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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 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
Billings Clinic

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
2800 Tenth Avenue North
Suite

City or town, state or province, country, and ZIP or foreign postal code
Billings, MT 59101

D Employer identification number
81-0231784

E Telephone number
(406) 238-2500

G Gross receipts $ 1,299,990,646

F Name and address of principal officer
Nicholas Wolter MD
2800 Tenth Avenue North
Billings, MT 59101

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

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

J Website: ▶ www billingsclinic com

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1907

M State of legal domicile MT

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Billings Clinic will be a national leader in providing the best clinical quality, patient safety, service and value

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	12
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	7
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	4,225
6	Total number of volunteers (estimate if necessary)	**6**	325
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	8,577,231
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	691,062

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	6,635,189	2,223,188
9	Program service revenue (Part VIII, line 2g)	543,532,933	564,854,800
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	6,855,638	15,284,806
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	3,171,645	11,240,694
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	560,195,405	593,603,488
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	0	759,754
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	299,067,297	302,242,677
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶338,073		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	246,649,815	251,656,215
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	545,717,112	554,658,646
19	Revenue less expenses Subtract line 18 from line 12	14,478,293	38,944,842

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	623,814,849	664,984,296
21	Total liabilities (Part X, line 26)	266,575,283	262,301,525
22	Net assets or fund balances Subtract line 21 from line 20	357,239,566	402,682,771

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

****** | 2015-05-15
Signature of officer | Date

Connie Prewitt CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Rita F Worster CPA				P00290681

Firm's name ▶ BKD LLP | Firm's EIN ▶

Firm's address ▶ 111 South Tejon Suite 800
Colorado Springs, CO 809039848 | Phone no (406) 238-2500

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

Billings Clinic is a not-for-profit, physician-led, multispecialty medical group practice integrated with a hospital and long term care facility, serving the communities of Montana, northern Wyoming and the western Dakotas Our mission is health care, education and research

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 $ 195,837,676 including grants of $) (Revenue $ 320,481,062)

Hospital patient care inpatient days 70,594

4b (Code) (Expenses $ 208,663,644 including grants of $) (Revenue $ 224,630,592)

Clinic patient care encounters 906,062

4c (Code) (Expenses $ 8,451,724 including grants of $) (Revenue $ 7,911,010)

Nursing home patient care skilled and assisted days 39,511

(Code) (Expenses $ 9,527,894 including grants of $ 759,754) (Revenue $ 22,585,905)

Research, Regional & Other

4d Other program services (Describe in Schedule O)

(Expenses $ 9,527,894 including grants of $ 759,754) (Revenue $ 22,585,905)

4e **Total program service expenses** ▶ 422,480,938

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	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f		No
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a	Yes	
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? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**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? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**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? *If "Yes," complete Schedule L, Part 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? *If "Yes," complete Schedule L, Part 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? *If so, complete Schedule L, Part II*	**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? *If "Yes," complete Schedule L, Part III*	**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? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**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? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**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? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**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)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		
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? *If "Yes," complete Schedule R, Part VI*	**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 . .	1a	167		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	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	4,225		
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	**1a** 12		
	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	**1b** 7		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**	Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**		No
6	Did the organization have members or stockholders?	**6**		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 ▶ MT

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ CONNIE F PREWITT 2800 TENTH AVENUE NORTH
Billings, MT 59101 (406) 238-2134

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) Lil Anderson Board Member	3 0	X								6,000
(2) Darrell Ehrlick Board Member	3 0	X								6,000
(3) Elizabeth Fulton Secretary	5 0	X		X						6,000
(4) David Brown Vice Chair	5 0	X		X						6,000
(5) Robert N Hurd MD Board Member, Physician	73 0 3 0	X						402,041		36,653
(6) Clayton H McCracken MD Board Member, Physician	73 0	X						365,937		46,577
(7) J Scott Millikan MD Chair, Physician	78 0	X		X				624,362		51,064
(8) Penni Nance Board Member	30 0	X								6,000
(9) Joy Ott Treasurer	5 0 1 0	X		X						6,000
(10) Aaron Sparboe Board Member	3 0 1 0	X								6,000
(11) Maria Valandra Board Member	3 0	X								6,000
(12) Nicholas Wolter MD CEO	73 0 3 0	X		X				1,121,335	0	36,243
(13) Connie F Prewitt CFO	70 0 1 0			X				527,218		106,901
(14) Randall K Gibb MD Physician	70 0					X		1,057,594		44,730
(15) Scott A Sample MD Physician	70 0					X		1,023,533		46,724
(16) Roger G Santala MD Physician	70 0					X		824,839		41,613
(17) Micheal A Morone MD Physician	70 0					X		792,603		48,399

