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Form 990



Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 07-01-2013, 2013, and ending 06-30-2014

B Check if applicable

☐ Address change

☐ Name change

☐ Initial return

☐ Terminated

☐ Amended return

☐ Application pending

C Name of organization

APPALACHIAN REGIONAL HEALTHCARE INC

Doing Business As

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

2285 EXECUTIVE DRIVE NO 400

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

LEXINGTON, KY 405054810

F Name and address of principal officer

JOSEPH GROSSMAN

2285 EXECUTIVE DRIVE NO 400

LEXINGTON, KY 405054810

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

☐ Yes ☒ No

H(b) Are all subordinates included?

☐ Yes ☐ No

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

H(c) Group exemption number

D Employer identification number

52-0795508

E Telephone number

(859) 226-2440

G Gross receipts \$ 604,520,194

I Tax-exempt status

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

J Website: WWW ARH ORG

K Form of organization

☒ Corporation ☐ Trust ☐ Association ☐ Other

L Year of formation 1963

M State of legal domicile KY

Part I Summary																											
Activities & Governance	<div><div>1</div><div>Briefly describe the organization's mission or most significant activities</div><div>TO IMPROVE HEALTH AND PROMOTE WELL-BEING OF ALL THE PEOPLE IN CENTRAL APPALACHIA</div></div>																										
	<div><div>2</div><div>Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets</div></div>																										
Revenue	<table><tr><td>3</td><td>Number of voting members of the governing body (Part VI, line 1a)</td><td>17</td></tr><tr><td>4</td><td>Number of independent voting members of the governing body (Part VI, line 1b)</td><td>17</td></tr><tr><td>5</td><td>Total number of individuals employed in calendar year 2013 (Part V, line 2a)</td><td>4,977</td></tr><tr><td>6</td><td>Total number of volunteers (estimate if necessary)</td><td>200</td></tr><tr><td>7a</td><td>Total unrelated business revenue from Part VIII, column (C), line 12</td><td>7,941,406</td></tr><tr><td>7b</td><td>Net unrelated business taxable income from Form 990-T, line 34</td><td>-77,889</td></tr></table>	3	Number of voting members of the governing body (Part VI, line 1a)	17	4	Number of independent voting members of the governing body (Part VI, line 1b)	17	5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	4,977	6	Total number of volunteers (estimate if necessary)	200	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7,941,406	7b	Net unrelated business taxable income from Form 990-T, line 34	-77,889								
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Part II

Signature Block

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

Sign Here

Signature of officer

2015-05-13

Date

DANNY HARRIS CFO/VP FISCAL SERVICES

Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name

VICTORIA D BUSTER CPA

Preparer's signature

Date

Check ☐ if self-employed

PTIN P00024054

Firm's name

MOUNTJOY CHILTON MEDLEY LLP

Firm's EIN

27-1235638

Firm's address

462 S FOURTH ST SUITE 2600

LOUISVILLE, KY 402023445

Phone no

(502) 749-1900

May the IRS discuss this return with the preparer shown above? (see instructions)

☒ Yes ☐ No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2013)

Part III Statement of Program Service Accomplishments

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

1

Briefly describe the organization's mission

TO IMPROVE HEALTH AND PROMOTE WELL-BEING OF ALL THE PEOPLE IN CENTRAL APPALACHIA IN AN EVOLVING, COMMUNITY BASED SYSTEM PROVIDING HIGH QUALITY HEALTHCARE PROGRAMS AND 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?

☐ Yes
☒ No

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

3

Did the organization cease conducting, or make significant changes in how it conducts, any program services?

☐ Yes
☒ No

If "Yes," describe these changes on Schedule O

4

Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a

(Code)

(Expenses \$ 517,943,059 including grants of \$ 76,763)

(Revenue \$ 583,442,544)

TO IMPROVE HEALTH AND PROMOTE WELL-BEING OF ALL THE PEOPLE IN CENTRAL APPALACHIA IN AN EVOLVING, COMMUNITY BASED SYSTEM PROVIDING HIGH QUALITY HEALTHCARE PROGRAMS AND SERVICES DURING FISCAL YEAR ENDING JUNE 30, 2014, ARH PROVIDED EACH OF THE COMMUNITIES IT SERVES IN EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA AN ABUNDANCE OF HEALTHCARE AND COMMUNITY-ORIENTED SERVICES ARH OPERATES IN AN AREA WITH SOME OF THE LARGEST UNINSURED AND UNDERINSURED RATES AND PROVIDES CARE TO ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY ARH PROVIDED CLOSE TO \$1 2 MILLION IN UNCOMPENSATED CARE THROUGHOUT ITS SYSTEM DURING FISCAL YEAR 2014 IN THE PAST YEAR, ARH PROVIDED ASSISTANCE IN THE FORM OF CHARITY CARE FOR THOSE WHO QUALIFIED FOR REDUCED PAYMENTS THROUGH A SLIDING FEE SCHEDULE, INTEREST-FREE TIME PAYMENTS AND MEDICAL ASSISTANCE LOANS ARH ALSO REGULARLY WORKED WITH UNINSURED AND UNDERINSURED PATIENTS TO HELP THEM QUALIFY FOR FINANCIAL ASSISTANCE, FREE OR DISCOUNTED MEDICATION, AND REFERRALS TO PHYSICIANS WHO PROVIDE PREVENTIVE CARE AT NO CHARGE ARH ALSO OFFERED OUTREACH PROGRAMS TO IDENTIFY AND TREAT UNINSURED PATIENTS WITH CHRONIC DISEASES AND HELPED THEM MANAGE THEIR CONDITIONS MORE EFFECTIVELY ON THEIR OWN THE PLIGHT OF OUR REGION'S UNINSURED IS OF GREAT IMPORTANCE, AND THE ARH SYSTEM ACTIVELY WORKED WITH THOUSANDS OF UNINSURED PATIENTS IN OUR SERVICE AREAS TO ASSIST THEM WITH THE PROCESS OF ENROLLING IN ONE OF THE HEALTH INSURANCE OR MEDICAID PLANS AS PART OF THE AFFORDABLE CARE ACT TO ASSIST IN THIS PROCESS, SEVERAL ARH STAFF AT ALL ARH LOCATIONS RECEIVED TRAINING FROM THE STATE TO BECOME CERTIFIED APPLICATION COUNSELORS TO FURTHER IMPROVE THE HEALTH OF THE RESIDENTS IT SERVES, ESPECIALLY THOSE WITHOUT HEALTH INSURANCE, ARH STRONGLY PROMOTES THE IMPORTANCE OF PREVENTATIVE HEALTH SCREENINGS THROUGHOUT THE YEAR, EACH ARH FACILITY PROVIDED FREE HEALTH SCREENINGS SUCH AS BLOOD PRESSURE CHECKS, BLOOD GLUCOSE, BODY MASS INDEX, PULSE, CHOLESTEROL AND STROKE-RISK SCREENINGS EFFORTS HAVE ALSO BEEN UNDERWAY ACROSS THE SYSTEM TO BRING ABOUT COMMUNITY AWARENESS OF CONDITIONS SUCH AS CANCER, STROKE AND HEART DISEASE THROUGH PHYSICIAN OR PRACTITIONER-LED EDUCATIONAL SEMINARS THAT OFFER PARTICIPANTS INFORMATION ABOUT WARNING SIGNS AND TIPS ABOUT PREVENTION THE HEALTH SYSTEM ALSO IS WORKING TO EDUCATE THE REGION'S YOUTH ABOUT THE IMPORTANCE OF PHYSICAL FITNESS TO GOOD HEALTH BY HOSTING FITNESS FAIRS AT ELEMENTARY SCHOOLS AND KEEPS OUR SENIORS HEALTHY THROUGH A SENIOR WELLNESS PROGRAM HEALTH SCREENINGS ARE ALSO PROVIDED DURING COMMUNITY HEALTH FAIRS AND EDUCATION OUTREACH EVENTS ONE SUCH EXAMPLE OF THIS PREVENTATIVE HEALTH OUTREACH THIS FISCAL YEAR WAS THE DAY OF HOPE EVENT IN BECKLEY THE EVENT WAS A COMMUNITY-WIDE EFFORT INVOLVING 1,000 VOLUNTEERS ALL DEDICATED TO ASSISTING THOSE IN NEED THE STAFF IN BECKLEY AND SUMMERS COUNTY WORKED CLOSELY WITH OTHER VOLUNTEER HEALTHCARE PROFESSIONALS TO PROVIDE NEEDED HEALTH ASSESSMENTS AND SCREENINGS WITH 763 PEOPLE VISITING THE ARH TENT DURING THE EVENT THE ARH HEALTH SYSTEM ALSO HOLDS REGULAR "LUNCH AND LEARN" EVENTS TO EDUCATE COMMUNITY MEMBERS ABOUT COMMON HEALTH CONDITIONS AND NEEDED SCREENINGS BELOW IS A SUMMARY ABOUT SOME OTHER ACCOMPLISHMENTS ENCOUNTERED BY ARH DURING FISCAL YEAR 2014 DURING FY14, THE HAZARD ARH REGIONAL MEDICAL CENTER ONCE AGAIN EARNED CHEST PAIN CENTER ACCREDITATION FROM THE SOCIETY OF CARDIOVASCULAR PATIENT CARE (SCPC), AN INTERNATIONAL NOT-FOR-PROFIT ORGANIZATION THAT FOCUSES ON TRANSFORMING CARDIOVASCULAR CARE BY ASSISTING FACILITIES IN THEIR EFFORT TO CREATE COMMUNITIES OF EXCELLENCE THAT BRING TOGETHER QUALITY, COST AND PATIENT SATISFACTION HAZARD ARH FIRST EARNED THE PRESTIGIOUS ACCREDITATION IN 2010 BOTH HARLAN ARH AND MIDDLESBORO ARH HOSPITALS WERE RECOGNIZED AS TOP PERFORMERS ON KEY QUALITY MEASURES BY THE JOINT COMMISSION FOR EXEMPLARY PERFORMANCE IN USING EVIDENCE-BASED CLINICAL PROCESSES THAT ARE SHOWN TO IMPROVE CARE FOR CERTAIN CONDITIONS HARLAN ARH HOSPITAL WAS RECOGNIZED FOR ITS ACHIEVEMENT ON THE FOLLOWING MEASURE SETS HEART FAILURE, PNEUMONIA AND SURGERY MIDDLESBORO ARH HOSPITAL WAS RECOGNIZED FOR ITS ACHIEVEMENT ON THE FOLLOWING MEASURE SETS HEART FAILURE AND PNEUMONIA ADDITIONALLY, THE MIDDLESBORO ARH HOME HEALTH AGENCY WAS NAMED TO THE TOP 500 OF THE 2013 HOMECARE ELITE, A RECOGNITION OF THE TOP-PERFORMING HOME HEALTH AGENCIES IN THE UNITED STATES IN AN EFFORT TO CONTINUE TO IMPROVE AND EXPAND HEALTH SERVICES IN THE CENTRAL APPALACHIA REGION, SEVERAL CONSTRUCTION AND RENOVATION PROJECTS HAVE ALSO BEEN UNDERWAY AROUND THE ARH SYSTEM IN FISCAL YEAR 2014 CONSTRUCTION WAS COMPLETED AT HAZARD ARH REGIONAL MEDICAL CENTER ON A \$47 MILLION PATIENT TOWER THAT ADDED AN ADDITIONAL 100,000 SQUARE FEET TO THE MEDICAL CENTER, A NEW 24-BED EMERGENCY DEPARTMENT ON THE FIRST FLOOR, A DEDICATED 16-BED CARDIAC CRITICAL CARE UNIT ON THE SECOND FLOOR, AND 34 PRIVATE ROOMS ON THE THIRD FLOOR IN ADDITION, THE HOSPITAL'S HELIPAD WAS RELOCATED TO THE TOP OF THE NEW PATIENT TOWER TO FACILITATE SAFER AND TIMELIER AIR TRANSPORTS TO AND FROM THE FACILITY THE TUG VALLEY ARH REGIONAL MEDICAL CENTER, FORMERLY WILLIAMSON ARH HOSPITAL, WAS AWARDED A \$4 2 MILLION USDA COMMUNITY FACILITIES LOAN TO EXPAND AND RENOVATE THE FACILITY THE PROJECT WILL EXPAND BED CAPACITY IN THE INTENSIVE CARE UNIT (ICU), IMPROVE THE HEATING AND VENTILATION SYSTEM AND UPGRADE FACILITIES IN THE ICU AND EMERGENCY ROOM AREAS ARH ALSO CONTINUED TO EXPAND AVAILABILITY TO HIGH-LEVEL CARE TO THE RURAL AREAS IT SERVES THROUGH PARTNERSHIPS WITH UK GILL HEART INSTITUTE AND MOUNTAIN COMPREHENSIVE HEALTHCARE CORPORATION (MCHC) AS WELL AS EXPANDING ITS AFFILIATION WITH THE UK MARKEY CANCER CENTER TO THE HARLAN AND WILLIAMSON COMMUNITIES

4b

(Code)

(Expenses \$ including grants of \$)

(Revenue \$)

4c

(Code)

(Expenses \$ including grants of \$)

(Revenue \$)

4d

Other program services (Describe in Schedule O)

(Expenses \$ including grants of \$)




















(Revenue \$)

4e

Total program service expenses

517,943,059

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A 	1 Yes	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)? 	2 Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I 	3	No
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II 	4 Yes	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III 	5	No
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 	6	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	No
e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 	11e Yes	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 	11f 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 Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? 	20b Yes	

Part IV

Checklist of Required Schedules (continued)

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

Part V

Statements Regarding Other IRS Filings and Tax Compliance

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

☐

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable.	315	
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable.	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return.	2a	4,977
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions).		2b	Yes
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		3a	Yes
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O.		3b	Yes
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a	No
b If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a	No
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b	No
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c	
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a	No
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b	
7 Organizations that may receive deductible contributions under section 170(c).			
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?		7a	No
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b	
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c	No
d If "Yes," indicate the number of Forms 8282 filed during the year.		7d	
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e	No
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f	No
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g	
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h	
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8	
9 Sponsoring organizations maintaining donor advised funds.			
a Did the organization make any taxable distributions under section 4966?		9a	
b Did the organization make a distribution to a donor, donor advisor, or related person?		9b	
10 Section 501(c)(7) organizations. Enter			
a Initiation fees and capital contributions included on Part VIII, line 12.		10a	
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities.		10b	
11 Section 501(c)(12) organizations. Enter			
a Gross income from members or shareholders.		11a	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them).		11b	
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		12a	
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year.		12b	
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O.		13a	
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans.		13b	
c Enter the amount of reserves on hand.		13c	
14a Did the organization receive any payments for indoor tanning services during the tax year?		14a	No
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O.		14b	

Part VI

Governance, Management, and Disclosure

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

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

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	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			
b	Enter the number of voting members included in line 1a, above, who are independent	17	
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2	No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3	No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?	5	No
6	Did the organization have members or stockholders?	6	No
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	No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b	No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
a	The governing body?	8a	Yes
b	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
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	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
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990		
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13	12a	Yes
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	Yes
c	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?		
a	The organization's CEO, Executive Director, or top management official	15a	Yes
b	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
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	16b	Yes

Section C. Disclosure

17	List the States with which a copy of this Form 990 is required to be filed	17	17
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)	18	18
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	19	19
20	State the name, physical address, and telephone number of the person who possesses the books and records of the organization THE ORGANIZATION 2285 EXECUTIVE DRIVE NO 400 LEXINGTON, KY 405054810 (859) 226-2440	20	20

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) JIM HART CHAIRMAN	5 00	X		X				0	0	0
(2) VICTOR FLANAGAN SECRETARY/TREASURER	5 00	X		X				0	0	0
(3) LEON HOLLON VICE CHAIRMAN	5 00	X		X				0	0	0
(4) BRADLEY MOORE TRUSTEE	3 00	X						0	0	0
(5) IDA ANDROWICH TRUSTEE	3 00	X						0	0	0
(6) VINCE GABBERT TRUSTEE	3 00	X						0	0	0
(7) MADONNA STURGILL TRUSTEE	3 00	X						0	0	0
(8) RANDY EVANS TRUSTEE	3 00	X						0	0	0
(9) BROCK LITTERAL TRUSTEE	3 00	X						0	0	0
(10) RAYMOND COX TRUSTEE	3 00 3 00	X						0	0	0
(11) AHMED FAHEEM TRUSTEE	3 00	X						0	0	0
(12) THOMAS HYATT TRUSTEE	3 00	X						0	0	0
(13) GREG COUCH TRUSTEE	3 00 2 50	X						0	0	0
(14) DUANNE THOMPSON TRUSTEE	3 00	X						0	0	0
(15) JEFF HOLLON TRUSTEE	3 00 2 50	X						0	0	0
(16) GREG PAULEY TRUSTEE	3 00	X						0	0	0
(17) LARRY MEADOR TRUSTEE	3 00	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) DANNY M HARRIS CFO/VP FISCAL SERVICES	35 00 5 00			X				227,949	0	40,506
(19) BOBBY RICK KING CLO/VP LEGAL AFFAIRS	32 50 7 50			X				275,311	0	44,587
(20) JOHN D MILLER CMO/VP MEDICAL SERVICES	40 00			X				298,513	0	45,647
(21) PAUL V MILES COO/VP OPERATIONS	40 00			X				298,889	0	49,685
(22) JOSEPH L GROSSMAN PRESIDENT/CEO	32 50 7 50			X				606,287	0	82,375
(23) HOLLIE P HARRIS VP CORPORATE STRATEGY	40 00			X				225,705	0	47,778
(24) JOSE M ECHEVERRIA GENERAL INTERNIST	40 00					X		462,259	0	27,621
(25) DAVID A BLAINE ENT	40 00					X		457,134	0	27,406
(26) JAMEEL A BUTT GENERAL SURGEON	40 00					X		685,270	0	14,543
(27) RAYMOND ELSOUEIDI ONCOLOGIST	40 00					X		447,134	0	33,285
(28) STEVEN T CARAWAN ORTHOPEDIC SURGEON	40 00					X		481,016	0	26,742
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								4,465,467	0	440,175

2

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

202

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

Section B. Independent Contractors

1	Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year		
	(A) Name and business address	(B) Description of services	(C) Compensation
	DENHAM BLYTHE CO PO BOX 11636 LEXINGTON KY 40576	ARCHITECTS	21,403,172
	TRIANGLE ANESTHESIA GROUP PSC 3320 TATES CREEK ROAD STE 100 LEXINGTON KY 40502	PHYSICIAN SERVICES	7,200,000
	MCKESSON INFORMATION SOLUTIONS 5995 WINDWARD PARKWAY ALPHARETTA GA 30005	IT CONSULTING	6,372,982
	MAYO COLLABORATIVE SERVICES INC PO BOX 9146 MINNEAPOLIS MN 55480	REFERENCE LABORATORY	3,488,067
	EXECUTIVE HEALTH RESOURCES PO BOX 822688 PHILADELPHIA PA 19182	REVENUE CYCLED CONSULTING	2,260,613
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		97

Part VIII

Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations 1d				
	e	Government grants (contributions) 1e	290,518			
	f	All other contributions, gifts, grants, and similar amounts not included above 1f	79,198			
	g	Noncash contributions included in lines 1a-1f \$	10,238			
	h	Total. Add lines 1a-1f	369,716			
Program Service Revenue	2a	PATIENT REVENUES				
		Business Code				
		621110	557,939,352	557,939,352		
	b	PHARMACY/LAB/LAUNDRY	11,794,010	9,246,215	2,547,795	
	c	IMAGING REVENUE	3,117,697	3,117,697		
	d	RECORD TRANSCRIPT FEES	151,266	151,266		
	e					
	f	All other program service revenue				
	g	Total. Add lines 2a-2f	573,002,325			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)	6,517,336			6,517,336
	4	Income from investment of tax-exempt bond proceeds				
	5	Royalties				
	6a	Gross rents				
	b	Less rental expenses				
	c	Rental income or (loss)				
	d	Net rental income or (loss)	1,711,010			1,711,010
	7a	Gross amount from sales of assets other than inventory				
	b	Less cost or other basis and sales expenses				
	c	Gain or (loss)				
	d	Net gain or (loss)	-1,630,617			-1,630,617
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18				
	b	Less direct expenses				
	c	Net income or (loss) from fundraising events				
	9a	Gross income from gaming activities See Part IV, line 19				
	b	Less direct expenses				
	c	Net income or (loss) from gaming activities				
	10a	Gross sales of inventory, less returns and allowances				
	b	Less cost of goods sold				
	c	Net income or (loss) from sales of inventory				
		Miscellaneous Revenue				
	11a	MEANINGFUL USE	8,369,890	8,369,890		
	b	HOME STORE SALES	5,513,324	503,326	5,009,998	
	c	CONTRACT ACCOUNTS	2,153,544	2,153,544		
	d	All other revenue	6,877,438	1,961,254	383,613	4,532,571
	e	Total. Add lines 11a-11d	22,914,196			
	12	Total revenue. See Instructions	602,883,966	583,442,544	7,941,406	11,130,300

