of operations.

**(n) *Income Taxes***

Sentara and its not-for-profit subsidiaries have been recognized by the Internal Revenue Service as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code, and therefore, related income is generally not subject to federal and or state income taxes. SHI, its incorporated subsidiaries, and SMGI account for income taxes in accordance with FASB ASC Topic 740, *Income Taxes*. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary



## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in the period that includes the enactment date. Any changes to the valuation allowance on the deferred tax asset are reflected in the year of the change. Sentara accounts for uncertain tax positions in accordance with ASC Topic 740.

**(o) Use of Estimates**

The preparation of the consolidated financial statements in conformity with U.S. generally accepted accounting principles 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 revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation allowances for receivables, recoverability of long-lived assets and goodwill, medical claims liabilities, self-insurance accruals, third-party payor settlements, and retirement obligations. Actual results could differ from those estimates.

**(p) Fair Value of Financial Instruments**

The fair value of a financial instrument is the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. FASB ASC Topic 820, *Fair Value Measurement*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted market prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3).

The carrying amounts of cash and cash equivalents, patient accounts receivable, other receivables, accounts payable and accrued expenses, employee compensation and benefits, estimated third-party payor settlements, and other liabilities reported in the consolidated balance sheets approximate fair value (classified as Level 1), in all significant respects, at December 31, 2013 and 2012. Fair value is defined as the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**(q) Subsequent Events**

Sentara has evaluated subsequent events for recognition and disclosure through March 28, 2014, the date the consolidated financial statements were issued.

On July 23, 2013, Sentara signed a letter of intent to operate Albemarle Health, which is located in Elizabeth City, North Carolina. Albemarle Health includes a 142-bed community hospital, Regional Medical Center, Regional Oncology Center, and Albemarle Health Sleep Center. The affiliation was finalized on March 1, 2014.

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

### (4) Net Patient Service Revenue

Net patient service revenue, before provision for bad debts, is computed as follows for the years ended December 31

	<u>2013</u>	<u>2012</u>
Gross patient charges	\$ 8,327,107	7,476,941
Charity care	568,048	443,435
Gross patient service revenue	7,759,059	7,033,506
Deductions		
Medicare, Medicaid, and Tricare contractual deductions	3,158,530	2,801,631
Other discounts and adjustments	1,615,319	1,386,932
Total	<u>\$ 2,985,210</u>	<u>2,844,943</u>

Sentara has agreements with third-party payors that provide for payments at amounts different from its established rates. A summary of payment arrangements with major third-party payors is as follows:

**Medicare.** Under the Medicare program, Sentara receives reimbursement under a prospective payment system (PPS) for inpatient services. Under the hospital inpatient PPS, fixed payment amounts per inpatient discharge are established based on the patient's assigned diagnosis related group (DRG). When the estimated cost of treatment for certain patients is significantly higher than the average, providers typically will receive additional "outlier" payments. SRMH is considered a sole-community service provider by Medicare and its prospective payment rates may be adjusted for inpatient operating costs. The majority of outpatient services provided to Medicare beneficiaries are prospectively reimbursed based on service groups called ambulatory payment classifications (APCs). The remainder of outpatient services are paid on a cost basis or based on a fee schedule. Educational costs are reimbursed by the Medicare program on a reasonable cost basis. The Hospitals are paid for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports and audits thereof by the Medicare fiscal intermediary. All hospitals have final settled with the Medicare program through the 2009 cost report year, except for HRH, which has settled through the 2008 cost report year.

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

**Medicaid** The Medicaid program is administered by the Department of Medical Assistance Services (DMAS) of the Commonwealth of Virginia, pursuant to federal and state laws and regulations. DMAS receives funding for program expenditures from both the federal government and the Commonwealth of Virginia. Federal or state law or regulations may affect limits on Medicaid payment. The majority of Medicaid recipients in Sentara's primary service area are enrolled in health maintenance organizations (HMOs). These HMOs contract with the Medicaid program to provide primary and acute care services to enrolled Medicaid recipients. The Hospitals are paid for substantially all services rendered to Medicaid HMO beneficiaries on a prospective payment basis. There are certain Medicaid patients excluded from the HMO program for which the Hospitals are reimbursed based on a DRG-based PPS, which is subject to certain limitations and possible retroactive adjustment. All hospitals have final settled with the Medicaid program through the 2012 cost report year, except for HRH and SRMH, which have settled through the 2008 and 2011 cost report year, respectively.

In addition to Medicare and Medicaid discussed above, Sentara also provides services to beneficiaries of numerous other third-party payors. These payors pay based on negotiated contractual rates, which include prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. As a result, there is a reasonable possibility that recorded estimates will change by a material amount in the near term. During 2013 and 2012, the effect of these settlement adjustments was to increase net patient service revenue by approximately \$422 and \$4,792, respectively.

Due to the nature of the governmental cost report settlement process, the complexities of governmental and nongovernmental patient billing and other financial statement exposures that are inherent in the provision of healthcare services, Sentara has established financial accounting and reporting policies that formally govern the establishment of associated liability estimates beyond those related to specifically identifiable events. The establishment of related liabilities is based on a number of factors, including net patient service revenue volumes. Sentara believes that such policy properly provides for Sentara's routine and nonroutine exposures consistent with industry accounting principles and practices. These estimated liabilities are included in other long-term liabilities in the accompanying consolidated balance sheets in the amounts of \$88,171 and \$80,822 as of December 31, 2013 and 2012, respectively.

The Health Information Technology for Economic and Clinical Health (HITECH) Act that was enacted as part of the American Recovery and Reinvestment Act of 2009 was signed into law in February 2009. Within the context of the HITECH Act, certain healthcare entities must implement a certified Electronic Health Record (EHR) in an effort to promote the adoption and "meaningful use" of health information technology (HIT). Understanding the strategic importance of an EHR system, Sentara invested in a certified EHR system prior to the HITECH Act. The HITECH Act includes significant monetary incentives to encourage the adaptation of a certified EHR system. During 2013 and 2012, Sentara recognized incentive payments totaling \$18,407 and \$22,104, respectively, which are included in other operating revenue in the accompanying consolidated statements of operations.

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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(In thousands)

### (5) Receivables, Net

Receivables, net are summarized as follows at December 31

	<u>2013</u>	<u>2012</u>
Patient accounts receivable	\$ 1,175,656	1,052,901
Less		
Contractual allowances for third-party payors	627,373	546,445
Allowance for bad debts	<u>212,626</u>	<u>170,172</u>
Patient accounts receivable, net	335,657	336,284
Premium and capitation receivables, net	60,705	58,833
Estimated third-party payor settlements	19,646	31,406
Other receivables	<u>29,854</u>	<u>34,106</u>
Receivables, net	<u>\$ 445,862</u>	<u>460,629</u>

Patient accounts receivable are reduced by an allowance for bad debts. In evaluating the collectibility of accounts receivable, Sentara analyzes historical collections and write-offs and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for bad debts and provision for bad debts. Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for bad debts. For receivables associated with services provided to patients who have third-party coverage, Sentara analyzes contractually due amounts and provides an allowance for bad debts, allowance for contractual adjustments, provision for bad debts, and contractual adjustments on accounts for which the third-party payor has not yet paid or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely. For receivables associated with self-pay patients or with balances remaining after the third-party coverage has already paid, Sentara records a significant provision for bad debts in the period of service on the basis of its historical collections, which indicates that many patients are unwilling to pay the portion of their bill for which they are financially responsible. The difference between the discounted rates and the amounts collected after all reasonable collection efforts have been exhausted is charged off against the allowance for bad debts.

The activity in the allowance for bad debts is summarized as follows for the years ended December 31

	<u>2013</u>	<u>2012</u>
Beginning balance as of January 1	\$ 170,172	144,925
Provision for bad debts	249,048	249,044
Less writeoffs	<u>(206,594)</u>	<u>(223,797)</u>
Ending balance as of December 31	<u>\$ 212,626</u>	<u>170,172</u>

The change in the allowance for bad debts during 2013 is attributable to increased self-pay patient volumes and trends experienced in the collection of the related patient receivables.

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

### (6) Investments and Assets Whose Use is Limited

A summary of investments and assets whose use is limited included in the accompanying December 31 consolidated balance sheets is as follows

	<u>2013</u>	<u>2012</u>
Investments at fair value	\$ 2,197,841	1,888,855
Investment companies accounted for under the equity method	<u>339,215</u>	<u>297,367</u>
Total investments	2,537,056	2,186,222
Less portion required to pay current liabilities	<u>230,532</u>	<u>396,182</u>
	<u>\$ 2,306,524</u>	<u>1,790,040</u>

Investments at estimated fair value comprise the following

	<u>2013</u>	<u>2012</u>
Unrestricted investments	\$ 2,378,958	1,966,938
Donor-restricted investments	65,452	65,127
Assets whose use is limited under indenture, self-insurance funding arrangement, and derivative financial instrument agreements held by trustee	76,970	139,510
Assets internally designated as endowment fund	<u>15,676</u>	<u>14,647</u>
Total investments at estimated fair value	<u>\$ 2,537,056</u>	<u>2,186,222</u>

The three levels of the fair value hierarchy are as follows

Level 1 – Quoted prices for identical assets or liabilities in active markets

Level 2 – Quoted prices for similar instruments in active markets, for identical instruments in markets that are not active, and model-driven valuations whose inputs are observable either indirectly or directly

Level 3 – Unobservable inputs that are significant to the fair value of the assets or liabilities

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

The following tables present Sentara's fair value hierarchy for those assets measured at estimated fair value on a recurring basis as of December 31, 2013 and 2012, respectively

		Fair value measurements at December 31, 2013 using			
		Total	Level 1	Level 2	Level 3
Investments					
Fixed maturities					
Domestic	\$	742,780	459,562	283,218	—
International		10,728	1,924	8,804	—
Equity securities					
Domestic		1,141,574	1,141,574	—	—
International		24,252	6,651	17,601	—
Multiasset funds		144,741	144,741	—	—
Alternative investments					
Hedge funds		185,882	—	149,859	36,023
Private equity		53,393	—	—	53,393
Real estate		137,050	—	—	137,050
Short-term investments		96,656	96,656	—	—
Total	\$	2,537,056	1,851,108	459,482	226,466

		Fair value measurements at December 31, 2012 using			
		Total	Level 1	Level 2	Level 3
Investments					
Fixed maturities					
Domestic	\$	778.714	448.671	330.043	—
International		7.717	358	7.359	—
Equity securities					
Domestic		847.363	847.363	—	—
International		5.390	954	4.436	—
Multiasset funds		89.345	89.345	—	—
Alternative investments					
Hedge funds		173.568	—	137.014	36.554
Private equity		40.255	—	—	40.255
Real estate		116.579	—	—	116.579
Short-term investments		127.291	127.291	—	—
Total	\$	2,186.222	1,513.982	478.852	193.388

Short-term investments comprise cash equivalents and short-term fixed income securities. Because of the nature of these assets, carrying amounts approximate fair values, which have been determined from public quotations, when available.