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) Jared J Lund MD Physician	70 0					X		791,347		52,257
(19) Lyle Knight former board member	0 0						X	13,441		0
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								7,544,250	0	559,161

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 ▶ 332

		Yes	No
3 Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**	Yes	
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? *If "Yes," complete Schedule J for such individual*	**4**	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? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
SODEXO INC, BOX 37000 BILLINGS MT 59107	FOOD SERVICE	5,748,661
HEALTHCARE OUTSOURCING NETWORK, 621 17TH STREET STE 1800 DENVER CO 80293	EARLY OUT VENDOR	2,496,864
HAYES LOCUMS LLC, 6700 N ANDREWS AVE STE 600 FORT LAUDERDALE FL 33309	Physician services	2,418,352
COMMAND HEALTH, PO BOX 844797 DALLAS TX 75284	TRANSCRIPTION	1,794,655
OPTUMINSIGHT, 2771 MOMENTUM PLACE CHICAGO IL 60689	DENIAL RECOVERY	1,543,796

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 ▶ 33

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	2,223,188			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $		279,300			
	h	**Total.** Add lines 1a-1f . . . . . ▶		2,223,188			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	621110	550,329,645	550,329,645		
	b	REFERENCE LAB	621500	3,829,629		3,829,629	
	c	INCOME ON EQUITY INVESTEES	900099	6,709,280	6,709,280		
	d	CLINICAL TRIAL REVENUE	541900	1,042,250	1,042,250		
	e	MEANINGFUL USE PAYMENTS	621110	2,693,019	2,693,019		
	f	All other program service revenue		250,977			250,977
	g	**Total.** Add lines 2a–2f . . . . . ▶		564,854,800			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		6,264,502		305,852	5,958,650
	4	Income from investment of tax-exempt bond proceeds . . ▶		0			
	5	Royalties . . . . . ▶		0			
			(i) Real / (ii) Personal				
	6a	Gross rents	92,849				
	b	Less rental expenses	76,667				
	c	Rental income or (loss)	16,182 / 0				
	d	Net rental income or (loss) . . . . . ▶		16,182			16,182
			(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory	715,002,399 / 279,000				
	b	Less cost or other basis and sales expenses	705,803,119 / 457,976				
	c	Gain or (loss)	9,199,280 / -178,976				
	d	Net gain or (loss) . . . . . ▶		9,020,304			9,020,304
	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶		0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶		0			
	10a	Gross sales of inventory, less returns and allowances . a	269,162				
	b	Less cost of goods sold . . b	49,396				
	c	Net income or (loss) from sales of inventory . . ▶		219,766			219,766
		Miscellaneous Revenue	Business Code				
	11a	IT SERVICES TO OTHER HOSPITALS	541519	3,681,817		3,681,817	
	b	OPTICAL SHOP/COSMETICS	446199	759,933		759,933	
	c	INSURANCE PREMIUMS	524298	839,060	839,060		
	d	All other revenue		5,723,936	5,723,936		
	e	**Total.** Add lines 11a–11d . . . . . ▶		11,004,746			
	12	**Total revenue.** See Instructions . . . . . ▶		593,603,488	567,337,190	8,577,231	15,465,879