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

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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.	76,763	76,763		
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.	2,043,913		2,043,913	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).				
7	Other salaries and wages.	207,220,346	190,158,382	16,935,751	126,213
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions).	11,884,629	10,326,495	1,550,346	7,788
9	Other employee benefits.	54,168,697	49,172,490	4,960,747	35,460
10	Payroll taxes.	13,539,330	12,171,564	1,359,190	8,576
11	Fees for services (non-employees):				
a	Management.				
b	Legal.	1,857,375	500,493	1,356,882	
c	Accounting.	1,118,158	301,301	816,857	
d	Lobbying.				
e	Professional fundraising services. See Part IV, line 17.				
f	Investment management fees.				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O).	65,155,247	59,070,912	6,001,776	82,559
12	Advertising and promotion.	936,700	884,657	45,348	6,695
13	Office expenses.	9,057,277	7,819,882	1,236,238	1,157
14	Information technology.	4,959,596	4,761,282	198,137	177
15	Royalties.				
16	Occupancy.	13,097,053	11,168,618	1,924,122	4,313
17	Travel.	1,988,201	1,534,518	453,442	241
18	Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19	Conferences, conventions, and meetings.	196,484	123,763	72,721	
20	Interest.	3,348,870	1,091,769	2,257,101	
21	Payments to affiliates.				
22	Depreciation, depletion, and amortization.	20,150,243	15,204,578	4,945,665	
23	Insurance.	8,712,867	8,626,439	86,428	
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	71,372,657	68,518,761	2,851,354	2,542
b	BAD DEBT	60,784,055	60,652,501	131,554	
c	TAXES & LICENSES	12,076,352	2,959,458	9,097,578	19,316
d	EQUIPMENT RENTAL AND MA	6,984,860	4,295,539	2,689,135	186
e	All other expenses	9,525,177	8,522,894	967,160	35,123
25	Total functional expenses. Add lines 1 through 24e.	580,254,850	517,943,059	61,981,445	330,346
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		11,530,629	1	16,892,650
	2	Savings and temporary cash investments		31,390,283	2	30,660,609
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		68,352,541	4	61,095,776
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		1,257,627	7	999,252
	8	Inventories for sale or use		12,277,000	8	11,826,546
	9	Prepaid expenses and deferred charges		12,318,461	9	16,198,019
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a460,861,400			
	b	Less accumulated depreciation	10b285,238,478	164,152,074	10c	175,622,922
	11	Investments—publicly traded securities		182,542,652	11	213,164,739
	12	Investments—other securities See Part IV, line 11			12	
	13	Investments—program-related See Part IV, line 11		864,045	13	950,741
	14	Intangible assets		900,000	14	900,000
	15	Other assets See Part IV, line 11		5,098,443	15	3,872,386
	16	Total assets. Add lines 1 through 15 (must equal line 34)		490,683,755	16	532,183,640
Liabilities	17	Accounts payable and accrued expenses		75,999,712	17	72,214,764
	18	Grants payable			18	
	19	Deferred revenue		19,351,157	19	17,014,730
	20	Tax-exempt bond liabilities		63,260,000	20	76,700,032
	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		45,096,492	23	50,654,853
	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		217,447,941	25	220,895,669
	26	Total liabilities. Add lines 17 through 25		421,155,302	26	437,480,048
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		69,518,087	27	94,693,226
	28	Temporarily restricted net assets		10,366	28	10,366
	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		69,528,453	33	94,703,592
	34	Total liabilities and net assets/fund balances		490,683,755	34	532,183,640

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	602,883,966
2	Total expenses (must equal Part IX, column (A), line 25)	2	580,254,850
3	Revenue less expenses Subtract line 2 from line 1	3	22,629,116
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	69,528,453
5	Net unrealized gains (losses) on investments	5	3,440,176
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	-894,153
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	94,703,592

Part XII Financial Statements and Reporting

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

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

SCHEDULE A

(Form 990 or 990EZ)

Department of the
Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization APPALACHIAN REGIONAL HEALTHCARE INC	Employer identification number 52-0795508
---	--

Part I

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

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

- 1

☐

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

☐

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

☒

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

☐

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

☐

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

☐

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

☐

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

☐

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

☐

An organization that normally receives (1) more than 33¹/₃% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33¹/₃% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)
- 10

☐

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

☐

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

a

☐

Type I

b

☐

Type II

c

☐

Type III - Functionally integrated

d

☐

Type III - Non-functionally integrated

e

☐

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

f

☐

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

g

☐

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

(i)

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

(ii)

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

(iii)

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

h

☐

Provide the following information about the supported organization(s)

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

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

Part II

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

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

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

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

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

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

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

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

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

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

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

Facts And Circumstances Test

Return Reference	Explanation	
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SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.**

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

OMB No 1545-0047

2013

Open to Public
Inspection

If the organization answered "Yes" to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes" to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)) Complete Part II-B Do not complete Part II-A

If the organization answered "Yes" to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization APPALACHIAN REGIONAL HEALTHCARE INC	Employer identification number 52-0795508
---	--

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

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

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

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

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

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

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

Part II-A

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

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

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

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

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

Part II-B

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a)		(b)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	Yes		104,106
i	Other activities?		No	
j	Total. Add lines 1c through 1i.			104,106
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912.			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912.			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

Part III-A

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

		Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1	
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3	Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

Part III-B

Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered "No" OR (b) Part III-A, line 3, is answered "Yes."

1	Dues, assessments and similar amounts from members.	1	
2	Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a	Current year.	2a	
b	Carryover from last year.	2b	
c	Total.	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues.	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions).	5	

Part IV

Supplemental Information

Provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1. Also, complete this part for any additional information.

Return Reference	Explanation
PART II-B, LINE 1	RETAINED A LOBBYIST FOR MAILING TO LEGISLATORS OR THE PUBLIC AND ALSO TO HAVE DIRECT CONTACT WITH LEGISLATORS, THEIR STAFFS, GOVERNMENT OFFICIALS, AND/OR A LEGISLATIVE BODY. THESE ARE DONE AT THE STATE LEVEL ONLY. ARH IS A MEMBER OF VARIOUS HOSPITAL ASSOCIATIONS. THE APPROPRIATE PERCENTAGE OF DUES PAID TO THE ORGANIZATIONS ALLOCABLE TO LOBBYING ACTIVITIES ARE ALSO INCLUDED.

Part IV

Return Reference

Explanation

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.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization APPALACHIAN REGIONAL HEALTHCARE INC	Employer identification number 52-0795508
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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.

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

Part II

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

1

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

☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2

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

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

3

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

4

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

5

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

☐ Yes ☐ No

6

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

7

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

8

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

☐ Yes ☐ No

9

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

Part III

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

1a

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

b

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

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

▶ \$ _____

(ii) Assets included in Form 990, Part X

▶ \$ _____

2

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

a

Revenues included in Form 990, Part VIII, line 1

▶ \$ _____

b

Assets included in Form 990, Part X

▶ \$ _____

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

(ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		
- b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?
- 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		5,686,836		5,686,836
b Buildings		105,588,394	79,444,456	26,143,938
c Leasehold improvements		138,553,608	67,462,926	71,090,682
d Equipment		168,401,330	135,891,267	32,510,063
e Other		42,631,232	2,439,829	40,191,403
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) ▶				175,622,922

Part XI

Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

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

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

Part XII

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

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

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

Part XIII

Supplemental Information

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

Return Reference	Explanation
PART X, LINE 2	THE CORPORATION IS A NOT-FOR-PROFIT CORPORATION AS DESCRIBED IN SECTION 501 (C)(3) OF THE INTERNAL REVENUE CODE (IRC) AND IS EXEMPT FROM FEDERAL INCOME TAXES ON RELATED INCOME PURSUANT TO SECTION 501(A) OF THE IRC. HOWEVER, THE CORPORATION IS SUBJECT TO FEDERAL INCOME TAX ON ANY UNRELATED BUSINESS TAXABLE INCOME. GAAP REQUIRES THE CORPORATION TO EVALUATE ITS TAX POSITIONS AND RECOGNIZE A TAX LIABILITY (OR ASSET) IF IT HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY THE INTERNAL REVENUE SERVICE (IRS). THE CORPORATION HAS EVALUATED ITS TAX POSITIONS AND HAS CONCLUDED THAT THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY (OR ASSET) OR DISCLOSURE IN THE CONSOLIDATED FINANCIAL STATEMENTS. THE CORPORATION IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS. THE CORPORATION BELIEVES IT IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO 2010.

[illegible]

Additional Data

Software ID:

Software Version:

EIN: 52-0795508

Name: APPALACHIAN REGIONAL HEALTHCARE INC

Form 990, Schedule D, Part X, - Other Liabilities

1	(a) Description of Liability	(b) Book Value
	MEDICARE & MEDICAID ESTIMATED SETTLEMENTS	45,815,792
	ACCRUED PENSION COST	94,526,125
	RESERVE FOR SELF-INSURANCE	58,751,871
	PHYSICIAN COMMITMENTS	280,002
	DUE TO PATIENTS	9,727,170
	BOND INTEREST PAYABLE	412,073
	CAPITAL LEASE OBLIGATIONS	10,387,015
	SERP PAYABLE	995,621

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
APPALACHIAN REGIONAL HEALTHCARE INC

Employer identification number
52-0795508

Part I

Financial Assistance and Certain Other Community Benefits at Cost

		Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a Yes	
b	If "Yes," was it a written policy?	1b Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year <div><input type="checkbox"/> Applied uniformly to all hospital facilities <input checked="" type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities</div>		
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year <div>a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for <i>free</i> care <div><input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %</div></div> <div>b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care <div><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other _____ 10000 0000000000 %</div></div> <div>c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care</div>	3a Yes	
		3b Yes	
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4 Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c	
6a	Did the organization prepare a community benefit report during the tax year?	6a Yes	
b	If "Yes," did the organization make it available to the public?	6b Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H		

7

Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)	1	0	20,244,455	17,426,540	2,817,915	0 540 %
b Medicaid (from Worksheet 3, column a)	1	0	133,070,705	82,639,681	50,431,024	9 710 %
c Costs of other means-tested government programs (from Worksheet 3, column b)	0	0				
d Total Financial Assistance and Means-Tested Government Programs	2		153,315,160	100,066,221	53,248,939	10 250 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	484	51,383	430,251	2,348	427,903	0 080 %
f Health professions education (from Worksheet 5)	1,953	1,512	497,945		497,945	0 100 %
g Subsidized health services (from Worksheet 6)	0	0				
h Research (from Worksheet 7)	0	0				
i Cash and in-kind contributions for community benefit (from Worksheet 8)	160	9,260	97,808	3,500	94,308	0 020 %
j Total Other Benefits	2,597	62,155	1,026,004	5,848	1,020,156	0 200 %
k Total. Add lines 7d and 7j	2,599	62,155	154,341,164	100,072,069	54,269,095	10 450 %

Part IICommunity Building Activities

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1Physical improvements and housing	18	785	368		368	0 %
2Economic development	45	567	3,018		3,018	0 %
3Community support	175	172,361	50,567		50,567	0 010 %
4Environmental improvements						
5Leadership development and training for community members	8	45	3,760		3,760	0 %
6Coalition building	70	3,763	25,808		25,808	0 %
7Community health improvement advocacy	23	1,157	7,164		7,164	0 %
8Workforce development	14	2,065	3,871		3,871	0 %
9Other	2	450	898		898	0 %
10Total	355	181,193	95,454		95,454	0 010 %

Part IIIBad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No. 15?

2Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.

3Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.

4Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

218,420,608

37,640,090

Section B. Medicare

5Enter total revenue received from Medicare (including DSH and IME).

6Enter Medicare allowable costs of care relating to payments on line 5.

7Subtract line 6 from line 5. This is the surplus (or shortfall).

8Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used.

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other

Section C. Collection Practices

9aDid the organization have a written debt collection policy during the tax year?

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

9aYes

9bYes

Part IVManagement Companies and Joint Ventures

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

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 1 ARH REGIONAL MEDICAL CENTER PROFESSIONAL OFFICE BUILDING CO-OWNERS COUNCI	CONDO OWNER	39 600 %		60 400 %
2 2 WHITESBURG PHYSICIAN OFFICE BUILDING LLC	CONDO OWNER	28 130 %		71 870 %
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year?
9

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

									Facility reporting group
		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	
									Other (Describe)
	See Additional Data Table								

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

HAZARD ARH REGIONAL MEDICAL CENTER

Name of hospital facility or facility reporting group

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

	Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
1 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	1 Yes	
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
3 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3 Yes	
4 Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	No
5 Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	5 Yes	
a <input checked="" type="checkbox"/> Hospital facility's website (list url) <u>WWW.ARH.ORG/CHNA</u>		
b <input type="checkbox"/> Other website (list url)		
c <input checked="" type="checkbox"/> Available upon request from the hospital facility		
d <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input type="checkbox"/> Participation in the development of a community-wide plan		
d <input type="checkbox"/> Participation in the execution of a community-wide plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7 Yes	
8a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	8a	No
b If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	8b	
c If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

Part V

Facility Information (continued)

Financial Assistance Policy		Yes	No				
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		9	Yes				
10 Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? If "Yes," indicate the FPG family income limit for eligibility for free care <u>100 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		10	Yes				
11 Used FPG to determine eligibility for providing <i>discounted</i> care? If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>200 00000000000000</u> % If "No," explain in Part VI the criteria the hospital facility used		11	Yes				
12 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply)		12	Yes				
a <input checked="" type="checkbox"/> Income level							
b <input checked="" type="checkbox"/> Asset level							
c <input type="checkbox"/> Medical indigency							
d <input type="checkbox"/> Insurance status							
e <input checked="" type="checkbox"/> Uninsured discount							
f <input checked="" type="checkbox"/> Medicaid/Medicare							
g <input type="checkbox"/> State regulation							
h <input type="checkbox"/> Residency							
i <input type="checkbox"/> Other (describe in Part VI)							
13 Explained the method for applying for financial assistance?		13	Yes				
14 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		14	Yes				
a <input type="checkbox"/> The policy was posted on the hospital facility's website							
b <input type="checkbox"/> The policy was attached to billing invoices							
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms							
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices							
e <input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility							
f <input type="checkbox"/> The policy was available upon request							
g <input type="checkbox"/> Other (describe in Part VI)							
Billing and Collections							
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		15	Yes				
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP							
a <input checked="" type="checkbox"/> Reporting to credit agency							
b <input checked="" type="checkbox"/> Lawsuits							
c <input checked="" type="checkbox"/> Liens on residences							
d <input type="checkbox"/> Body attachments							
e <input type="checkbox"/> Other similar actions (describe in Section C)							
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?					17	Yes	
If "Yes," check all actions in which the hospital facility or a third party engaged							
a <input checked="" type="checkbox"/> Reporting to credit agency							
b <input checked="" type="checkbox"/> Lawsuits							
c <input checked="" type="checkbox"/> Liens on residences							
d <input type="checkbox"/> Body attachments							
e <input type="checkbox"/> Other similar actions (describe in Section C)							

Part V

Facility Information *(continued)*

- 18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)
- a** ☒ Notified individuals of the financial assistance policy on admission

b ☒ Notified individuals of the financial assistance policy prior to discharge

c ☒ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills

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

e ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

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

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

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

Part V Facility Information *(continued)*

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

[illegible]

Part V

Facility Information *(continued)*

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

How many non-hospital health care facilities did the organization operate during the tax year? **80**

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

Part VI

Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
PART I, LINE 3C	THE DISCOUNTS ARE BASED ON A SLIDING FEE SCHEDULE STARTING AT 100% OF FPG QUALIFYING FOR FREE CARE, RANGING UP TO UNLIMITED INCOME LEVELS FOR A 40% DISCOUNT ON ALL UNINSURED CARE PROVIDED

Form and Line Reference	Explanation
PART I, LINE 7	THE COST-TO-CHARGE RATIO WAS DERIVED FROM WORKSHEET 2

Form and Line Reference	Explanation
PART I, LINE 7, COLUMN (F)	THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 60,784,055

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	<p>TODAY, APPALACHIAN REGIONAL HEALTHCARE CONTINUES ITS MISSION IN THE MOUNTAINS BY OFFERING RESIDENTS OF EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA A LOCAL OPTION FOR QUALITY HEALTHCARE SERVICES. ARH HOLDS STEADFAST TO THE MISSION TO IMPROVE HEALTH AND PROMOTE WELL-BEING OF ALL THE PEOPLE IN CENTRAL APPALACHIA. IN PARTNERSHIP WITH OUR COMMUNITIES, ARH HAS EVOLVED INTO AN INTEGRATED HEALTHCARE DELIVERY SYSTEM SERVING MORE THAN 370,000 RESIDENTS AND EMPLOYING NEARLY 5,000 PEOPLE ACROSS EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA WITH HOSPITALS, CLINICS, HOME HEALTH AGENCIES, PHARMACIES AND HOME DURABLE MEDICAL EQUIPMENT STORES. IN FISCAL YEAR 2014, ARH'S 10 HOSPITALS RANGE IN SIZE FROM CRITICAL-ACCESS FACILITIES TO THE SYSTEM'S FLAGSHIP REGIONAL MEDICAL CENTER WITH 308-LICENSED BEDS IN HAZARD, KENTUCKY. WHILE PROVIDING THIS REGION WITH QUALITY HEALTHCARE, ARH REINVESTS ANY EARNINGS BACK INTO OPERATIONS TO FURTHER THE SYSTEM'S EFFORTS IN IMPROVING AND ACCESSING HEALTHCARE SERVICES FOR THE REGION. CREATED TO ADDRESS THE UNMET HEALTH NEEDS OF AN UNDERSERVED REGION, ARH LEADERSHIP AND STAFF MEMBERS REALIZE THAT SERVING THIS POPULATION IS ABOUT MORE THAN JUST ADDRESSING THE HEALTH NEEDS; IT IS ALSO ABOUT PREVENTING CHRONIC DISEASES THROUGH PARTNERSHIPS WITH AREA SCHOOLS, BUSINESSES, ORGANIZATIONS AND HEALTH DEPARTMENTS. ARH IS ONE OF THE PRIMARY SOURCES FOR HEALTH EDUCATION AND DISEASE PREVENTION IN EACH COMMUNITY AND PARTNERS WITH ALL OF THESE VARIOUS COMMUNITY ENTITIES TO FURTHER THESE EFFORTS. ARH SPONSORS MANY COMMUNITY-WIDE WELLNESS EVENTS THROUGHOUT ITS COMMUNITIES, INCLUDING HEALTH FAIRS AND VARIOUS SUPPORT GROUPS. EACH YEAR, ARH PROVIDES FREE OR DISCOUNTED HEALTH SCREENINGS FOR COLORECTAL, BREAST AND PROSTATE CANCERS AS WELL AS ROUTINE BLOOD PRESSURE, CHOLESTEROL, GLUCOSE AND BODY MASS INDEX (BMI) SCREENINGS IN EFFORTS TO PREVENT THE ONSET OF ILLNESSES OR CATCH MEDICAL CONDITIONS BEFORE THEY BECOME LIFE THREATENING. ARH ALSO ACTIVELY UTILIZES ALL FORMS OF MEDIA TO PROMOTE WELLNESS AND EDUCATE THE PUBLIC ON THE SIGNS AND SYMPTOMS OF MANY COMMON HEALTH CONDITIONS. THIS INCLUDES HEALTH EDUCATION NEWSLETTERS THAT ARE MAILED DIRECTLY TO RESIDENTS' HOMES.</p>

Form and Line Reference	Explanation
PART III, LINE 3	<p>MANAGEMENT CONTINUALLY MONITORS AND ADJUSTS THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS ASSOCIATED WITH CREDIT RISK THE CORPORATION'S ABILITY TO COLLECT OUTSTANDING RECEIVABLES IS CRITICAL TO ITS RESULTS OF OPERATIONS AND CASH FLOWS TO PROVIDE FOR ACCOUNTS RECEIVABLE THAT COULD BECOME UNCOLLECTIBLE IN THE FUTURE, THE CORPORATION ESTABLISHES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS TO REDUCE THE CARRYING VALUE OF SUCH RECEIVABLES TO THEIR ESTIMATED NET REALIZABLE VALUE THE PRIMARY UNCERTAINTY OF SUCH ALLOWANCES LIES WITH UNINSURED PATIENT RECEIVABLES AND DEDUCTIBLES, CO-PAYMENTS OR OTHER AMOUNTS DUE FROM INDIVIDUAL PATIENTS THE CORPORATION HAS AN ESTABLISHED PROCESS TO DETERMINE THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS THAT RELIES ON A NUMBER OF ANALYTICAL TOOLS AND BENCHMARKS TO ARRIVE AT A REASONABLE ALLOWANCE NO SINGLE STATISTIC OR MEASUREMENT DETERMINES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS SOME OF THE ANALYTICAL TOOLS THAT THE CORPORATION UTILIZES INCLUDE, BUT ARE NOT LIMITED TO, HISTORICAL CASH COLLECTION EXPERIENCE BY PAYOR, REVENUE TRENDS BY PAYOR CLASSIFICATION AND AGED ACCOUNTS FROM DATE OF SERVICE BY PAYOR ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION EFFORTS HAVE BEEN FOLLOWED IN ACCORDANCE WITH THE CORPORATION'S POLICIES PART III, LINE 2 COSTING METHODOLOGY TO DETERMINE THE BAD DEBT EXPENSE ON LINE 2, THE BAD DEBT EXPENSE PER THE FINANCIAL STATEMENTS, WHICH CONSISTS OF GROSS CHARGES LESS DISCOUNTS, WAS CONVERTED TO COST USING THE GLOBAL COST-TO-CHARGE RATIO DEVELOPED IN WORKSHEET 2 PATIENT DISCOUNTS ARE NOT REFLECTED IN BAD DEBT ANY PAYMENTS ON AN ACCOUNT AFTER IT IS WRITTEN OFF TO BAD DEBT RESULT IN A REVERSAL OF THE ENTIRE ACCOUNT OUT OF BAD DEBT, REINSTATEMENT OF THE PATIENT ACCOUNT RECEIVABLE, AND ANY NEGOTIATED DIFFERENCE IN THE FULL AMOUNT OF THE ACCOUNT AND THE PAYMENT MADE IS WRITTEN OFF TO CONTRACTUAL ALLOWANCE PATIENTS WHO MAY QUALIFY FOR CHARITY CARE BUT DO NOT APPLY CANNOT BE ESTIMATES ALL PATIENTS ARE EDUCATED ABOUT AND GIVEN EVERY OPPORTUNITY TO APPLY FOR CHARITY CARE AND, THEREFORE, ARH HAS NO INFORMATION FOR THOSE WHO CHOOSE NOT TO APPLY</p>