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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(In thousands)

Fair values for Sentara's fixed maturity securities are based on prices provided by its investment managers and its custodian bank, which use a variety of pricing sources to determine market valuations. Sentara's fixed maturity securities portfolio is highly liquid, which allows for a high percentage of the portfolio to be priced through pricing services.

Fair values of equity securities have been determined by Sentara from observable market quotations, when available. Equity securities where a public quotation is not available are valued by using broker quotes.

Sentara generally uses net asset value per share as provided by external investment managers without further adjustment as the practical expedient estimate of the fair value of its alternative investments consistent with the provisions of ASU 2009-12, *Fair Value Measurements and Disclosures (Topic 820) Investments in Certain Entities that Calculate Net Asset Value per Share (or its Equivalent)*. Accordingly, such values may differ from values that would have been used had an active market for the investments existed.

For the years ended December 31, 2013 and 2012, the reconciliation of investments with estimated fair value measurements using significant unobservable inputs (Level 3) is as follows:

	<u>2013</u>	<u>2012</u>
Beginning balance, as of January 1	\$ 193,388	129,528
Total net gains unrealized and realized	7,782	11,604
Purchases, sales, issuances, and settlements	25,296	49,347
Net transfers from Level 2	—	2,909
Ending balance, December 31	<u>\$ 226,466</u>	<u>193,388</u>

Sentara's limited investment companies are reported on the equity method based on the underlying net asset value of the investments which management believes approximates fair value. The fair values of Sentara's limited investment companies are based on all available data, including information provided by fund managers. Due to the nature of the underlying investments held, changes in market conditions, and the economic environment may significantly impact the investments' net asset value and the carrying value of Sentara's interest.

Sentara's limited investment companies include redemption restrictions. Hedge fund investments may require 65 to 105 day written notice of intent to withdraw and may be subject to a 12 to 36 month lock up period. Private equity investments do not include provisions for redemption, and are distributed by the fund on a discretionary basis as restrictions are met and capital permits. Level 3 real estate investments require written notice of intent to withdraw and are subject to the capital requirements of the fund manager.

Sentara has remaining capital commitments of \$48,221 at December 31, 2013 for certain limited investment companies.

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

#### (7) Property, Plant, and Equipment

The components of property, plant, and equipment, at cost, and the related accumulated depreciation at December 31 are summarized as follows

	<u>2013</u>	<u>2012</u>
Land	\$ 138,629	123,356
Land improvements	99,577	89,873
Buildings	1,172,579	1,038,880
Fixed equipment	596,800	552,183
Major moveable equipment	1,448,475	1,328,123
Leasehold improvements	<u>51,063</u>	<u>45,413</u>
	3,507,123	3,177,828
Less accumulated depreciation and amortization	<u>1,882,200</u>	<u>1,723,910</u>
	1,624,923	1,453,918
Construction in progress	<u>66,623</u>	<u>91,747</u>
Total	<u>\$ 1,691,546</u>	<u>1,545,665</u>

Depreciation and amortization related to property, plant, and equipment totaled \$173,217 and \$167,052 for the years ended December 31, 2013 and 2012, respectively

Significant construction projects in progress at December 31, 2013 are expected to have remaining project costs of approximately \$133,519. The commitments include the costs to complete a new bed tower at SLH, an operating room expansion for SNVMC, a sports imaging center at SRMH, and other projects.



# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

### (8) Long-Term Debt

Long-term debt and capital lease obligations at December 31 are summarized as follows

	<u>2013</u>	<u>2012</u>
Sentara Healthcare Obligated Group Revenue and Refunding Bonds		
Series 2013A-B, payable in installments ranging from \$1.190 to \$11.535 from 2014 through 2048, with interest at a variable rate of 67% of one-month LIBOR plus .40% (actual interest rate at December 31, 2013 was 0.51%)	\$ 159.660	—
Series 2012A, payable in installments ranging from \$215 to \$5.850 through 2034, with interest at a variable rate of SIFMA plus 0.08% (actual interest rate at December 31, 2013 was 0.14%)	68.190	68.580
Series 2012B, payable in installments ranging from \$2.190 to \$26.110 through 2043, with fixed interest rates ranging from 3.00% to 5.00% (average interest rate at December 31, 2013 was 4.60%)	144.660	146.810
Series RMH 2011A-C, payable in installments of \$1.200 from 2015 through 2039, with interest at a variable rate of 67% of one-month LIBOR plus 0.40% (actual interest rate at December 31, 2013 was 0.51%)	30.000	30.000
Series RMH 2010A-C, payable in installments ranging from \$1.724 to \$2.724 through 2040, with interest at a variable rate of 67% of one-month LIBOR plus 0.40% (actual interest rate at December 31, 2013 was 0.51%)	71.552	73.276
Series 2010, payable in installments ranging from \$1.600 to \$37.160 through 2040, with fixed interest rates ranging from 4.00% to 5.00% (average interest rate for 2013 was 4.82%)	255.295	264.305
Series 2010B-C, payable in installments ranging from \$425 to \$11.250 through 2034, with interest at a variable rate of SIFMA plus 0.12% (actual interest rate at December 31, 2013 was 0.18%)	131.110	131.860
Series MJH 2008A-D, refunded by Series 2013A-B	—	160.795
Series 2008, payable in installments ranging from \$1.450 to \$26.860 through 2035, with a fixed interest rate of 5.75%	156.615	156.615

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

	<u>2013</u>	<u>2012</u>
Series RMH 2006, payable in installments ranging from \$1.140 to \$11.670 through 2046, with fixed interest rates ranging from 4.00% to 5.00% (average interest rate for 2013 was 4.72%)	\$ 186,965	188,005
City of Suffolk 1998, payable in annual installments of \$667 through 2017, with a fixed interest rate of 4.71%	2,667	3,333
Isle of Wight 1998, payable in annual installments of \$667 through 2017, with a fixed interest rate of 4.76%	2,667	3,333
Sussex County 1998, payable in annual installments of \$267 through 2013, with a fixed interest rate of 4.69%	—	267
Series 1993, payable in installments ranging from \$3,240 to \$3,775 through 2018, with fixed interest rates of 5.13% and 6.00% (average interest rate for 2013 was 5.25%)	17,100	20,015
Halifax Regional Hospital Revenue Bonds-		
Series 2007, payable in installments ranging from \$440 to \$1,320 through 2037, with fixed interest rates ranging from 4.38% to 5.00% (average interest rate for 2013 was 4.93%)	19,185	—
Notes payable		
Sentara Healthcare Commercial Paper Note program		
\$130,000 authorized tax-exempt issue, weighted average maturity and interest rate at December 31, 2013 was 122 days and 0.12%, respectively	48,800	52,800
\$125,000 authorized taxable issue, weighted average maturity and interest rate at December 31, 2013 was 122 days and 0.22%, respectively	71,000	71,000
Note payable due 2014 with a fixed rate of interest of 7.00%	110	416
Note payable due 2017 with a fixed rate of Prime, adjusted every five years (actual interest rate at December 31, 2013 was 5.75%)	215	247
Capital lease obligations	<u>2,215</u>	<u>1,121</u>
	1,368,006	1,372,778
Unamortized bond discount, net	(8,114)	(8,345)
Less amount classified as current	<u>(239,647)</u>	<u>(404,209)</u>
	<u>\$ 1,120,245</u>	<u>960,224</u>

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

#### **(a) *Obligated Group Revenue and Refunding Bonds***

The Sentara Healthcare Obligated Group Revenue and Refunding Bonds were issued under various sales agreements between Sentara and the Industrial Development Authority (IDA) of the Cities of Norfolk, Chesapeake, Hampton, Suffolk, and Virginia Beach and the Counties of Isle of Wight, Sussex, and Surry (the Authorities), pursuant to which the Authorities will sell certain improvements back to Sentara for aggregate installment payments sufficient to enable the Authorities to pay the principal and interest on the bonds when due. Under the terms of the sales agreements, Sentara delivered to the Authorities promissory notes, pursuant to a Master Trust Indenture, between Sentara and U S Bank, NA, as trustee.

In June 2013, Sentara issued \$160,515 in variable rate Hospital Facilities Revenue and Refunding Bonds. The proceeds of the bonds were used to fully refund the MJH Series 2008 A-D Bonds.

In April 2012, Sentara issued \$68,890 in variable rate Hospital Facilities Revenue and Refunding Bonds. The proceeds of the bonds were used to fully refund the Series 2009A Bonds.

In May 2012, Sentara issued \$148,740 in fixed rate Health Care Facilities Revenue and Refunding Bonds. A portion of the proceeds are being used to finance the building of a new bed tower at SLH. The remaining proceeds were used to fully refund the Series 2003 Potomac Hospital Facility Revenue Bonds and the Series 2002 MJH Revenue Bonds. A total loss of \$5,920 was recognized on the refundings and is included in nonoperating gains, net in the accompanying 2012 consolidated statement of operations. A premium of \$14,423 was recognized related to the issuance of the debt.

Sentara maintains a balance of short-term investments equal to the Series 2012A Bonds, Series 2010B-C Bonds, and a portion of commercial paper issuances, which are not covered by a letter of credit (self-liquidity). Long-term debt subject to current remarketing provisions and covered by self-liquidity totaled \$219,100 and \$380,926 as of December 31, 2013 and 2012, respectively, and is classified as a current liability.

#### **(b) *Commercial Paper Revenue Notes***

Issuance of the tax-exempt Sentara Healthcare Commercial Paper Revenue Notes (the Notes) was authorized during 1998 under agreements between Sentara and the IDA of the City of Norfolk (the Authority). The Notes will be issued from time to time by the Authority as part of a pooled financing program to provide loans to Sentara to finance the cost of certain capital improvements, to refinance outstanding revenue, and refunding bonds and to pay costs associated with the issuance of the Notes. It is management's intent to continuously rollover these Notes. However, the outstanding principal amount of all Notes must be repaid by 2028. Each Note will mature between 1 and 270 days after its date of issuance. The maximum aggregate principal amount of the Notes outstanding at any one time shall not exceed the lesser of \$130,000, or the aggregate amount of advances available under a Liquidity Facility Agreement (Liquidity Facility).