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	747,332	747,332		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	12,422	12,422		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	3,453,717	3,103,698	233,743	116,276
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	249,128,710	196,428,457	52,686,956	13,297
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	11,813,872	9,351,611	2,458,656	3,605
9 Other employee benefits	22,091,453	17,441,558	4,639,829	10,066
10 Payroll taxes	15,754,925	12,446,390	3,300,657	7,878
11 Fees for services (non-employees)				
a Management	35,000		35,000	
b Legal	1,283,948		1,283,948	
c Accounting	200,248		200,248	
d Lobbying	159,612		159,612	
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	1,005,611		1,005,611	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	43,489,966	14,671,015	28,818,951	
12 Advertising and promotion	1,483,169	96,104	1,356,798	30,267
13 Office expenses	7,249,074	5,043,705	2,169,342	36,027
14 Information technology	12,126,577	1,066,624	11,059,953	
15 Royalties . .	0			
16 Occupancy	7,800,571	5,460,400	2,340,171	
17 Travel	2,337,080	1,631,455	705,625	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	66,000		66,000	
20 Interest	6,544,705	4,581,294	1,963,411	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	19,634,995	13,744,497	5,890,498	
23 Insurance	3,137,218	1,350,550	1,786,668	
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	84,818,027	84,818,027		
b BAD DEBT	34,640,002	34,640,002		
c REPAIRS & MAINTENANCE	6,403,339	4,482,337	1,921,002	
d UBI TAXES	658,458		658,458	
e All other expenses	18,582,615	11,363,460	7,098,498	120,657
25 **Total functional expenses.** Add lines 1 through 24e	554,658,646	422,480,938	131,839,635	338,073
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 ▶ ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		8,918,608	1	20,873,647
	2	Savings and temporary cash investments		29,927,976	2	22,712,397
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		86,828,955	4	87,737,588
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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		0	6	0
	7	Notes and loans receivable, net		197,649	7	242,088
	8	Inventories for sale or use		7,647,986	8	7,547,825
	9	Prepaid expenses and deferred charges		4,739,759	9	5,467,785
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 473,780,535			
	b	Less accumulated depreciation	10b 236,496,403	209,229,067	10c	237,284,132
	11	Investments—publicly traded securities		231,540,602	11	227,085,235
	12	Investments—other securities See Part IV, line 11		0	12	0
	13	Investments—program-related See Part IV, line 11		2,334,596	13	6,356,131
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		42,449,651	15	49,677,468
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		623,814,849	16	664,984,296
Liabilities	17	Accounts payable and accrued expenses		53,447,272	17	53,078,163
	18	Grants payable		0	18	0
	19	Deferred revenue		197,758	19	393,670
	20	Tax-exempt bond liabilities		165,690,000	20	161,900,000
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		3,221,006	23	2,436,275
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		44,019,247	25	44,493,417
	26	**Total liabilities.** Add lines 17 through 25		266,575,283	26	262,301,525
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		325,789,057	27	366,749,658
	28	Temporarily restricted net assets		10,858,059	28	13,980,496
	29	Permanently restricted net assets		20,592,450	29	21,952,617
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ 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		357,239,566	33	402,682,771
	34	Total liabilities and net assets/fund balances		623,814,849	34	664,984,296

Part XI Reconcilliation 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	593,603,488
2	Total expenses (must equal Part IX, column (A), line 25)	2	554,658,646
3	Revenue less expenses Subtract line 2 from line 1	3	38,944,842
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	357,239,566
5	Net unrealized gains (losses) on investments	5	15,525,334
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	-9,026,971
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	402,682,771

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 ☐ Cash ☑ Accrual ☐ 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?	2a		No
	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 ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	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 ☐ Separate basis ☐ Consolidated basis ☑ Both consolidated and separate basis			
c	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?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
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?	3a		No
b	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	3b		

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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
Billings Clinic

Employer identification number
81-0231784

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

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

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

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

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

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

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

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

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

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

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

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

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

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

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

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

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

	Yes	No
(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? **11g(i)**		
(ii) A family member of a person described in (i) above? **11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

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	Employer identification number
Billings Clinic	81-0231784

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? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ 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? ☐ Yes ☐ 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)	0	
b Total lobbying expenditures to influence a legislative body (direct lobbying)	159,612	
c Total lobbying expenditures (add lines 1a and 1b)	159,612	
d Other exempt purpose expenditures	554,499,034	
e Total exempt purpose expenditures (add lines 1c and 1d)	554,658,646	
f Lobbying nontaxable amount Enter the amount from the following table in both columns	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)	250,000	
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? ☐ Yes ☐ 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	1,000,000	1,000,000	1,000,000	1,000,000	4,000,000
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000
c Total lobbying expenditures	37,524	82,631	219,228	159,612	498,995
d Grassroots nontaxable amount	250,000	250,000	250,000	250,000	1,000,000
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000
f Grassroots lobbying expenditures				0	0

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) Yes	(a) No	(b) 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?			
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?			
c	Media advertisements?			
d	Mailings to members, legislators, or the public?			
e	Publications, or published or broadcast statements?			
f	Grants to other organizations for lobbying purposes?			
g	Direct contact with legislators, their staffs, government officials, or a legislative body?			
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?			
i	Other activities?			
j	Total Add lines 1c through 1i			
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?			
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 IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Billings Clinic

Employer identification number
81-0231784

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? ☐ Yes ☐ No

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? ☐ Yes ☐ No

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	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