Form and Line Reference	Explanation
PART III, LINE 4	<p>MANAGEMENT CONTINUALLY MONITORS AND ADJUSTS THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS ASSOCIATED WITH CREDIT RISK THE CORPORATION'S ABILITY TO COLLECT OUTSTANDING RECEIVABLES IS CRITICAL TO ITS RESULTS OF OPERATIONS AND CASH FLOWS TO PROVIDE FOR ACCOUNTS RECEIVABLE THAT COULD BECOME UNCOLLECTIBLE IN THE FUTURE, THE CORPORATION ESTABLISHES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS TO REDUCE THE CARRYING VALUE OF SUCH RECEIVABLES TO THEIR ESTIMATED NET REALIZABLE VALUE THE PRIMARY UNCERTAINTY OF SUCH ALLOWANCES LIES WITH UNINSURED PATIENT RECEIVABLES AND DEDUCTIBLES, CO-PAYMENTS OR OTHER AMOUNTS DUE FROM INDIVIDUAL PATIENTS THE CORPORATION HAS AN ESTABLISHED PROCESS TO DETERMINE THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS THAT RELIES ON A NUMBER OF ANALYTICAL TOOLS AND BENCHMARKS TO ARRIVE AT A REASONABLE ALLOWANCE NO SINGLE STATISTIC OR MEASUREMENT DETERMINES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS SOME OF THE ANALYTICAL TOOLS THAT THE CORPORATION UTILIZES INCLUDE, BUT ARE NOT LIMITED TO, HISTORICAL CASH COLLECTION EXPERIENCE BY PAYOR, REVENUE TRENDS BY PAYOR CLASSIFICATION AND AGED ACCOUNTS FROM DATE OF SERVICE BY PAYOR ACCOUNTS RECEIVABLE ARE WRITTEN OFF AFTER COLLECTION EFFORTS HAVE BEEN FOLLOWED IN ACCORDANCE WITH THE CORPORATION'S POLICIES PART III, LINE 2 COSTING METHODOLOGY TO DETERMINE THE BAD DEBT EXPENSE ON LINE 2, THE BAD DEBT EXPENSE PER THE FINANCIAL STATEMENTS, WHICH CONSISTS OF GROSS CHARGES LESS DISCOUNTS, WAS CONVERTED TO COST USING THE GLOBAL COST-TO-CHARGE RATIO DEVELOPED IN WORKSHEET 2 PATIENT DISCOUNTS ARE NOT REFLECTED IN BAD DEBT ANY PAYMENTS ON AN ACCOUNT AFTER IT IS WRITTEN OFF TO BAD DEBT RESULT IN A REVERSAL OF THE ENTIRE ACCOUNT OUT OF BAD DEBT, REINSTATEMENT OF THE PATIENT ACCOUNT RECEIVABLE, AND ANY NEGOTIATED DIFFERENCE IN THE FULL AMOUNT OF THE ACCOUNT AND THE PAYMENT MADE IS WRITTEN OFF TO CONTRACTUAL ALLOWANCE PATIENTS WHO MAY QUALIFY FOR CHARITY CARE BUT DO NOT APPLY CANNOT BE ESTIMATES ALL PATIENTS ARE EDUCATED ABOUT AND GIVEN EVERY OPPORTUNITY TO APPLY FOR CHARITY CARE AND, THEREFORE, ARH HAS NO INFORMATION FOR THOSE WHO CHOOSE NOT TO APPLY</p>

Form and Line Reference	Explanation
PART III, LINE 8	NEARLY ONE HALF OF THE CORPORATION'S PATIENT REVENUES ARE DERIVED FROM SERVICES PROVIDED TO MEDICARE BENEFICIARIES. IN TURN, PAYMENTS RECEIVED FROM THE FEDERAL GOVERNMENT FELL SHORT OF THE COST TO PROVIDE SUCH SERVICES BY MORE THAN \$8 MILLION. MEDICARE RECIPIENTS RELY HEAVILY ON ARH FOR CARE, IN MANY OF THE COMMUNITIES IT SERVES, ARH IS THE LONE PROVIDER OF ACUTE HOSPITAL CARE. THE CORPORATION CONSIDERS ITS PARTICIPATION IN THE MEDICARE PROGRAM AND THE ASSOCIATED LOSSES RESULTING THEREOF AS AN ESSENTIAL COMPONENT OF COMMUNITY BENEFIT. ACCORDINGLY, WE DEEM THAT \$7,359,854 (OR 100%) OF THE AMOUNT REPORTED ON SCHEDULE H, PART III, LINE 7 BE TREATED AS A COMMUNITY BENEFIT.

Form and Line Reference	Explanation
PART III, LINE 9B	THE PROVISIONS IN THE WRITTEN DEBT COLLECTION POLICY ARE THAT CHARITY AND FINANCIAL ASSISTANCE APPLICATIONS ARE VALID FOR 6 MONTHS, AFTER THAT TIME, THE PATIENT MUST REAPPLY AND PRESENT CURRENT FINANCIAL DOCUMENTS AS NECESSARY

Form and Line Reference	Explanation
PART VI, LINE 2	IN ADDITION TO THE COMMUNITY HEALTH NEEDS ASSESSMENT THAT WAS CONDUCTED BY ARH THIS FISCAL YEAR AND REPORTED ELSEWHERE IN THIS DOCUMENT, ARH ALSO CONTINUALLY ASSESSES COMMUNITY NEEDS IN OTHER FORMS AS WELL. THE NEEDS OF THE COMMUNITIES THAT ARH SERVES THROUGHOUT EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA ARE ASSESSED BY FOLLOWING EMERGING MEDICAL PRACTICE NEEDS AS A WHOLE ACROSS THE NATION AND SPECIFICALLY IN THE APPALACHIAN REGION. THE HEALTH NEEDS ARE EXAMINED BY LOOKING AT HEALTH STATISTICS AND DISEASE PREVALENCE COMPARED TO SERVICE/PHYSICIAN AVAILABILITY. PATIENT AND COMMUNITY SURVEYS ARE ALSO REGULARLY CONDUCTED TO ASSESS CONSUMER PERCEIVED NEEDS. LOCAL ADVISORY COUNCILS (LACS) ALSO EXIST IN EACH OF ARH'S HOSPITAL COMMUNITIES. THE COUNCILS ARE COMPRISED OF LOCAL CITIZENS WHO VOLUNTEER TO HELP ARH IMPROVE THE HEALTH OF ITS COMMUNITIES THROUGH REGULAR MEETINGS THAT DISCUSS COMMUNITY HEALTH ISSUES AND HELP ARH IDENTIFY AND ADDRESS THEM. MEMBERS ALSO ADVISE ARH ABOUT IMPROVEMENTS NEEDED AND COMMUNITY PERCEPTIONS OF ARH FACILITIES AND THESE INDIVIDUALS SERVE AS EXCELLENT AMBASSADORS FOR ARH AND ITS SERVICES. THESE INDIVIDUALS HAVE DEMONSTRATED THEIR LEADERSHIP IN LOCAL CIVIC AFFAIRS AND REFLECT A CROSS SECTION OF THE COMMUNITY. QUARTERLY, ONE REPRESENTATIVE FROM EACH OF THESE LACS MEETS TO DISCUSS COMMON ISSUES ACROSS THE SYSTEM AT A REGIONAL ADVISORY COUNCIL MEETING. FROM THIS GROUP OF REPRESENTATIVES, ONE MEMBER IS SELECTED TO ALSO SERVE ON THE HEALTH SYSTEM'S BOARD OF TRUSTEES.

Form and Line Reference	Explanation
PART VI, LINE 3	<p>UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS</p>

Form and Line Reference	Explanation
PART VI, LINE 4	THE RURAL SERVICE AREA COVERED BY ARH IN EASTERN KENTUCKY COVERS 16 COUNTIES AND CONSISTS OF ALMOST 370,000 RESIDENTS THIS REGION IS FRAUGHT WITH SOME OF THE HIGHEST CHRONIC HEALTH PREVALENCE RATES IN THE COUNTRY FOR LUNG CANCER, DIABETES, AND HEART DISEASE TO COMPOUND THESE PROBLEMS, MOST OF ARHS FACILITIES ARE LOCATED IN AREAS THAT ARE AT LEAST PARTIALLY CLASSIFIED AS MEDICALLY UNDERSERVED AREAS AND HEALTH PROFESSIONAL SHORTAGE AREAS BY THE U S DEPARTMENT OF HEALTH AND HUMAN SERVICES IN ADDITION, THE AREAS SERVED BY ARH ALSO FACE UNEMPLOYMENT RATES THAT ARE SUBSTANTIALLY HIGHER THAN STATE AND NATIONAL AVERAGES AND A HIGHER NUMBER OF CITIZENS IN THESE AREAS RANK BELOW THE NATIONAL POVERTY LEVEL FOR EXAMPLE, IN DECEMBER 2014, THE UNEMPLOYMENT RATE FOR LETCHER COUNTY, KENTUCKY WAS 9 9 PERCENT, COMPARED TO 5 1 PERCENT FOR THE STATE AND 5 6 PERCENT NATIONALLY FOR MORE THAN HALF A CENTURY, ARH HAS CARRIED A HEAVY LOAD IN CARING FOR THIS POPULATION OVER 5 PERCENT OF ARHS INPATIENTS IN FISCAL YEAR 2014 WERE UNINSURED AND DURING THAT SAME FISCAL YEAR MORE THAN 70 PERCENT OF ARHS INPATIENTS WERE MEDICARE OR MEDICAID BENEFICIARIES

Form and Line Reference	Explanation
PART VI, LINE 5	<p>TODAY, APPALACHIAN REGIONAL HEALTHCARE CONTINUES ITS MISSION IN THE MOUNTAINS BY OFFERING RESIDENTS OF EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA A LOCAL OPTION FOR QUALITY HEALTHCARE SERVICES. ARH HOLDS STEADFAST TO THE MISSION TO IMPROVE HEALTH AND PROMOTE WELL-BEING OF ALL THE PEOPLE IN CENTRAL APPALACHIA. IN PARTNERSHIP WITH OUR COMMUNITIES, ARH HAS EVOLVED INTO AN INTEGRATED HEALTHCARE DELIVERY SYSTEM SERVING MORE THAN 370,000 RESIDENTS AND EMPLOYING NEARLY 5,000 PEOPLE ACROSS EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA WITH HOSPITALS, CLINICS, HOME HEALTH AGENCIES, PHARMACIES AND HOME DURABLE MEDICAL EQUIPMENT STORES. IN FISCAL YEAR 2014, ARH'S 10 HOSPITALS RANGE IN SIZE FROM CRITICAL-ACCESS FACILITIES TO THE SYSTEM'S FLAGSHIP REGIONAL MEDICAL CENTER WITH 308-LICENSED BEDS IN HAZARD, KENTUCKY. WHILE PROVIDING THIS REGION WITH QUALITY HEALTHCARE, ARH REINVESTS ANY EARNINGS BACK INTO OPERATIONS TO FURTHER THE SYSTEM'S EFFORTS IN IMPROVING AND ACCESSING HEALTHCARE SERVICES FOR THE REGION. CREATED TO ADDRESS THE UNMET HEALTH NEEDS OF AN UNDERSERVED REGION, ARH LEADERSHIP AND STAFF MEMBERS REALIZE THAT SERVING THIS POPULATION IS ABOUT MORE THAN JUST ADDRESSING THE HEALTH NEEDS; IT IS ALSO ABOUT PREVENTING CHRONIC DISEASES THROUGH PARTNERSHIPS WITH AREA SCHOOLS, BUSINESSES, ORGANIZATIONS AND HEALTH DEPARTMENTS. ARH IS ONE OF THE PRIMARY SOURCES FOR HEALTH EDUCATION AND DISEASE PREVENTION IN EACH COMMUNITY AND PARTNERS WITH ALL OF THESE VARIOUS COMMUNITY ENTITIES TO FURTHER THESE EFFORTS. ARH SPONSORS MANY COMMUNITY-WIDE WELLNESS EVENTS THROUGHOUT ITS COMMUNITIES, INCLUDING HEALTH FAIRS AND VARIOUS SUPPORT GROUPS. EACH YEAR, ARH PROVIDES FREE OR DISCOUNTED HEALTH SCREENINGS FOR COLORECTAL, BREAST AND PROSTATE CANCERS AS WELL AS ROUTINE BLOOD PRESSURE, CHOLESTEROL, GLUCOSE AND BODY MASS INDEX (BMI) SCREENINGS IN EFFORTS TO PREVENT THE ONSET OF ILLNESSES OR CATCH MEDICAL CONDITIONS BEFORE THEY BECOME LIFE THREATENING. ARH ALSO ACTIVELY UTILIZES ALL FORMS OF MEDIA TO PROMOTE WELLNESS AND EDUCATE THE PUBLIC ON THE SIGNS AND SYMPTOMS OF MANY COMMON HEALTH CONDITIONS. THIS INCLUDES HEALTH EDUCATION NEWSLETTERS THAT ARE MAILED DIRECTLY TO RESIDENTS' HOMES.</p>

Form and Line Reference	Explanation
PART VI, LINE 6	DURING FISCAL YEAR 2013, ARH'S SERVICES WERE MAINLY ORGANIZED AROUND 10 SPECIFIC COMMUNITIES ACROSS EASTERN KENTUCKY AND SOUTHERN WEST VIRGINIA IN EACH OF THESE COMMUNITIES A HOSPITAL EXISTS ALONG WITH A COMPLIMENTARY ARRANGEMENT OF OTHER ARH SERVICES WHICH MAY INCLUDE CLINICS, HOME HEALTH AGENCIES, PHARMACIES, AND/OR HOME DURABLE MEDICAL EQUIPMENT STORES AT THE SYSTEM-LEVEL VARIOUS HEALTH PROMOTION ACTIVITIES ARE ORGANIZED AND PROMOTED ACROSS THE FACILITIES, INCLUDING THE INTRODUCTION OF NEW SERVICE LINES AND NEW TECHNOLOGY HOWEVER, IN EACH OF ARH'S 10 COMMUNITIES, VARIOUS COMMUNITY OUTREACH PROGRAMS ARE ALSO UNDERWAY AND AGGRESSIVELY ADDRESSING THE HEALTH CONCERNS OF THAT PARTICULAR AREA WHILE STRONG COMMUNITY COLLABORATION IS BEING DEVELOPED FROM SENIOR CITIZEN WELLNESS PROGRAMS TO PATIENT ASSISTANCE VIA A CANCER NAVIGATOR, ARH'S COMMUNITIES ARE REAPING THE BENEFITS OF SUCCESSFUL COMMUNITY OUTREACH

Additional Data

Software ID:
Software Version:
EIN: 52-0795508
Name: APPALACHIAN REGIONAL HEALTHCARE INC

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

Form and Line Reference	Explanation
PART V, SECTION B	FACILITY REPORTING GROUP A

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.	
Form and Line Reference	Explanation
FACILITY REPORTING GROUP A CONSISTS OF	- FACILITY 1 HAZARD ARH REGIONAL MEDICAL CENTER, - FACILITY 3 HARLAN ARH HOSPITAL, - FACILITY 2 BECKLEY ARH HOSPITAL, - FACILITY 5 WILLIAMSON ARH HOSPITAL, - FACILITY 4 WHITESBURG ARH HOSPITAL, - FACILITY 6 MIDDLESBORO ARH HOSPITAL, - FACILITY 9 MORGAN COUNTY ARH HOSPITAL, - FACILITY 7 MCDOWELL ARH HOSPITAL, - FACILITY 8 SUMMERS COUNTY ARH HOSPITAL

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

Form and Line Reference	Explanation
FACILITY 3 -- HARLAN ARH HOSPITAL PART V, SECTION B, LINE 3	A COMMUNITY STEERING COMMITTEE PROVIDED GUIDANCE OVER THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS IN EACH OF ARH'S COMMUNITIES THIS STEERING COMMITTEE WAS MADE UP OF REPRESENTATIVES FROM VARIOUS ORGANIZATIONS AND AGENCIES THROUGHOUT EACH HOSPITAL'S SERVICE AREA IN PARTICULAR, SOME OF THE COMMITTEE MEMBERS REPRESENTED THE LOCAL HEALTH DEPARTMENT, SENIOR SERVICES, SCHOOL SYSTEM, SOCIAL SERVICE ORGANIZATIONS, AND EMERGENCY MANAGEMENT THESE INDIVIDUALS ASSISTED WITH DISTRIBUTING SURVEYS AND ORGANIZING FOCUS GROUPS THROUGHOUT THE COMMUNITY ENSURING THAT VARIED COMMUNITY INTERESTS AND EXPERTISE WERE REPRESENTED SPECIAL ATTENTION WAS PAID TO ENSURING THAT REPRESENTATION FROM THE PUBLIC HEALTH SECTOR WAS INCLUDED IN THIS ASSESSMENT PROCESS AND THAT THE SENIOR CITIZEN AND UNDERSERVED POPULATION WAS REPRESENTED A COMPLETE LIST OF THE COMMUNITY STEERING COMMITTEE MEMBERS FOR EACH ARH FACILITY IS INCLUDED IN EACH ASSESSMENT'S FINAL REPORT

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

Form and Line Reference	Explanation
FACILITY 3 - - HARLAN ARH HOSPITAL PART V, SECTION B, LINE 20D	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 3 - - HARLAN ARH HOSPITAL PART V, SECTION B, LINE 22	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 2 -- BECKLEY ARH HOSPITAL PART V, SECTION B, LINE 3	A COMMUNITY STEERING COMMITTEE PROVIDED GUIDANCE OVER THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS IN EACH OF ARH'S COMMUNITIES THIS STEERING COMMITTEE WAS MADE UP OF REPRESENTATIVES FROM VARIOUS ORGANIZATIONS AND AGENCIES THROUGHOUT EACH HOSPITAL'S SERVICE AREA IN PARTICULAR, SOME OF THE COMMITTEE MEMBERS REPRESENTED THE LOCAL HEALTH DEPARTMENT, SENIOR SERVICES, SCHOOL SYSTEM, SOCIAL SERVICE ORGANIZATIONS, AND EMERGENCY MANAGEMENT THESE INDIVIDUALS ASSISTED WITH DISTRIBUTING SURVEYS AND ORGANIZING FOCUS GROUPS THROUGHOUT THE COMMUNITY ENSURING THAT VARIED COMMUNITY INTERESTS AND EXPERTISE WERE REPRESENTED SPECIAL ATTENTION WAS PAID TO ENSURING THAT REPRESENTATION FROM THE PUBLIC HEALTH SECTOR WAS INCLUDED IN THIS ASSESSMENT PROCESS AND THAT THE SENIOR CITIZEN AND UNDERSERVED POPULATION WAS REPRESENTED A COMPLETE LIST OF THE COMMUNITY STEERING COMMITTEE MEMBERS FOR EACH ARH FACILITY IS INCLUDED IN EACH ASSESSMENT'S FINAL REPORT

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

Form and Line Reference	Explanation
FACILITY 2 - - BECKLEY ARH HOSPITAL PART V, SECTION B, LINE 20D	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 2 - - BECKLEY ARH HOSPITAL PART V, SECTION B, LINE 22	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 5 -- WILLIAMSON ARH HOSPITAL PART V, SECTION B, LINE 3	A COMMUNITY STEERING COMMITTEE PROVIDED GUIDANCE OVER THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS IN EACH OF ARH'S COMMUNITIES THIS STEERING COMMITTEE WAS MADE UP OF REPRESENTATIVES FROM VARIOUS ORGANIZATIONS AND AGENCIES THROUGHOUT EACH HOSPITAL'S SERVICE AREA IN PARTICULAR, SOME OF THE COMMITTEE MEMBERS REPRESENTED THE LOCAL HEALTH DEPARTMENT, SENIOR SERVICES, SCHOOL SYSTEM, SOCIAL SERVICE ORGANIZATIONS, AND EMERGENCY MANAGEMENT THESE INDIVIDUALS ASSISTED WITH DISTRIBUTING SURVEYS AND ORGANIZING FOCUS GROUPS THROUGHOUT THE COMMUNITY ENSURING THAT VARIED COMMUNITY INTERESTS AND EXPERTISE WERE REPRESENTED SPECIAL ATTENTION WAS PAID TO ENSURING THAT REPRESENTATION FROM THE PUBLIC HEALTH SECTOR WAS INCLUDED IN THIS ASSESSMENT PROCESS AND THAT THE SENIOR CITIZEN AND UNDERSERVED POPULATION WAS REPRESENTED A COMPLETE LIST OF THE COMMUNITY STEERING COMMITTEE MEMBERS FOR EACH ARH FACILITY IS INCLUDED IN EACH ASSESSMENT'S FINAL REPORT

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

Form and Line Reference	Explanation
FACILITY 5 -- WILLIAMSON ARH HOSPITAL PART V, SECTION B, LINE 20D	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 5 -- WILLIAMSON ARH HOSPITAL PART V, SECTION B, LINE 22	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 4 -- WHITESBURG ARH HOSPITAL PART V, SECTION B, LINE 3	A COMMUNITY STEERING COMMITTEE PROVIDED GUIDANCE OVER THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS IN EACH OF ARH'S COMMUNITIES THIS STEERING COMMITTEE WAS MADE UP OF REPRESENTATIVES FROM VARIOUS ORGANIZATIONS AND AGENCIES THROUGHOUT EACH HOSPITAL'S SERVICE AREA IN PARTICULAR, SOME OF THE COMMITTEE MEMBERS REPRESENTED THE LOCAL HEALTH DEPARTMENT, SENIOR SERVICES, SCHOOL SYSTEM, SOCIAL SERVICE ORGANIZATIONS, AND EMERGENCY MANAGEMENT THESE INDIVIDUALS ASSISTED WITH DISTRIBUTING SURVEYS AND ORGANIZING FOCUS GROUPS THROUGHOUT THE COMMUNITY ENSURING THAT VARIED COMMUNITY INTERESTS AND EXPERTISE WERE REPRESENTED SPECIAL ATTENTION WAS PAID TO ENSURING THAT REPRESENTATION FROM THE PUBLIC HEALTH SECTOR WAS INCLUDED IN THIS ASSESSMENT PROCESS AND THAT THE SENIOR CITIZEN AND UNDERSERVED POPULATION WAS REPRESENTED A COMPLETE LIST OF THE COMMUNITY STEERING COMMITTEE MEMBERS FOR EACH ARH FACILITY IS INCLUDED IN EACH ASSESSMENT'S FINAL REPORT