During 2012, Sentara entered into an agreement with a commercial finance company that authorizes the issuance of up to \$125,000 of taxable commercial paper (the Commercial Paper). The Commercial Paper will be issued from time to time for general corporate purposes and to refund a

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

portion of certain Notes previously issued. It is management's intent to continuously rollover the Commercial Paper. However, the outstanding principal amount of all the Commercial Paper must be repaid by 2028. Each Commercial Paper will mature between 1 and 270 days after its date of issuance.

Under the terms of the current Liquidity Facility, Sentara may borrow, subject to certain conditions, up to \$100,000 to pay the principal portion of the Notes or the Commercial Paper that have not been successfully remarketed. Borrowings under the Liquidity Facility bear interest at certain rates under several options granted to Sentara. There was no amount outstanding under the Liquidity Facility as of December 31, 2013 or 2012. The Liquidity Facility expires on June 5, 2015.

**(c) Other**

The Revenue and Refunding Bonds are not secured by any security interest in or lien on any revenues or real property. The Master Trust Indenture places certain restrictions on Sentara relative to operating ratios and incurrence of additional indebtedness.

At December 31, 2013, management believes that Sentara was in compliance with all such restrictions.

The fair value of all bonds and commercial paper revenue notes are determined by market quotations using Level 1 criteria. The fair value of all bonds and commercial paper revenue notes at December 31, 2013 and 2012 was approximately \$1,375,000 and \$1,425,000, respectively.

Estimated maturities and sinking fund requirements of all long-term indebtedness at December 31, 2013 are as follows:

2014	\$	20,547
2015		23,613
2016		25,398
2017		25,937
2018		26,059
Thereafter		<u>1,246,452</u>
	\$	<u><u>1,368,006</u></u>

**(9) Derivative Financial Instruments**

Sentara uses interest rate swaps as a part of its risk management strategy to manage exposure to fluctuations in interest rates and to manage the overall cost of its debt. The interest rate swaps are not used for speculative purposes and are measured at fair value in the consolidated balance sheets.

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

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(In thousands)

The following table provides details regarding Sentara's fair value of derivative instruments currently classified as other long-term liabilities at December 31, 2013 and 2012, none of which are designated as cash flow hedging instruments

2013							
Interest rate swap	Fair value	Notional amount outstanding	Rate paid	Rate received	Average rate received in 2013	Counterparty	Term
2004	\$ (28,272)	197,811	3.51%	67% of One month (1M) LIBOR	0.13%	Wells Fargo (75%) & Goldman Sachs (25%)	30 years
2008	382	156,615	SIFMA + 0.19%	5.75%	5.75	Citigroup	10 years
Sussex 1998	(1,142)	9,895	3.33%	59% of 1M LIBOR + 0.35%	0.47	Bank of America	18 years
RMH 2009 (Fixed Swap)	(150)	30,000	3.28%	67% of (1M LIBOR + 1.67%)	1.25	SunTrust	5 years
MJH 2013 (Basis Swap)	(1,991)	76,325	SIFMA	67% of 1M LIBOR + 0.41%	0.53	Barclays	15 years
MJH 2013 (Fixed Swap)	15,679	159,660	1.94%	67% of 3M LIBOR	0.18	Barclays	35 years
2012							
Interest rate swap	Fair value	Notional amount outstanding	Rate paid	Rate received	Average rate received in 2012	Counterparty	Term
2004	\$ (52,109)	198,906	3.51%	67% of One month (1M) LIBOR	0.24%	Wells Fargo (75%) & Goldman Sachs (25%)	30 years
2008	438	156,615	SIFMA + 0.19%	5.75%	5.75	Citigroup	10 years
Sussex 1998	(1,680)	267	3.33%	59% of 1M LIBOR	0.14	Bank of America	25 years
RMH 2009 (Fixed Swap)	(583)	30,000	3.28%	67% of 1M LIBOR + 1.67%	1.83	SunTrust	5 years
MJH 2007 (Basis Swap)	(473)	76,325	SIFMA	67% of 1M LIBOR + 0.41%	0.63	UBS	20 years
MJH 2008 (Fixed Swap)	(52,154)	160,795	4.13%	SIFMA	0.18	UBS	40 years

In conjunction with the refunding of the MJH 2008 A-D Series bonds, the associated swap was redeemed for \$40,080. As of the redemption date, the fair value of the swap was \$48,418, resulting in a gain of \$8,338, which is included in nonoperating gains, net in the accompanying 2013 consolidated statement of operations. Sentara subsequently entered into a basis swap as well as a fixed-payor swap, the terms of which are noted in the table above.

In order to manage the credit risk of the swap agreements, Sentara and the counterparties are required to provide collateral in the event that the combined fair value of the swap agreements exceeds a predetermined threshold amount. The collateral posting requirements are based upon the rating classification of Sentara's long-term, unsecured, and unsubordinated debt securities as assigned by a relevant rating agency. As of December 31, 2013, the counterparty posted \$11,060 in collateral with Sentara, which is included in noncurrent assets whose use is limited in the 2013 consolidated balance sheet.

The fair value of the interest rate swap agreements is the estimated amount that Sentara would receive or pay to terminate the swap agreements at the reporting date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The swap agreements are valued based on readily

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

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(In thousands)

observable market parameters for all substantial terms of the contracts and are, therefore, categorized as Level 2 securities. The change in the fair value of the interest rate swap agreements for the years ended December 31, 2013 and 2012 was \$40,514 and \$349, respectively, and is included in nonoperating gains, net in the consolidated statements of operations. Sentara is exposed to credit loss in the event of nonperformance by the swap counterparties. Sentara manages this risk through the monitoring of the credit standing of its counterparties.

#### **(10) Retirement Obligations**

Sentara maintains a noncontributory defined-benefit pension plan that covers substantially all employees of Sentara Healthcare and its subsidiaries (Sentara Plan), except for Halifax, which maintains a separate plan (Halifax Plan). Halifax Plan benefits were frozen effective May 1, 2009, with the exception of employees who were at least age 55 with at least 10 years of service or who reached a total of 75 using a combination of age and service (known as grandfathered participants). Benefits remain frozen for employees who did not meet the grandfather criteria. Effective December 31, 2013, the SRMH and MJH defined-benefit pension plans were merged into the Sentara Plan.

The Plans conform to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA). Sentara's funding policy is to contribute amounts to the Plans sufficient to meet the minimum funding requirements under ERISA. The Plans use a December 31 measurement date.

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

The following table sets forth amounts recognized in the consolidated financial statements of Sentara as of and for the years ended December 31, 2013 and 2012 related to the Sentara Plan

	<b>2013</b>	<b>2012</b>
Accumulated benefit obligation at measurement date	\$ 1,328,917	1,358,860
Change in projected benefit obligations		
Benefit obligation at previous measurement date	\$ 1,554,438	1,294,086
Service cost	65,506	55,017
Interest cost	56,682	57,424
Actuarial (gain) loss	(128,110)	192,215
Benefit payments	(48,009)	(44,306)
Projected benefit obligations at measurement date	\$ 1,500,507	1,554,436
Change in assets		
Fair value of assets at previous measurement date	\$ 1,166,291	1,002,263
Actual return on assets	168,090	110,831
Employer contributions	124,500	97,503
Benefit payments	(48,009)	(44,306)
Fair value of assets at measurement date	\$ 1,410,872	1,166,291
Amounts recognized in the consolidated balance sheets at December 31		
Long-term liabilities	\$ (89,635)	(388,145)
Amounts recognized in unrestricted net assets at December 31		
Net actuarial loss	\$ (306,191)	(557,884)
Prior service cost	44	69
Components of net periodic pension cost		
Service cost	\$ 65,506	55,017
Interest cost	56,682	57,424
Expected return on plan assets	(85,457)	(73,878)
Prior service cost recognized	(25)	180
Amortization of actuarial loss	40,949	29,690
Net periodic pension cost	\$ 77,655	68,433

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

The following table sets forth amounts recognized in the consolidated financial statements of Sentara as of and for the year ended December 31, 2013 related to the Halifax Plan

Accumulated benefit obligation at measurement date	\$	14,501
Change in projected benefit obligations		
Benefit obligation at previous measurement date and affiliation date	\$	21,227
Service cost		—
Interest cost		345
Actuarial loss		20
Benefit payments		(359)
Projected benefit obligations at measurement date	\$	<u>21,233</u>
Change in assets		
Fair value of assets at previous measurement date and affiliation date	\$	14,732
Actual return on assets		772
Employer contributions		205
Benefit payments		(359)
Fair value of assets at measurement date	\$	<u>15,350</u>
Amounts recognized in the consolidated balance sheets at December 31		
Long-term liabilities	\$	(5,883)
Amounts recognized in unrestricted net assets at December 31		
Net actuarial loss	\$	(7,072)
Components of net periodic pension cost		
Service cost	\$	—
Interest cost		345
Expected return on plan assets		(288)
Prior service cost recognized		72
Amortization of actuarial loss		115
Net periodic pension cost	\$	<u>244</u>

For the years ended December 31, 2013 and 2012, Sentara recognized a change in unrestricted net assets of \$252,240 and (\$125,096), respectively, related to nonperiodic changes in the Plans assets and benefit obligations

The estimated actuarial loss and prior service credit for the Plans that will be amortized from accumulated other comprehensive loss into net periodic cost over the next year are \$20,672 and \$25, respectively. No assets of the Plans are expected to be returned to Sentara for the year ended December 31, 2013



# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

The assumptions used to determine benefit obligations for the Plans at December 31, 2013 and 2012 are as follows

	<b>2013</b>	
	<b>Sentara Plan</b>	<b>Halifax Plan</b>
Discount rate	4.71%	5.09%
Rate of compensation increase	4.00	3.00
	<b>2012</b>	
Discount rate	3.75%	N/A
Rate of compensation increase	4.00	N/A

Weighted average assumptions used to determine net periodic benefit cost for the Plans for 2013 and 2012 are as follows

	<b>2013</b>	
	<b>Sentara Plan</b>	<b>Halifax Plan</b>
Discount rate	3.75%	4.01%
Expected long-term return on plan assets	7.25	5.76
Rate of compensation increase	4.00	3.00
	<b>2012</b>	
Discount rate	4.51%	N/A
Expected long-term return on plan assets	7.25	N/A
Rate of compensation increase	4.00	N/A

In developing the expected long-term rate of return on assets assumption, Sentara considered the current level of expected returns on risk-free investments (primarily, government bonds), the historical level of the risk premium associated with the other asset classes in which the portfolio is invested, and the expectations for future returns of each asset class. The expected return for each asset class was then weighted based on the target allocation to develop the expected long-term rate of return on assets assumption for the portfolio. This resulted in the selections listed above for the years ended December 31, 2013 and 2012.