		Amount
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	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	23,259,946	21,981,852	21,026,911	19,640,069	18,575,246
b	Contributions	551,706	415,028	246,728	605,720	665,198
c	Net investment earnings, gains, and losses	2,064,279	1,054,443	724,344	781,122	399,625
d	Grants or scholarships		204,010	44,349		
e	Other expenditures for facilities and programs	19,994				
f	Administrative expenses		-12,633	-28,218		
g	End of year balance	25,855,937	23,259,946	21,981,852	21,026,911	19,640,069

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

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

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

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

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	5,841,497	22,516,411		28,357,908
b Buildings		177,110,018	71,229,702	105,880,316
c Leasehold improvements		1,726,152	1,367,355	358,797
d Equipment		239,269,405	155,564,314	83,705,091
e Other		27,317,051	8,335,031	18,982,020
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				237,284,132

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
See Additional Data Table	
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	49,677,468

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	0
DUE TO MDOR	375,279
DEPOSITS	15,800
INTEREST RATE SWAP AGREEMENT	23,417,939
ESTIMATED CLAIMS LIABILITY	7,441,641
ACCRUED BOND INTEREST & INTEREST SWAPS	991,694
PROVISION FOR UNPAID CLAIMS	12,251,064
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	44,493,417

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☐

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	564,456,238
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	15,525,334		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	865,368		
e	Add lines **2a** through **2d**			2e	16,390,702
3	Subtract line **2e** from line **1**			3	548,065,536
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	1,005,611		
b	Other (Describe in Part XIII)	4b	44,532,341		
c	Add lines **4a** and **4b**			4c	45,537,952
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	593,603,488

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	519,013,033
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	519,013,033
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	1,005,611		
b	Other (Describe in Part XIII)	4b	34,640,002		
c	Add lines **4a** and **4b**			4c	35,645,613
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	554,658,646

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
DESCRIBE THE INTENDED USE OF THE ORGANIZATION'S ENDOWMENT FUNDS	SCHEDULE D, PART V, LINE 4 The Clinics endowment is held by the BILLINGS CLINIC Foundation The endowment consists of approximately 70 individual funds established for a variety of purposes The endowment includes both donor restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds) Endowment funds are invested and held in perpetuity to provide a source of income for Billings Clinic programs and needs
UNCERTAIN TAX POSITIONS	SCHEDULE D, PART X, LNE 2 The Clinic has been recognized as exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law Accordingly, no provision for income taxes for these entities has been made in the accompanying financial statements However, the Clinic is subject to federal and state income tax on any unrelated business taxable income The Clinic files tax returns in the U S federal jurisdiction With a few exceptions, the Clinic is no longer subject to U S federal examinations by tax authorities for years before 2011
REVENUE ON BOOKS, NOT ON RETURN	SCHEDULE D, PART XI, LINE 2D CHANGE IN FAIR VALUE OF INTEREST RATE SWAP 865,368
REVENUE ON RETURN, NOT ON BOOKS	SCHEDULE D, PART XI, LINE 4B CHANGE IN INTEREST OF AFFILIATES 9,586,487 BAD DEBT EXPENSE RECLASSED TO EXPENSE 34,640,002 INTEREST IMPUTED ON INTERCOMPANY RECEIVABLES 305,852 TOTAL 44,532,341
EXPENSE ON RETURN, NOT ON BOOKS	SCHEDULE D, PART XII, LINE 4B BAD DEBT EXPENSE RECLASSED TO EXPENSE 34,640,002

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 81-0231784
Name: Billings Clinic

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
(1) NOTE RECEIVABLE FROM NEW WEST	33,782,799
(2) INSURANCE RECEIVABLE	315,957
(3) DUE FROM RELATED PARTY	1,524,069
(4) RECEIVABLE FROM JOINT VENTURE	122,680
(5) DEPOSITS	18,025
(6) DEFERRED FINANCING COSTS	2,025,955
(7) BILLINGS CLINIC FOUNDATION	48,274,260
(8) NEW WEST HEALTH SERVICES	-39,228,194
(9) STILLWATER BILLINGS CLINC	2,736,443
(10) EXPRESSCARE	-455,720
(11) ACCRUED INTEREST	561,194

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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
Billings Clinic