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

Form and Line Reference	Explanation
FACILITY 4 -- WHITESBURG ARH HOSPITAL PART V, SECTION B, LINE 20D	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 4 -- WHITESBURG ARH HOSPITAL PART V, SECTION B, LINE 22	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 6 -- MIDDLESBORO ARH HOSPITAL PART V, SECTION B, LINE 3	A COMMUNITY STEERING COMMITTEE PROVIDED GUIDANCE OVER THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS IN EACH OF ARH'S COMMUNITIES THIS STEERING COMMITTEE WAS MADE UP OF REPRESENTATIVES FROM VARIOUS ORGANIZATIONS AND AGENCIES THROUGHOUT EACH HOSPITAL'S SERVICE AREA IN PARTICULAR, SOME OF THE COMMITTEE MEMBERS REPRESENTED THE LOCAL HEALTH DEPARTMENT, SENIOR SERVICES, SCHOOL SYSTEM, SOCIAL SERVICE ORGANIZATIONS, AND EMERGENCY MANAGEMENT THESE INDIVIDUALS ASSISTED WITH DISTRIBUTING SURVEYS AND ORGANIZING FOCUS GROUPS THROUGHOUT THE COMMUNITY ENSURING THAT VARIED COMMUNITY INTERESTS AND EXPERTISE WERE REPRESENTED SPECIAL ATTENTION WAS PAID TO ENSURING THAT REPRESENTATION FROM THE PUBLIC HEALTH SECTOR WAS INCLUDED IN THIS ASSESSMENT PROCESS AND THAT THE SENIOR CITIZEN AND UNDERSERVED POPULATION WAS REPRESENTED A COMPLETE LIST OF THE COMMUNITY STEERING COMMITTEE MEMBERS FOR EACH ARH FACILITY IS INCLUDED IN EACH ASSESSMENT'S FINAL REPORT

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

Form and Line Reference	Explanation
FACILITY 6 -- MIDDLESBORO ARH HOSPITAL PART V, SECTION B, LINE 20D	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 6 -- MIDDLESBORO ARH HOSPITAL PART V, SECTION B, LINE 22	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 9 -- MORGAN COUNTY ARH HOSPITAL PART V, SECTION B, LINE 3	A COMMUNITY STEERING COMMITTEE PROVIDED GUIDANCE OVER THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS IN EACH OF ARH'S COMMUNITIES THIS STEERING COMMITTEE WAS MADE UP OF REPRESENTATIVES FROM VARIOUS ORGANIZATIONS AND AGENCIES THROUGHOUT EACH HOSPITAL'S SERVICE AREA IN PARTICULAR, SOME OF THE COMMITTEE MEMBERS REPRESENTED THE LOCAL HEALTH DEPARTMENT, SENIOR SERVICES, SCHOOL SYSTEM, SOCIAL SERVICE ORGANIZATIONS, AND EMERGENCY MANAGEMENT THESE INDIVIDUALS ASSISTED WITH DISTRIBUTING SURVEYS AND ORGANIZING FOCUS GROUPS THROUGHOUT THE COMMUNITY ENSURING THAT VARIED COMMUNITY INTERESTS AND EXPERTISE WERE REPRESENTED SPECIAL ATTENTION WAS PAID TO ENSURING THAT REPRESENTATION FROM THE PUBLIC HEALTH SECTOR WAS INCLUDED IN THIS ASSESSMENT PROCESS AND THAT THE SENIOR CITIZEN AND UNDERSERVED POPULATION WAS REPRESENTED A COMPLETE LIST OF THE COMMUNITY STEERING COMMITTEE MEMBERS FOR EACH ARH FACILITY IS INCLUDED IN EACH ASSESSMENT'S FINAL REPORT

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

Form and Line Reference	Explanation
FACILITY 9 - - MORGAN COUNTY ARH HOSPITAL PART V, SECTION B, LINE 20D	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 9 - - MORGAN COUNTY ARH HOSPITAL PART V, SECTION B, LINE 22	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 7 -- MCDOWELL ARH HOSPITAL PART V, SECTION B, LINE 3	A COMMUNITY STEERING COMMITTEE PROVIDED GUIDANCE OVER THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS IN EACH OF ARH'S COMMUNITIES THIS STEERING COMMITTEE WAS MADE UP OF REPRESENTATIVES FROM VARIOUS ORGANIZATIONS AND AGENCIES THROUGHOUT EACH HOSPITAL'S SERVICE AREA IN PARTICULAR, SOME OF THE COMMITTEE MEMBERS REPRESENTED THE LOCAL HEALTH DEPARTMENT, SENIOR SERVICES, SCHOOL SYSTEM, SOCIAL SERVICE ORGANIZATIONS, AND EMERGENCY MANAGEMENT THESE INDIVIDUALS ASSISTED WITH DISTRIBUTING SURVEYS AND ORGANIZING FOCUS GROUPS THROUGHOUT THE COMMUNITY ENSURING THAT VARIED COMMUNITY INTERESTS AND EXPERTISE WERE REPRESENTED SPECIAL ATTENTION WAS PAID TO ENSURING THAT REPRESENTATION FROM THE PUBLIC HEALTH SECTOR WAS INCLUDED IN THIS ASSESSMENT PROCESS AND THAT THE SENIOR CITIZEN AND UNDERSERVED POPULATION WAS REPRESENTED A COMPLETE LIST OF THE COMMUNITY STEERING COMMITTEE MEMBERS FOR EACH ARH FACILITY IS INCLUDED IN EACH ASSESSMENT'S FINAL REPORT

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

Form and Line Reference	Explanation
FACILITY 7 -- MCDOWELL ARH HOSPITAL PART V, SECTION B, LINE 20D	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 7 -- MCDOWELL ARH HOSPITAL PART V, SECTION B, LINE 22	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 8 -- SUMMERS COUNTY ARH HOSPITAL PART V, SECTION B, LINE 3	A COMMUNITY STEERING COMMITTEE PROVIDED GUIDANCE OVER THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS IN EACH OF ARH'S COMMUNITIES THIS STEERING COMMITTEE WAS MADE UP OF REPRESENTATIVES FROM VARIOUS ORGANIZATIONS AND AGENCIES THROUGHOUT EACH HOSPITAL'S SERVICE AREA IN PARTICULAR, SOME OF THE COMMITTEE MEMBERS REPRESENTED THE LOCAL HEALTH DEPARTMENT, SENIOR SERVICES, SCHOOL SYSTEM, SOCIAL SERVICE ORGANIZATIONS, AND EMERGENCY MANAGEMENT THESE INDIVIDUALS ASSISTED WITH DISTRIBUTING SURVEYS AND ORGANIZING FOCUS GROUPS THROUGHOUT THE COMMUNITY ENSURING THAT VARIED COMMUNITY INTERESTS AND EXPERTISE WERE REPRESENTED SPECIAL ATTENTION WAS PAID TO ENSURING THAT REPRESENTATION FROM THE PUBLIC HEALTH SECTOR WAS INCLUDED IN THIS ASSESSMENT PROCESS AND THAT THE SENIOR CITIZEN AND UNDERSERVED POPULATION WAS REPRESENTED A COMPLETE LIST OF THE COMMUNITY STEERING COMMITTEE MEMBERS FOR EACH ARH FACILITY IS INCLUDED IN EACH ASSESSMENT'S FINAL REPORT

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

Form and Line Reference	Explanation
FACILITY 8 - - SUMMERS COUNTY ARH HOSPITAL PART V, SECTION B, LINE 20D	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 8 - - SUMMERS COUNTY ARH HOSPITAL PART V, SECTION B, LINE 22	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 1 -- HAZARD ARH REGIONAL MEDICAL CENTER PART V, SECTION B, LINE 3	A COMMUNITY STEERING COMMITTEE PROVIDED GUIDANCE OVER THE COMMUNITY HEALTH NEEDS ASSESSMENT PROCESS IN EACH OF ARH'S COMMUNITIES THIS STEERING COMMITTEE WAS MADE UP OF REPRESENTATIVES FROM VARIOUS ORGANIZATIONS AND AGENCIES THROUGHOUT EACH HOSPITAL'S SERVICE AREA IN PARTICULAR, SOME OF THE COMMITTEE MEMBERS REPRESENTED THE LOCAL HEALTH DEPARTMENT, SENIOR SERVICES, SCHOOL SYSTEM, SOCIAL SERVICE ORGANIZATIONS, AND EMERGENCY MANAGEMENT THESE INDIVIDUALS ASSISTED WITH DISTRIBUTING SURVEYS AND ORGANIZING FOCUS GROUPS THROUGHOUT THE COMMUNITY ENSURING THAT VARIED COMMUNITY INTERESTS AND EXPERTISE WERE REPRESENTED SPECIAL ATTENTION WAS PAID TO ENSURING THAT REPRESENTATION FROM THE PUBLIC HEALTH SECTOR WAS INCLUDED IN THIS ASSESSMENT PROCESS AND THAT THE SENIOR CITIZEN AND UNDERSERVED POPULATION WAS REPRESENTED A COMPLETE LIST OF THE COMMUNITY STEERING COMMITTEE MEMBERS FOR EACH ARH FACILITY IS INCLUDED IN EACH ASSESSMENT'S FINAL REPORT

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

Form and Line Reference	Explanation
FACILITY 1 -- HAZARD ARH REGIONAL MEDICAL CENTER PART V, SECTION B, LINE 20D	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

Form and Line Reference	Explanation
FACILITY 1 -- HAZARD ARH REGIONAL MEDICAL CENTER PART V, SECTION B, LINE 22	UNDER ARH'S FINANCIAL ASSISTANCE PROGRAM AND POLICY EACH PATIENT WITHOUT MEDICAL COVERAGE FOR RENDERED SERVICES IS OFFERED A 40% DISCOUNT OF GROSS CHARGES AT TIME OF SERVICE IF THE PATIENT EXTENDS PAYMENT AT TIME OF SERVICE THEY ARE GIVEN ANOTHER 10% DISCOUNT, MAKING THEIR LIABILITY 50% OF GROSS CHARGES ALL OF THESE DISCOUNTS ARE APPLIED AT TIME OF CHARGE AND BILLED AFTER THE DISCOUNT IS TAKEN IF SAID PATIENT IS UNABLE TO MEET THE FINANCIAL OBLIGATIONS FOR SERVICE, THEY ARE EDUCATED AND SCREENED FOR POTENTIAL FEDERAL AND/OR STATE ASSISTANCE PROGRAMS BY DOING THIS THE PATIENT IS REVIEWED AND EDUCATED BY ON-SITE FINANCIAL COUNSELORS AND/OR ELIGIBILITY AGENCY TO GET THE INDIVIDUAL PLACED A PROGRAM BASED ON INCOME AND FAMILY STATUS THE PATIENT IS SCREENED IN CONJUNCTION WITH THE FEDERAL AND STATE POVERTY GUIDELINES AT THIS TIME, ALL APPLICATIONS ARE COMPLETED WITH THE ASSISTANCE OF ARH PERSONNEL AND SUBMITTED FOR APPROVAL IN THE EVENT AN AGENCY REQUIRES THE PATIENT/GUARANTOR TO APPLY IN PERSON THE INDIVIDUAL IS ASKED TO MAKE AN APPOINTMENT WITH THAT AGENCY AND FILE THEIR COMPLETED DOCUMENTS IF THE RESPONSIBLE PARTY IS NOT ELIGIBLE FOR FEDERAL OR STATE ASSISTANCE, THEY ARE ADDITIONALLY SCREENED BY ARH FOR ELIGIBILITY INTO OUR INTERNAL SLIDING FEE SCHEDULE CHARITY PROGRAM FOR ADDITIONAL DISCOUNTS UP TO 100% OF GROSS CHARGES IF THE PATIENT IS HELD RESPONSIBLE ADDITIONAL EFFORTS TO ASSIST THE PATIENT ARE OFFERED BY OFFERING REASONABLE PAYMENT PLANS AND DEFERRED PAYMENTS IN THE EVENT THE PATIENT/GUARANTOR DOES NOT MAKE A REASONABLE EFFORT TO COMPLETE NECESSARY DOCUMENTATION TO APPLY OR BECOME ELIGIBLE FOR A FINANCIAL ASSISTANCE PROGRAM THEY ARE THEN STILL GIVEN THE INITIAL 40% DISCOUNT AND MOVED THROUGH THE NORMAL COLLECTION PROCESS

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

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

Name and address	Type of Facility (describe)
BECKLEY ARH BEHAVIORAL SCIENCES CENTER 306 STANAFORD ROAD BECKLEY, WV 25801	PHARMACY
HARLAN ARH HOSPITAL PSYCHIATRIC SERVICES 81 BALL PARK ROAD HARLAN, KY 40831	PHARMACY
ARH PSYCHIATRIC CENTER-HAZARD 102 MEDICAL CENTER DRIVE HAZARD, KY 41701	PHARMACY
ARH HAZARD FAMILY HEALTH SERVICES 200 MEDICAL CENTER DRIVE HAZARD, KY 41701	PHARMACY
ARH DANIEL BOONE CLINIC 37 BALL PARK ROAD HARLAN, KY 40831	PHARMACY
ARH TUG VALLEY MEDICAL ASSOCIATES 306 HOSPITAL DRIVE SOUTH WILLIAMSON, KY 41503	PHARMACY
ARH WHITESBURG CLINIC 214 HOSPITAL ROAD WHITESBURG, KY 41858	PHARMACY
ARH MIDDLESBORO INTERNAL MEDICINE 3004 CUMBERLAND AVE SUITE 3 MIDDLESBORO, KY 40965	PHARMACY
HAZARD ARH REGIONAL MED CTR CLINIC PH 200 MEDICAL CENTER DRIVE HAZARD, KY 41701	PHARMACY
ARH WOMEN'S & FAMILY HEALTH CARE HARL 87 BALL PARK ROAD SUITE 201 HARLAN, KY 40831	PHARMACY
HARLAN ARH OUTPATIENT PHARMACY 37 BALL PARK ROAD HARLAN, KY 40831	PHARMACY
HAZARD ARH HOME HEALTH AGENCY 100 AIRPORT GARDENS RD HAZARD, KY 41701	PHARMACY
WHITESBURG ARH HOME HEALTH AGENCY 240 HOSPITAL ROAD WHITESBURG, KY 41858	PHARMACY
BECKLEY ARH HOME HEALTH AGENCY 306 STANAFORD ROAD BECKLEY, WV 25801	PHARMACY
ARH WHITESBURG CLINIC 214 HOSPITAL ROAD WHITESBURG, KY 41858	PHARMACY

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

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

Name and address	Type of Facility (describe)
ARH PRESCRIPTION DIVISION 306 HOSPITAL DRIVE SUITE 105 SOUTH WILLIAMSON,KY 41503	PHARMACY
ARH WILLIAMSON HOMECARE STORE 306 HOSPITAL DRIVE SUITE 104A SOUTH WILLIAMSON,KY 41503	PHARMACY
ARH MAN HOMECARE STORE ROUTE 99 BUFFALO CREEK ROAD KISTLER,WV 25628	PHARMACY
ARH REFERENCE LABORATORY 100 MEDICAL CENTER DRIVE HAZARD,KY 41701	PHARMACY
MCDOWELL ARH HOME HEALTH AGENCY 8535 KY RT 122 MINNE,KY 41651	PHARMACY
ARH HAZARD HOMECARE STORE 200 MEDICAL CENTER DRIVE HAZARD,KY 41701	PHARMACY
MORGAN COUNTY ARH HOME HEALTH AGENCY 493 MAIN STREET WEST LIBERTY,KY 41472	PHARMACY
ARH HARLAN HOMECARE STORE 106 RAILROAD STREET SUITE 5 HARLAN,KY 40831	PHARMACY
MAN ARH HOME HEALTH SUB-STATION BUFFALO CREEK ROAD/ROUTE 99 KISTLER,WV 25628	PHARMACY
ARH BECKLEY HOMECARE STORE 260 STANAFORD ROAD BECKLEY,WV 25801	PHARMACY
MORGAN COUNTY ARH PHARMACY 476 LIBERTY ROAD WEST LIBERTY,KY 41472	PHARMACY
ARH MORGAN COUNTY CLINIC 476 LIBERTY ROAD WEST LIBERTY,KY 41472	PHARMACY
ARH COMMUNITY PHARMACY 210 BLACK GOLD BLVD SUITE 104 HAZARD,KY 41701	PHARMACY
ARH TUG VALLEY MEDICAL MALL 26901 US HIGHWAY 119N BELFRY,KY 41514	PHARMACY
HARLAN ARH HOME HEALTH AGENCY 81 BALL PARK ROAD HARLAN,KY 40831	PHARMACY

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

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

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

Name and address	Type of Facility (describe)
WILLIAMSON ARH HOME HEALTH AGENCY 160 HOSPITAL DRIVE SOUTH WILLIAMSON,KY 41503	PHARMACY
PIKEVILLE BRANCH-ARH PIKE CO HOME HEALTH 247 SOUTH MAYO TRAIL PIKEVILLE,KY 41502	PHARMACY
ARH SUMMERS COUNTY CLINIC 1500 TERRACE STREET HINTON,WV 25951	PHARMACY
BECKLEY ARH PHARMACY 250 STANAFORD RD BECKLEY,WV 25801	PHARMACY
ARH WEST LIBERTY HOMECARE STORE 520 PRESTONBURG STREET WEST LIBERTY,KY 41472	PHARMACY
ARH TRI-CITY MEDICAL CENTER 18880 NORTH US 119 CUMBERLAND,KY 40823	PHARMACY
WHITESBURG ARH PHARMACY 240 HOSPITAL ROAD WHITESBURG,KY 41858	PHARMACY
ARH MCDOWELL HOMECARE STORE 8535 KY RT 122 MINNE,KY 41651	PHARMACY
ARH PIKEVILLE HOMECARE STORE 247 SOUTH MAYO TRAIL PIKEVILLE,KY 41501	PHARMACY
MIDDLESBORO ARH PHARMACY 3600 WEST CUMBERLAND AVE MIDDLESBORO,KY 40965	PHARMACY
MIDDLESBORO ARH HOME HEALTH AGENCY 1916 CUMBERLAND AVENUE MIDDLESBORO,KY 40965	PHARMACY
ARH WHITESBURG HOMECARE STORE 240 HOSPITAL ROAD WHITESBURG,KY 41858	PHARMACY
ARH MCDOWELL PROFESSIONAL CLINIC 9879 KY RT 122 MCDOWELL,KY 41647	PHARMACY
ARH TRI CITIES CLINIC PHARMACY 18880 NORTH US 119 CUMBERLAND,KY 40823	PHARMACY
ARH HINTON HOMECARE STORE 1500 TERRACE STREET HINTON,WV 25951	PHARMACY

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

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

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

Name and address	Type of Facility (describe)
ARH MIDDLESBORO HOMECARE STORE 1916 CUMBERLAND AVENUE MIDDLESBORO, KY 40965	PHARMACY
ARH FAMILY CARE 30 KY RT 306 BYPRO, KY 41612	PHARMACY
NEON CLINIC 37 HIGHWAY 343 NEON, KY 41840	PHARMACY
JENKINS ARH FAMILY CARE 9480 HIGHWAY 805 JENKINS, KY 41514	PHARMACY
ARH FAMILY CARE MIDDLESBORO 1217 EAST CUMBERLAND AVE MIDDLESBORO, KY 40965	PHARMACY
ARH FAMILY CARE WAYLAND 2662 KING KELLY COLEMAN HWY WAYLAND, KY 41666	PHARMACY
BARIATRIC CLINIC 210 BLACK GOLD BLVD SUITE 102 HAZARD, KY 41701	PHARMACY
ELKORN CITY ARH FAMILY CARE 905 WEST RUSSELL STREET ELKHORN, KY 41522	PHARMACY
MIDDLESBORO PRIMARY CARE CENTER 2004 CUMBERLAND AVE APEX BUILDING MIDDLESBORO, KY 40965	PHARMACY
HAZARD DERMATOLOGY CLINIC 210 BLACK GOLD BLVD SUITE 102 HAZARD, KY 41701	PHARMACY
ARH MIDDLESBORO CLINIC 3600 WEST CUMBERLAND AVE MIDDLESBORO, KY 40965	PHARMACY
ARH JUNE BUCHANAN PRIMARY CARE CENTER ROUTE 550 COWTOWN ROAD HINDMAN, KY 41822	PHARMACY
DME WAREHOUSE 26901 US HIGHWAY 119N BELFRY, KY 41514	PHARMACY
ARH REGIONAL DISTRIBUTION CENTER 26901 US HIGHWAY 119N BELFRY, KY 41514	PHARMACY
ARH SYSTEM CENTER-SOUTH WILLIAMSON 260 HOSPITAL DRIVE SOUTH WILLIAMSON, KY 41503	PHARMACY

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

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

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

Name and address	Type of Facility (describe)
ARH SYSTEM CENTER-LEXINGTON JORDAN BLDG 1218 SOUTH BROADWAY LEXINGTON,KY 40504	PHARMACY
ARH SYSTEM CENTER-LEXINGTON 2285 EXECUTIVE DRIVE STE 400 LEXINGTON,KY 40505	PHARMACY
ARH SYSTEM CENTER-HAZARD 100 AIRPORT GARDENS RD HAZARD,KY 41701	PHARMACY
UROLOGY HEALTH CENTER-MIDDLESBORO 2004 CUMBERLAND AVE APEX BUILDING MIDDLESBORO,KY 40965	PHARMACY
HAZARD CARDIOLOGY CLINIC 243 ROY CAMPBELL DRIVE SUITE A HAZARD,KY 41701	PHARMACY
ARH SOUTHERN WEST VIRGINIA CLINIC 250 STANAFORD RD BECKLEY,WV 25801	PHARMACY
MIDDLESBORO WOMEN & FAMILY HEALTH SERVIC 2004 CUMBERLAND AVE APEX BUILDING MIDDLESBORO,KY 40965	PHARMACY
BECKLEY CARDIOLOGY CLINIC 250 STANAFORD RD BECKLEY,WV 25801	PHARMACY
BECKLEY ARH PRIMARY CARE 250 STANFORD RD BECKLEY,WV 25801	PHARMACY
BECKLEY ARH UROLOGY CLINIC 407 CARRIAGE BECKLEY,WV 25801	PHARMACY
ARH SPECIALTY ASSOCIATES - TUG VALLEY 306 HOSPITAL DRIVE SOUTH WILLIAMSON,KY 41503	PHARMACY
ARH SPECIALTY ASSOCIATES - WHITESBURG 214 HOSPITAL ROAD WHITESBURG,KY 41858	PHARMACY
ARH CARDIOLOGY ASSOCIATES - WHITESBURG 226 MEDICAL PLAZA WHITESBURG,KY 41858	PHARMACY
ARH SPECIALTY ASSOCIATES - HARLAN 37 BALL PARK ROAD HARLAN,KY 40831	PHARMACY
ARH CARDIOLOGY ASSOCIATES - HARLAN 37 BALL PARK ROAD HARLAN,KY 40831	PHARMACY

