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Part III

Statement of Program Service Accomplishments















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

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1	Briefly describe the organization's mission					
PINNACLE HEALTH MEDICAL SERVICES IS A TAX EXEMPT ENTITY THAT IS PRIMARILY ENGAGED IN THE PROVISION OF BOTH PRIMARY AND SPECIALTY CARE PHYSICIAN SERVICES						
2	Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?					<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes," describe these new services on Schedule O						
3	Did the organization cease conducting, or make significant changes in how it conducts, any program services?					<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
If "Yes," describe these changes on Schedule O						
4	Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported					
4a	(Code )	(Expenses \$ 39,717,945	including grants of \$ 300 )	(Revenue \$ 31,084,606 )		
PINNACLE HEALTH MEDICAL SERVICES (PHMS) IS A TAX EXEMPT ENTITY THAT IS PRIMARILY ENGAGED IN THE PROVISION OF PHYSICIAN SERVICES THE PHYSICIAN SERVICES PROVIDED WITHIN PHMS SUPPORT AND ENHANCE THE SERVICES OF PINNACLE HEALTH HOSPITALS AND THE PINNACLE HEALTH SYSTEM PHMS ALSO HAD VOLUNTEERS WHO PROVIDED VARIOUS DONATED SERVICES DURING THE YEAR ENDED JUNE 30, 2014, THERE WERE 19 VOLUNTEERS WHO PROVIDED 703 DONATED HOURS VALUED AT \$15,870 PHMS PROVIDED FREE CARE DURING THE YEAR TO 356 PATIENTS IN THE AMOUNT OF \$312,452 BASED ON TOTAL EXPENSES, THE THREE LARGEST PHYSICIAN SERVICES INCLUDED WITHIN PHMS ARE PINNACLE SPECIALTIES PRACTICE THE SPECIALTIES PRACTICE IS THE LARGEST SEGMENT OF PHMS, COMPRISING 49% OF THE TOTAL PROGRAM EXPENSES OF PHMS THE SPECIALTIES PRACTICES CURRENTLY OPERATE TWENTY ONE SPECIALTY SITES THROUGHOUT CENTRAL PENNSYLVANIA DURING THE FISCAL YEAR ENDED JUNE 30, 2014, SPECIALTY SITE VISITS TOTALED 145,042 MANAGEMENT CONSIDERS THE INVESTMENT IN SPECIALTY SERVICES CRITICAL TO MAINTAINING AN INTEGRATED DELIVERY SYSTEM AND TO THE FUTURE SUCCESS OF PINNACLE HEALTH SYSTEM THE SPECIALTY PHYSICIAN PRACTICES INCLUDE THE FOLLOWING SURGICAL ASSOCIATES ON APRIL 1, 2010, PINNACLE HEALTH SURGICAL ASSOCIATES CAME TO FRUITION WHEN THE GENERAL SURGEONS AND STAFF OF CAPITAL AREA SURGICAL ASSOCIATES AND SUSQUEHANNA SURGEONS JOINED THE PINNACLE HEALTH NETWORK EXCELLENT SURGICAL CARE DOESN'T JUST HAPPEN IT'S THE COMBINATION OF SKILLED SURGEONS, THE LATEST TECHNOLOGY AND EQUIPMENT AND THE EXPERTISE OF THE OPERATING ROOM TEAM WORKING TOGETHER THE MORE ADVANCED, THE MORE PRECISE, THE BETTER OUTCOME FOR THE PATIENT PINNACLE HEALTH HAS A LONG HISTORY OF PROVIDING THE FINEST SURGICAL CARE IN CENTRAL PENNSYLVANIA, DATING TO THE OPENING OF OUR FIRST OPERATING ROOM IN 1900 TODAY, OUR OUTSTANDING TEAM OF GENERAL SURGEONS AT PINNACLE HEALTH SURGICAL ASSOCIATES CONTINUES THE TRADITION OF EXCELLENCE BY PERFORMING A WIDE RANGE OF OPEN AND MINIMALLY INVASIVE PROCEDURES THE TEAM INCLUDES BOARD CERTIFIED AND FELLOWSHIP TRAINED PHYSICIANS WHO PROVIDE SUPERIOR SURGICAL SKILL AND CARE WOUND & HYPERBARIC PROGRAM THIS PROGRAM OPENED IN JANUARY 2010 IT PROVIDES EXPERT MEDICAL CARE FOR CHRONIC WOUNDS THAT HAVE FAILED PREVIOUS METHODS OF TREATMENT THE USE OF SPECIALIZED INTENSIVE WOUND THERAPIES AND, IN SPECIFIC CIRCUMSTANCES, THE APPROVED USE OF HYPERBARIC OXYGEN THERAPY ENHANCES THE HEALING PROCESS IN AN ATTEMPT TO RETURN THE PATIENT TO THE HIGHEST LEVEL OF DAILY FUNCTIONING AND HEALING ALSO, THE IMPLEMENTATION OF AN IN-PATIENT CONSULTATION PROGRAM AT HARRISBURG HOSPITAL, COMMUNITY GENERAL OSTEOPATHIC HOSPITAL AND THE WEST SHORE HOSPITAL WILL ALLOW FOR OPTIMAL PATIENT FOLLOW-UP AND REFERRALS THE PROGRAMS ALSO PROVIDE FOR INCREASED EDUCATIONAL PROGRAMS FOR AREA PHYSICIANS, RESIDENTS AND MEDICAL STUDENTS IN THIS SPECIALTY PROVIDING PART-TIME SERVICES AT LANCASTER GENERAL HOSPITAL HAS INCREASED AWARENESS OF OUR PROGRAM AND EXPERTISE IN CENTRAL PENNSYLVANIA RHEUMATOLOGY OPENING FOR BUSINESS ON MARCH 1, 2010, PINNACLE HEALTH'S RHEUMATOLOGY OFFICE WAS FOUNDED TO DIAGNOSE AND TREAT THE SURROUNDING COMMUNITY THAT EXPERIENCED CONSTANT PAIN WITH RHEUMATIC DISEASES WHETHER FACED WITH AN INFLAMMATION OF THE JOINTS, TENDONS OR MUSCLES, OR CONSTANT PAIN, PINNACLE HEALTH'S RHEUMATOLOGY DOCTORS HELP DIAGNOSE THE CONDITION AND FIND THE COURSE OF TREATMENT SUITABLE FOR EACH INDIVIDUAL MANY TYPES OF RHEUMATIC DISEASES ARE NOT EASILY IDENTIFIED IN THE EARLY STAGES AND BECAUSE SOME ARE MORE COMPLEX THAN OTHERS, MORE THAN ONE VISIT MAY BE NECESSARY AS SUCH, OUR RHEUMATOLOGISTS WORK CLOSELY WITH PATIENTS TO DESIGN INDIVIDUALIZED TREATMENTS THAT MEET THEIR NEEDS PINNACLE HEALTH NEUROLOGISTS - THIS PROGRAM WAS ESTABLISHED TO MEET THE EMERGENT NEED FOR NEUROLOGISTS IN THE HARRISBURG AREA INPATIENT PHYSICIAN COVERAGE AT PINNACLE HEALTH HOSPITALS IS ITS PRIMARY FOCUS, AS WELL AS ESTABLISHING AND GROWING OUTPATIENT SERVICES TO ADDRESS COMMUNITY NEEDS PINNACLE HEALTH NEUROSURGERY SERVICES THIS PROGRAM WAS ESTABLISHED IN JANUARY 2008 TO MEET THE EMERGENT NEED FOR NEUROSURGEONS IN THE HARRISBURG AREA PENNSYLVANIA NEUROSURGERY AND NEUROSCIENCES INSTITUTE JOINED THIS PRACTICE IN SEPTEMBER 2013 AND PA NEUROLOGICAL ASSOCIATES JOINED IN NOVEMBER 2013 PINNACLE HEALTH ENDOCRINOLOGISTS THIS PROGRAM WAS ESTABLISHED IN JANUARY 2005 AND PROVIDES BOTH INPATIENT AND OUTPATIENT SERVICES PINNACLE HEALTH ENDOCRINOLOGY ASSOCIATES PROVIDES COMPREHENSIVE CARE FOR ALL ENDOCRINOLOGY DISORDERS, ESPECIALLY COMPLEX PATIENTS WITH DIABETES WE SPECIALIZE IN INSULIN PUMPS, CONTINUOUS GLUCOSE MONITORING, THYROID DISORDERS INCLUDING THYROID BIOPSIES, THYROID CANCERS, COMPREHENSIVE CARE FOR OSTEOPOROSIS WITH SPECIALIZED NURSE CARE, AND ALL THE OTHER ENDOCRINE DISORDERS INCLUDING POLYCYSTIC OVARY SYNDROME, ADRENAL AND PITUITARY DISEASES PINNACLE HEALTH PEDIATRIC SURGERY - THIS PROGRAM CONSISTS OF THE EMPLOYMENT OF ONE FULL-TIME PEDIATRIC SURGEON WHO WILL CONTINUE TO PRACTICE PEDIATRIC SURGERY FULL-TIME FOR PINNACLE HEALTH HOSPITALS A STABLE, HIGH QUALITY PEDIATRIC SURGERY SERVICE IS AN ESSENTIAL COMPONENT OF THE WOMEN AND CHILDREN HEALTH SERVICE AT PINNACLE PINNACLE HEALTH INFECTIOUS DISEASE ASSOCIATES - THIS PROGRAM WAS ESTABLISHED IN JANUARY 2005 PINNACLE HEALTH INFECTIOUS DISEASE ASSOCIATES SPECIALIZES IN THE TREATMENT OF ANY ORGAN INFECTION AND INFECTIOUS DISEASES INCLUDING, BUT NOT LIMITED TO, OSTEOMYELITIS, LYME DISEASE, MENINGITIS, HIV, AND HEPATITIS