Employer identification number
81-0231784

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			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☐ 200% ☑ Other 120 %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☑ 300% ☐ 350% ☐ 400% ☐ Other ____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			14,490,315		14,490,315	2 780 %
b Medicaid (from Worksheet 3, column a)			47,319,732	43,939,406	3,380,326	0 650 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs			61,810,047	43,939,406	17,870,641	3 430 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			3,160,042	561,217	2,598,825	0 500 %
f Health professions education (from Worksheet 5)			5,421,072	1,523,758	3,897,314	0 750 %
g Subsidized health services (from Worksheet 6)			49,537,533	38,301,313	11,236,220	2 160 %
h Research (from Worksheet 7)			1,137,013	315,814	821,199	0 160 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			560,932	325	560,607	0 110 %
j **Total.** Other Benefits			59,816,592	40,702,427	19,114,165	3 680 %
k **Total.** Add lines 7d and 7j			121,626,639	84,641,833	36,984,806	7 110 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support		140	21,211		21,211	
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy		60	27,657		27,657	0 010 %
8 Workforce development		500	48,407	25,979	22,428	
9 Other						
10 **Total**		700	97,275	25,979	71,296	0 010 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	34,640,002		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	0		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	166,499,307
6	Enter Medicare allowable costs of care relating to payments on line 5	6	183,433,038
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-16,933,731
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

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

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year? 1

	Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Billings Clinic

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	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 13			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in 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**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) www billingsclinic com			
b	☑ Other website (list url) www healthybydesignyellowstone org			
c	☑ Available upon request from the hospital facility			
d	☐ 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	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☐ 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**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**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 *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 120 % If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 300 % If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☑ Residency			
i ☐ 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?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☑ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ 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 ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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

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

Part V Facility Information *(continued)*

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

Form and Line Reference	Explanation
See Additional Data Table	

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? **16**

	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
SCHEDULE H, PART I, LINE 7, column f	Bad debt expense included on Form 990, part IX, line 25 but excluded for purposes of calculating percentages in this column equal $34,640,002

Form and Line Reference	Explanation
SCHEDULE H, PART I, LINE 7	THE ORGANIZATION USED A COST-TO-CHARGE RATIO FOR LINES 7A and 7B THE COST-TO-CHARGE RATIO WAS DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE COST-TO-CHARGES The information for lines 7e through 7i was derived from information in the general ledger and other financial data related specifically to the various types of community benefits Line 7g, subsidized health services includes various physican clinics in order to better serve the Montana areas Total costs for the physician clinics were $24,162,214

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 2	Explain the organization's methodology to estimate the amount reported for bad debt expense The Organization analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 4	See page 11 of the attached audited financial statements for the footnote that describes bad debt expense

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 8	We believe that 46 percent of Billings Clinic's Medicare shortfalls should be counted as a community benefit Our rationale is that 46 percent is the best estimate of the percentage of Montana's Medicare population (65 and older) who are at or below 300% of Federal Poverty Level, based on U S Census data The upper limit of our financial assistance policy is 300% For the calculation of the unreimbursed cost of Medicare a ratio of patient care cost to charges using worksheet 2 was utilized and applied to gross Medicare charges We do not use the Cost Report for this number The Cost Report only captures revenue related to the facility and does not capture revenue/losses related to clinical professional services, which are a substantial portion of Billings Clinic Medicare shortfalls

Form and Line Reference	Explanation
SCHEDULE H, PART III, LINE 9b	Billings Clinic had a formal, written policy in tax year 2013, effective as of 10/5/11 (OHA-205 "Patient Financial Services") We did have a collection process, which was used to screen patients for financial assistance prior to making payment arrangements for care The policy applies equally to all patients - insured, under-insured or uninsured Once a determination has been made and adjustments applied to the account balance, any remaining balance would fall into the regular guidelines of collection, giving patients financing options that will work within their monthly budget Patients who cannot meet the requirements of a payment arrangement should be offered the loan program and/or financial assistance as options If the patient agrees to financial assistance, the application should be requested Agency will print and mail financial assistance applications and this will be completed by the end of each business day After a patient completes the application, the patient will send it back to Billings Clinic for financial assistance determination