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

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

Name and address	Type of Facility (describe)
ARH CARDIOLOGY ASSOCIATES - TUG VALLEY 306 HOSPITAL DRIVE SOUTH WILLIAMSON,KY 41503	PHARMACY
ARH DERMATOLOGY MIDDLESBORO 3503 W CUMBERLAND AVE MIDDLESBORO,KY 40965	PHARMACY
ARH OAK HILL CLINIC 223 MAPLE AVE OAK HILL,WV 25901	PHARMACY
ARH FMRS SHARE CLINIC 101 S EISENHOWER DRIVE BECKLEY,WV 25801	PHARMACY
ARH SPECIALTY ASSOCIATES - HAZARD 200 MEDICAL CENTER DRIVE HAZARD,KY 41701	PHARMACY

Schedule J
(Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
APPALACHIAN REGIONAL HEALTHCARE INC

Employer identification number
52-0795508

Part I

Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
PART I, LINE 4B	ARH PROVIDES SENIOR EXECUTIVES A CONTRIBUTION OF SEVEN (7) PERCENT OF PAY (SUBJECT TO DOLLAR CAP) INTO THE TOP HAT 457 (B) RETIREMENT PLAN, IF THE EXECUTIVE SIGNS A NON-COMPETE AGREEMENT. THE CONTRIBUTION AND EARNINGS ARE TAX DEFERRED UNTIL ASSETS ARE DISTRIBUTED OR WITHDRAWN. THE MAXIMUM CONTRIBUTION IS SUBJECT TO THE IRS COMPENSATION CAP, WHICH ALLOWS A CONTRIBUTION OF UP TO \$17,500 IN 2013. THIS CONTRIBUTION TOTAL IS AN AGGREGATE TOTAL REGARDLESS OF WHETHER ARH OR THE EXECUTIVE MAKES THE CONTRIBUTION. CONTRIBUTION TO THE 457(B) DOES NOT AFFECT THE AMOUNTS THE EXECUTIVE MIGHT CONTRIBUTE TO THE 403(B) THRIFT PLAN. THE EXECUTIVE MAY CONTRIBUTE HIS/HER OWN MONEY TO THE PLAN PRE-TAX, TO THE EXTENT THE IRS CAPS ALLOW ROOM AFTER ARH'S CONTRIBUTION. CATCH UP CONTRIBUTIONS ARE ALLOWED WITHIN IRS LIMITS IN THE LAST THREE YEARS PRIOR TO RETIREMENT (AND, IF 7% OF PAY EXCEEDS THE REGULAR DOLLAR CAP, ARH MAY USE THE BALANCE OF THE 7% TO FUND UP THE CATCH UP LIMIT). BENEFITS ARE SUBJECT TO SOCIAL SECURITY AND MEDICARE TAXES AS THEY ACCRUE. THE FUNDS ARE INVESTED AS DIRECTED BY THE EXECUTIVE, BUT THE ACCOUNT REMAINS A GENERAL ASSET OF ARH. IF ARH BECOMES INSOLVENT, THE EXECUTIVE WILL BE AN UNSECURED CREDITOR AND WILL HAVE NO PREFERRED CLAIM TO ANY ASSETS. TO RECEIVE THE ARH CREDIT TO THE 457(B) PLAN, THE EXECUTIVE MUST SIGN A NON-COMPETE, CONFIDENTIALITY, ETC. AGREEMENT RESTRICTING WORK FOR A COMPETING ORGANIZATION FOR TWO (2) YEARS POST TERMINATION. IF THE FUNDING OF THE 457(B), INCLUDING ANY CATCH UP PROVISIONS, IS LESS THAN 7% OF BASE PAY, THEN ARH WILL CONTRIBUTE THE REMAINDER TO A 457(F) PLAN. INDIVIDUALS PARTICIPATING IN THE 457(F) PLAN AND THE RESPECTIVE EMPLOYER CONTRIBUTIONS FOR EACH INCLUDE: JOE GROSSMAN \$15,677.
PART I, LINE 6	THE COMPENSATION AND CONTRACTS COMMITTEE OF THE ARH BOARD OF TRUSTEES ADOPTED A SHORT-TERM INCENTIVE COMPENSATION PROGRAM FOR EXECUTIVES IN SEPTEMBER 2002. THE PROGRAM ESTABLISHED INCENTIVES FOR ACHIEVING SYSTEM AND COMMUNITY OBJECTIVES FOR EXECUTIVE LEADERSHIP BY INTEGRATING THE PERFORMANCE MANAGEMENT AND EXECUTIVE COMPENSATION SYSTEMS. THE INCENTIVE THRESHOLDS HAVE BEEN MODIFIED ACROSS TIME TO REFLECT INCREASED PERFORMANCE EXPECTATIONS AS IDENTIFIED IN THE SYSTEM'S STRATEGIC, BUDGET AND OPERATIONS PLAN. THE INCENTIVE AWARDS PROVIDE ADDITIONAL CASH COMPENSATION AS A PERCENTAGE OF BASE SALARY IN RELATION TO LEVELS OF ACHIEVEMENT. THESE ACHIEVEMENT LEVELS RANGE FROM THRESHOLD (LOWEST), TO TARGET (10% ABOVE THE THRESHOLD), AND MAXIMUM (HIGHEST AND 20% ABOVE THE THRESHOLD) AND VARY BASED UPON EXECUTIVE LEVEL. THE EXECUTIVE INCENTIVE PLAN WILL BE ADMINISTERED IN ACCORDANCE WITH THE FOLLOWING GUIDELINES: A. OBJECTIVES AND TARGETS ARE SET THROUGH THE STRATEGIC PLANNING, BUDGETING AND PERFORMANCE MANAGEMENT PROCESSES. B. SYSTEM MARGIN AND CASH BUDGET THRESHOLDS MUST BE MET BEFORE INDIVIDUAL AWARDS WILL BE CONSIDERED. C. AWARDS WILL BE CONSIDERED AS HAVING BEEN EARNED UPON AFFIRMATION BASED ON AUDITED FINANCIAL RESULTS AND ACTUAL OPERATING PERFORMANCE. D. THE PRESIDENT AND CEO WILL RECOMMEND PAYMENT OF INDIVIDUAL AWARDS, IF ANY, TO THE COMPENSATION AND CONTRACTS COMMITTEE FOR CONSIDERATION. E. THE COMPENSATION AND CONTRACTS COMMITTEE MAY ACCEPT, REJECT, OR MODIFY THE PRESIDENT AND CEO'S RECOMMENDATION.

Additional Data

Software ID:
Software Version:
EIN: 52-0795508
Name: APPALACHIAN REGIONAL HEALTHCARE INC

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
DANNY M HARRIS CFO/VP FISCAL SERVICES	(i) (ii)	214,674 0	13,275 0	0 0	16,042 0	24,464 0	268,455 0	0 0
BOBBY RICK KING CLO/VP LEGAL AFFAIRS	(i) (ii)	239,699 0	35,612 0	0 0	28,714 0	15,873 0	319,898 0	0 0
JOHN D MILLER CMO/VP MEDICAL SERVICES	(i) (ii)	266,138 0	32,375 0	0 0	29,774 0	15,873 0	344,160 0	0 0
PAUL V MILES COO/VP OPERATIONS	(i) (ii)	260,375 0	38,514 0	0 0	33,812 0	15,873 0	348,574 0	0 0
JOSEPH L GROSSMAN PRESIDENT/CEO	(i) (ii)	546,060 0	58,190 0	2,037 0	57,911 0	24,464 0	688,662 0	0 0
HOLLIE P HARRIS VP CORPORATE STRATEGY	(i) (ii)	196,142 0	29,563 0	0 0	23,314 0	24,464 0	273,483 0	0 0
JOSE M ECHEVERRIA GENERAL INTERNIST	(i) (ii)	324,182 0	138,077 0	0 0	3,157 0	24,464 0	489,880 0	0 0
DAVID A BLAINE ENT	(i) (ii)	457,134 0	0 0	0 0	2,942 0	24,464 0	484,540 0	0 0
JAMEEL A BUTT GENERAL SURGEON	(i) (ii)	556,778 0	128,492 0	0 0	5,123 0	9,420 0	699,813 0	0 0
RAYMOND ELSOUEIDI ONCOLOGIST	(i) (ii)	447,134 0	0 0	0 0	8,821 0	24,464 0	480,419 0	0 0
STEVEN T CARAWAN ORTHOPEDIC SURGEON	(i) (ii)	481,016 0	0 0	0 0	2,278 0	24,464 0	507,758 0	0 0

Schedule K
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
APPALACHIAN REGIONAL HEALTHCARE INC

Employer identification number
52-0795508

Part I

Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No
A CITY OF HAZARD KY	61-6001839		12-19-2012	40,000,000	REFUNDING CURRENT BONDS		X		X		X
B CITY OF HAZARD KY	61-6001839	421381AB0	11-20-2013	42,215,460	REFUNDING & CONSTRUCTING HEALTHCARE FACILITY		X		X		X

Part II

Proceeds

		A		B		C		D	
1	Amount of bonds retired								
2	Amount of bonds legally defeased								
3	Total proceeds of issue	40,000,000		42,215,460					
4	Gross proceeds in reserve funds	3,642,668							
5	Capitalized interest from proceeds								
6	Proceeds in refunding escrows								
7	Issuance costs from proceeds	735,189		343,000					
8	Credit enhancement from proceeds								
9	Working capital expenditures from proceeds								
10	Capital expenditures from proceeds			16,874,482					
11	Other spent proceeds	35,622,143		24,997,978					
12	Other unspent proceeds								
13	Year of substantial completion	2013		2014		YesNoYesNo			
		Yes	No	Yes	No				
14	Were the bonds issued as part of a current refunding issue?		X	X					
15	Were the bonds issued as part of an advance refunding issue?	X			X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III

Private Business Use

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

Part III

Private Business Use (Continued)

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

Part IV

Arbitrage

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

Part IV

Arbitrage (Continued)

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X				
7	Has the organization established written procedures to monitor the requirements of section 148?		X		X				

Part V

Procedures To Undertake Corrective Action

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

Part VI

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

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.

OMB No 1545-0047

2013

Open to Public
Inspection

Name of the organization
APPALACHIAN REGIONAL HEALTHCARE INC

Employer identification number

52-0795508

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	THE DIRECTOR OF ACCOUNTING AND CFO BOTH REVIEW THE 990 PRIOR TO THE BOARD REVIEW THE BOARD THEN REVIEWS THE 990 PRIOR TO FILING WITH THE IRS

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 12C	A SECURE WEBSITE IS PROVIDED TO OFFICERS AND TRUSTEES FOR ANNUAL DISCLOSURES, AND IS MONITORED REGULARLY BY THE VICE PRESIDENT OF LEGAL AFFAIRS AND THE CORPORATE COMPLIANCE OFFICERS. POTENTIAL CONFLICTS OF INTEREST ARE REPORTED DIRECTLY TO THE CHAIRMAN OF THE BOARD. TRUSTEES IDENTIFIED AS HAVING A CONFLICT OF INTEREST IN A PARTICULAR MATTER BEFORE THE BOARD MAY NOT PARTICIPATE IN THE BOARD'S DECISION-MAKING PROCESS. FAILURE TO DISCLOSE IS SUBJECT TO DISCIPLINE, INCLUDING CENSURE, AND IN SOME CASES, REMOVAL FROM THE BOARD. EMPLOYEE OFFICERS ARE SUBJECT TO DISCIPLINE IN ACCORDANCE WITH THE CORPORATION'S HUMAN RESOURCE POLICIES AND THE ARH CODE OF BUSINESS AND PROFESSIONAL CONDUCT.

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 15	THE ARH BOARD SETS COMPENSATION LEVELS FOR MR. GROSSMAN AND OTHER ARH EXECUTIVES. THE BOARD CONTRACTS WITH MERCER CONSULTING TO REVIEW THE MARKET FOR THE POSITIONS ON THE SYSTEM OPERATING COUNCIL WHO MAKES RECOMMENDATIONS ON THE SALARY RANGES AND ASSESSES THE COMPETITIVENESS OF THE SALARIES. WITH THAT INFORMATION, THE COMPENSATION AND CONTRACTS COMMITTEE SET THE RANGES AND THE PRESIDENT'S COMPENSATION. THE REVIEW WAS COMPLETED AND SALARIES WERE SET AT THE NOVEMBER BOARD MEETING. MERCER FOLLOWED UP WITH A LETTER ATTESTING TO THE REASONABLENESS OF THE COMPENSATION. RICK KING KEEPS THE MINUTES OF THE COMMITTEE.

Return Reference	Explanation
FORM 990, PART VI, SECTION C, LINE 19	WHILE ARH HAS NOT YET ADOPTED A POLICY OF SHARING ITS FINANCIAL STATEMENTS WITH THE PUBLIC, IT DOES PROVIDE FINANCIAL INFORMATION THROUGH THE FORM 990 AND ALSO PROVIDES CERTAIN FINANCIAL INFORMATION IN OTHER PUBLIC DOCUMENTS, INCLUDING ITS PERIODIC REPORTS TO THE COMMUNITIES IT SERVES

Return Reference	Explanation
FORM 990, PART IX, LINE 11G	PROFESSIONAL FEES - PHY SICIANS PROGRAM SERVICE EXPENSES 17,963,586 MANAGEMENT AND GENERAL EXPENSES 3,753 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 17,967,339 OUTSIDE SERVICES PROGRAM SERVICE EXPENSES 28,471,308 MANAGEMENT AND GENERAL EXPENSES 5,437,591 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 33,908,899 SECURITY SERVICES PROGRAM SERVICE EXPENSES 1,726,283 MANAGEMENT AND GENERAL EXPENSES 1,195 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 1,727,478 LAB SERVICES PROGRAM SERVICE EXPENSES 10,909,735 MANAGEMENT AND GENERAL EXPENSES 559,237 FUNDRAISING EXPENSES 82,559 TOTAL EXPENSES 11,551,531

Return Reference	Explanation
FORM 990, PART XI, LINE 9	MINIMUM PENSION LIABILITY ADJUSTMENT -894,153

Return Reference	Explanation
FORM 990, PART XII, LINE 2C	THE PROCESS FOR OVERSEEING AND SELECTING INDEPENDENT AUDITORS HAS NOT CHANGED FROM THE PRIOR YEAR PRIOR TO THE START OF THE AUDIT, THE VICE PRESIDENT OF FINANCE MEETS WITH THE INDEPENDENT AUDITORS AT THE CONCLUSION OF THE AUDIT, THE FINANCE COMMITTEE MEETS WITH THE INDEPENDENT AUDITORS FOR PRESENTATION OF THE FINANCIAL STATEMENTS THE INDEPENDENT AUDITORS ARE SELECTED WHEN DEEM NECESSARY BY MANAGEMENT THROUGH A FORMAL "REQUEST FOR PROPOSAL" (RFP) PROCESS

SCHEDULE R
(Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
APPALACHIAN REGIONAL HEALTHCARE INC

Employer identification number
52-0795508

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.					
(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) HAZARD ARH IMAGING CENTER LLC 210 BLACK GOLD BLVD HAZARD, KY 41701 27-0755457	MEDICAL IMAGING SERVICES	KY	3,149,759	2,173,376	APPALACHIAN REGIONAL HEALTHCARE INC

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) THE ARH FOUNDATION FOR HEALTHIER COMMUNITIES INC 100 AIRPORT GARDENS RD HAZARD, KY 41701 20-4840007	CARRYING OUT FUNDRAISING AND CHARITABLE ACTIVITIES FOR ARH	KY	501(C)(3)	LINE 7	APPALACHIAN REGIONAL HEALTHCARE INC	Yes	
(2) WEST VIRGINIA ARH INC 2285 EXECUTIVE DRIVE LEXINGTON, KY 40505 55-0756776	HEALTH CARE	WV	501(C)(3)	LINE 3	APPALACHIAN REGIONAL HEALTHCARE INC	Yes	
(3) ARH MARY BRECKINRIDGE 2285 EXECUTIVE DRIVE LEXINGTON, KY 40505 45-2696517	HEALTH CARE	KY	501(C)(3)	LINE 3	APPALACHIAN REGIONAL HEALTHCARE INC	Yes	

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) Disproporionate 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) WHITESBURG PHYSICIAN OFFICE BLDG LLC 2285 EXECUTIVE DRIVE SUITE 400 LEXINGTON, KY 40505 75-3022080	PHYSICIAN OFFICE BUILDING	KY		EXCLUDED	66,869	602,356		No		Yes		28 130 %

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) ARH REGIONAL MEDICAL CENTER PROFESSIONAL OFFICE BUILDING CO- OWNERS COUNCIL 2285 EXECUTIVE DRIVE SUITE 400 LEXINGTON, KY 40504 20-1796044	OFFICE BUILDING MANAGEMENT	KY	N/A	C	108,422	72,613	39 600 %		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

1b

1c

1d

1e

1f

1g

1h

1i

1j

1k

1l

1m

1n

1o

1p

1q

1r

1s

No

No

No

No

No

No

No

No

No

No

No

Yes

Yes

No

No

No

No

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
(1) ARH MARY BRECKINRIDGE	L	1,023,095	ALLOCATED COSTS
(2) ARH MARY BRECKINRIDGE	O	7,877,203	ACTUAL COSTS/EXPENSES

Schedule R (Form 990) 2013

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

[illegible]

Part VII

Supplemental Information

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

Return Reference	Explanation
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Appalachian Regional Healthcare, Inc.
Consolidated Financial Statements
and
Supplementary Information

Years Ended June 30, 2014 and 2013
With Independent Auditor's Report Thereon

Appalachian Regional Healthcare, Inc.

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**Independent Auditor's Report on Consolidated Financial Statements and
Supplementary Schedule of Expenditures of Federal Awards**

Board of Trustees
Appalachian Regional Healthcare, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Appalachian Regional Healthcare, Inc. (the Corporation), which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

**Kentucky
Indiana
Ohio**

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Member of the Mountjoy Chilton Medley Group

**Independent Auditor's Report on Consolidated Financial Statements and
Supplementary Schedule of Expenditures of Federal Awards (Continued)**

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Appalachian Regional Healthcare, Inc. as of June 30, 2014 and 2013, and the results in operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information on pages 32 - 35 is presented for purposes of additional analysis and the accompanying schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2014, on our consideration of Appalachian Regional Healthcare, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Appalachian Regional Healthcare, Inc.'s internal control over financial reporting and compliance.