C BOTH INPATIENT AND OUTPATIENT SERVICES ARE PROVIDED WHICH INCLUDES A TRAVEL CLINIC PH PALLIATIVE CARE - THE FOCUS OF THIS PROGRAM IS ON THE INPATIENT CARE OF PATIENTS DURING THE FINAL MONTHS OR DAYS OF THEIR LIVES, SEEKING TO IMPROVE BOTH THE BALANCE OF CARE VIA COMFORT AND DIGNITY AND THE QUALITY OF PAIN RELIEF TREATMENT IN THE ROLE AS THE PAIN TEAM OF THE SYSTEM, THE PALLIATIVE CARE SPECIALIST WILL BE AVAILABLE TO ANY PATIENT WHO IS IN NEED OF SPECIALIZED ASSESSMENT AND TREATMENT OF DIFFICULT OR INTRACTABLE PAIN THIS DOVETAILS NICELY WITH THE CANCER CENTER PROGRAM END-OF-LIFE CARE HAS BEEN IDENTIFIED NATIONALLY AS A MOMENT OF TIME WHICH TAKES UP AN INORDINATE AMOUNT OF HEALTH CARE RESOURCES, WITH GREAT VARIATION GEOGRAPHICALLY AND LITTLE IN THE WAY OF DEMONSTRABLE VALUE, THE PALLIATIVE CARE STAFF PROVIDE END OF LIFE CARE TO OUR PATIENTS SO THAT DYING WITH DIGNITY IS AN OPTION FOR ALL BREAST CANCER CENTER - THIS PROGRAM HAS BEEN ESTABLISHED TO PROVIDE PATIENTS WITH A CENTRALIZED LOCATION FOR THEIR BREAST CARE NEEDS, INCLUDING BREAST HEALTH SURGEONS, BREAST HEALTH NURSE SPECIALISTS, CERTIFIED MAMMOGRAPHERS, RADIOLOGISTS, PATHOLOGISTS AND PHYSICAL THERAPISTS, ALL OF WHOM ARE COMMITTED TO PROVIDING PATIENTS WITH THE MOST UP-TO-DATE TECHNOLOGY AND CARE FOR THEIR COMPLETE BREAST HEALTH THE WOMEN'S CANCER CENTER IS A UNIQUE PRACTICE, ADDRESSING THE PREVENTIVE, DIAGNOSTIC, SURGICAL, MEDICAL, AND CHEMOTHERAPY NEEDS OF WOMEN WITH GYNECOLOGIC CANCER AND OTHER COMPLICATED CONDITIONS OF THE FEMALE REPRODUCTIVE SYSTEM RADIATION ONCOLOGY OPENED IN JUNE OF 2013 GIVING PATIENTS THE MOST ADVANCED TECHNOLOGY IN CENTRAL PA OUR SUPERIOR TREATMENT CAPABILITIES ALLOW US TO PROVIDE THE PATIENT WITH SHORTER TREATMENT TIMES AND FEWER SIDE EFFECTS WHILE ELIMINATING THEIR CANCER CELLS WE MAINTAIN A HIGH LEVEL OF SKILL AND EXPERTISE WHILE PAYING CAREFUL ATTENTION TO THE PATIENT'S COMFORT AND CONCERN MEDICAL ONCOLOGY ASSOCIATES LOCATED IN THE MEDICAL SCIENCES PAVILION ON THE COMMUNITY CAMPUS, SPECIALIZES IN THE USE OF MEDICATIONS, SUCH AS CHEMOTHERAPY, HORMONES AND PAIN MEDICATIONS IN THE MANAGEMENT OF CANCER PSYCHOLOGICAL ASSOCIATES IS STAFFED BY LICENSED, MASTERS LEVEL, PSY D AND PH D CLINICIANS WHO PROVIDE INDIVIDUAL, FAMILY OR MARITAL EVALUATIONS, THERAPY AND MEDICATION MANAGEMENT AS NEEDED TO ALL AGES WE ALSO OFFER GROUP THERAPY SHOULD THE PATIENT AND HIS OR HER THERAPIST DETERMINE IT WOULD BE HELPFUL GROUPS INCLUDE THE ANGER MANAGEMENT GROUP, MOM'S NAVIGATING THROUGH LIFE GROUP, AND ADOLESCENT GROUPS						
4b	(Code )	(Expenses \$ 32,422,813	including grants of \$ 0 )	(Revenue \$ 20,475,808 )		
FAMILY CARE SERVICES - PRIMARY CARE IS THE SECOND LARGEST SEGMENT OF PHMS COMPRISING 40% OF THE TOTAL PROGRAM EXPENSES OF PINNACLE HEALTH MEDICAL SERVICES PRIMARY CARE SERVICES ARE CURRENTLY PROVIDED THROUGH TWENTY FAMILY CARE CENTERS LOCATED IN SURROUNDING CENTRAL PENNSYLVANIA COMMUNITIES DURING THE FISCAL YEAR ENDED JUNE 30, 2014, PRIMARY CARE PATIENT VISITS TOTALED 320,433						
4c	(Code )	(Expenses \$ 8,916,274	including grants of \$ 0 )	(Revenue \$ 8,630,038 )		
PINNACLE HEALTH CLINICS - THE CLINICS COMPRISE 11% OF THE TOTAL PROGRAM EXPENSES OF PHMS THERE ARE SEVEN CLINIC FACILITIES THROUGHOUT CENTRAL PENNSYLVANIA THAT PROVIDE PATIENT CARE TO THE SURROUNDING COMMUNITY DURING THE FISCAL YEAR ENDED JUNE 30, 2014, CLINICS HAD VISITS THAT TOTALED 91,622 THE CLINICS MAINLY SERVE AN UNINSURED, UNDER-INSURED, AND LARGE MEDICAL ASSISTANCE COMMUNITY, AS IT LIVES ITS MISSION STATEMENT TO BE A CHARITABLE ORGANIZATION DEDICATED TO MAINTAINING AND IMPROVING THE HEALTH AND QUALITY OF LIFE THE CLINICS INCLUDE THE FOLLOWING KLINE HEALTH CENTER - THIS PROGRAM PROVIDES PRIMARY, AS WELL AS SPECIALTY CARE, TO A LARGELY URBAN POPULATION WHILE THE PRACTICE DOES SEE PRIVATE PATIENTS, MUCH OF THE POPULATION SERVED IS OF LOW INCOME AND/OR UNDER-INSURED SINCE MANY OF OUR PATIENTS RELY ON PUBLIC TRANSPORTATION, KLINE IS ABLE TO MEET MANY OF THE PATIENTS' NEEDS AT ONE LOCATION RESIDENT PHYSICIANS, UNDER THE SUPERVISION OF BOARD CERTIFIED PHYSICIAN FACULTY AS WELL AS SPECIALTY PHYSICIANS, COME TO KLINE TO SEE PATIENTS FOR THEIR ORTHOPEDIC, ENDOCRINE, NEUROLOGICAL, INFECTIOUS DISEASE, AND SURGICAL NEEDS THE OFFICE IS MANAGED BY A FULL-TIME RN WHO OVERSEES A STAFF OF MEDICAL ASSISTANTS AND OTHER OFFICE SUPPORT STAFF TO MEET THE NEEDS OF THE PATIENTS AND PROVIDERS CHILDREN'S AND TEEN CENTER - THIS PROGRAM PROVIDES PRIMARY ACUTE AND PREVENTIVE CARE PLUS SOME SPECIALTY SERVICES FOR NEWBORNS THROUGH CHILDREN 18 YEARS OF AGE SPECIALTY SERVICES INCLUDE NEONATAL DEVELOPMENTAL CARE, LEAD POISONING DIAGNOSIS AND FOLLOW-UP, PEDIATRIC NEUROLOGY AND CARE FOR CHILDREN INFECTED WITH HIV WOMEN'S INPATIENT SERVICES - THIS PROGRAM PROVIDES COMPREHENSIVE INPATIENT OBSTETRICAL AND GYNECOLOGICAL SERVICES TO A PATIENT POPULATION CONSISTING LARGELY OF A MANAGED CARE MEDICAL ASSISTANCE PATIENT BASE THIS PROGRAM WAS ESTABLISHED IN 2007 WOMEN'S OUTPATIENT HEALTH CENTER - THIS PROGRAM PROVIDES COMPREHENSIVE OUTPATIENT OBSTETRICAL AND GYNECOLOGICAL SERVICES TO A LARGELY MANAGED MEDICAL ASSISTANCE PATIENT POPULATION PH RESOURCE EDUCATION AND COMPREHENSIVE CARE FOR HIV (REACCH) - THIS PROGRAM WAS ESTABLISHED TO PROVIDE PRIMARY AND SPECIALTY MEDICAL CARE FOR PEOPLE (INCLUDING PREGNANT WOMEN AND THEIR EXPOSED INFANTS) WHO ARE HIV-POSITIVE AS WELL AS PROVIDE SUPPORT SERVICES FOR THESE PATIENTS ADDITIONAL SERVICES PROVIDED TO THIS PATIENT POPULATION INCLUDE NUTRITIONAL COUNSELING, TRANSPORTATION TO MEDICAL APPOINTMENTS, VISION CARE, ASSISTANCE WITH MEDICATION CO-PAYMENTS, AND ASSISTANCE WITH MENTAL HEALTH COUNSELING AND PSYCHIATRIC CARE THE PROGRAM IS PARTIALLY GRANT FUNDED AND ALSO PROVIDES REIMBURSEMENT TO PINNACLE HEALTH SYSTEM FOR SERVICES RENDERED TO PATIENTS WHO ARE HIV-POSITIVE AND ARE EITHER UNINSURED OR UNDER-INSURED						
	(Code )	(Expenses \$ 122,146	including grants of \$ 0 )	(Revenue \$ 167,531 )		
WEST SHORE SURGERY CENTER (WSSC) - THE WEST SHORE SURGERY CENTER IS A LIMITED PARTNERSHIP IN WHICH PINNACLE HEALTH MEDICAL SERVICES IS THE GENERAL PARTNER WITH A 2% CONTROLLING INTEREST AND PINNACLE HEALTH HOSPITALS IS A LIMITED PARTNER WITH A 49% INTEREST THE REMAINING 49% INTEREST IS HELD BY VARIOUS PHYSICIANS FROM THE AREA						
4d	Other program services (Describe in Schedule O )					
	(Expenses \$ 122,146	including grants of \$ 0 )	(Revenue \$ 167,531 )			
4e	Total program service expenses ▶		81,179,178			