### (a) *Investment Policy and Strategy*

The overall financial objectives for the Plans' assets are (1) to provide funds for the timely payment of the Plans' obligations and (2) to produce an investment rate of return that improves the overall funding status of the Plans consistent with the first objective. The investment objective of the Plans seeks to strike a balance between higher returns and controlling funding status volatility. To achieve its objectives, the Plans' assets are allocated based on a target allocation established by the Sentara Finance Committee and approved by the Sentara Board of Directors. A registered investment manager has been approved by the Finance Committee of the Sentara Board of Directors and reviews

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

fund performance at each quarterly meeting. The Plans' targeted asset allocation by asset category is as follows:

<u>Asset category</u>	<u>Target allocation percentage</u>
Equity securities	30% – 60%
Debt securities	20% – 50%
Alternative investments	0% – 20%
Cash	0% – 10%

The allocation to fixed income investments is structured to match the expected stream of future benefit payments in order to minimize funding volatility risk. Other investments are also diversified within asset classes (e.g., within equities by economic sector, industry, quality, and size) in order to provide assurance that no single security or class of securities will have a disproportionate impact on the Plans.

The following tables present the Plans' assets measured at estimated fair value aggregated by the level in the fair value hierarchy within which those measurements fall as of December 31, 2013 and 2012, respectively.

		Fair value measurements at December 31, 2013 using			
		Total	Level 1	Level 2	Level 3
Investments					
Fixed maturities					
Domestic	\$	811,607	756,954	25,683	28,970
International		1,649	—	1,649	—
Equity securities					
Domestic		276,878	273,396	3,482	—
International		38,071	18,883	19,188	—
Multiasset		86,484	86,484	—	—
Alternative investments		173,463	—	129,403	44,060
Short-term investments		38,070	38,070	—	—
Total	\$	1,426,222	1,173,787	179,405	73,030

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

		Fair value measurements at December 31, 2012 using		
	Total	Level 1	Level 2	Level 3
Investments				
Fixed maturities				
Domestic	\$ 325,270	268,917	26,886	29,467
International	10,542	4,768	5,774	—
Equity securities				
Domestic	513,726	483,908	28,557	1,261
International	9,692	5,760	3,932	—
Multiasset	50,032	50,032	—	—
Alternative investments	139,879	—	103,750	36,129
Short-term investments	117,150	117,150	—	—
Total	\$ 1,166,291	930,535	168,899	66,857

For the years ended December 31, 2013 and 2012, the reconciliation of the Plans' assets with estimated fair value measurements using significant unobservable inputs (Level 3) was as follows:

	2013	2012
Beginning balance, as of January 1	\$ 66,857	70,659
Total net gains unrealized and realized	2,912	9,051
Purchases, sales, issuances, and settlements	5,163	26,339
Net transfers to Level 2	(1,902)	(39,192)
Ending balance, December 31	\$ 73,030	66,857

### (b) Contributions

Sentara expects to contribute \$120,360 to the Plans for the year ended December 31, 2014

### (c) Estimated Future Benefit Payments

The following benefit payments, which reflect expected future employee service, as appropriate, are expected to be paid by the Plans in the following years ending December 31:

2014	\$ 74,925
2015	80,058
2016	85,057
2017	92,151
2018	100,630
2019-2023	582,431

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

The expected benefits to be paid are based on the same assumptions used to measure the Plans' benefit obligations at December 31, 2013

**(d) *Supplemental Executive Retirement Plan***

Sentara maintains a supplemental executive retirement plan for certain executives. Compensation expense under the plan was \$2.103 and \$2.202 for the years ended December 31, 2013 and 2012, respectively. Accrued benefit liabilities under this plan totaled \$10.651 and \$9.444 as of December 31, 2013 and 2012, respectively, and are included in other long-term liabilities in the accompanying consolidated balance sheets.

**(e) *Defined Contribution Retirement Plans***

Substantially all of the employees of Sentara participate in defined-contribution retirement plans under Sections 403(b) and 401(k) of the Internal Revenue Code. Sentara matches a percentage of contributions made by the employees. Sentara's contribution expense related to these plans for the years ended December 31, 2013 and 2012 was \$23.191 and \$20.075, respectively, and is included in benefits expense in the accompanying consolidated statements of operations.

**(11) Charity Care and Other Community Benefits**

**(a) *Charity***

Sentara is committed to providing quality healthcare to all, regardless of their ability to pay. Patients who meet the criteria of its charity care policy receive services without charge or at amounts less than its established rates. The criterion for charity care considers the household income in relation to the federal poverty guidelines and the equity value of real property and/or other assets. Sentara provides services without charge for patients with adjusted gross income equal to or less than 200% of the federal poverty guidelines. For uninsured patients with adjusted gross income greater than 200% of the federal poverty guidelines, a sliding scale discount is applied. Income and asset information obtained from patient and credit reporting data are used to determine patients' ability to pay. Sentara maintains records to identify and monitor the level of charity care it furnishes under its charity care policy. The charity care policies of the new affiliates are generally consistent with that of Sentara's policy.

Due to the complexity of the eligibility process, Sentara provides eligibility services to patients free of charge to assist in the qualification process. These eligibility services include, but are not limited to, the following:

- Financial assistance brochures and other information are posted at each point of service. When patients have questions or concerns, they are encouraged to call a toll-free number to reach customer service representatives during the business day. Financial assistance programs are also published on the Sentara website and included on the statements provided to patients.
- Sentara employs financial counselors who are available to help patients complete applications for Medicaid or other government payment assistance programs, or apply for care under

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

Sentara's charity care policy, if applicable. Sentara also employs an external firm to assist in the eligibility process.

- Any patient, whether covered by insurance or not, may meet with a Sentara representative and receive financial counseling from Sentara's dedicated financial assistance unit.

Sentara recognizes that a large number of uninsured and insured patients meet the charity care guidelines but do not respond to Sentara's attempts to obtain necessary financial information. In these instances, Sentara uses credit reporting data to properly classify these unpaid balances as charity care as opposed to bad debt expense. Utilization of income and asset information and credit reporting data indicate the vast majority of amounts reported as provision for bad debts represent amounts due from patients who would otherwise qualify for charity benefits but do not respond to Sentara's attempts to obtain the necessary financial information. In these cases, reasonable collection efforts are pursued, but yield few collections. Finally, management believes that the net loss associated with providing care to Medicaid patients is a component of providing charity care.

Costs incurred are estimated based on the cost-to-charge ratio for each hospital and applied to charity care charges. Since Sentara does not pursue collections of amounts determined to meet the criterion under the charity care policy, such amounts are not reported as net patient service revenue. The amounts reported as charity care represent the cost of rendering such services. The following information measures the level of charity and uncompensated care costs provided for the years ended December 31.

	<u>2013</u>	<u>2012</u>
Components of estimated cost of charity and other uncompensated care		
Charity care	\$ 170,064	135,680
Medicaid	33,854	40,557
Bad debt	<u>73,731</u>	<u>81,694</u>
Total estimated cost	<u>\$ 277,649</u>	<u>257,931</u>

#### ***(b) Medical Education and Other Community Benefits***

In addition to charity and uncompensated care, Sentara provides other community benefits. These benefits include, among other items, educational activities, health services, and donations sponsored by Sentara in the communities served.

Sentara provides support to other charitable organizations through direct contributions and sponsorships as well as free community health screenings and health education throughout the Hampton Roads community. Expenses for community health programs represent Sentara's dedicated Community Health and Prevention Department. Additional costs for similar activities carried out across the Sentara system are not specifically accumulated and include salaries and other operating expenses.

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

Sentara also underwrites much of the cost of training allied health professionals, physicians, and residents in its emergency rooms, clinics, and inpatient facilities. Sentara maintains a dynamic partnership with Eastern Virginia Medical School to support medical education. The Sentara College of Health Sciences (the School), in continuous operation since 1892, educates nurses, surgical, and cardiovascular technicians needed to provide the community with vital health services.

The following is a summary of Sentara's community commitment as measured by charity care and community benefit costs:

	<b>2013</b>	<b>2012</b>
Nonreimbursed cost of charity and uncompensated care	\$ 277,649	257,931
Medical education	20,472	19,866
Direct contributions and sponsorships	3,660	1,715
Community health programs	2,150	2,715
Total community benefits, at cost	<u>\$ 303,931</u>	<u>282,227</u>

Sentara also recognizes its responsibility to provide other healthcare services and programs for the benefit of the community, at reduced rates or free. This includes the Ambulatory Care Clinic, a clinic designed to offer primary and specialized outpatient services to members of the Norfolk community who are either uninsured or under insured. Sentara also operates an emergency medical helicopter service and both Level 1 and Level 3 Trauma Centers.

## (12) Concentration of Credit Risk

Patient receivables and patient service revenue consist of amounts earned for patient care. Payments are made either directly by patients or by third-party payors, including the federal (Medicare) and state (Medicaid) governments and private insurance carriers. Services are generally provided without requiring collateral from patients or third-party payors.

A breakdown of net patient receivables by significant payor type is as follows:

	<b>2013</b>	<b>2012</b>
Medicare	29%	29%
Medicaid	7	8
Anthem (Blue Cross)	20	19
SHP – HMO/PPO	9	8
All others (none individually more than 10%)	35	36
Total	<u>100%</u>	<u>100%</u>

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

Premium and capitation receivables consist primarily of amounts earned by Sentara's health plans for providing benefits to subscribers. OHP and SHP have concentrations of credit risk with the U.S. Government's Office of Personnel Management (OPM) for subscriber benefits provided under the Federal Employee Health Benefits Program (FEHBP), and with the Virginia DMAS for benefits to Medicaid recipients.