Louisville, Kentucky
November 6, 2014

Appalachian Regional Healthcare, Inc.
Consolidated Balance Sheets
As of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 49,164,161	\$ 43,981,818
Short-term investments	63,381,266	72,404,812
Assets limited as to use, required for current liabilities	13,493,992	13,414,696
Patient accounts receivable, less allowance for uncollectible accounts of approximately \$125,943,000 and \$114,761,000 at June 30, 2014 and 2013, respectively	62,444,135	69,647,154
Other receivables, less allowance for uncollectible accounts of approximately \$1,128,000 at June 30, 2014 and 2013	5,102,549	4,595,712
Inventories	12,065,472	12,546,244
Prepaid expenses and other current assets	<u>4,479,127</u>	<u>3,382,702</u>
Total Current Assets	<u>210,130,702</u>	<u>219,973,138</u>
Assets Limited as to Use, Less Amount Required for Current Liabilities	136,289,481	96,723,144
Property and Equipment, net	181,262,108	169,882,607
Other Assets		
Prepaid pension cost	10,395,672	7,311,707
Investments in affiliate	557,356	580,487
Prepaid recruiting expense	1,347,022	1,624,052
Goodwill	900,000	900,000
Other	<u>1,480,888</u>	<u>1,562,576</u>
Total Other Assets	<u>14,680,938</u>	<u>11,978,822</u>
Total Assets	<u><u>\$ 542,363,229</u></u>	<u><u>\$ 498,557,711</u></u>

See accompanying notes

Appalachian Regional Healthcare, Inc.
Consolidated Balance Sheets (Continued)
As of June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 27,471,586	\$ 31,652,096
Accrued salaries, wages, and payroll taxes	12,572,424	13,050,729
Accrued vacation and vested sick time	21,221,802	20,417,348
Medicare and Medicaid estimated settlements	47,515,927	43,270,187
Current portion of accrued pension cost	15,049,872	15,049,872
Current portion of reserve for self-insurance	4,493,319	4,579,235
Current portion of deferred revenue	5,456,742	5,214,897
Health insurance accrual	4,812,744	5,753,463
Bond interest payable	412,073	412,645
Other	16,685,320	16,852,472
Current portion of long-term debt	<u>51,212,544</u>	<u>35,041,703</u>
Total Current Liabilities	206,904,353	191,294,647
Long-term debt, less current portion		
Accrued pension cost, less current portion	87,066,675	87,691,661
Reserve for self-insurance, less current portion	79,476,253	78,582,099
Deferred revenue, less current portion	55,146,104	51,882,798
Physician commitments	11,593,744	14,154,950
Other	280,002	281,893
	<u>995,621</u>	<u>1,037,414</u>
Total Liabilities	441,462,752	424,925,462
Net Assets		
Unrestricted	98,713,351	72,729,484
Temporarily restricted	<u>2,187,126</u>	<u>902,765</u>
Total Net Assets	<u>100,900,477</u>	<u>73,632,249</u>
Total Liabilities and Net Assets	<u><u>\$ 542,363,229</u></u>	<u><u>\$ 498,557,711</u></u>

Appalachian Regional Healthcare, Inc.
Consolidated Statements of Operations and Changes in Net Assets
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Revenue		
Patient revenue, less contractual allowances	\$ 578,318,613	\$ 590,524,010
Less provision for doubtful accounts	61,956,044	74,137,531
Net patient service revenue	<u>516,362,569</u>	<u>516,386,479</u>
Grant revenue	356,805	658,283
Other revenue	<u>31,005,758</u>	<u>31,815,927</u>
Total Revenue	547,725,132	548,860,689
Expenses		
Employee compensation	185,070,469	185,863,282
Payroll taxes and employee benefits	81,810,158	92,295,032
Professional fees	48,306,399	45,677,677
Rent and lease expense	6,058,504	5,993,590
Outside services	35,261,326	30,750,993
Pharmaceuticals	31,415,541	30,448,208
Supplies	52,188,697	51,051,233
Depreciation and amortization	20,550,713	21,553,783
Interest	3,380,969	4,425,660
Provider tax expense	9,210,699	9,030,906
Other expenses	56,325,995	56,469,516
Loss on defeasance of debt	<u>-</u>	<u>805,383</u>
Total Expenses	<u>529,579,470</u>	<u>534,365,263</u>
Operating Income	18,145,662	14,495,426
Other Income.		
Investment Income	8,755,489	225,749
Net Change in Investments in affiliate	<u>(23,131)</u>	<u>(30,051)</u>
Surplus of revenues over expenses	26,878,020	14,691,124

Appalachian Regional Healthcare, Inc.
Consolidated Statements of Operations and Changes in Net Assets (Continued)
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Unrestricted Net Assets		
Surplus of revenues over expenses	26,878,020	14,691,124
Minimum pension liability adjustment	<u>(894,153)</u>	<u>48,394,715</u>
Increase in Unrestricted Net Assets	25,983,867	63,085,839
Temporarily Restricted Net Assets		
Contributions	1,527,150	379,204
Discount on pledge	(65,670)	-
Distributions	<u>(177,119)</u>	<u>(295,371)</u>
Increase in Temporarily Restricted Net Assets	<u>1,284,361</u>	<u>83,833</u>
Increase in Net Assets	27,268,228	63,169,672
Net Assets, Beginning of Year	<u>73,632,249</u>	<u>10,462,577</u>
Net Assets, End of Year	<u><u>\$ 100,900,477</u></u>	<u><u>\$ 73,632,249</u></u>

See accompanying notes

Appalachian Regional Healthcare, Inc.
Consolidated Statements of Cash Flows
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Operating Activities		
Increase in Net Assets	\$ 27,268,228	\$ 63,169,672
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation and amortization	20,550,713	21,553,783
Provision for bad debts	61,956,044	74,137,531
Net change in investments in affiliate	23,131	30,051
Minimum pension liability adjustment	894,153	(48,394,715)
Net realized and unrealized (gains) losses on investments	(2,214,554)	4,866,889
Loss on sale of assets	438,838	147,260
Physician loan forgiveness, including application of receivable to loan balance	(359,107)	(82,351)
Amortization of prepaid recruiting	712,498	344,197
Loss on defeasance of debt	-	805,383
Increase (decrease) in cash due to changes in		
Patient accounts receivable	(54,753,025)	(72,546,949)
Other receivables	(66,080)	(1,800,274)
Inventories	480,772	(311,086)
Prepaid expenses and other assets	(1,096,425)	(88,727)
Prepaid pension cost	(3,083,965)	(709,780)
Accounts payable	(7,990,156)	(13,186,217)
Accrued salaries, wages, and payroll taxes	(478,305)	590,996
Accrued vacation and vested sick time	804,454	108,661
Medicare and Medicaid estimated settlements	4,245,740	4,273,944
Reserve for self-insurance	3,177,390	10,184,426
Deferred revenue	(2,319,361)	1,134,414
Health insurance accrual	(940,719)	1,126,460
Bond interest payable	(572)	(553,570)
Other liabilities	(208,944)	2,487,535
Net Cash Provided by Operating Activities	47,040,748	47,287,533

Appalachian Regional Healthcare Inc.
Consolidated Statements of Cash Flows (Continued)
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Cash Flows from Investing Activities		
Property and equipment additions	(26,607,653)	(28,699,033)
Proceeds from sale of property and equipment	979,591	209,000
Purchase of Imaging Center	-	(900,000)
Decrease (increase) in short-term investments, net	9,023,546	(19,661,633)
Increase in assets limited as to use, net	(37,431,079)	(24,439,063)
Physician commitments	(1,891)	161,835
	<u>(54,037,486)</u>	<u>(73,328,894)</u>
Net Cash Used in Investing Activities		
Cash Flows from Financing Activities		
Additions to long-term debt	49,184,818	96,392,216
Repayment of long-term debt	(37,005,737)	(83,194,100)
	<u>12,179,081</u>	<u>13,198,116</u>
Net Cash Provided by Financing Activities		
Increase (Decrease) in Cash and Cash Equivalents	5,182,343	(12,843,245)
Cash and Cash Equivalents, Beginning of Year	<u>43,981,818</u>	<u>56,825,063</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 49,164,161</u></u>	<u><u>\$ 43,981,818</u></u>
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for		
Interest	\$ 3,380,969	\$ 4,425,660
Non-cash Investing and Financing Transactions		
Capital lease obligations for acquisition of equipment	\$ 3,366,774	\$ 5,695,482
Equipment acquired through accounts payable	3,374,178	4,966,635
Issuance of physician guarantees	435,468	735,009

See accompanying notes

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

Note A - Nature of the Organization

Appalachian Regional Healthcare, Inc. (the Corporation) currently operates eleven hospitals in Kentucky and West Virginia. In addition to providing inpatient and outpatient hospital services, the Corporation operates thirty nine multi-specialty clinics, nine home health agencies, nine durable medical equipment stores, and ten retail pharmacies, as well as other healthcare programs.

The Corporation operates hospitals in the following Kentucky communities: Hazard, Perry County (308 acute beds and 20 rehabilitation beds), Hazard Psychiatric Hospital, Perry County (100 psychiatric beds), Harlan, Harlan County (120 acute beds and 30 psychiatric beds), South Williamson, Pike County (113 acute beds), Middlesboro, Bell County (96 acute beds), Whitesburg, Letcher County (90 acute beds), McDowell, Floyd County (25 acute beds), West Liberty, Morgan County (25 acute beds) and Hyden, Leslie County (25 acute beds). In addition, the Corporation operates hospitals in Beckley, Raleigh County (99 acute beds and 60 psychiatric beds) and Hinton, Summers County (25 acute beds), West Virginia. The Corporation operates home health agencies, durable medical equipment stores, retail pharmacies and multi-Specialty clinics in the majority of these communities.

The ARH Foundation for Healthier Communities, Inc. (the Foundation), the membership of which is controlled by the Corporation's Board of Trustees, was established to solicit contributions from the general public, with the specific purpose to support and complement the healthcare mission of the Corporation. Funds are distributed as determined by the Foundation's Board of Trustees. The Foundation's assets, liabilities, net assets, results of operations, and changes in net assets have been included in the Corporation's consolidated balance sheets and related consolidated statements of operations and changes in net assets and cash flows. The Foundation's net assets as of June 30, 2014 and 2013 were approximately \$2,090,000 and \$837,000, respectively.

The Corporation jointly operated a diagnostic imaging center (the Imaging Center) in Hazard, Kentucky, which opened in 2010. Under the agreement, the Corporation owned 60% and two radiologists owned 40% of the Imaging Center. Effective January 1, 2013, the Corporation purchased the shares from the two radiologists and now owns 100% of the operation.

In August 2011, the Corporation formed a wholly owned subsidiary, ARH Mary Breckinridge Health Services, Inc. (MBHS) which in turn then entered into an agreement to purchase assets of Mary Breckinridge Hospital (MBH) and related healthcare entities in Hyden, Kentucky. The Corporation acquired the majority of the assets and liabilities of MBH. MBHS's assets, liabilities, net assets, results of operations, and changes in net assets have been included in the Corporation's consolidated balance sheets and related consolidated statements of operations and changes in net assets and cash flows. The MBHS's net assets as of June 30, 2014 and 2013 were approximately \$4,118,000 and \$3,278,000, respectively.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note B - Summary of Significant Accounting Policies

- 1 Basis of Accounting The financial statements of the Corporation are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Accounting Standards Codification (ASC) as produced by the Financial Accounting Standards Board (FASB) is the sole source of authoritative GAAP.

The following is a summary of the significant accounting policies consistently followed by the Corporation in the preparation of its financial statements:

- 2 Use of Estimates The consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) which require management to make estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates.
- 3 Cash and Cash Equivalents Cash and cash equivalents include highly liquid investments with a maturity of three months or less at the time of acquisition.
- 4 Short Term Investments Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value. Investment income or loss (including realized gains and losses on investments, interest and dividends and net gains or losses of affiliated companies) is included in the surplus of revenues over expenses as other income.
- 5 Patient Accounts Receivable and Allowance for Uncollectible Accounts Patient accounts receivable consist of amounts due from government programs (e.g., Medicare and Medicaid) and non-government payors (e.g., self-pay and commercial payors). Management believes there is minimal credit risk associated with the receivables from government programs. Non-government receivables are from various payors that are subject to differing economic conditions. Management continually monitors and adjusts the allowance for uncollectible accounts associated with credit risk.

The Corporation's ability to collect outstanding receivables is critical to its results of operations and cash flows. To provide for accounts receivable that could become uncollectible in the future, the Corporation establishes an allowance for uncollectible accounts to reduce the carrying value of such receivables to their estimated net realizable value. The primary uncertainty of such allowances lies with uninsured patient receivables and deductibles, co-payments or other amounts due from individual patients.

The Corporation has an established process to determine the adequacy of the allowance for uncollectible accounts that relies on a number of analytical tools and benchmarks to arrive at a reasonable allowance. No single statistic or measurement determines the adequacy of the allowance for uncollectible accounts. Some of the analytical tools that the Corporation utilizes include, but are not limited to, historical cash collection experience by payor, revenue trends by payor classification and aged accounts from date of service by payor. Accounts receivable are written off after collection efforts have been followed in accordance with the Corporation's policies.

- 5 Patient Accounts Receivable and Allowance for Uncollectible Accounts (Continued) Below is a summary of the activity of the allowance for uncollectible accounts for the year ended June 30, 2014:

Allowance for Uncollectible Accounts	Balance at Beginning of Year	Provisions for Doubtful Accounts	Accounts Written Off, Net of Recoveries	Balance at End of Year
Year ended June 30, 2014	\$ 114,761,000	61,956,000	(50,774,000)	\$ 125,943,000

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note B - Summary of Significant Accounting Policies (Continued)

- 6 Inventories Inventories, which primarily consist of pharmaceuticals and medical supplies, are stated at the lower of cost (first-in, first-out) or market
- 7 Assets Limited as to Use Resources that are designated for special uses are reported as assets limited as to use. Assets limited as to use include assets held by trustees under indenture and other trust agreements and designated assets set aside by the Board of Trustees for future capital improvements, over which the Board retains control and may at its discretion subsequently use for other purposes. The Corporation also records donor restricted contributions as assets limited as to use.

The Corporation's policy is to fund depreciation as cash is available. Amounts funded are intended for the replacement, expansion, or improvement of the Corporation's facilities and repayment of long term debt. Funds on deposit with a trustee in connection with bond indebtedness are to be used only for payment of interest or retiring indebtedness (debt service fund) or capital projects (project funds). Funds were also on deposit with trustees in connection with the Corporation's malpractice self-insurance.

Amounts required to meet current liabilities of the Corporation have been reclassified in the consolidated balance sheets.

- 8 Physician Commitments The Corporation has committed to provide financial assistance pursuant to recruiting agreements with various physicians practicing in the communities it serves. In consideration for a physician relocating to one of its communities and agreeing to engage in private practice for the benefit of the respective community, the Corporation may commit to loan certain amounts of money to the physician. Typically, the loans are paid out over a period of one or two years, and are designed to help the physician establish his or her practice. As of June 30, 2014 and 2013, the Corporation held approximately \$999,000 and \$1,270,000, respectively, in notes receivable from physicians where cash had been advanced. These amounts are included in other receivables on the consolidated balance sheets.

The Corporation follows GAAP in accounting for its physician commitments. According to GAAP, a guarantor is required to recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The Corporation had committed to advance a maximum amount of approximately \$740,000 and \$1,200,000 to physicians as of June 30, 2014 and 2013, respectively. The actual amount of such commitments to be subsequently advanced to physicians is valued at approximately \$280,000 and \$282,000 as of June 30, 2014 and 2013, respectively. This valuation depends upon the financial results of a physician's private practice during the guaranteed period. An offsetting asset related to the term of service of the physician is also recorded. These assets will be expensed over the term of the agreements, which range from one to five years. Generally, amounts advanced under a recruiting agreement may be forgiven pro rata over the term of the agreement, contingent upon the physician continuing to practice in the respective community.

- 9 Property and Equipment Property and equipment acquisitions are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. The estimated useful life of equipment is primarily based on the American Hospital Association's (AHA) Estimated Useful Lives of Depreciable Hospital Assets, Revised 2004 Edition. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease terms or the estimated useful lives of the equipment. Such amortization is included in depreciation and amortization in the consolidated financial statements. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

Contributed property and equipment is recorded at fair value at the date of donation. In the absence of donor stipulations regarding how long the contributed assets must be used, the Corporation has adopted a policy of implying a time restriction on contributions of such assets that expires over the assets' useful lives. As a result, all contributions of property and equipment, and of assets contributed to acquire property and equipment, are recorded as restricted support.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note B - Summary of Significant Accounting Policies (Continued)

- 10 Reserve for Self-insurance The provision for estimated malpractice, general liability and workers' compensation claims includes independent actuarial estimates of the ultimate costs for both reported claims and claims incurred but not reported. The provision for estimated health claims expenses not yet incurred is estimated from the average claims processed by Humana and Mountain State.
- 11 Deferred Revenue Deferred revenue represents amounts received by the Corporation related to grants, the Hazard Psychiatric Hospital and home health agency reimbursement. The Corporation is the recipient of certain grant awards whereby deferred revenue is recognized for funds received prior to the occurrence of the associated costs.

The Corporation has an agreement through June 30, 2014 with the Commonwealth of Kentucky to operate a 100-bed psychiatric hospital in Hazard, Kentucky. Under the terms of the agreement, the Commonwealth of Kentucky reimburses the Corporation for operating the hospital, subject to contract limits. Deferred revenue represents amounts received or expected to be received by the Corporation under the terms of the contract in advance of incurring the actual expenses. The agreement is currently renewed annually and the Corporation expects to renew the agreement through June 30, 2015.

- 12 Temporarily Restricted Net Assets Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time period or purpose. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as receipt are reported as unrestricted contributions in the accompanying consolidated financial statements.
- 13 Consolidated Statements of Operations and Changes in Net Assets For purposes of display, transactions deemed by management to be ongoing, major or central to the provision of healthcare services are reported as revenues and expenses. Changes in net assets that are excluded from surplus of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments, contributions of long-lived assets and minimum pension liability adjustments.
- 14 Net Patient Service Revenue The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. The Corporation targets its Kentucky-based hospitals' charges to not exceed ten percent of state medians for all Kentucky-based hospitals. The West Virginia hospitals' rates are in accordance with the directives of the Health Care Authority of West Virginia. Payment arrangements include prospectively determined rates per discharge or visit, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors.

Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted, if necessary, in future periods as final settlements are determined or as years are no longer subject to audit, review and investigation.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note B - Summary of Significant Accounting Policies (Continued)

- 15 Charity Care and Community Benefit (unaudited) The Corporation and its precursor, the Miners Memorial Hospital Association, have a historic presence in the Central Appalachian Mountain region. For nearly 50 years, the Corporation has addressed the healthcare needs of the residents of Eastern Kentucky and Southern West Virginia, adhering to its mission of "improving health and promoting the well-being of all the people in Central Appalachia in partnership with our communities."

The Corporation accepts all patients regardless of their ability to pay. Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue in the consolidated statements of operations and changes in net assets. The Corporation provided charity care which aggregated, at its costs, approximated \$13,676,000 and \$22,631,000 during the years ended June 30, 2014 and 2013, respectively. These figures do not include the amounts by which governmental program payments fail to cover costs.

The Corporation is a signatory to a "Confirmation of Commitment" of the AHA voluntary guidelines publicly demonstrating the Corporation's ongoing commitment to ensuring that compassion extends from the bedside to the billing office. Management believes that following the AHA's Hospital Billing and Collection Practices Statement of Principles and Guidelines (Guidelines) is an approach that will help ensure patients are afforded dignity and assistance in the disposition of their healthcare bill. Regarding the individual Guidelines, the Corporation has implemented policies allowing for sliding fee schedules, extended payment periods, discounts to the under- and uninsured, alternative credit options, and assistance with state, federal and other aid programs.

In accordance with its mission, the Corporation commits substantial resources to sponsor a broad range of services to all members of the community, irrespective of economic circumstances. The Corporation provided each of its ten communities with an abundance of community-oriented services. Annually, each facility, in addition to the uncompensated care noted above, provides countless health screenings, community health education, support groups, CPR instruction, maternity classes, and disease management support groups. The Corporation also sponsors and donates cash and in-kind contributions to a number of local and national organizations, including the local school systems and civic groups.

- 16 Tax-Exempt Status The Corporation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue code (IRC) and is exempt from Federal income taxes on related income pursuant to Section 501(a) of the IRC. However, the Corporation is subject to Federal income tax on any unrelated business taxable income.

GAAP requires the Corporation to evaluate its tax positions and recognize a tax liability (or asset) if it has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). The Corporation has evaluated its tax positions and has concluded that there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Corporation is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Corporation believes it is no longer subject to income tax examinations for years prior to 2010.

- 17 Subsequent Events Subsequent events for the Corporation have been considered through the date of the Independent Auditor's Report which represents the date the financial statements were available to be issued.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note C - Net Patient Service Revenue

The Corporation has agreements with third-party payors that provide for payments at amounts different from established rates. A summary of the significant payment arrangements with major third party payors is described in the following paragraphs.

The Corporation participates in the Medicare and Medicaid Programs. Approximately 44% and 17%, respectively, of the Corporation's 2014 net patient service revenue was derived from services to patients covered by these Programs. Comparable percentages for 2013 were 52% and 12%, respectively. Changes in the Medicare and Medicaid Programs and the potential reductions of funding levels could have an adverse impact on the Corporation.

In the healthcare industry, laws and regulations governing Medicare and Medicaid are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines and penalties and exclusion from the Programs. The Corporation believes that it is in compliance with all applicable laws and regulations.

Services rendered to Medicare and Medicaid Program beneficiaries are primarily paid based upon prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. Four of the Corporation's hospitals have been granted Critical Access Hospital status by Medicare. Under the Critical Access Hospital designation, services rendered to Medicare and Medicaid Program beneficiaries are reimbursed under a cost reimbursement methodology.

For cost reimbursed services and certain other exceptions to the prospective payment systems, the Corporation receives interim payments from Medicare and Medicaid. Final settlements are determined after submission of annual cost reports filed by the Corporation and audit or desk review thereof by Medicare and Medicaid. Management feels that adequate provision has been made for the effects, if any, of audits or desk reviews by either Program.

The Corporation has entered into payment agreements with certain Medicaid managed care organizations, commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The bases for payment to the Corporation under these agreements include prospectively determined rates per discharge, discounts from established rates, and prospectively determined daily or visit rates.

The Commonwealth of Kentucky and the State of West Virginia impose taxes on healthcare providers at a rate of 2.5% of certain net patient revenues. The states' legislation also provides for limited reimbursement of services provided to qualifying indigent care patients. Effective July 1, 2006, the Kentucky General Assembly froze the dollar amounts for provider taxes at the providers' 2006 levels.

Net patient service revenue consists approximately of the following for the years ended June 30:

	<u>2014</u>	<u>2013</u>
Patient service revenue at established rates	\$ 1,730,621,965	\$ 1,609,499,416
Less charity and contractual adjustments	<u>1,152,303,352</u>	<u>1,018,975,406</u>
	<u><u>\$ 578,318,613</u></u>	<u><u>\$ 590,524,010</u></u>

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note D - Concentrations of Risks

Credit Risks

The Corporation grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of receivables and revenue from patients and third-party payors at June 30 was as follows:

	2014		2013	
	Patient Accounts Receivable	Net Patient Service Revenue	Patient Accounts Receivable	Net Patient Service Revenue
Medicare	34 %	44 %	36 %	52 %
Medicaid	28	17	23	12
Private insurance	5	29	5	18
Other third-party payors	18	7	19	17
Self-pay	15	3	17	1
	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>	<u>100 %</u>

The Corporation maintains its cash balances with various financial institutions. From time to time throughout the year, the Corporation's on deposit cash balances may exceed amounts that are fully insured under federal deposit insurance coverage.