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	No
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	No
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 	11a Yes	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 	11b	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 Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e	No
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 	12a	No
b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 	12b Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E	13	No
14a Did the organization maintain an office, employees, or agents outside of the United States?	14a	No
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV	14b	No
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV	15	No
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV	16	No
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)	17	No
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II	18	No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19	No
20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H	20a	No
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	

Part IV

Checklist of Required Schedules (continued)

21	Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . .	21		No
22	Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . .	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> . . . . .	24a		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		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . .	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . .	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
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		
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.		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.		
1c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.		
2b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <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 . . . . .	17	
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	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .	4	Yes
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▶PA
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 ▶WILLIAM H PUGH CFO 409 SOUTH SECOND ST PO BOX 8700 HARRISBURG, PA 171058700 (717) 231-8245

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) NICOLE PURCELL DO DIRECTOR/PHYSICIAN	40 00	X						277,638	0	19,883
(2) MICHAEL YOUNG PRESIDENT & CEO	1 70 38 30	X		X				0	1,238,747	25,574
(3) KEVIN KELLY CHAIRMAN/PHYSICIAN	40 00	X		X				241,289	0	22,795
(4) CYNTHIA TOLSMA VICE CHAIRMAN	40 00	X		X				0	0	0
(5) JAMES BLEICHER PRESIDENT & CEO/PHMS	40 00	X		X				694,064	0	17,002
(6) BRUCE COHICK DIRECTOR/PHYSICIAN	40 00	X						205,466	0	23,996
(7) CHARLES GERLACH DIRECTOR/PHYSICIAN	40 00	X						360,668	0	39,973
(8) CHARLES HAVERSTICK DIRECTOR/PHYSICIAN	40 00	X						213,803	0	32,164
(9) FRANCIS JANTON DIRECTOR/PHYSICIAN	40 00	X						22,693	0	0
(10) HANFORD NDLOVU DIRECTOR/PHYSICIAN	40 00	X						71,060	0	4,050
(11) JAMES REDMOND DIRECTOR	20	X						0	0	0
(12) KIRAN SHARMA DIRECTOR/PHYSICIAN	40 00	X						216,679	0	19,718
(13) CRAIG SHRIFT DIRECTOR/PHYSICIAN	40 00	X						404,404	0	35,496
(14) MARK VERGALES DIRECTOR	30	X						0	0	0
(15) TIMOTHY WESTON DIRECTOR	30	X						0	0	0
(16) WILLIAM WOLFE DIRECTOR	30	X						0	0	0
(17) SHARON RYAN DIRECTOR	20	X						0	0	0

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) WILLIAM H PUGH TREASURER/ SR VP CORP FIN /CFO	1 80 38 20			X				0	749,963	23,090
(19) CHRISTOPHER P MARKLEY ESQ SEC'Y/SR VP STAT SVCS/GEN COUNSEL	8 80 31 20			X				0	476,014	29,949
(20) NANCY HAMMONDS ASST TREASURER	2 40 37 60			X				0	226,790	40,988
(21) JOHN DELORENZO ASST SECRETARY	8 00 32 00			X				0	154,859	17,869
(22) PHILIP GUARNESCHELLI SR VP/COO	6 00 34 00			X				0	758,047	34,618
(23) MUBASHIR MUMTAZ PHYSICIAN	40 00					X		743,888	0	32,114
(24) JOSE MISAS PHYSICIAN	40 00					X		668,127	0	25,575
(25) MOKSHA RANASINGHE PHYSICIAN	40 00					X		707,757	0	20,986
(26) BARRY MOORE PHYSICIAN	40 00					X		706,291	0	66,843
(27) DAVID LORAN PHYSICIAN	40 00					X		683,841	0	32,178
<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>								6,217,668	3,604,420	564,861
<b>2</b>	Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization▶103									