A breakdown of premium and capitation receivables by significant customers is as follows:

	<u>2013</u>	<u>2012</u>
OPM	16%	13%
DMAS	74	74
Other (none individually more than 10%)	10	13
Total	<u>100%</u>	<u>100%</u>

### (13) Functional Expenses

Sentara provides various healthcare services to patients within its geographic region. Expenses related to providing these services are as follows:

	<u>2013</u>	<u>2012</u>
Healthcare services	\$ 3,272,913	3,080,120
General and administrative	804,033	724,310
Total operating costs and expenses	<u>\$ 4,076,946</u>	<u>3,804,430</u>

### (14) Commitments and Contingent Liabilities

#### (a) General Liability and Malpractice Insurance

Sentara insures its professional, general, and managed care liability risks through insurance policies issued by Lexington Insurance Company. Professional and managed care liability risks are primarily insured on a claims-made basis and general liability risks are insured on a claims-incurred basis. Lexington policy limits are \$2.100 per occurrence and \$23.000 in the aggregate per year for professional and managed care liability and \$1.000 per occurrence for general liability.

Accrued professional liability costs on an undiscounted basis as of December 31, 2013 and 2012 amounted to \$85.494 and \$84.679, respectively. Cash and investments totaling \$59.432 and \$55.762 as of December 31, 2013 and 2012, respectively, have been designated by Sentara to settle these claims. Included in accrued professional liability costs are estimated claims incurred but not reported in the amounts of \$21.008 and \$23.339 as of December 31, 2013 and 2012, respectively.

The Lexington policies are fully reinsured by Bay PrimeX. The sole activity of Bay PrimeX is reinsurance, on a facultative basis, of the claims-made professional and managed care liability.

## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

insurance policies, and the occurrence based general liability policy issued by Lexington Insurance Company to Sentara and its related entities

All Sentara entities are covered by the same excess liability policies through three independent carriers with total annual coverage limits of \$60,000 per occurrence and \$60,000 in the aggregate for amounts exceeding the primary coverage limits

Professional liability policies entered into on a claims-made basis must be renewed or replaced with equivalent insurance if claims incurred during their term but asserted after their expiration are to be insured. The estimated liability for professional and general liability claims will be significantly affected if current and future claims differ from historical trends. While management monitors reported claims closely and considers potential outcomes as estimated by its actuaries when determining its professional and liability accruals, the complexity of the claims, the extended period of time to settle the claims, and the wide range of potential outcomes complicate the estimation. In the opinion of management, adequate provision has been made for the related risk.

**(b) Stop-Loss Coverage**

OHP and OHIC carry a stop-loss coverage policy for medical claims expense through Reinsurance Group of America, Incorporated (RGA). The deductible under the policy is \$1,400 per member per policy year. Once the deductible is met in a policy year, RGA will reimburse 90% of eligible medical expenses up to a maximum of \$5,000 per member per policy year for commercial members and up to a maximum of \$2,000 per member per policy year for Medicaid members. This stop-loss coverage does not relieve OHP and OHIC of its primary obligation to its members. Stop-loss expense related to the policy was \$1,071 and \$858 for the years ended December 31, 2013 and 2012, respectively.

**(c) Employee Health Benefits**

Sentara is self-insured for employee health benefits. Payments under the plan are limited to \$300 per participant per year. The liabilities associated with these claims totaled \$13,496 and \$11,386 at December 31, 2013 and 2012, respectively.

**(d) Workers' Compensation Insurance**

Sentara is self-insured for workers' compensation insurance. The liability associated with these claims totaled \$8,959 and \$5,913 at December 31, 2013 and 2012, respectively.



## SENTARA HEALTHCARE AND SUBSIDIARIES

### Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

#### (e) *Lease Commitments*

Certain Sentara subsidiaries are parties to operating leases for property and equipment. Rental expense incurred during the years ended December 31, 2013 and 2012 was approximately \$59,614 and \$53,135, respectively.

2014	\$	27,350
2015		24,892
2016		22,606
2017		17,803
2018		12,041
Thereafter		<u>31,124</u>
Total future minimum lease payments		\$ <u><u>135,816</u></u>

#### (f) *Litigation*

Sentara is subject to various legal proceedings and claims that are inherent to the provision of healthcare services. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on Sentara's consolidated financial position.

Laws and regulations governing Medicare and Medicaid programs are complex and subject to interpretation. Sentara, through its compliance program, seeks to ensure compliance with such laws and regulations and to rectify instances of noncompliance. Compliance with such laws and regulations is subject to future government review and interpretation as well as significant regulatory action, which can include fines, penalties, and exclusion from the Medicare and Medicaid programs.

Sentara identified potential compliance violations during due diligence on recent acquisitions and has self-disclosed these potential violations to relevant regulatory authorities. Sentara is working collaboratively with these authorities to determine what, if any, fines and penalties might be appropriate. Although it is probable that some payments will have to be made by Sentara subsidiaries to relevant regulatory authorities, management believes, based on the information available to date, that the ultimate outcome to these matters will not have a material effect on Sentara's consolidated financial position or results of operations. Sentara is not aware of any ongoing violations, and policies and procedures have been put in effect, which are intended to ensure future compliance at these subsidiaries.

# SENTARA HEALTHCARE AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

December 31, 2013 and 2012

(In thousands)

### (15) Nonoperating Gains, Net

Nonoperating gains, net are summarized as follows

	<u>2013</u>	<u>2012</u>
Investment income	\$ 46,659	43,904
Realized gains on investments, net	93,709	59,898
Unrealized gains on investments, net	85,765	48,969
Equity in earnings of limited investment companies	16,474	21,128
Change in market value of derivative instruments	40,514	349
Gain on redemption of derivative instrument	8,338	—
Excess of fair value of net assets acquired over consideration paid for HRH	101,522	—
Other	(2,947)	(6,676)
Nonoperating gains, net	<u>\$ 390,034</u>	<u>167,572</u>

### (16) Other Operating Expenses

Other operating expenses are summarized as follows

	<u>2013</u>	<u>2012</u>
Supplies	\$ 581,220	544,685
Professional fees	191,484	166,671
Purchased and contracted services	165,514	152,942
Repairs and maintenance	108,637	96,761
Rent	59,614	53,136
Insurance	18,576	16,917
Marketing	33,918	32,563
Utilities	36,732	34,029
Other	27,147	23,224
Other operating expenses	<u>\$ 1,222,842</u>	<u>1,120,928</u>

## SENTARA HEALTHCARE AND SUBSIDIARIES

## Consolidating Schedule – Balance Sheet Information

December 31, 2013

(In thousands)

Assets	Sentara Healthcare Corporate	Sentara Hospitals	Sentara Enterprises	Sentara Life Care Corporation	Optima Health Plan	Sentara Holdings, Inc.	Sentara Medical Group	Eliminations	Consolidated
Current assets									
Cash and cash equivalents	\$ 559,514	227,987	261	457	110,962	26,216	10,973	—	936,370
Receivables, net	15,000	381,720	20,112	10,066	64,414	(3,005)	15,186	(57,631)	445,862
Receivables from affiliated organizations	69,786	15,895	532	—	1	6,351	2,704	(95,269)	—
Investments and assets whose use is limited	219,100	—	—	—	11,432	—	—	—	230,532
Inventories	—	56,361	1,067	1,005	—	—	—	—	58,433
Prepaid expenses and other current assets	4,055	27,936	114	90	37	3,443	2,003	—	37,678
Total current assets	867,455	709,899	22,086	11,618	186,846	33,005	30,866	(152,900)	1,708,875
Notes receivable from affiliated organizations	620,494	—	—	—	—	—	—	(620,494)	—
Investments and assets whose use is limited	1,686,359	427,198	—	—	157,860	35,107	—	—	2,306,524
Property, plant, and equipment, net	166,385	1,461,383	18,457	25,381	1,970	1,681	16,759	(470)	1,691,546
Land held for future use, at cost	4,720	17,581	—	—	—	598	—	—	22,899
Other assets, net	39,057	74,135	3,505	577	—	5,659	1,702	—	124,635
Total assets	\$ 3,384,470	2,690,196	44,048	37,576	346,676	76,050	49,327	(773,864)	5,854,479
Liabilities and Net Assets									
Current liabilities									
Accounts payable and accrued expenses	\$ 28,435	79,959	1,930	729	—	1,195	2,694	(1)	114,941
Employee compensation and benefits	150,236	38,201	1,585	—	—	8,140	—	—	198,162
Medical claims accrued and payable	—	—	—	1,352	124,784	16,439	—	(50,122)	92,453
Current installments of long-term debt	14,499	10,394	—	—	—	34	—	(4,380)	20,547
Long-term debt subject to current remarketing provisions	219,100	—	—	—	—	—	—	—	219,100
Payables to affiliated organizations	5,378	80,200	136	225	5,613	1,332	2,385	(95,269)	—
Estimated third-party payor settlements	—	3,822	429	1,663	—	—	—	—	5,914
Other current liabilities	40,751	74,007	2,186	1,017	5,945	9,359	2,971	(3,128)	133,108
Total current liabilities	458,399	286,583	6,266	4,986	136,342	36,499	8,050	(152,900)	784,225
Long-term debt, excluding current installments	1,082,134	184,588	—	—	—	182	—	(146,659)	1,120,245
Retirement obligations	73,714	21,804	—	—	—	—	—	—	95,518
Other long-term liabilities	146,739	103,716	4,681	1,970	8,934	—	5,187	—	271,227
Payables to affiliated organizations	—	473,835	—	—	—	—	—	(473,835)	—
Total liabilities	1,760,986	1,070,526	10,947	6,956	145,276	36,681	13,237	(773,394)	2,271,215
Net assets									
Unrestricted	1,621,259	1,508,501	32,940	30,602	201,400	39,350	36,053	(470)	3,469,635
Temporarily restricted	2,225	61,830	161	8	—	19	37	—	64,280
Permanently restricted	—	18,987	—	10	—	—	—	—	18,997
Total net assets attributable to Sentara Healthcare	1,623,484	1,589,318	33,101	30,620	201,400	39,369	36,090	(470)	3,552,912
Noncontrolling interest	—	30,352	—	—	—	—	—	—	30,352
Total net assets	1,623,484	1,619,670	33,101	30,620	201,400	39,369	36,090	(470)	3,583,264
Total liabilities and net assets	\$ 3,384,470	2,690,196	44,048	37,576	346,676	76,050	49,327	(773,864)	5,854,479