Unions

The Corporation employs approximately 4,400 employees throughout its service area. The majority of the employees are represented by either the United Steel Workers' of America (USWA), the Southern United Nurses (SUN), or the West Virginia Nurses Association (WVNA). The Corporation successfully completed a new three-year collective bargaining agreement in April 2014 with the SUN/WVNA which will expire at the end of April 2017. The Corporation reached an agreement with USWA in March 2013. The agreement remains in effect until March 2016.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note E - Investments

Assets Limited as to Use

Assets limited as to use stated at fair value as of June 30 include

	<u>2014</u>	<u>2013</u>
By Board of Trustees - funded depreciation		
Cash and cash equivalents	\$ 1,050,906	\$ 1,216,329
Equity securities	22,163,060	2,697,199
Fixed income securities	89,811,586	70,590,747
	<u>113,025,552</u>	<u>74,504,275</u>
By bond indenture agreements		
Cash and cash equivalents	13,790,008	13,919,206
Malpractice self-insurance investments		
Cash and cash equivalents	1,501,555	1,875,315
U S Government agencies	6,798,897	6,685,324
	<u>8,300,452</u>	<u>8,560,639</u>
Worker's Comp investments		
Cash and cash equivalents	12,478,871	12,249,491
By donor restrictions.		
Cash and cash equivalents	21,886	904,229
Equity securities	437,718	-
Fixed income securities	1,728,986	-
	<u>2,188,590</u>	<u>904,229</u>
	<u><u>\$ 149,783,473</u></u>	<u><u>\$ 110,137,840</u></u>

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note E - Investments (Continued)

Short-term Investments

Short-term investments stated at fair value as of June 30 include

	<u>2014</u>	<u>2013</u>
Certificates of deposit	\$ 399,607	\$ 398,436
Cash and cash equivalents	4,688,466	3,233,016
Equity securities	5,704,175	2,623,171
Fixed income securities	<u>52,589,018</u>	<u>66,150,189</u>
	<u>\$ 63,381,266</u>	<u>\$ 72,404,812</u>

Investments in Affiliate

Investments in affiliate, stated value based on equity method, as of June 30 include

	<u>2014</u>	<u>2013</u>
Whitesburg Physician Office Building, LLC	<u>\$ 557,356</u>	<u>\$ 580,487</u>

Investment Income

Investment income and gains for cash equivalents, short-term investments and assets limited as to use are comprised of the following for the years ended June 30

	<u>2014</u>	<u>2013</u>
Income:		
Interest and dividend income	\$ 6,517,804	\$ 5,139,633
Realized gains on sale of securities	<u>(1,225,622)</u>	<u>142,886</u>
	<u>\$ 5,292,182</u>	<u>\$ 5,282,519</u>
Other Changes in Unrestricted Net Assets		
Unrealized Gains/(Losses)	<u>\$ 3,440,176</u>	<u>\$ (5,086,821)</u>

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note E - Investments (Continued)

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows.

- Level 1. Quoted market prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which the transaction for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2. Observable market-based inputs or unobservable inputs that are corroborated by market data, such as quoted prices for similar assets or liabilities or model-derived valuations.
- Level 3. Unobservable inputs that are not corroborated by market data. These inputs reflect a company's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

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

The following is a description of the valuation methodologies used for assets measured at fair value:

Interest bearing cash Valued at cost which approximates fair value.

Fixed income securities Valued at net asset value ("NAV") as calculated by the vendor or broker/dealer.

U.S. Government agencies Valued at NAV as calculated by the vendor or broker/dealer.

Equity securities Valued at NAV as calculated by the vendor or broker/dealer.

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

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note E - Investments (Continued)

Fair Value Measurements (Continued)

The fair values of assets at June 30, 2014 are summarized as follows

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Interest bearing cash	\$ 33,931,299	\$ 33,931,299	\$ -	\$ -
Investments:				
Fixed income securities	144,129,590	144,129,590	-	-
U S Government agencies	6,798,897	-	6,798,897	-
Equity securities	28,304,953	28,304,953	-	-
	<u>\$ 213,164,739</u>	<u>\$ 206,365,842</u>	<u>\$ 6,798,897</u>	<u>\$ -</u>

The fair values of assets at June 30, 2013 are summarized as follows

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Assets				
Interest bearing cash	\$ 33,796,022	\$ 33,796,022	\$ -	\$ -
Investments:				
Fixed income securities	136,740,936	136,740,936	-	-
U S Government agencies	6,685,324	-	6,685,324	-
Equity securities	5,320,370	5,320,370	-	-
	<u>\$ 182,542,652</u>	<u>\$ 175,857,328</u>	<u>\$ 6,685,324</u>	<u>\$ -</u>

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note F - Property and Equipment

The Corporation's property and equipment consists of the following at June 30

	<u>2014</u>	<u>2013</u>
Land	\$ 5,888,136	\$ 5,888,136
Building improvements	248,902,603	237,247,727
Equipment	107,712,051	168,541,307
Equipment under capital lease obligations	42,612,968	54,280,368
Software	22,269,195	21,657,762
Construction in progress	<u>39,932,835</u>	<u>30,766,082</u>
	467,317,788	518,381,382
Less Accumulated depreciation	<u>286,055,680</u>	<u>348,498,775</u>
	<u><u>\$ 181,262,108</u></u>	<u><u>\$ 169,882,607</u></u>

Depreciation expense was \$20,550,675 and \$21,533,900 for the fiscal years ending June 30, 2014 and 2013, respectively. Accumulated depreciation for equipment under capital lease obligations was approximately \$31,997,000 and \$39,382,000 as of June 30, 2014 and 2013, respectively. Construction commitments approximated \$18,770,000 and \$26,243,000 at June 30, 2014 and 2013, respectively.

Note G - Line of Credit

The Corporation had a twelve-month line of credit with a financial institution for \$5,000,000. The interest rate on this line of credit was at the prime rate (3.25% at June 30, 2013) with a floor of 5%. Interest payments were due monthly with all accrued and unpaid interest and principal balances due at maturity. The line of credit had no outstanding balance as of June 30, 2013. The line of credit matured annually on August 31. Management did not renew the line of credit for \$5,000,000 on August 31, 2013.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note H - Long-term Debt

Long-term debt is summarized as follows at June 30

	2014	2013
2012A City of Hazard Bonds - Refunding	\$ 17,350,020	\$ 19,130,000
2012B City of Hazard Bonds - Refunding	17,350,020	19,130,000
ARH Series 2012 Master Note 5 - Refunding	17,206,973	17,821,141
ARH Series 2012 Master Note 6 - Refunding	1,921,218	1,983,719
USDA Hazard Project Series 2012 - Hazard Project	5,486,300	5,486,300
USDA 2013 Beckley Master Notes - Beckley Project	10,006,318	5,375,330
USDA Direct - Bond Anticipation Notes - Hazard Project	42,000,000	25,000,000
USDA Series 2012 Master Notes - Whitesburg Project	13,932,000	12,878,203
Lexington Office Building Note Payable	1,498,685	-
Mortgage note payable at prime (3 25% at June 30, 2014), due in monthly installments through March 2018 and secured by nine tracts of land in Beckley, West Virginia, for the expansion and renovation of the Beckley ARH emergency department	1,140,670	1,551,799
Other notes payable, at varying rates between 3 25% and 8%, due in monthly installments through March 2016 and secured by various equipment	-	32,739
Capital lease obligations, at varying rates of imputed interest from 5 2% to 10 25%, collateralized by leased equipment held at various locations	10,387,015	14,344,133
	138,279,219	122,733,364
Current portion	51,212,544	35,041,703
Long-term debt, less current portion	\$ 87,066,675	\$ 87,691,661

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note H - Long-term Debt (Continued)

In December 2012, the Corporation issued debt in the amount of \$60,133,406 for the purpose of refinancing the Series 1997 Bonds, the Project Bonds - Perry County, the Project Bonds - Pike County, Project Bonds - City of Hazard and the Mortgage Note Payable for the Hazard Medical Mall. The effect of the refinancing was to extend the term of the outstanding debt by six (6) years and lower the effective interest rate by two percent (2%). The details of the issuance are as follows:

City of Hazard Series 2012A and Series 2012B Bonds were issued in the amounts of \$20,000,000 each with interest rates of 3.51%, respectively. The Series 2012A and Series 2012B Bonds contain special features for optional redemption by the Issuer beginning December 1, 2017, at redemption prices expressed as percentages of the principal amount to be redeemed plus interest accrued to the redemption date. The Series 2012A and Series 2012B Bonds are secured by the Corporation's gross revenues as well as a mortgage interest in the Corporation's Kentucky hospitals. The Series 2012A and Series 2012B Bonds contain certain covenants, which among other things, restrict the granting of liens or other encumbrance on any mortgaged property, limit additional long-term indebtedness and require certain debt transaction tests. As of June 30, 2014, management is not aware of any violations of these covenants. The Series 2012A and Series 2012B Bonds mature October 1, 2022.

Appalachian Regional Healthcare, Inc. Series 2012-5 Note (Series 2012-5 Note) was issued in the amount of \$18,120,065 with an interest rate of 3.98%. The Series 2012-5 Note contains special features for optional redemption by the Issuer beginning December 19, 2012, at redemption prices expressed as percentages of the principal amount to be redeemed plus interest accrued to the redemption date. The Series 2012-5 Note is secured by the Corporation's gross revenues as well as a mortgage interest in the Corporation's Kentucky hospitals. Further, the Series 2012-5 Note is guaranteed by the United States Department of Agriculture (USDA). The Series 2012-5 Note contains certain covenants, which among other things, restrict the granting of liens or other encumbrance on any mortgaged property, limit additional long-term indebtedness and require certain debt transaction tests. As of June 30, 2014, management is not aware of any violations of these covenants. The Series 2012-5 Note matures December 19, 2032.

Appalachian Regional Healthcare, Inc. Series 2012-6 Note (Series 2012-6 Note) was issued in the amount of \$2,013,341 with an interest rate that adjusts each Quarter based on the "Wall Street Journal" prime interest rate, not to be less than 5%. As of June 30, 2014, the effective interest rate was 5%. The Series 2012-6 Note contains special features for optional redemption by the Issuer beginning December 19, 2012, at redemption prices expressed as percentages of the principal amount to be redeemed plus interest accrued to the redemption date. The Series 2012-6 Note is secured by the Corporation's gross revenues as well as a mortgage interest in the Corporation's Kentucky hospitals. The Series 2012-6 Note contains certain covenants, which among other things, restrict the granting of liens or other encumbrance on any mortgaged property, limit additional long-term indebtedness and require certain debt transaction tests. As of June 30, 2014, management is not aware of any violations of these covenants. The Series 2012-6 Note matures December 19, 2032.

In January of 2013, the Corporation issued \$9,867,000 notes to the United States Department of Agriculture in the form of a promissory note (Series 2012 Note). The proceeds of these loans were used to refinance outstanding debt and to fund a portion of an expansion project at the Hazard facility. The first principal payment will be due January 25, 2017. The Series 2012 Note is secured by the Corporation's gross revenues as well as a mortgage interest in the Corporation's Kentucky hospitals. The Series 2012 Note contains certain covenants, which among other things, restrict the granting of liens or other encumbrance on any mortgaged property, limit additional long-term indebtedness and require certain debt transaction tests. As of June 30, 2014, management is not aware of any violations of these covenants. The Series 2012 Note matures on January 25, 2053 with an annual fixed interest rate of 3.125%.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note H - Long-term Debt (Continued)

In March of 2013, the Corporation issued \$13,500,000 notes to the United States Department of Agriculture in the form of two promissory notes for \$6,800,000 and \$6,700,000 (Series 2013-1 Master Note and Series 2013-2 Master Note, respectively). The proceeds of these loans were used to renovate the exterior and interior of the Beckley hospital and refund certain outstanding debt noted above. The first principal payment will be due March 19, 2016. The Series 2013-1 Master Note and Series 2013-2 Master Note are secured by the Corporation's gross revenues as well as a mortgage interest in the Corporation's Kentucky hospitals. The Series 2013-1 Master Note and Series 2013-2 Master Note contain certain covenants, which among other things, restrict the granting of liens or other encumbrance on any mortgaged property, limit additional long-term indebtedness and require certain debt transaction tests. As of June 30, 2014, management is not aware of any violations of these covenants. The Series 2013-1 Master Note and Series 2013-2 Master Note, mature on March 19, 2053 with an annual fixed interest rate of 3.125%.

In December of 2012, the Corporation issued \$25,000,000 City of Hazard, Kentucky Healthcare Revenue Bond Anticipation Notes Series 2012 (Series 2012 BAN). The Series 2012 BAN carries a fixed interest rate of 1%. The proceeds of the Series 2012 BAN will be used to fund the construction of capital additions at the Hazard, Kentucky facility. The Series 2012 BAN matures on December 1, 2013 and is backed by a USDA commitment to permanent funding of the project upon completion. The Series 2012 BAN is secured by the Corporation's gross revenues as well as a mortgage interest in the Corporation's Kentucky hospitals. The Series 2012 BAN contains certain covenants, which among other things, restrict the granting of liens or other encumbrance on any mortgaged property, limit additional long-term indebtedness and require certain debt transaction tests. As of June 30, 2014, management is not aware of any violations of these covenants.

In December of 2013, the Corporation issued \$42,000,000 City of Hazard, Kentucky Healthcare Revenue Bond Anticipation Notes Series 2013 (Series 2013 BAN). The Series 2013 BAN carries a fixed interest rate of 1%. The proceeds of the Series 2013 BAN will be used to repay the Series 2012 BAN as well as to further fund the construction of capital additions at the Hazard, Kentucky facility. The Series 2013 BAN matures on December 1, 2014 and is backed by a USDA commitment to permanent funding of the project upon completion. The Series 2013 BAN is secured by the Corporation's gross revenues as well as a mortgage interest in the Corporation's Kentucky hospitals. The Series 2013 BAN contains certain covenants, which among other things, restrict the granting of liens or other encumbrance on any mortgaged property, limit additional long-term indebtedness and require certain debt transaction tests. As of June 30, 2014, management is not aware of any violations of these covenants.

In May 2012, the Corporation issued \$12,259,838 notes to the United States Department of Agriculture in the form of two promissory notes for \$7,000,000 and \$6,932,000 (Series 2012A Master Note and Series 2012B Master Note, respectively). The proceeds of these loans were primarily used to expand an Obstetrics unit at the Whitesburg ARH Hospital. A smaller portion will be used to renovate outpatient rehabilitation and oncology units in South Williamson. The first principal payment on both of these notes will be on April 16, 2015 and due every April 16th thereafter until maturity. The term of each note is 40 years and the interest rate on each loan is 3.375%. The Series 2012A Master Note and Series 2012B Master Note contains certain covenants, which among other things, restrict the granting of liens or other encumbrance on any mortgaged property, limit additional long-term indebtedness and require certain debt transaction tests. As of June 30, 2014, management is not aware of any violations of these covenants.

In June 2014, the Corporation issued \$1,500,000 Mortgage Note Payable for the acquisition and renovation of an office building in Lexington, Kentucky. The Mortgage Note Payable carries a fixed interest rate of 4.25%. The Mortgage Note Payable matures on June 1, 2024. The Mortgage Note Payable is backed by a lien on the building and improvements in Lexington.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note H - Long-term Debt (Continued)

Scheduled principal repayments are as follows

<u>Year Ending June 30</u>	<u>Bonds, Notes</u>	<u>Capital Leases</u>
2015	\$ 46,935,523	\$ 4,622,898
2016	5,641,227	3,088,682
2017	5,848,491	1,946,490
2018	5,735,499	1,304,355
2019	5,925,890	156,910
Thereafter	57,805,574	-
	<u>\$ 127,892,204</u>	<u>\$ 11,119,335</u>
Less amount representing interest		<u>732,320</u>
		<u>\$ 10,387,015</u>

Note I - Temporarily Restricted Net Assets

Temporarily restricted net assets are available for the following purpose at June 30.

	<u>2014</u>	<u>2013</u>
Healthcare Services		
Purchase of equipment and capital projects	<u>\$ 2,187,126</u>	<u>\$ 902,765</u>

Note J - Pension and Retirement Plans

The Corporation has three non-contributory defined benefit pension plans, Appalachian Regional Healthcare, Inc Restated Non-Contributory Pension Plan, Appalachian Regional Healthcare, Inc Retirement Plan, and Appalachian Regional Healthcare, Inc Administrative Retirement Plan (the Plans), covering most employees. Each plan provides benefits of stated amounts for each year of service. The Corporation's funding policy is to contribute amounts to the Plans sufficient to meet all minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974 (ERISA), as well as the Pension Protection Act of 2006, as amended.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note J - Pension and Retirement Plans (Continued)

During fiscal 2008, the Corporation froze the Administrative and Retirement Plans to new participants. Effective June 30, 2009, the Corporation froze the benefits for all active employees in the Administrative Plan as well as for employees in the Retirement Plan not covered by a collective bargaining agreement and began offering a defined contribution 403(b) plan. Pursuant to the agreement reached with the Southern United Nurses (SUN), benefits were frozen for those employees effective January 1, 2013 in the Retirement Plan covered by a collective bargaining unit. They have been offered a defined contribution 403(b) plan. Pursuant to the agreement with USWA, April 1, 2013, the Pension Plan was frozen to new participants. New employees after that date are offered a Defined Contribution 403(b) plan.

The Corporation was granted a waiver by the IRS of the minimum funding standard under Section 412(d) of the IRC and Section 303 of ERISA related to its three defined benefit plans in 2009. The waiver is applicable to the final contribution for the plan year beginning July 1, 2007 and was due March 2009, totaling approximately \$8,330,000. The waiver was granted to the Corporation, contingent upon the Corporation providing collateral to the Pension Benefit Guaranty Corporation. In addition, the Corporation is required to make timely required contributions to the Plans during the term of the waiver. Management has complied with the terms of the waiver. The terms of the waiver have been met as of June 30, 2014 and the lien on the collateral has been released.

The following tables provide further information about the defined benefit plans.

Obligations and Funded Status

	2014	2013
Fair value of plan assets	\$ 262,110,627	\$ 232,951,854
Projected benefit obligations	(346,241,080)	(319,272,118)
Funded status	<u>\$ (84,130,453)</u>	<u>\$ (86,320,264)</u>

Amounts recognized in the consolidated balance sheets consist of

	2014	2013
Prepaid pension cost	\$ 10,395,672	\$ 7,311,707
Accrued pension cost	(94,526,125)	(93,631,971)
Net Amount Recognized	<u>\$ (84,130,453)</u>	<u>\$ (86,320,264)</u>
Benefit cost	\$ 8,125,212	\$ 13,951,384
Employer contributions	11,209,177	14,661,165
Benefits paid	14,537,540	13,936,900

The total accumulated benefit obligation for all defined pension plans was \$346,241,080 and \$319,272,118 at June 30, 2014 and 2013, respectively.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note J - Pension and Retirement Plans (Continued)

Assumptions

	<u>2014</u>	<u>2013</u>
Weighted Average Assumptions Used to Determine Benefit Obligations		
Discount rates	4.50%	5.00%
Rate of compensation increase	0.00%	3.00%
Weighted Average Assumptions Used to Determine Benefit Cost for Years Ended June 30		
Discount rate	5.00%	4.50%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	3.00%	3.00%

The Corporation's expected rate of return on plan assets is determined by the historical long term investment performance of benchmark portfolios with similar investment strategies

Plan Assets

The Corporation's investment strategy is for plan assets to have a long-term return of at least 8%. The investment policy requires assets of the Plans to be primarily invested in equities and fixed income funds. The Corporation, by its investment policy, is prohibited from investing in venture capital, securities not publicly traded, short sales, margin purchases, collateralized mortgage option residuals, derivatives, for-profit healthcare entities, and direct investments in natural resources. The Corporation's pension plan weighted- average asset allocations by asset category are as follows:

	<u>2014</u>		<u>2013</u>	
	<u>Actual</u>	<u>Target</u>	<u>Actual</u>	<u>Target</u>
Equities	50%	40 - 60%	55%	40 - 60%
Fixed income mutual funds	48%	40 - 60%	44%	40 - 60%
Cash and cash equivalents	2%	0%	1%	0%
	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note J - Pension and Retirement Plans (Continued)

Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements).

The three levels of the fair value hierarchy under FASB ASC 820 are described as follows.

- Level 1. Quoted market prices in active markets for identical assets or liabilities. An active market for the asset or liability is a market in which the transaction for the asset or liability occurs with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2. Observable market-based inputs or unobservable inputs that are corroborated by market data, such as quoted prices for similar assets or liabilities or model-derived valuations.
- Level 3. Unobservable inputs that are not corroborated by market data. These inputs reflect a company's own assumptions about the assumptions a market participant would use in pricing the asset or liability.

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

The following is a description of the valuation methodologies used for assets measured at fair value:

Interest bearing cash Valued at cost which approximates fair value.

Mutual funds Valued at net asset value ("NAV") of shares held by the Plans at year end. The NAV is based on the value of the underlying investment assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding. The NAV is a quoted price in an active market.

Fixed income securities Valued at the NAV as calculated by the vendor or broker/dealer.

Unit investment trusts Valued at net asset value ("NAV") of shares held by the Plans at year end. The NAV is a quoted price in an active market.

Collective trust funds Valued at the NAV of units held by the Plans at year end provided by the issuer of the fund. The NAV is quoted on a private market that is not active, however, the unit price is based on the value of the underlying investment assets owned by the fund, minus its liabilities, and then divided by the number of shares outstanding.

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

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note J - Pension and Retirement Plans (Continued)

Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Plans assets measured at fair value on a recurring basis at June 30, 2014.

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Interest bearing cash	\$ 4,767,627	\$ 4,767,627	\$ -	\$ -
Mutual funds				
Bond funds	51,182,329	51,182,329	-	-
Growth funds	18,806,868	18,806,868	-	-
Value funds	11,844,436	11,844,436	-	-
Fixed income securities				
U S government agencies	22,622,899	-	22,622,899	-
Corporate & foreign bonds	17,969,109	-	17,969,109	-
Municipal obligations	3,978,590	-	3,978,590	-
Unit investment trusts	130,938,769	130,938,769	-	-
	<u>\$ 262,110,627</u>	<u>\$ 217,540,029</u>	<u>\$ 44,570,598</u>	<u>\$ -</u>

The following table sets forth by level, within the fair value hierarchy, the Plans assets measured at fair value on a recurring basis at June 30, 2013

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Interest bearing cash	\$ 1,691,117	\$ 1,691,117	\$ -	\$ -
Mutual funds				
Blended funds	15,749,691	15,749,691	-	-
Bond funds	59,193,124	59,193,124	-	-
Diversified funds	5,562,794	5,562,794	-	-
Foreign blended funds	17,197,815	17,197,815	-	-
Growth funds	50,371,119	50,371,119	-	-
Value funds	40,599,525	40,599,525	-	-
Fixed income securities				
U S government agencies	21,078,965	-	21,078,965	-
Corporate & foreign bonds	17,486,774	-	17,486,774	-
Municipal obligations	3,890,879	-	3,890,879	-
Collective trust funds	130,051	-	130,051	-
	<u>\$ 232,951,854</u>	<u>\$ 190,365,185</u>	<u>\$ 42,586,669</u>	<u>\$ -</u>

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note J - Pension and Retirement Plans (Continued)

Cash Flows

Contributions

The Corporation expects to contribute \$11,474,000 to its pension plans during the fiscal year ended June 30, 2015

Estimated future benefit payments.