		Yes	No
<b>3</b>	Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	<b>3</b>	No
<b>4</b>	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i>	<b>4</b>	Yes
<b>5</b>	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	<b>5</b>	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
	WEATHERBY LOCUMS INC PO BOX 972633 DALLAS TX 75397	TEMPORARY PHYSICIAN STAFFING	938,826
	CORNERSTONE HEALTHCARE CONSULTING LLC 75 ARLINGTON STREET BOSTON MA 02116	ELECTRONIC MEDICAL RECORDS CONSULTING	525,798
	ASSURANCE STAFFING INC 4660 TRINDLE RD CAMP HILL PA 17011	TEMPORARY STAFFING	225,241
	ALLSCRIPTS 8529 SIX FORKS RD RALEIGH NC 27615	SERVER HOST FOR ELECTRONIC MEDICAL RECOR	212,955
	JFC TEMPS 1520 MARKET STREET CAMP HILL PA 17011	TEMPORARY STAFFING	133,246
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 ▶9		

Part VIII

Statement of Revenue

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

			(A)	(B)	(C)	(D)
			Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . . . . . 1a				
	b	Membership dues . . . . . 1b				
	c	Fundraising events . . . . . 1c				
	d	Related organizations . . . . . 1d				
	e	Government grants (contributions) 1e				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f				
	g	Noncash contributions included in lines 1a-1f \$				
	h	Total. Add lines 1a-1f . . . . .				
Program Service Revenue	Business Code					
	2a	PATIENT REVENUE, NET 621110	59,742,861	59,742,861		
	b	PHYSICIAN SERVICES/COVERAGE 621110	255,119	255,119		
	c	PHYSICIAN MEDICAL PPI COVERAGE 621110	226,917	226,917		
	d	PHPA THERAPISTS 621110	92,524	92,524		
	e	PARTNERSHIP PASSTHROUGH - WEST SH 621400	40,562	40,562		
	f	All other program service revenue				
	g	Total. Add lines 2a-2f . . . . .	60,357,983			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . .	18,319			18,319
	4	Income from investment of tax-exempt bond proceeds . . . . .				
	5	Royalties . . . . .				
	(i) Real (ii) Personal					
	6a	Gross rents 260,890				
	b	Less rental expenses 172,798				
	c	Rental income or (loss) 88,092				
	d	Net rental income or (loss) . . . . .	88,092			88,092
	(i) Securities (ii) Other					
	7a	Gross amount from sales of assets other than inventory 1,500				
	b	Less cost or other basis and sales expenses 21,116				
	c	Gain or (loss) -19,616				
	d	Net gain or (loss) . . . . .	-19,616			-19,616
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18 . . . . . a				
	b	Less direct expenses . . . . . b				
	c	Net income or (loss) from fundraising events . . . . .				
	9a	Gross income from gaming activities See Part IV, line 19 . . . . . a				
	b	Less direct expenses . . . . . b				
	c	Net income or (loss) from gaming activities . . . . .				
	10a	Gross sales of inventory, less returns and allowances . . . . . a				
	b	Less cost of goods sold . . . . . b				
	c	Net income or (loss) from sales of inventory . . . . .				
	Miscellaneous Revenue Business Code					
	11a	I/C LOSS REIMBURSEMENT 900099	9,603,989			9,603,989
	b	HIGHMARK INCENTIVE 900099	2,011,285			2,011,285
	c	REPORTING/QUALITY INCENTIVES 900099	1,222,593			1,222,593
	d	All other revenue . . . . .	1,637,729			1,637,729
	e	Total. Add lines 11a-11d . . . . .	14,475,596			
	12	Total revenue. See Instructions . . . . .	74,920,374	60,357,983	0	14,562,391

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.	300	300		
2	Grants and other assistance to individuals in the United States. See Part IV, line 22.				
3	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4	Benefits paid to or for members.				
5	Compensation of current officers, directors, trustees, and key employees.				
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	2,922,841	2,922,841		
7	Other salaries and wages.	57,834,577	51,780,343	6,054,234	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	2,139,003	1,777,497	361,506	
9	Other employee benefits.	3,647,602	3,270,759	376,843	
10	Payroll taxes.	3,690,097	3,315,083	375,014	
11	Fees for services (non-employees):				
a	Management.	7,905,384	946,699	6,958,685	
b	Legal.				
c	Accounting.	13,309		13,309	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.	162,950		162,950	
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	2,730,818	2,231,958	498,860	
12	Advertising and promotion.	8,926	7,141	1,785	
13	Office expenses.	1,679,054	1,417,493	261,561	
14	Information technology.	1,197,255	1,149,638	47,617	
15	Royalties.				
16	Occupancy.	6,022,369	5,407,855	614,514	
17	Travel.	74,654	67,189	7,465	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	443,136	419,917	23,219	
20	Interest.	271,722		271,722	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	2,116,020	1,904,418	211,602	
23	Insurance.	168,708	168,708		
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	4,394,369	4,391,339	3,030	
b	DUES AND SUBSCRIPTIONS	113,536		113,536	
c	SAFETY COMPLIANCE	1,600		1,600	
d					
e	All other expenses	66,149		66,149	
25	Total functional expenses. Add lines 1 through 24e.	97,604,379	81,179,178	16,425,201	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

Part X

Balance Sheet

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

				(A)		(B)
				Beginning of year		End of year
Assets	1	Cash—non-interest-bearing		3,493	1	6,643
	2	Savings and temporary cash investments		514,573	2	505,803
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		2,864,992	4	6,350,352
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	340,842
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		300,232	8	511,681
	9	Prepaid expenses and deferred charges		694,591	9	1,037,541
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a20,507,674			
	b	Less accumulated depreciation	10b9,227,868	9,217,159	10c	11,279,806
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		16,827	13	13,700
	14	Intangible assets		3,190,062	14	7,549,681
	15	Other assets See Part IV, line 11		1,448,383	15	2,216,217
	16	Total assets. Add lines 1 through 15 (must equal line 34)		18,250,312	16	29,812,266
Liabilities	17	Accounts payable and accrued expenses		7,758,061	17	13,469,135
	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		4,924,636	23	4,681,120
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			25	
	26	Total liabilities. Add lines 17 through 25		12,682,697	26	18,150,255
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		5,567,615	27	11,662,011
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.					
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		5,567,615	33	11,662,011
	34	Total liabilities and net assets/fund balances		18,250,312	34	29,812,266

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	74,920,374
2	Total expenses (must equal Part IX, column (A), line 25)	2	97,604,379
3	Revenue less expenses Subtract line 2 from line 1	3	-22,684,005
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	5,567,615
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	28,778,401
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	11,662,011

Part XII Financial Statements and Reporting

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

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

SCHEDULE A  
(Form 990 or 990EZ)

Department of the  
Treasury  
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2013

Open to Public  
Inspection

Name of the organization  
PINNACLE HEALTH MEDICAL SERVICES

Employer identification number  
25-1709054

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

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

- 1

☐

A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**
- 2

☐

A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E )
- 3

☒

A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**
- 4

☐

A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state \_\_\_\_\_
- 5

☐

An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II )
- 6

☐

A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**
- 7

☐

An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II )
- 8

☐

A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 9

☐

An organization that normally receives (1) more than 33<sup>1</sup>/<sub>3</sub>% 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<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III )
- 10

☐

An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**
- 11

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

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).