See accompanying independent auditors' report

**SENTARA HOSPITALS**  
Consolidating Schedule – Balance Sheet Information  
December 31, 2013  
(In thousands)

	Sentara Norfolk Hospital	Sentara Leigh Hospital	Sentara Baystate Hospital	Sentara CareFlex Hospital	Sentara Virginia Beach General Hospital	Sentara Williamsburg Regional Medical Center	Sentara Ohio Hospital	Sentara Princess Anne Hospital	Sentara Northern Virginia Medical Center	Rockingham Memorial Hospital	Martha Jefferson Hospital	Halifax Regional Health System	Eliminations	Total
<b>Assets</b>														
<b>Current assets</b>														
Cash and cash equivalents (bank overdraft)	136	(383)	(2)	(308)	(368)	(212)	(232)	66,027	18,697	50,709	81,551	10,372	—	227,987
Receivables, net	96,422	28,803	—	24,379	32,793	15,225	17,605	24,132	24,192	42,101	24,951	9,641	—	342,646
Other receivables	10,156	2,247	72	1,866	1,586	638	2,032	4,081	2,518	6,293	6,648	937	—	39,074
Receivables from affiliated organizations	1,665	877	—	785	910	463	2,137	8,300	658	—	—	—	—	15,895
Inventory	16,282	3,885	1	4,784	6,537	2,837	3,598	3,331	4,314	4,962	2,952	2,878	—	56,361
Prepaid expenses and other current assets	8,610	219	32	299	451	138	88	253	691	5,053	9,036	3,066	—	27,936
<b>Total current assets</b>	133,371	35,648	103	31,805	41,911	19,489	25,228	106,124	52,070	109,118	128,138	26,894	—	709,899
<b>Investments</b>	1,478	—	—	—	123	—	161	—	—	216,188	157,126	52,122	—	427,198
Property, plant, and equipment, net	193,168	142,508	—	103,615	73,019	125,847	95,743	169,908	145,560	145,015	183,038	86,849	(4,887)	1,461,385
Land held for future use, at cost	2,657	—	—	—	2,491	819	—	—	8,952	—	399	2,265	—	17,381
Other assets, net	5,452	9	—	3,065	6,670	12,258	12,469	—	11,689	11,373	7,762	5,348	—	74,135
<b>Total assets</b>	334,126	178,165	103	138,485	124,214	158,453	133,601	276,032	218,271	481,694	478,463	173,476	(4,887)	2,690,196
<b>Liabilities and Net Assets</b>														
<b>Current liabilities</b>														
Accounts payable and accrued expenses	16,759	5,814	51	5,725	5,110	3,912	3,887	2,539	4,618	8,884	14,145	8,215	—	79,959
Employee compensation and benefits	—	—	—	—	—	—	—	—	—	17,205	15,564	5,432	—	38,201
Current installments of long-term debt	—	110	—	—	3,085	—	1,333	4,380	—	—	437	1,049	—	10,394
Payables to affiliated organizations	2,343	1,727	—	1,256	886	1,524	2,340	12,074	956	4,881	52,081	152	—	80,200
Estimated third-party payor settlements	124	138	—	212	12	74	209	—	—	853	2,191	9	—	3,822
Other current liabilities	20,249	2,296	131	1,972	8,291	1,173	2,212	4,828	6,582	7,719	11,215	7,339	—	74,007
<b>Total current liabilities</b>	39,475	10,085	182	9,165	17,684	6,683	9,981	23,821	12,156	39,542	95,633	22,196	—	286,383
<b>Long-term debt, excluding current installments</b>	—	—	—	—	14,015	—	3,989	146,660	—	—	228	19,686	—	184,588
Retention obligations	—	—	—	—	—	—	—	—	—	19,650	(3,729)	5,883	—	21,804
Other long-term liabilities	16,763	6,946	2,077	5,915	6,599	3,854	4,920	4,379	8,891	30,711	12,661	—	—	103,716
Payables to (from) affiliated organizations	(125,749)	(111,860)	(80,680)	56,444	26,826	113,512	50,821	—	—	257,917	215,918	—	70,686	473,835
<b>Total liabilities</b>	(69,511)	(94,829)	(78,421)	71,524	65,124	124,049	69,721	174,860	21,027	347,820	320,711	47,765	70,686	1,070,526
<b>Net assets</b>														
Unrestricted	398,952	272,944	78,524	66,515	58,772	34,133	62,606	70,811	193,151	100,869	120,255	124,542	(75,573)	1,508,401
Temporarily restricted	2,694	50	—	446	318	271	1,232	9	1,426	17,881	36,334	1,169	—	61,830
Permanently restricted	1,991	—	—	—	—	—	42	—	667	15,124	1,163	—	—	18,987
<b>Total net assets attributable to Sentara Healthcare</b>	403,637	272,994	78,524	66,961	59,090	34,404	63,880	70,820	197,244	133,874	157,752	125,711	(75,573)	1,589,318
<b>Noncontrolling interest</b>	—	—	—	—	—	—	—	30,352	—	—	—	—	—	30,352
<b>Total net assets</b>	403,637	272,994	78,524	66,961	59,090	34,404	63,880	101,172	197,244	133,874	157,752	125,711	(75,573)	1,619,670
<b>Total liabilities and net assets</b>	334,126	178,165	103	138,485	124,214	158,453	133,601	276,032	218,271	481,694	478,463	173,476	(4,887)	2,690,196

See accompanying independent auditors' report.

## SENTARA HOLDINGS, INC.

## Consolidating Schedule – Balance Sheet Information

December 31, 2013

(In thousands)

Assets	Sentara Holdings, Inc.	Sentara Health Plans, Inc.	Optima Behavioral Health Services	Optima Health Group	Optima Health Insurance Company	Sentara Ventures, Inc.	Obici Professional Center and Subsidiary	Eliminations	Total
Current assets									
Cash and cash equivalents	\$ 5	21,184	2,110	2,095	822	—	—	—	26,216
Receivables, net	17	(4,087)	56	—	(416)	1,424	1	—	(3,005)
Receivables from affiliated organizations	967	11,246	89	(1)	62	3,344	2,041	(11,397)	6,351
Prepaid expenses and other current assets	—	1,344	2,015	—	—	84	—	—	3,443
Total current assets	989	29,687	4,270	2,094	468	4,852	2,042	(11,397)	33,005
Investments	—	—	—	433	34,674	—	—	—	35,107
Property, plant, and equipment, net	—	1,257	—	—	212	212	—	—	1,681
Land held for future use, at cost	—	—	—	—	—	598	—	—	598
Other assets, net	—	20,144	16	4	—	5,639	—	(20,144)	5,659
Total assets	989	51,088	4,286	2,531	35,354	11,301	2,042	(31,541)	76,050
<b>Liabilities and Net Assets</b>									
Current liabilities									
Accounts payable and accrued expenses	\$ (2)	570	88	—	2	537	—	—	1,195
Employee compensation and benefits	—	8,140	—	—	—	—	—	—	8,140
Medical claims accrued and payable	—	—	4,890	—	11,549	—	—	—	16,439
Current installments of long-term debt	—	—	—	—	—	—	34	—	34
Payables to (from) affiliated organizations	1,410	1,995	1,407	—	2,592	3,573	1,752	(11,397)	1,332
Deferred revenue	—	—	22	—	1,066	—	—	—	1,088
Other current liabilities	—	5,377	1	—	410	2,483	—	—	8,271
Total current liabilities	1,408	16,082	6,408	—	15,619	6,593	1,786	(11,397)	36,499
Long-term debt, excluding current installments	—	—	—	—	—	—	182	—	182
Total liabilities	1,408	16,082	6,408	—	15,619	6,593	1,968	(11,397)	36,681
Net assets									
Unrestricted	(419)	34,987	(2,122)	2,531	19,735	4,708	74	(20,144)	39,350
Temporarily restricted	—	19	—	—	—	—	—	—	19
Total net assets	(419)	35,006	(2,122)	2,531	19,735	4,708	74	(20,144)	39,369
Total liabilities and net assets	989	51,088	4,286	2,531	35,354	11,301	2,042	(31,541)	76,050

See accompanying independent auditors' report

## SENTARA HEALTHCARE AND SUBSIDIARIES

## Consolidating Schedule – Operations Information

Year ended December 31, 2013

(In thousands)

	Sentara Healthcare Corporate	Sentara Hospitals	Sentara Enterprises	Sentara Life Care Corporation	Optima Health Plan	Sentara Holdings, Inc.	Sentara Medical Group	Eliminations	Consolidated
Operating revenues, gains, and other support									
Net patient service revenue	\$ —	2,951,691	134,284	72,953	—	—	224,170	(397,888)	2,985,210
Provision for bad debts, net	1	(234,500)	(2,018)	(1,188)	(290)	(104)	(10,949)	—	(249,048)
Net patient service revenue less provision for bad debts	1	2,717,191	132,266	71,765	(290)	(104)	213,221	(397,888)	2,736,162
Premium and capitation revenue	1,297	4,358	—	16,790	1,302,392	145,241	5,457	(34,686)	1,440,849
Other operating revenue	27,755	69,273	3,215	576	965	39,900	8,511	(33,944)	116,251
Net assets released from restrictions	351	5,038	55	11	—	—	9	—	5,464
Total operating revenues, gains, and other support	29,404	2,795,860	135,536	89,142	1,303,067	185,037	227,198	(466,518)	4,298,726
Operating costs and expenses									
Salaries and wages	55,227	1,025,848	63,807	38,978	33,770	16,476	177,637	—	1,410,743
Benefits	13,501	265,953	17,705	9,249	8,742	4,481	31,403	(6,638)	344,396
Medical claims expense	—	—	—	4,805	1,167,224	134,349	—	(423,788)	882,590
Other operating expenses	50,317	1,052,987	37,950	26,078	46,879	28,790	8,335	(28,494)	1,222,842
Interest expense	11,322	38,188	—	—	378	194	—	(7,598)	42,484
Depreciation and amortization	8,006	155,008	3,999	2,711	687	307	3,173	—	173,891
Sentara Healthcare services	(68,994)	36,381	8,543	5,272	—	12,148	6,650	—	—
Total operating costs and expenses	69,379	2,574,365	132,004	87,093	1,256,680	196,745	227,198	(466,518)	4,076,946
Net operating income (loss)	(39,975)	221,495	3,532	2,049	46,387	(11,708)	—	—	221,780
Nonoperating gains, net	336,036	48,836	873	—	3,386	903	—	—	390,034
Excess of revenues over expenses before noncontrolling interest	296,061	270,331	4,405	2,049	49,773	(10,805)	—	—	611,814
Noncontrolling interest	—	(5,402)	—	—	—	—	—	—	(5,402)
Excess of revenues over expenses attributable to Sentara Healthcare	\$ 296,061	264,929	4,405	2,049	49,773	(10,805)	—	—	606,412