The following benefit payments, which reflect expected future services, as appropriate, are expected to be paid in the fiscal years ending June 30

2015	\$ 15,660,000
2016	16,080,000
2017	16,658,000
2018	17,349,000
2019	17,932,000
2020-2024 (5 year total)	<u>101,095,000</u>
	<u>\$ 184,774,000</u>

Note K - Medical Malpractice Insurance

Effective February 16, 2003, the Corporation became self-insured for medical malpractice and general liability losses. Losses from asserted and unasserted claims identified under the Corporation's incident reporting system, as well as claims incurred but not yet reported, are accrued based on estimates that incorporate past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. The Corporation has employed independent actuaries to estimate the ultimate costs of the settlement of such claims. The Corporation recorded a malpractice liability (discounted at 0% as of June 30, 2014 and 2013, respectively) of \$36,600,650 and \$34,156,277 as of June 30, 2014 and 2013, respectively. Effective January 1, 2009, the Corporation obtained high-deductible, claims-made coverage for medical malpractice losses. The policy provides overall coverage of \$10,000,000 per occurrence/\$10,000,000 in aggregate. The Corporation retains the first \$5,000,000 of losses per each claim and is insured for losses greater than \$5,000,000 up to \$15,000,000.

Note L - Workers' Compensation Insurance

The Corporation was insured by ROA for workers' compensation claims prior to January 1, 2002. As a result of ROA going into receivership, to the extent that ROA funds are insufficient, the Corporation has effectively become self-insured for claims occurring prior to this date. As of June 30, 2014 and 2013, the Corporation recorded a liability (undiscounted as of June 30, 2014 and 2013) of approximately \$5,346,000 and \$6,104,000, respectively, related to these claims.

Beginning January 1, 2002, the Corporation insured its workers' compensation claims through AIK Comp (AIK), a mutual (or group) self-insurance organization. During 2004, the Corporation was notified by AIK of an assessment related to premiums for 2002 and 2003. The assessment was part of a plan submitted by AIK to the Commonwealth of Kentucky to maintain adequate reserves for claims. Based upon the formula prepared by AIK and management's estimates, the Corporation recorded an additional liability of \$5,555,000 as of June 30, 2005.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note L - Workers' Compensation Insurance (Continued)

AIK is now in receivership with the Commonwealth of Kentucky and is currently the subject of a rehabilitation proceeding pending before the Franklin Circuit Court. On June 15, 2005, the Rehabilitator filed a Modified 2005 Assessment Plan and Reorganization Plan (2005 Assessment Plan) with the Franklin Circuit Court. The 2005 Assessment Plan includes an assessment of the 2004 year and two months ending February 28, 2005. Based upon the 2005 Assessment Plan, the Corporation has recorded a liability in the amount of \$2.411 as of both June 30, 2014 and 2013. An additional contingent callable promissory note was held in the amount of \$796,676 for the years then ended. The Rehabilitator has qualified the Corporation for a payment plan to satisfy its pro rata share of the amended 2005 assessment.

Purportedly, all Group Members of AIK may have been subject to joint and several liability for the satisfaction of fund deficits for their respective years of participation. As part of the Corporation's compliance with the provisions of the 2005 Assessment Plan, the Corporation will be released from any joint and several liability for AIK's deficit upon the full payment of the Corporation's pro rata share of the amended 2005 assessment.

A small number of AIK group members have appealed the provisions of the 2005 Assessment Plan. The appeal is currently pending before the Kentucky Court of Appeals. Additionally, issues related to third-party culpability have been appealed, and are currently pending before the Kentucky Supreme Court.

Based upon information currently available regarding the status of AIK, management believes its reserves to be adequate relative to any adverse rulings through the court system. As of both June 30, 2014 and 2013, the Corporation recorded a liability of \$1,211,480 and \$799,000, respectively. Subsequent to year end, the note was called.

Effective January 1, 2005 and 2007, the Corporation converted to high deductible workers' compensation programs for its employees. Under these programs, the Corporation retains the first \$975,000 for the years ended June 30, 2014 and 2013 of losses per each claim and is insured for losses greater than \$975,000 for the years ended June 30, 2014 and 2013. For claim years prior to fiscal 2011 the retention was \$750,000. In connection with these policies, the Corporation obtained \$12,432,000 in irrevocable stand-by letters of credit which were terminated by the Corporation on August 7, 2013. The Corporation established a workers compensation trust in fiscal 2013. The balance in the trust was \$12,478,871 and \$12,249,491 as of June 30, 2014 and 2013, respectively. Losses from asserted and unasserted claims identified under the Corporation's incident reporting system, as well as claims incurred but not yet reported, are accrued based on estimates that incorporate past experience, as well as other considerations, including the nature of each claim or incident and relevant trend factors. The Corporation has engaged independent actuaries to estimate the ultimate costs of the settlement of such claims. These actuarially determined costs have been undiscounted for the years ended June 30, 2014 and 2013.

Note M - Fair Values of Financial Instruments

The following methods and assumptions were used by the Corporation in estimating the fair value of its financial instruments:

Long-term Debt The fair values of long-term debt are based on quoted market prices for the same or similar issues, giving consideration to interest rates, maturity and other factors. The fair value of total long-term debt was approximately \$105,535,000 and \$112,470,000 at June 30, 2014 and 2013, respectively.

Cash, Investments and Other items for Which Fair Value Disclosure is Required The carrying amount reported in the consolidated balance sheets for such items is either fair value or approximates fair value, due to their short-term nature.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note N - Commitments and Contingent Liabilities

Operating Leases

The Corporation leases various equipment and facilities under operating leases expiring at various dates. Amounts included in rent and lease expense related to these future commitments for the years ended June 30, 2014 and 2013 respectively, were approximately \$1,602,000 and \$1,122,000.

Minimum future lease payments under all leases for the next five fiscal years and thereafter are as follows.

2015	\$ 1,269,731
2016	835,144
2017	650,632
2018	300,270
2019	-
	<hr/>
	\$ 3,055,777

Grants

Certain facilities were financed in part by federal grants. Under the terms of the grants, the Corporation must operate the facilities as designated for a stated number of years or a portion of the grants are to be refunded.

Note O - Functional Expenses

The Corporation provides general healthcare services to residents within its geographic location. For both 2014 and 2013, approximately 89% of the Corporation's expenses relate to healthcare services and 11% relate to general and administrative costs. General and administrative costs include all non-patient care and non-revenue producing functions.

Included within general and administrative expenses are fundraising expenses of approximately \$51,000 and \$105,000 and advertising expenses of approximately \$898,000 and \$743,000 in 2014 and 2013, respectively. These costs are expensed as incurred.

Note P - Healthcare Reform

Patient Protection and Affordable Care Act

On March 23, 2010, The Patient Protection and Affordable Care Act (the Act) was signed into law. The effects of this legislation on hospitals are wide-ranging and potentially dramatic. In particular, the Act imposes additional requirements on hospitals seeking to obtain or maintain charitable tax-exempt status as defined under Section 501 of the IRC. Hospitals seeking to obtain or maintain charitable tax-exempt status must now:

1. Conduct a community health needs assessment. Hospitals must conduct a community health needs assessment once every three years and then adopt and implement a strategy addressing the needs associated with the assessment.
2. Establish written financial assistance and emergency care policies.
3. Limit billed charge amounts for emergency or other medically necessary care to patients eligible for financial assistance.
4. Prohibit the use of "extraordinary" collection efforts on patients who qualify for financial assistance.

Appalachian Regional Healthcare, Inc.
Notes to Consolidated Financial Statements (Continued)
June 30, 2014 and 2013

Note P - Healthcare Reform (Continued)

Patient Protection and Affordable Care Act (Continued)

Charitable hospitals seeking to obtain or maintain charitable tax-exempt status must meet the new requirements by fiscal years beginning after March 23, 2010, with the exception of the community health needs assessment which is required for fiscal years beginning after March 23, 2012.

The Corporation believes it is in compliance with the Act. Final regulations have not yet been issued regarding all of the new requirement. The Corporation is in the process of understanding the requirements of the Act and is implementing plans for continued compliance.

The American Recovery and Reinvestment Act of 2009

On February 17, 2009, the American Recovery and Reinvestment Act of 2009 (the Recovery Act) was signed into law. A major component of the Recovery Act is its emphasis on improving health information technology (also known as HIT). The federal government believes the implementation of technology will ultimately increase the quality and reduce the cost of healthcare.

To accomplish the improvement of HIT, the Recovery Act includes payment incentives for qualifying professionals. Physicians and hospitals that are considered early adopters of electronic health records (EHR) can become eligible to receive a significant amount of money from Medicare or Medicaid.

The Corporation applied for and received approximately \$8,434,000 and \$11,778,000 in Medicare and Medicaid HIT funds for fiscal years ending June 30, 2014 and 2013, respectively. The Corporation intends to apply for additional funds in the coming years. The funds and any funds from future applications are dependent on reaching certain metrics and various states of "meaningful use" as defined by the Recovery Act.

Note Q - Williamson Memorial Hospital

On October 7, 2013, the Corporation through its subsidiary ARH Tug Valley Health Services, Inc., entered into an Asset Purchase Agreement with Health Management Associates (HMA), Williamson Memorial Hospital, LLC, and Williamson HMA Physician Management, LLC to acquire the assets of Williamson Memorial Hospital as defined in the agreement at a base purchase price of \$13,000,000 plus an amount equal to the net book value of the prepaid expenses, inventory and supplies acquired at closing. The Corporation has filed with the West Virginia Healthcare Authority for a Certificate of Need to acquire the Williamson Memorial Hospital. It is anticipated that the decision of the West Virginia Healthcare Authority will be made late in calendar year 2014.

Consolidating Information

Appalachian Regional Healthcare, Inc.
Consolidating Balance Sheet
June 30, 2014

	ARH	Foundation	Imaging Center	Mary Breckinridge	Elimination	Totals
Assets						
Current Assets						
Cash and cash equivalents	\$ 47,555,450	\$ 1,711,414	\$ (2,191)	\$ (100,512)	\$ -	\$ 49,164,161
Short-term investments	63,381,266	-	-	-	-	63,381,266
Assets limited as to use, required for current liabilities	13,493,992	-	-	-	-	13,493,992
Patient accounts receivable, less allowance for uncollectible accounts	60,832,998	-	-	1,611,137	-	62,444,135
Other receivables, less allowance for uncollectible accounts	3,390,750	634,333	262,778	814,688	-	5,102,549
Inventories	11,826,546	-	-	238,926	-	12,065,472
Prepaid expenses and other current assets	4,455,325	-	-	23,802	-	4,479,127
Total Current Assets	204,936,327	2,345,747	260,587	2,588,041	-	210,130,702
Assets limited as to use, less amount required for current liabilities	136,289,481	-	-	-	-	136,289,481
Property and Equipment, net	173,710,133	-	1,912,789	5,639,186	-	181,262,108
Other Assets						
Prepaid pension cost	10,395,672	-	-	-	-	10,395,672
Investments in affiliate	950,741	-	-	-	393,385	557,356
Prepaid recruiting expense	1,347,022	-	-	-	-	1,347,022
Goodwill	900,000	-	-	-	-	900,000
Other	1,480,888	-	-	-	-	1,480,888
Total Other Assets	15,074,323	-	-	-	393,385	14,680,938
Total Assets	\$ 530,010,264	\$ 2,345,747	\$ 2,173,376	\$ 8,227,227	\$ 393,385	\$ 542,363,229

Appalachian Regional Healthcare, Inc.
Consolidating Balance Sheet (Continued)
June 30, 2014

	ARH	Foundation	Imaging Center	Marv Breckinridge	Elimination	Totals
Liabilities and Net Assets						
Current Liabilities						
Accounts payable	\$ 27,158,303	\$ 255,424	\$ 57,624	\$ 381,790	381,555	\$ 27,471,586
Accrued salaries, wages, and payroll taxes	12,195,515	-	-	376,909	-	12,572,424
Accrued vacation and vested sick time	21,221,802	-	-	-	-	21,221,802
Medicare and Medicaid estimated settlements	45,815,792	-	-	1,700,135	-	47,515,927
Current portion of accrued pension cost	15,049,872	-	-	-	-	15,049,872
Current portion of reserve for self-insurance	4,493,319	-	-	-	-	4,493,319
Current portion of deferred revenue	5,456,742	-	-	-	-	5,456,742
Health insurance accrual	4,812,744	-	-	-	-	4,812,744
Bond interest payable	412,073	-	-	-	-	412,073
Other	16,495,938	-	-	189,382	-	16,685,320
Current portion of long-term debt	51,003,202	-	209,342	-	-	51,212,544
Total Current Liabilities	204,115,302	255,424	266,966	2,648,216	381,555	206,904,353
Long-term debt less current portion						
Accrued pension cost, less current portion	86,523,266	-	6,098	537,311	-	87,066,675
Reserve for self-insurance, less current portion	79,476,253	-	-	-	-	79,476,253
Deferred revenue, less current portion	54,258,552	-	-	887,552	-	55,146,104
Physician commitments	11,557,988	-	-	35,756	-	11,593,744
Other	280,002	-	-	-	-	280,002
Other	995,621	-	-	-	-	995,621
Total Liabilities	437,206,984	255,424	273,064	4,108,835	381,555	441,462,752
Net Assets						
Unrestricted	92,803,280	(98,267)	1,889,946	4,118,392	-	98,713,351
Temporarily restricted	-	2,188,590	10,366	-	11,830	2,187,126
Total Net Assets	92,803,280	2,090,323	1,900,312	4,118,392	11,830	100,900,477
Total Liabilities and Net Assets	\$ 530,010,264	\$ 2,345,747	\$ 2,173,376	\$ 8,227,227	\$ 393,385	\$ 542,363,229

See accompanying independent auditor's report

Appalachian Regional Healthcare, Inc.
Consolidating Statements of Operations and Changes in Net Assets
June 30, 2014

	ARH	Foundation	Imaging Center	Marv Breckinridge	Elimination	Totals
Revenue						
Patient revenue, less contractual allowances	\$ 563,452,676	\$ -	\$ (228,729)	\$ 15,094,666	\$ -	\$ 578,318,613
Less provision for bad debts	60,784,055	-	-	1,171,989	-	61,956,044
	<u>502,668,621</u>	<u>-</u>	<u>(228,729)</u>	<u>13,922,677</u>	<u>-</u>	<u>516,362,569</u>
Grant revenue	356,460	-	-	345	-	356,805
Other revenue	<u>30,631,392</u>	<u>53,250</u>	<u>32,062</u>	<u>289,054</u>	<u>-</u>	<u>31,005,758</u>
Total Revenue	533,656,473	53,250	(196,667)	14,212,076	-	547,725,132
Expenses						
Employee compensation	179,720,217	29,502	421,593	4,899,157	-	185,070,469
Payroll taxes and employee benefits	79,448,019	-	144,637	2,217,502	-	81,810,158
Professional fees	47,089,787	-	-	1,216,612	-	48,306,399
Rent and lease expense	5,914,808	-	128,181	15,515	-	6,058,504
Outside services	38,791,343	3,300	(4,070,668)	537,351	-	35,261,326
Pharmaceuticals	31,030,473	-	-	385,068	-	31,415,541
Supplies	51,402,810	200	-	785,687	-	52,188,697
Depreciation and amortization	19,314,477	-	835,766	400,470	-	20,550,713
Interest	3,331,825	-	17,045	32,099	-	3,380,969
Provider tax expense	8,964,834	-	-	245,865	-	9,210,699
Other expenses	<u>53,233,253</u>	<u>51,463</u>	<u>404,004</u>	<u>2,637,275</u>	<u>-</u>	<u>56,325,995</u>
Total Expenses	<u>518,241,846</u>	<u>84,465</u>	<u>(2,119,442)</u>	<u>13,372,601</u>	<u>-</u>	<u>529,579,470</u>
Operating Income (Loss)	15,414,627	(31,215)	1,922,775	839,475	-	18,145,662
Other Income						
Investment Income	8,755,021	-	-	468	-	8,755,489
Net Change in investments in affiliate	<u>(23,131)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,131)</u>
Surplus of Revenues over Expenses	24,146,517	(31,215)	1,922,775	839,943	-	26,878,020

Appalachian Regional Healthcare, Inc.
Consolidating Statements of Operations and Changes in Net Assets (Continued)
June 30, 2014

	<u>ARH</u>	<u>Foundation</u>	<u>Imaging Center</u>	<u>Mary Breckinridge</u>	<u>Elimination</u>	<u>Totals</u>
Unrestricted Net Assets						
Surplus of revenues over expenses	24,146,517	(31,215)	1,922,775	839,943	-	26,878,020
Minimum pension liability adjustment	<u>(894,153)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(894,153)</u>
Increase (Decrease) in Unrestricted Net Assets	23,252,364	(31,215)	1,922,775	839,943	-	25,983,867
Temporarily Restricted Net Assets						
Contributions	-	1,527,150	-	-	-	1,527,150
Discount on pledge	-	(65,670)	-	-	-	(65,670)
Distributions	<u>-</u>	<u>(177,119)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(177,119)</u>
Increase in Temporarily Restricted Net Assets	<u>-</u>	<u>1,284,361</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,284,361</u>
Increase in net assets	23,252,364	1,253,146	1,922,775	839,943	-	27,268,228
Net Assets, Beginning of Year	<u>69,550,916</u>	<u>837,177</u>	<u>(22,463)</u>	<u>3,278,449</u>	<u>11,830</u>	<u>73,632,249</u>
Net Assets, End of Year	<u>\$ 92,803,280</u>	<u>\$ 2,090,323</u>	<u>\$ 1,900,312</u>	<u>\$ 4,118,392</u>	<u>\$ 11,830</u>	<u>\$ 100,900,477</u>

See accompanying independent auditor's report

Supplementary Schedule

Appalachian Regional Healthcare, Inc.
Schedule of Expenditures of Federal Awards
Year ended June 30, 2014

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
Department of Agriculture		
Community Facilities Loans and Grants	10 766	\$ 16,586,441
Community Facilities Loans and Grants	10.766	4,630,990
Community Facilities Loans and Grants	10 780	<u>1,053,797</u>
Total Department of Agriculture		<u>22,271,228</u>
Department of Health and Human Services		
Pass through - North East Kentucky Regional Health Information Organization.		
Health Resources & Services Administration - Rural HIT Network Program	93 912	3,718
Pass-through KY Hospital Research and Educational Foundation		
Small Rural Hospital Improvement - McDowell	93 301	18
Pass-through Kentucky Research Foundation & West Virginia Hospital Association		
Bioterrorism Preparedness Program	93 003	<u>17,468</u>
Total Department of Health and Human Services		<u>21,204</u>
Centers for Disease Control		
Socioeconomic Status Related Cancer Disparities Program	93 283	420
Center for Appalachian Philanthropy	93 283	<u>190</u>
Total Centers for Disease Control		<u>610</u>
Federal Emergency Management Agency (FEMA)		
Diaster-FEMA-4057-DR-KY	97 036	<u>7,295</u>
Total Federal Emergency Management Agency		<u>7,295</u>
Total Expenditures of Federal Awards		<u><u>\$ 22,300,337</u></u>

Appalachian Regional Healthcare, Inc.
Note to the Schedule of Expenditures of Federal Awards
Year ended June 30, 2014

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Appalachian Regional Healthcare, Inc. and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



Board of Trustees
Appalachian Regional Healthcare, Inc.

Internal Control over Financial Reporting

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

As part of obtaining reasonable assurance about whether Appalachian Regional Healthcare, Inc.'s consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards* (Continued)**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "M. J. Chilton, Maddy, LLC". The signature is written in a cursive, flowing style.

Louisville, Kentucky
November 6, 2014

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133**

Board of Trustees
Appalachian Regional Healthcare, Inc.

Report on Compliance for Each Major Federal Program

We have audited Appalachian Regional Healthcare, Inc.'s compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Appalachian Regional Healthcare, Inc.'s major federal programs for the year ended June 30, 2014. Appalachian Regional Healthcare, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Appalachian Regional Healthcare, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Appalachian Regional Healthcare, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Appalachian Regional Healthcare, Inc.'s compliance.

Opinion on Each Major Federal Program

In our opinion, Appalachian Regional Healthcare, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by OMB Circular A-133 (Continued)**

Report on Internal Control Over Compliance

Management of Appalachian Regional Healthcare, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Appalachian Regional Healthcare, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Appalachian Regional Healthcare, Inc.'s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Louisville, Kentucky
November 6, 2014

Appalachian Regional Healthcare, Inc.
Schedule of Findings and Questioned Costs
Year ended June 30, 2014

Section I - Summary of Auditors' Results (under Section.505(d)(1) of OMB Circular A-133):

Financial Statements

- a The type of report issued on the financial statements **Unmodified opinion**
- b Internal control over financial reporting
 - Material weaknesses in internal control over financial reporting **No**
 - Significant deficiencies identified that are not considered to be material weaknesses. **No**
- c Noncompliance which is material to the financial statements **No**

Federal Award

- d Internal control over financial reporting
 - Material weaknesses in internal control over financial reporting **No**
 - Significant deficiencies identified that are not considered to be material weaknesses **No**
- e The type of report issued on compliance for major programs. **Unmodified opinion**
- f Any audit findings which are required to be reported under Section 510(a) of OMB Circular A-133 **No**
- g Major programs
 - Department of Agriculture, Community Facilities Loans and Grants, CFDA 10.766**
 - Department of Agriculture, Community Facilities Loans and Grants, CFDA 10.780**
- h Dollar threshold used to distinguish between Type A and Type B programs **\$669,010**
- i Auditee qualified as a low-risk auditee. **No**

Section II - Financial Statement Findings (under Section.505(d)(2) of OMB Circular A-133):

Findings Relating to the Financial Statements Reported in Accordance with Government Auditing Standards
None

Section III - Federal Award Findings and Questioned Costs (under Section.505(d)(3) of OMB Circular A-133):

Findings and Questioned Costs relating to Federal Awards. **None**