<b>Facts And Circumstances Test</b>

Return Reference	Explanation	
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SCHEDULE D  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Supplemental Financial Statements

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

<b>Name of the organization</b> PINNACLE HEALTH MEDICAL SERVICES	<b>Employer identification number</b>  25-1709054
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**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.

	<b>(a)</b> Donor advised funds	<b>(b)</b> Funds and other accounts
<b>1</b>	Total number at end of year	
<b>2</b>	Aggregate contributions to (during year)	
<b>3</b>	Aggregate grants from (during year)	
<b>4</b>	Aggregate value at end of year	
<b>5</b>	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>	
<b>6</b>	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

	<b>Held at the End of the Year</b>
<b>a</b>	Total number of conservation easements
<b>b</b>	Total acreage restricted by conservation easements
<b>c</b>	Number of conservation easements on a certified historic structure included in (a)
<b>d</b>	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

▶ \$ \_\_\_\_\_

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

- 3

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

☐ Public exhibition

b

☐ Scholarly research

c

☐ Preservation for future generations

d

☐ Loan or exchange programs

e

☐ Other
- 4

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

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

☐ Yes

☐ No

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

- 1a

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

☐ Yes

☐ No
- b

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

Beginning balance

d

Additions during the year

e

Distributions during the year

f

Ending balance

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

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

☐ Yes

☐ No
- b

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

☐

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

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

- 2

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

Board designated or quasi-endowment
- b

Permanent endowment
- c

Temporarily restricted endowment

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

Are there endowment funds not in the possession of the organization that are held and administered for the organization by
- (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 . . . . .				
b Buildings . . . . .				
c Leasehold improvements . . . . .		3,403,580	1,543,636	1,859,944
d Equipment . . . . .		5,108,243	2,737,878	2,370,365
e Other . . . . .		11,995,851	4,946,354	7,049,497
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				11,279,806

Schedule D (Form 990) 2013



**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return** Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

<b>1</b>	Total revenue, gains, and other support per audited financial statements . . . . .	<b>1</b>	103,708,623
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12	<b>2e</b>	28,778,401
<b>a</b>	Net unrealized gains on investments . . . . .	<b>2a</b>	
<b>b</b>	Donated services and use of facilities . . . . .	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	28,778,401
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	28,778,401
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	74,930,222
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line <b>1</b>	<b>4c</b>	-9,848
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	162,950
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	-172,798
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	-9,848
<b>5</b>	Total revenue Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12 ) . . . . .	<b>5</b>	74,920,374

**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.

<b>1</b>	Total expenses and losses per audited financial statements . . . . .	<b>1</b>	97,614,227
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25	<b>2e</b>	172,798
<b>a</b>	Donated services and use of facilities . . . . .	<b>2a</b>	
<b>b</b>	Prior year adjustments . . . . .	<b>2b</b>	
<b>c</b>	Other losses . . . . .	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII ) . . . . .	<b>2d</b>	172,798
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> . . . . .	<b>2e</b>	172,798
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> . . . . .	<b>3</b>	97,441,429
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line <b>1</b> :	<b>4c</b>	162,950
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b . . . . .	<b>4a</b>	162,950
<b>b</b>	Other (Describe in Part XIII ) . . . . .	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> . . . . .	<b>4c</b>	162,950
<b>5</b>	Total expenses Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18 ) . . . . .	<b>5</b>	97,604,379

**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 X, LINE 2	THE PINNACLE HEALTH SYSTEM EVALUATES UNCERTAIN TAX POSITIONS USING A TWO-STEP APPROACH FOR RECOGNIZING AND MEASURING TAX BENEFITS TAKEN OR EXPECTED TO BE TAKEN IN AN UNRELATED BUSINESS ACTIVITY TAX RETURN AND DISCLOSURES REGARDING UNCERTAINTIES IN TAX POSITIONS. NO ADJUSTMENTS TO THE CONSOLIDATED FINANCIAL STATEMENTS WERE REQUIRED AS A RESULT OF THIS EVALUATION.
PART XI, LINE 2D - OTHER ADJUSTMENTS	INTERCOMPANY TRANSFERS 28,765,190. NET ASSETS RELEASED 13,211.
PART XI, LINE 4B - OTHER ADJUSTMENTS	RENTAL EXPENSES RECORDED NET OF REVENUE ON 990 -172,798.
PART XII, LINE 2D - OTHER ADJUSTMENTS	RENTAL EXPENSES RECORDED NET OF REVENUE ON 990 172,798.

[illegible]

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  
PINNACLE HEALTH MEDICAL SERVICES

Employer identification number  
25-1709054

Part I

Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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	THE ORGANIZATION PAYS FOR THE CEO'S CLUB DUES, WHICH ARE REPORTABLE AS TAXABLE COMPENSATION FOR THE CEO THE CEO'S SPOUSE ACCOMPANIED THE CEO ON INFREQUENT TRIPS WHERE THE PRESENCE OF THE SPOUSE WAS EXPECTED RELATED COSTS WERE MINIMAL AND WERE NOT INCLUDED IN THE CEO'S COMPENSATION
PART I, LINE 1B	THERE IS A WRITTEN POLICY REGARDING THE PAYMENT OF CLUB DUES, HOWEVER, THERE IS NO WRITTEN POLICY REGARDING COMPANION TRAVEL THE INFREQUENCY OF THE TRAVEL AND THE DE MINIMIS COSTS ASSOCIATED WITH THE ACTIVITY WERE DEEMED NOT TO RISE TO THE LEVEL WHERE A WRITTEN POLICY WAS CONSIDERED NECESSARY
PART I, LINE 3	PINNACLE HEALTH MEDICAL SERVICES RELIES ON PINNACLE HEALTH SYSTEM, A RELATED ORGANIZATION, TO ESTABLISH THE COMPENSATION FOR THE ORGANIZATION'S CEO METHODS USED TO ESTABLISH COMPENSATION BY THE RELATED ORGANIZATION INCLUDE * COMPENSATION COMMITTEE * INDEPENDENT COMPENSATION CONSULTANT * COMPENSATION SURVEY OR STUDY * APPROVAL BY THE COMPENSATION COMMITTEE OF THE BOARD
PART I, LINE 7	THE COMPENSATION COMMITTEE OF THE BOARD WITH ASSISTANCE FROM AN INDEPENDENT OUTSIDE ADVISOR ESTABLISHES A COMPENSATION PHILOSOPHY TO COMPENSATE LEADERS OF THE ORGANIZATION AT THE MARKET MEDIAN WITH AN INCENTIVE OPPORTUNITY TO REACH THE 75TH PERCENTILE OF THE MARKET FOR THEIR POSITION THE INCENTIVE OPPORTUNITY IS DIVIDED BETWEEN PERSONAL GOALS AND SYSTEM LEVEL GOALS ALL GOALS ARE MEASURABLE AND ARE DESIGNED TO IMPROVE QUALITY OF CARE, PATIENT SAFETY, PATIENT EXPERIENCE, AND MANAGEMENT OF RESOURCES PERFORMANCE IS REWARDED AT THREE LEVELS, THRESHOLD (IMPROVEMENT OVER THE BASELINE), TARGET (SIGNIFICANT IMPROVEMENT OVER THE PRIOR YEAR) AND OPTIMUM (STRETCH)

Additional Data

Software ID:

Software Version:

EIN: 25-1709054

Name: PINNACLE HEALTH MEDICAL SERVICES

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				
NICOLE PURCELL DO DIRECTOR/PHYSICIAN	(i) (ii)	250,496 0	0 0	27,142 0	12,615 0	7,268 0	297,521 0	0 0
MICHAEL YOUNG PRESIDENT & CEO	(i) (ii)	0 729,377	0 361,078	0 148,292	0 12,750	0 12,824	0 1,264,321	0 0
KEVIN KELLY CHAIRMAN/PHYSICIAN	(i) (ii)	142,501 0	21,493 0	77,295 0	14,179 0	8,616 0	264,084 0	0 0
JAMES BLEICHER PRESIDENT & CEO/PHMS	(i) (ii)	407,023 0	129,689 0	157,352 0	0 0	17,002 0	711,066 0	0 0
BRUCE COHICK DIRECTOR/PHYSICIAN	(i) (ii)	148,035 0	57,431 0	0 0	11,597 0	12,399 0	229,462 0	0 0
CHARLES GERLACH DIRECTOR/PHYSICIAN	(i) (ii)	280,489 0	80,179 0	0 0	15,300 0	24,673 0	400,641 0	0 0
CHARLES HAVERSTICK DIRECTOR/PHYSICIAN	(i) (ii)	166,467 0	44,687 0	2,649 0	11,459 0	20,705 0	245,967 0	0 0
KIRAN SHARMA DIRECTOR/PHYSICIAN	(i) (ii)	169,357 0	47,322 0	0 0	12,363 0	7,355 0	236,397 0	0 0
CRAIG SHRIFT DIRECTOR/PHYSICIAN	(i) (ii)	392,579 0	11,825 0	0 0	15,300 0	20,196 0	439,900 0	0 0
WILLIAM H PUGH TREASURER/ SR VP CORP FIN /CFO	(i) (ii)	0 487,274	0 190,935	0 71,754	0 15,200	0 7,890	0 773,053	0 0
CHRISTOPHER P MARKLEY ESQ SEC'Y/SR VP STAT SVCS/GEN COUNSEL	(i) (ii)	0 306,071	0 112,249	0 57,694	0 15,200	0 14,749	0 505,963	0 0
NANCY HAMMONDS ASST TREASURER	(i) (ii)	0 157,488	0 51,358	0 17,944	0 24,950	0 16,038	0 267,778	0 0
JOHN DELORENZO ASST SECRETARY	(i) (ii)	0 142,077	0 12,782	0 0	0 602	0 17,267	0 172,728	0 0
PHILIP GUARNESCHELLI SR VP/COO	(i) (ii)	0 458,225	0 171,873	0 127,949	0 15,300	0 19,318	0 792,665	0 0
MUBASHIR MUMTAZ PHYSICIAN	(i) (ii)	536,531 0	207,357 0	0 0	12,750 0	19,364 0	776,002 0	0 0
JOSE MISAS PHYSICIAN	(i) (ii)	500,001 0	168,126 0	0 0	12,750 0	12,825 0	693,702 0	0 0
MOKSHA RANASINGHE PHYSICIAN	(i) (ii)	650,000 0	57,757 0	0 0	12,750 0	8,236 0	728,743 0	0 0
BARRY MOORE PHYSICIAN	(i) (ii)	671,830 0	5,000 0	29,461 0	15,300 0	51,543 0	773,134 0	0 0
DAVID LORAN PHYSICIAN	(i) (ii)	630,853 0	52,667 0	321 0	12,750 0	19,428 0	716,019 0	0 0

Schedule L  
(Form 990 or 990-EZ)

Department of the Treasury  
Internal Revenue Service

Transactions with Interested Persons  
▶ Complete if the organization answered  
"Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c,  
or Form 990-EZ, Part V, line 38a or 40b.  
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.  
▶ Information about Schedule L (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  
PINNACLE HEALTH MEDICAL SERVICES

Employer identification number  
25-1709054

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 HANFORD NDLOVU	EMPLOYEE	RECEIVABLE RELATED TO THE PURCHASE OF PHYSICIAN'S PRACTICE		X	471,000	340,842		No	Yes		Yes	
Total ▶ \$												

Part III Grants or Assistance Benefitting Interested Persons.  
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

**Part IV Business Transactions Involving Interested Persons.**  
Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

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

**Part V Supplemental Information**  
Provide additional information for responses to questions on Schedule L (see instructions)

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

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

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

**▶ Attach to Form 990 or 990-EZ.**

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

**2013**

**Open to Public  
Inspection**

Name of the organization  
PINNACLE HEALTH MEDICAL SERVICES

**Employer identification number**

25-1709054

Return Reference	Explanation
FORM 990, PART III, LINE 2	PINNACLEHEALTH OBSTETRICS AND GYNECOLOGY SPECIALISTS OPENED IN OCTOBER 2013 AND IS COMMITTED TO PROVIDING EXCEPTIONAL MEDICAL CARE TO WOMEN THROUGHOUT THEIR LIVES THE TEAM OF CULTURALLY SENSITIVE PROVIDERS USES THE MOST UP-TO-DATE INFORMATION AND PROCEDURES TO DELIVER THE BEST OBSTETRIC AND GYNECOLOGIC HEALTHCARE TO THEIR PATIENTS WHETHER A PREGNANCY IS PROGRESSING NORMALLY OR A PATIENT NEEDS SPECIALIZED CARE, PINNACLEHEALTH'S TEAM OF DOCTORS, NURSES, SPECIALISTS AND EDUCATORS PROVIDE THE HIGHEST LEVEL OF CARE WHILE ALSO FOCUSING ON MAKING THE BIRTH EXPERIENCE AS POSITIVE AS POSSIBLE PINNACLEHEALTH DELIVERS MORE BABIES THAN ANY OTHER HOSPITAL IN CENTRAL PENNSYLVANIA, WELCOMING MORE THAN 4,000 BABIES INTO THE WORLD EVERY YEAR AND MAKING US THE SIXTH IN THE STATE FOR DELIVERIES MATERNAL FETAL MEDICINE OF CENTRAL PENNSYLVANIA IS A PRACTICE DEDICATED TO CARING FOR WOMEN WITH HIGH-RISK PREGNANCIES IF THEY AND THEIR BABIES NEED SPECIAL CARE SERVICES INCLUDE PERINATAL/PRECONCEPTION CONSULTATION FETAL ECHOCARDIOGRAPHY ULTRASOUND ASSESSMENT OF THE CERVIX 4D ULTRASOUND IMAGING GENETIC COUNSELING SERVICES AMNIOCENTESIS/CHORIONIC VILLUS SAMPLING FIRST TRIMESTER SCREENING IN-UTERO PROCEDURES ADVANCED OBSTETRICAL SURGERY TWO ADDITIONAL SPECIALITY PRACTICES OPENED DURING THE YEAR, SPORTS MEDICINE AND INPATIENT PAIN MANAGEMENT

Return Reference	Explanation
FORM 990, PART III, LINE 3	<p>HOSPITALISTS- THIS PROGRAM WAS ESTABLISHED TO PROVIDE 24/7 IN-HOSPITAL COVERAGE FOR INTERNAL MEDICINE ADMISSIONS AND FOLLOW-UP ON A DEDICATED "HOSPITALIST SERVICE" THIS SERVICE DRAWS PATIENTS FROM FAMILY CARE AND INTERNAL MEDICINE PROVIDERS WHO PROVIDE OUTPATIENT CARE, BUT WISH TO HAVE INPATIENT CARE PROVIDED TO THEIR PATIENTS BY THIS SERVICE. THE HOSPITALIST SERVICE WAS MOVED UNDER THE AFFILIATED TAX EXEMPT ENTITY PINNACLEHEALTH HOSPITALS IN AUGUST 2013. PINNACLE HEALTH CARDIOVASCULAR THORACIC SURGERY THIS PROGRAM WAS ESTABLISHED TO ENSURE HIGH QUALITY THORACIC SURGERY FOR THE PINNACLE HEALTH SYSTEM PATIENTS. OUR MULTIDISCIPLINARY TEAM EMPLOYS THE MOST ADVANCED, MINIMALLY INVASIVE TECHNOLOGIES AVAILABLE TO PROVIDE A PERSONALIZED APPROACH TO THE DIAGNOSIS AND TREATMENT OF THORACIC CONDITIONS. THE SERVICE WAS MOVED UNDER THE AFFILIATED TAX EXEMPT ENTITY PINNACLEHEALTH HOSPITALS IN JULY 2013.</p> <p>TRANSPLANT SERVICES - THIS PROGRAM HAS BEEN ESTABLISHED TO PROVIDE OPPORTUNITY AND GROWTH OF THE TRANSPLANT PROGRAM WITHIN THE STRUCTURE OF THE HEALTH SYSTEM. THE PINNACLE HEALTH SYSTEM TRANSPLANT PROGRAM HAS PERFORMED MORE THAN 1,000 KIDNEY AND KIDNEY/PANCREAS TRANSPLANTS SINCE ITS OPENING. THE SERVICE WAS MOVED UNDER THE AFFILIATED TAX EXEMPT ENTITY PINNACLEHEALTH HOSPITALS IN JULY 2013.</p> <p>FAMILY CARE OF HIGHSPIRE WAS CLOSED FEBRUARY 2014. PATIENTS WERE PROVIDED WITH AN OPPORTUNITY TO TRANSFER THEIR RECORDS TO ANOTHER PINNACLE HEALTH MEDICAL SERVICES FACILITY IN CLOSE PROXIMITY.</p>