See accompanying independent auditors' report

**SENTINEL HOSPITALS**  
Consolidating Schedule— Operations Information  
Year ended December 31, 2013  
(in thousands)

	Sentinel Norfolk General Hospital	Sentinel Ledge Hospital	Sentinel Bayshore Hospital	Sentinel Cape Fear Hospital	Sentinel Virginia Beach General Hospital	Sentinel Williamburg Regional Medical Center	Sentinel Old Hospital	Sentinel Hospitals Corporate	Sentinel Prince Anne Hospital	Sentinel Northern Virginia Medical Center	Rockingham Memorial Hospital	Martha Jefferson Hospital	Halifax Regional Health System	Eliminations	Total
Operating revenues, gains, and other support:															
Net patient service revenue	\$ 721,658	280,948	833	239,274	280,205	154,105	174,423	—	213,204	231,664	347,710	244,346	61,321	—	2,951,691
Provision for bad debt, net	(58,400)	(21,818)	(257)	(27,221)	(28,563)	(11,722)	(15,077)	—	(19,800)	(26,630)	(9,207)	(9,449)	(6,356)	—	(234,500)
Net patient service revenue less provision for bad debts															
Premium and capitation revenue	663,238	261,130	576	212,053	251,642	142,483	159,346	—	193,404	205,034	338,503	234,897	54,965	—	2,717,191
Other operating revenue	3,401	71	—	55	79	20	39	—	44	—	75	464	—	—	4,348
Net assets retained from restrictions	15,895	2,529	126	4,838	5,063	3,405	4,739	13,957	4,159	3,851	13,105	8,189	1,899	(12,604)	69,275
Net assets retained from restrictions	1,825	21	—	49	38	21	337	—	—	727	393	1,905	—	—	5,038
Total operating revenues, gains, and other support	684,276	263,821	702	216,995	255,842	145,724	164,461	13,957	197,657	209,712	352,078	245,375	56,864	(12,604)	2,795,860
Operating costs and expenses:															
Salaries and wages	173,763	72,157	—	64,010	76,918	44,321	52,078	133,878	59,690	76,934	141,154	104,334	26,411	—	1,025,848
Benefits	47,015	20,298	1	17,579	21,449	11,573	14,153	36,113	16,917	15,534	35,325	22,273	7,323	—	265,953
Other operating expenses	292,168	85,514	61	76,210	84,039	49,310	57,744	29,055	69,077	71,320	135,550	90,105	21,834	—	1,052,987
Interest expense	3,306	1,088	—	378	2,138	3,016	1,387	—	1,598	1,780	10,761	6,212	504	—	38,188
Depreciation and amortization	25,997	9,965	—	11,364	11,004	9,944	10,962	20,354	12,679	14,178	13,503	12,561	3,137	(460)	155,008
Sentinel Healthcare services	76,238	34,513	—	31,848	36,659	21,808	23,578	(218,359)	22,346	7,150	—	—	—	—	35,381
Total operating costs and expenses	618,547	223,935	62	201,389	232,267	140,272	159,722	1,001	179,907	186,936	336,093	235,485	59,209	(460)	2,575,365
Net operating income	65,729	39,886	640	15,606	24,575	5,452	4,739	12,956	17,750	22,776	15,985	9,890	(2,345)	(12,144)	221,495
Nonoperating gains, net	(27)	2	—	—	318	1	543	(41)	257	3	21,361	23,940	2,479	—	48,836
Excess of revenues over expenses before non- controlling interest	65,702	39,888	640	15,606	24,893	5,453	5,282	12,915	18,007	22,779	37,346	33,830	134	(12,144)	270,331
Noncontrolling interest	—	—	—	—	—	—	—	—	(5,402)	—	—	—	—	—	(5,402)
Excess of revenues over expenses attributable to Sentinel Healthcare	65,702	39,888	640	15,606	24,893	5,453	5,282	12,915	12,605	22,779	37,346	33,830	134	(12,144)	264,929

See accompanying independent auditors' report.

**SENTARA ENTERPRISES**  
Consolidating Schedule – Operations Information  
Year ended December 31, 2013  
(In thousands)

	Home Care Services	DME	Medical Transport, LLC	Divisional Support	Eliminations	Total
Operating revenues, gains, and other support:						
Net patient service revenue	\$ 85,520	15,269	33,695	241	(441)	134,284
Provision for bad debts, net	(195)	(720)	(1,079)	(24)	—	(2,018)
Net patient service revenue less provision for bad debts	85,325	14,549	32,616	217	(441)	132,266
Other operating revenue	325	79	1,350	1,085	376	3,215
Net assets released from restrictions	—	—	—	55	—	55
Total operating revenues, gains, and other support	85,650	14,628	33,966	1,357	(65)	135,536
Operating costs and expenses:						
Salaries and wages	41,456	3,283	18,035	1,033	—	63,807
Benefits	11,037	879	5,529	260	—	17,705
Other operating expenses	24,492	8,590	5,793	(68)	(857)	37,950
Interest expense	—	—	—	378	(378)	—
Depreciation and amortization	865	1,569	960	605	—	3,999
Sentara Healthcare services	—	—	—	8,543	—	8,543
Total operating costs and expenses	77,850	14,321	30,317	10,751	(1,235)	132,004
Net operating income (loss)	7,800	307	3,649	(9,394)	1,170	3,532
Nonoperating gains	—	—	—	1,251	(378)	873
Excess (deficiency) of revenues over expenses	\$ 7,800	307	3,649	(8,143)	792	4,405

See accompanying independent auditors' report.



## SENTARA LIFE CARE CORPORATION

Consolidating Schedule – Operations Information

Year ended December 31, 2013

(In thousands)

	Sentara Life Care Administration	Sentara Nursing Center Chesapeake	Sentara Nursing Center Norfolk	Sentara Nursing Center Portsmouth	Sentara Nursing Center Currituck	Sentara Nursing Center Hampton	Sentara Nursing Center Virginia Beach	Sentara Windermere
Operating revenues, gains, and other support								
Net patient service revenue (expense)	\$ 25	7,621	15,328	7,840	6,289	8,076	9,694	8,266
Provision for bad debt, net	14	(155)	(273)	(108)	(72)	(194)	(231)	(57)
Net patient service revenue less provision for bad debts	39	7,466	15,055	7,732	6,217	7,882	9,463	8,209
Premium and capitation revenue	—	—	—	—	—	—	—	—
Other operating revenue	1	5	77	124	4	3	151	14
Net assets released from restrictions	—	—	—	—	—	—	—	—
Total operating revenues, gains, and other support	40	7,471	15,132	7,856	6,221	7,885	9,614	8,223
Operating costs and expenses								
Salaries and wages	33	4,101	7,837	4,123	3,462	3,908	4,879	4,097
Benefits	6	863	1,866	966	821	842	1,122	987
Medical claims expense	—	—	—	—	—	—	—	—
Other operating expenses	511	1,574	4,180	1,858	1,963	2,276	2,975	2,242
Depreciation and amortization	51	211	321	190	205	279	250	279
Sentara Healthcare services	—	408	795	453	369	409	532	424
Total operating costs and expenses	601	7,157	14,999	7,590	6,820	7,714	9,758	8,029
Net operating income (loss)	(561)	314	133	266	(599)	171	(144)	194
Excess (deficiency) of revenues over expenses	\$ (561)	314	133	266	(599)	171	(144)	194

## SENTARA LIFE CARE CORPORATION

Consolidating Schedule – Operations Information

Year ended December 31, 2013

(In thousands)

	Sentara Village Chesapeake	Sentara Village Norfolk	Sentara Village Virginia Beach	Sentara Senior Community Care I	Sentara Senior Community Care II	Pharmacy Rx	Eliminations	Total
Operating revenues, gains, and other support								
Net patient service revenue (expense)	\$ 2,588	2,602	2,384	(282)	(72)	11,827	(9,233)	72,953
Provision for bad debt, net	(21)	(56)	(7)	(19)	(1)	(8)	—	(1,188)
Net patient service revenue less provision for bad debts	2,567	2,546	2,377	(301)	(73)	11,819	(9,233)	71,765
Premium and capitation revenue	—	—	—	12,076	4,714	—	—	16,790
Other operating revenue	5	104	76	—	11	1	—	576
Net assets released from restrictions	—	8	3	—	—	—	—	11
Total operating revenues, gains, and other support	2,572	2,658	2,456	11,775	4,652	11,820	(9,233)	89,142
Operating costs and expenses								
Salaries and wages	1,177	1,249	1,214	1,768	1,121	9	—	38,978
Benefits	334	378	343	462	256	3	—	9,249
Medical claims expense	—	—	—	5,517	2,771	—	(3,483)	4,805
Other operating expenses	690	722	559	1,406	888	9,985	(5,751)	26,078
Depreciation and amortization	259	185	204	79	149	49	—	2,711
Sentara Healthcare services	146	140	141	479	363	613	—	5,272
Total operating costs and expenses	2,606	2,674	2,461	9,711	5,548	10,659	(9,234)	87,093
Net operating income (loss)	(34)	(16)	(5)	2,064	(896)	1,161	1	2,049
Excess (deficiency) of revenues over expenses	\$ (34)	(16)	(5)	2,064	(896)	1,161	1	2,049

See accompanying independent auditors' report

## SENTARA HOLDINGS, INC.

## Consolidating Schedule – Operations Information

Year ended December 31, 2013

(In thousands)