Return Reference	Explanation
FORM 990, PART V, LINE 1	PINNACLE HEALTH SYSTEM, THE PARENT ENTITY OF A GROUP COMPRISED OF TAXABLE AND TAX-EXEMPT ORGANIZATIONS, IS THE COMMON REPORTING AGENT FOR THE GROUP AND FILES ALL 1099 FORMS FOR PINNACLE HEALTH MEDICAL SERVICES

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 4	THE PHMS BY-LAWS WERE CHANGED TO REFLECT THE MERGER OF PINNACLE HEALTH MEDICAL GROUP INTO PHMS. THESE CHANGES INCLUDED INCREASING THE BOARD FROM 8 TO 14 INDIVIDUALS. RESPONSIBILITIES OF THE BOARD WERE ALSO EXPANDED TO INCLUDE DEVELOPING A STRATEGIC PLAN, RECOMMENDING A PHYSICIAN COMPENSATION MODEL, DEVELOPING NEW PAYMENT ARRANGEMENTS AND OTHER PAYOR CONTRACTS, ESTABLISHING PERFORMANCE, QUALITY AND SATISFACTION STANDARDS AND MONITORING OUTCOMES, AND EVALUATING EXECUTIVES AND MEDICAL DIRECTORS SERVING THE CORPORATION.

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 6	THE SOLE MEMBER OF THE CORPORATION IS PINNACLE HEALTH SYSTEM, A NONPROFIT CORPORATION (EIN 25-1778658)

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7A	AS SOLE MEMBER OF THE ORGANIZATION, PINNACLE HEALTH SYSTEM SHALL ELECT THE BOARD OF DIRECTORS

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 7B	THE FOLLOWING POWERS ARE RESERVED TO THE SOLE MEMBER, PINNACLE HEALTH SY STEM TO APPROVE AND AUTHORIZE ANNUAL OPERATING AND CAPITAL BUDGETS STRATEGIC PLANS BORROWINGS OR EXTENSIONS OF CREDIT EQUAL TO OR GREATER THAN ONE MILLION DOLLARS VOLUNTARY DISSOLUTION, MERGER, OR CONSOLIDATION THE SALE, PLEDGING, LEASING OR TRANSFER OF ASSETS IN EXCESS OF \$500,000 THE CREATION OR ACQUISITION OR ANY SUBSIDIARY OR AFFILIATE ADDITION OR DELETION OF CLINICAL CENTERS OF EMPHASIS ANY CONTRACT WITH AN UNRELATED PARTY FOR MANAGEMENT OF SUBSTANTIALLY ALL ACTIVITIES INVESTMENT POLICIES UNBUDGETED CAPITAL EXPENDITURES TO SELECT THE CERTIFIED PUBLIC ACCOUNTANTS TO ESTABLISH AN OBLIGATED GROUP FOR FINANCING PURPOSES TO ADOPT EMPLOYEE BENEFIT PLANS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE AUTHORITY AND RESPONSIBILITY FOR REVIEW OF THE FORM 990 FOR PINNACLE HEALTH SYSTEM AND SUBSIDIARIES IS DELEGATED TO THE FINANCE AND AUDIT COMMITTEE OF THE PINNACLE HEALTH SYSTEM BOARD. IN ORDER TO ACCOMPLISH THIS, ALL MEMBERS OF THE FINANCE AND AUDIT COMMITTEE ARE PROVIDED WITH A REASONABLE OPPORTUNITY TO REVIEW AND COMMENT TO EXECUTIVE LEADERSHIP ON THE IRS FORMS 990 OF THE PINNACLE HEALTH SYSTEM AND ITS SUBSIDIARIES, INCLUDING PINNACLE HEALTH HOSPITALS, PINNACLE HEALTH MEDICAL SERVICES, PINNACLE HEALTH FOUNDATION, AND COMMUNITY LIFE TEAM BEFORE THEY ARE FILED WITH THE INTERNAL REVENUE SERVICE. IN ADDITION, EACH MEMBER OF EACH RESPECTIVE BOARD OF DIRECTORS WILL BE GIVEN ACCESS TO VIEW THEIR INDIVIDUAL FORM 990 VIA A SHARED, PASSWORD-PROTECTED WEBSITE.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	<p>IN THE PERFORMANCE OF THEIR DUTIES TO PINNACLE HEALTH SYSTEM AND SUBSIDIARIES (COLLECTIVELY REFERRED TO AS "PHS"), COVERED PERSONS SHALL SEEK TO ACT IN THE BEST INTERESTS OF PHS, AND SHALL EXERCISE GOOD FAITH, LOYALTY, DILIGENCE AND HONESTY. A COVERED PERSON IS ANY INDIVIDUAL WHO SERVES IN A FIDUCIARY CAPACITY TO, OR WHO HAS LEGAL AUTHORITY TO REPRESENT OR OBLIGATE, THE PINNACLE HEALTH SYSTEM OR ANY OF ITS AFFILIATED ORGANIZATIONS INCLUDING, BUT NOT LIMITED TO, DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS. COVERED PERSONS ALSO INCLUDE A) IMMEDIATE FAMILIES (SPOUSES, CHILDREN, SIBLINGS, PARENTS, OR SPOUSE'S PARENTS), B) ANY ORGANIZATION IN WHICH THEY OR THEIR IMMEDIATE FAMILIES DIRECTLY OR INDIRECTLY I) HAVE A MATERIAL FINANCIAL OR BENEFICIAL INTEREST, OR II) SERVE AS A DIRECTOR, OFFICER, EMPLOYEE, AGENT, ATTORNEY OR SIMILAR CAPACITY. A COVERED PERSON SHALL DISCLOSE ANY BUSINESS OR PERSONAL INTERESTS OR RELATIONSHIPS WHICH MAY BE IN CONFLICT WITH THE INTEREST OF PHS, INCLUDING, BUT NOT LIMITED TO (A) ENGAGING IN OR SEEKING TO BE ENGAGED IN (I) THE DELIVERY OF HEALTH CARE SERVICES OR (II) THE DELIVERY OF GOODS OR SERVICES TO PHS, OR (B) ANY TRANSACTION OR ARRANGEMENT WITH PHS WHICH WOULD RESULT IN BENEFIT TO COVERED PERSONS. THE GOVERNANCE COMMITTEE OF THE PHS BOARD REVIEWS ALL CONFLICT OF INTEREST STATEMENTS AND DETERMINES WHETHER EACH DIRECTOR ON THE BOARD IS INDEPENDENT. COVERED PERSONS WHO ARE DIRECTORS MUST COMPLY WITH THE PINNACLE HEALTH SYSTEM GUIDELINES FOR DETERMINING DIRECTOR INDEPENDENCE AND APPLYING DIRECTOR INDEPENDENCE REQUIREMENTS. COVERED PERSONS WITH A CONFLICT OF INTEREST SHALL NOT VOTE ON THE MATTER, AND THE PHS BOARD OR COMMITTEE MUST APPROVE, AUTHORIZE, OR RATIFY THE TRANSACTION OR ARRANGEMENT BY A MAJORITY VOTE OF THE NON-INTERESTED DIRECTORS OR COMMITTEE MEMBERS PRESENT AT A MEETING THAT HAS A QUORUM. VIOLATIONS OF THIS STATEMENT OF POLICY MAY SUBJECT COVERED PERSONS TO APPROPRIATE SANCTIONS, INCLUDING REMOVAL FROM THEIR POSITIONS WITH PHS.</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	<p>THE COMPENSATION COMMITTEE OF THE PINNACLE HEALTH SYSTEM ("PHS") BOARD OF DIRECTORS HAS THE AUTHORITY TO DEVELOP AND MAINTAIN EXECUTIVE AND PHYSICIAN COMPENSATION TO BE APPROVED BY THE PINNACLE HEALTH SYSTEM BOARD. THE COMPENSATION COMMITTEE WILL FOLLOW A DILIGENT PROCESS THAT MEETS REGULATORY REQUIREMENTS FOR A REBUTTABLE PRESUMPTION OF REASONABLENESS AND PROMOTES EFFECTIVE GOVERNANCE OF EXECUTIVE COMPENSATION, CONSISTENT WITH THE PHS COMPENSATION PHILOSOPHY.</p> <p>1. FOLLOW A PROCESS THAT ESTABLISHES AND MAINTAINS A REBUTTABLE PRESUMPTION OF REASONABLENESS FOR ALL EXECUTIVES AND PHYSICIANS POTENTIALLY SUBJECT TO INTERMEDIATE SANCTIONS.</p> <p>2. PREPARE MINUTES FOR EACH MEETING TO RECORD THE TERMS OF THE COMMITTEE'S DECISIONS AND THE PROCESS FOLLOWED IN REACHING THOSE DECISIONS. THESE MINUTES MUST INCLUDE INDICATIONS THAT THE COMMITTEE IS FOLLOWING GOOD PRACTICES IN DEALING WITH CONFLICTS OF INTEREST AND IN OBTAINING AND RELYING ON APPROPRIATE COMPARABILITY DATA ON TOTAL COMPENSATION.</p> <p>3. SELECT AND DIRECTLY ENGAGE AND SUPERVISE ANY CONSULTANT HIRED BY PHS TO ADVISE THE COMMITTEE ON EXECUTIVE AND PHYSICIAN COMPENSATION.</p> <p>4. PERIODICALLY EVALUATE THE APPROPRIATENESS OF THIS CHARTER AND THE EFFECTIVENESS OF THE PROCESS THE COMMITTEE USES IN GOVERNING EXECUTIVE AND PHYSICIAN COMPENSATION AND REPORT THIS EVALUATION TO THE BOARD.</p> <p>5. PROVIDE THE BOARD WITH AN ANNUAL REPORT ON THE COMMITTEE'S ACTIONS.</p> <p>6. MONITOR CHANGES IN LAWS AND REGULATIONS PERTAINING TO EXECUTIVE COMPENSATION AND BENEFITS TO SEE THAT PHS COMPLIES WITH THEM.</p> <p>7. SEEK OUTSIDE REVIEW OF COMMITTEE OPERATIONS TO ENSURE COMPLIANCE WITH THE IRS REBUTTABLE PRESUMPTION OF REASONABLENESS.</p> <p>8. REVIEW ACTUAL EXECUTIVE COMPENSATION AND BENEFITS PROVIDED TO CONFIRM CONSISTENCY WITH COMPENSATION AND BENEFITS APPROVED BY THE COMMITTEE.</p>

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY AVAILABLE FOR PUBLIC INSPECTION UPON REQUEST. THE ORGANIZATION INCLUDES A COPY OF ITS FINANCIAL STATEMENTS WITH THE STATE REGISTRATION FILED WITH THE PENNSYLVANIA DEPARTMENT OF STATE, BUREAU OF CHARITABLE ORGANIZATIONS. THESE DOCUMENTS ARE A MATTER OF PUBLIC RECORD AND CAN BE VIEWED AT THE BUREAU OFFICE.

Return Reference	Explanation
FORM 990, PART XI, LINE 9	INTERCOMPANY TRANSFERS 28,765,190 NET ASSETS RELEASED 13,211

SCHEDULE R  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization  
PINNACLE HEALTH MEDICAL SERVICES

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

Employer identification number

25-1709054

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

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) PINNACLE HEALTH SYSTEM  409 SOUTH SECOND STREET PO BOX 8700  HARRISBURG, PA 171058700 25-1778658	MANAGEMENT AND CONSULTATIVE SERVICES FOR RELATED EXEMPT ORGS	PA	501(C)(3)	LINE 11B, II	N/A		No
(2) PINNACLE HEALTH FOUNDATION  409 SOUTH SECOND STREET PO BOX 8700  HARRISBURG, PA 171058700 22-2691718	INVESTMENT AND FUNDRAISING ACTIVITIES FOR RELATED TAX-EXEMPT ORGANIZATIONS	PA	501(C)(3)	LINE 11B, II	PINNACLE HEALTH SYSTEM		No
(3) COMMUNITY LIFE TEAM  409 SOUTH SECOND STREET PO BOX 8700  HARRISBURG, PA 171058700 23-1890444	MEDICAL TRANSPORT SERVICES	PA	501(C)(3)	LINE 9	PINNACLE HEALTH SYSTEM		No
(4) PINNACLE HEALTH HOSPITALS  409 SOUTH SECOND STREET PO BOX 8700  HARRISBURG, PA 171058700 25-1778644	INPATIENT AND OUTPATIENT HEALTHCARE SERVICES	PA	501(C)(3)	LINE 3	PINNACLE HEALTH SYSTEM		No

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) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) WEST SHORE SURGERY CENTER LTD  409 SOUTH SECOND STREET PO BOX 8700 HARRISBURG, PA 171058700 25-1821415	SURGICAL CARE - MEDICAL SERVICES	PA	PINNACLE HEALTH MEDICAL SERVICES	RELATED	45,386	1,168,347		No		Yes		2 000 %
(2) RIVER HEALTH ACO  409 SOUTH SECOND STREET PO BOX 8700 HARRISBURG, PA 171058700 46-2567488	MEDICAL SERVICES	PA	N/A									

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
(1) UNITED CENTRAL PA RISK RETENTION GROUP  76 ST PAUL STREET SUITE 500 BULINGTON, VT 054014477 13-4224033	CAPTIVE INSURANCE	VT	N/A	C					No
(2) UNITED HEALTH RISK LTD  PO BOX 2450 HAMILTON HM JX BD	CAPTIVE INSURANCE	BD	N/A	C					No
(3) PINNACLE HEALTH CARDIOVASCULAR INSTITUTE  PO BOX 8700 HARRISBURG, PA 17105 32-0321362	PHYSICIAN SERVICES	PA	N/A	C					No
(4) PINNACLE HEALTH MEDICAL GROUP  PO BOX 8700 HARRISBURG, PA 17105 80-0771040	PHYSICIAN SERVICES	PA	N/A	C					No
(5) PINNACLE HEALTH VENTURES INC  PO BOX 8700 HARRISBURG, PA 17105 61-1677624	HOLDING COMPANY	PA	N/A	C					No
(6) PINNACLE HEALTH IMAGING INC  PO BOX 8700 HARRISBURG, PA 17105 23-1718571	IMAGING SERVICES	PA	N/A	C					No

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	Yes	
1n		No
1o	Yes	
1p	Yes	
1q	Yes	
1r	Yes	
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

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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