	Sentara Holdings, Inc.	Sentara Health Plans, Inc.	Optima Behavioral Health Services	Optima Health Insurance Company	Sentara Ventures, Inc.	Obici Professional Center and Subsidiary	Eliminations	Total
Operating revenues, gains, and other support	—	(13)	—	(91)	—	—	—	(104)
Provision for bad debt, net	—	(13)	—	(91)	—	—	—	(104)
Net patient service revenue less provision for bad debts	—	—	34,380	113,080	—	—	(2,219)	145,241
Premium and capitation revenue (expense)	—	5,083	1,469	2,294	17,073	—	13,981	39,900
Other operating revenue	—	—	—	—	—	—	—	—
Total operating revenues, gains, and other support	—	5,070	35,849	115,283	17,073	—	11,762	185,037
Operating costs and expenses	—	11,148	—	5,328	—	—	—	16,476
Salaries and wages	—	3,486	—	995	—	—	—	4,481
Benefits	—	(992)	32,838	104,722	—	—	(2,219)	134,349
Medical claims expense (income)	—	(2,582)	(597)	16,900	14,993	76	—	28,790
Other operating expense (income)	—	9	—	75	97	13	—	194
Interest expense	—	227	—	80	—	—	—	307
Depreciation and amortization	—	—	—	—	—	—	—	—
Sentara Healthcare services	—	6,525	5,623	—	—	—	—	12,148
Total operating costs and expenses	—	17,821	37,864	128,100	15,090	89	(2,219)	196,745
Net operating income (loss)	—	(12,751)	(2,015)	(12,817)	1,983	(89)	13,981	(11,708)
Nonoperating gains (losses)	—	50	(1)	854	—	—	—	903
Excess (deficiency) of revenues over expenses	\$ —	(12,701)	(2,016)	(11,963)	1,983	(89)	13,981	(10,805)

See accompanying independent auditors' report

## SENTARA HEALTHCARE AND SUBSIDIARIES

Consolidating Schedule – Fully Allocated Overhead Operations Information

Year ended December 31, 2013

(In thousands)

	Sentara Healthcare Corporate	Sentara Hospitals	Sentara Enterprises	Sentara Life Care Corporation	Optima Health Plan	Sentara Holdings, Inc.	Sentara Medical Group	Eliminations	Consolidated
Operating revenues, gains, and other support									
Net patient service revenue	\$ —	2,951,691	134,284	72,953	—	—	224,170	(397,888)	2,985,210
Provision for bad debt, net	1	(234,500)	(2,018)	(1,188)	(290)	(104)	(10,949)	—	(249,048)
Net patient service revenue less provision for bad debts	1	2,717,191	132,266	71,765	(290)	(104)	213,221	(397,888)	2,736,162
Premium and capitation revenue	1,297	4,358	—	16,790	1,302,392	145,241	5,457	(34,686)	1,440,849
Other operating revenue	27,755	69,273	3,215	576	965	39,900	8,511	(33,944)	116,251
Net assets released from restrictions	351	5,038	55	11	—	—	9	—	5,464
Total operating revenues, gains, and other support	29,404	2,795,860	135,536	89,142	1,303,067	185,037	227,198	(466,518)	4,298,726
Operating costs and expenses									
Salaries and wages	55,227	1,025,848	63,807	38,978	32,769	16,477	177,637	—	1,410,743
Benefits	13,501	265,953	17,705	9,249	8,743	4,480	31,403	(6,638)	344,396
Medical claims expense	—	—	—	4,805	1,167,224	134,349	—	(423,788)	882,590
Other operating expenses	50,317	1,052,987	37,950	26,078	46,878	28,791	8,335	(28,494)	1,222,842
Interest expense	11,322	38,188	—	—	378	194	—	(7,598)	42,484
Depreciation and amortization	8,006	155,008	3,999	2,711	687	307	3,173	—	173,891
Sentara Healthcare services	(108,968)	96,742	3,253	1,910	—	4,654	2,409	—	—
Total operating costs and expenses	29,405	2,634,726	126,714	83,731	1,256,679	189,252	222,957	(466,518)	4,076,946
Net operating income	(1)	161,134	8,822	5,411	46,388	(4,215)	4,241	—	221,780
Nonoperating gains, net	336,036	48,836	873	—	3,386	903	—	—	390,034
Excess of revenues over expenses before noncontrolling interest	336,035	209,970	9,695	5,411	49,774	(3,312)	4,241	—	611,814
Noncontrolling interest	—	(5,402)	—	—	—	—	—	—	(5,402)
Excess of revenues over expenses attributable to Sentara Healthcare	\$ 336,035	204,568	9,695	5,411	49,774	(3,312)	4,241	—	606,412

See accompanying independent auditors' report

## SENTARA HOSPITALS

Consolidating Schedule – Fully Allocated Overhead Operations Information

Year ended December 31, 2013

(In thousands)

	Sentara Norfolk General Hospital	Sentara Lough Hospital	Sentara Bayside Hospital	Sentara CarePlex Hospital	Sentara Virginia Beach General	Sentara Williamsburg Regional Medical Center	Sentara Obics Hospital	Sentara Frances Anne Hospital	Sentara Northern Virginia Hospital	Rockingham Memorial Hospital	Martha Jefferson Hospital	Halifax Regional Health System	Total
Operating revenues, gains, and other support													
Net patient service revenue	721,658	282,948	833	239,274	280,205	154,105	174,423	213,204	231,664	347,710	244,346	61,321	2,551,691
Provision for bad debt, net	(58,400)	(21,818)	(257)	(27,221)	(28,563)	(11,722)	(15,077)	(19,800)	(26,630)	(9,207)	(9,449)	(6,356)	(234,500)
Net patient service revenue less provision for bad debt	663,258	261,130	576	212,053	251,642	142,383	159,346	193,404	205,034	338,503	234,897	54,965	2,317,191
Premium and capitation revenue	3,401	71	—	55	79	20	39	54	—	75	464	—	4,358
Other operating revenue	16,469	2,783	126	4,989	5,242	3,401	4,854	4,199	4,097	13,105	8,109	1,899	69,273
Net assets released from restrictions	1,525	21	—	49	58	21	337	—	727	395	1,905	—	5,038
Total operating revenues, gains, and other support	684,753	264,005	702	217,146	257,021	145,825	164,576	197,657	209,858	352,078	245,375	56,864	2,795,860
Operating costs and expenses													
Salaries and wages	220,731	89,161	5	79,302	94,554	55,172	64,206	99,690	91,128	141,154	104,334	26,411	1,025,848
Benefits	59,685	24,885	2	21,704	26,206	14,846	17,424	16,917	19,363	35,325	22,273	7,323	265,953
Other operating expenses	302,360	89,204	62	79,529	87,867	51,622	60,376	60,077	74,401	135,550	90,105	21,834	1,052,987
Interest expense	3,306	1,088	—	378	2,158	3,016	1,387	7,598	1,780	10,761	6,212	504	38,188
Depreciation and amortization	32,976	12,492	1	13,636	13,625	11,527	12,784	12,679	16,287	13,303	12,561	3,137	155,008
Sentara Healthcare services	31,766	14,510	—	13,359	15,332	9,005	9,751	—	3,019	—	—	—	96,742
Total operating costs and expenses	650,824	231,340	70	207,908	239,742	145,188	165,928	156,961	205,978	336,093	235,485	59,209	2,634,726
Net operating income	33,929	32,665	632	9,238	17,279	637	(1,352)	40,696	3,880	15,985	9,890	(2,345)	161,134
Nonoperating gains (losses), net	(50)	16	—	(7)	310	(4)	537	251	3	21,361	23,940	2,479	48,836
Excess of revenues over expenses before noncontrolling interest	33,879	32,681	632	9,231	17,589	633	(815)	40,947	3,883	37,346	33,830	134	209,970
Noncontrolling interest	—	—	—	—	—	—	—	(5,402)	—	—	—	—	(5,402)
Excess of revenues over expenses attributable to Sentara Healthcare	33,879	32,681	632	9,231	17,589	633	(815)	35,545	3,883	37,346	33,830	134	204,568

See accompanying independent auditors' report

**Community Health Needs Assessment Implementation Strategy for:**  
**ROCKINGHAM MEMORIAL HOSPITAL**  
**Adoption Date: 13 November 2012**

This implementation strategy identifies the actions that the hospital is undertaking to address the health problems identified in the community health needs assessment, consistent with the requirements described in section 501(r)(3) of the Internal Revenue Code per the Patient Protection and Affordable Care Act

These actions include those activities in which the hospital is currently involved and intends to continue. The actions also include modifications to existing activities and/or new activities that will take place consistent with the identified needs. The actions are guided by the hospital's mission and goals and in turn are incorporated into the hospital's operational plans.

Health Problem	Implementation Strategy
All	<p>Strategies that address multiple health problems include</p> <ul style="list-style-type: none"> <li>• Continue to serve as an active participant in the Healthy Community Council</li> <li>• Continue to offer health education and free screenings at local county fairs and health fairs</li> <li>• Continue to actively seek funding opportunities in areas of community need</li> <li>• Continue to provide fitness and nutrition coaching through the RMH Wellness Center</li> <li>• Expand and coordinate health coaching services currently offered through RMH Heart and Vascular Center, Women's Center, Wellness Center, Behavioral Health, and Community Health</li> </ul>
Adult and childhood obesity	<ul style="list-style-type: none"> <li>• Continue to provide leadership to the Healthy Community Council "Preventing and Reducing Obesity" Action Team</li> <li>• Continue to provide fitness and nutrition coaching through the RMH Wellness Center</li> <li>• Continue to offer adult/youth weight-loss programs through RMH Wellness Center</li> <li>• Continue to offer medical needs scholarships to the RMH Wellness Center</li> <li>• Continue to work with local schools to promote the Safe Routes to School program and safe walking and biking to school</li> <li>• Continue to actively seek funding opportunities in areas of community need</li> <li>• Expand and coordinate health coaching services currently offered through RMH Heart and Vascular Center, Women's Center, Wellness Center, Behavioral Health and Community Health</li> <li>• Explore funding opportunities to expand the walking trails on RMH campus</li> <li>• Evaluate the campus master plan and, if feasible, explore funding opportunities to place a community garden on the RMH campus</li> </ul>
Teen pregnancy	<ul style="list-style-type: none"> <li>• Continue to offer Hand-in-Hand Resource Mothers program, a support and educational program for pregnant and parenting teenagers</li> <li>• Continue to participate on the Health Community Council "Reducing Teen Pregnancy" Action Team</li> <li>• Continue to offer "Staying Connected With Your Teen" evidence-based parenting classes throughout the RMH service region through RMH Community Health</li> <li>• Partner with James Madison University on the new Personal Responsibility Education Program initiative</li> <li>• Expand monthly Teen Pregnancy Support Group to include outreach to parents and siblings of teen parents through RMH Community Health</li> </ul>