Form and Line Reference	Explanation
NEEDS ASSESSMENT	The 2014 Community Health Needs Assessment (CHNA) was a systematic, data driven approach to determining the health status, behaviors and needs of residents in Yellowstone County Billings Clinic partnered with the local health care Alliance, including another local hospital, St Vincent Healthcare, and city/county health department, RiverStone Health, to coordinate and pay for the CHNA It serves as a tool to improve the health status and improve the quality of life overall of Yellowstone County residents In the winter of 2013-2014, the Yellowstone County Community Health Survey consisted of 400 randomized telephone (landline & mobile) contacts representing the diverse socioeconomic and geographic characteristics of Yellowstone County Existing vital statistics and other health-related data are incorporated into the assessment as secondary sources In addition, focus groups were conducted among physicians, legislators, social services, educators, employers and low-income groups Results of the 2014 Community Health Assessment were reviewed by the Alliance, a community forum sponsored by the Alliance's community health coalition (called Healthy By Design), and the Billings Clinic Community Health Improvement Committee (a Board committee) Findings were compared between 2014, 2011 and 2006 assessment results An Implementation Plan has been completed, both for the Alliance (community-wide) and for Billings Clinic (organization-wide) Implementation of many of the objectives has begun, with community workgroups, using measures and evaluation The URL for the CHNA is located at http //www billingsclinic com/about-us/giving-back-to-the-community

Form and Line Reference	Explanation
PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	* All patients may apply for financial assistance - informational brochures with a one-page summary, and application forms are available at registration desks in the clinic and hospital, the Emergency Department discharge desk, care management staff and on our website at billingsclinic com * Information about financial assistance is printed on the back of patient bills * Patients hospitalized without identifying a third party payer source are screened for coverage/assistance - SSI (Social Security Supplemental income, if approved will qualify for Medicaid), SSDI (Social Security Disability Income), Veterans' Administration, Indian Health Services, Workers Compensation, Medicaid, Crime Victims, and health insurance coverage * A Financial Assistance brochure is mailed to new patients (Clinic and Hospital) in their pre-admission packets These packets are mailed to all patients, even if they cannot be reached by phone in advance * An application is mailed to patients whose payment pattern indicates that they may need assistance * Patient Financials Services staff is available to help any patient needing assistance to complete an application * According to our existing Financial Application policy, a patient is not eligible for financial assistance if the account has been sent to bad debt We do bring accounts back in-house for charity assistance on a case-by-case basis * An account is sent to bad debt at least 158 days after they are considered "self-pay," including at least three statements, letter and phone call attempts to contact the patient

Form and Line Reference	Explanation
COMMUNITY INFORMATION	Billings Clinic is based in Billings, Montana, the largest city in Montana, with more than 150,000 people in Yellowstone County In Billings, there are two not-for-profit hospitals of similar size Billings Clinic is an integrated, not for profit, community-governed health care organization providing services to a forty-three county area in eastern Montana and northern Wyoming Billings Clinic defines its broad geographic service area as 43 counties in eastern Montana and northern Wyoming, encompassing nearly 128,000 square miles with a population of 595,000 people Today, Billings Clinic employs more than 4,225 employees, including 259 physicians, and 90 mid-level practitioners, and operates a multi-specialty physician clinic, 285-bed acute care hospital, level II trauma center, a 90-bed long-term care facility, a clinical research center, and a variety of ambulatory, diagnostic and treatment services Thirty-eight of those 43 counties are either wholly or partly designated as Health Professional Shortage Areas (HPSA) by the US Department of Health and Human Services, Health Resources and Services Administration under the Primary Medical Care discipline The area includes five American Indian Reservations and an American Indian population of 38,882, or 6 9% of the service area's population The US Census Bureau 2008 estimates show that 27 3% of Montana families are below 200% of the Federal Poverty level, compared to 26 6% for the nation and Montana is ranked 13th lowest of 50 states in Median Family Income According to the 2010 US Census, Montana had 17 3% of the population without health insurance coverage in 2010, including all ages of the civilian, non-institutionalized population

Form and Line Reference	Explanation
Promotion of community health	Billings Clinic is an integrated health care organization, combining a not-for-profit multi-specialty medical group practice with a hospital and long term care facility Our organization promoted community health in many ways in Fiscal Year 2014, including * Substantial financial assistance and charity care was provided to patients in need Billings Clinic provides more charity care than another other hospital or health care organization in Montana * Care was provided to Medicare and Medicaid patients, as well as SCHIP for children * Our Board's governance and nominating committee reviewed the entire 990, including Schedule H, which was then discussed with the entire Board of Directors The Community Benefit Report, including Schedule H data, is also reviewed by the Board committee for Community Health Improvement * Billings Clinic is a teaching hospital and supports, along with Riverstone Health and St Vincent Healthcare, the only post-graduate medical education in Montana - the Montana Family Medicine Residency Program Nearly 90 percent of the graduates establish a practice in rural, medically underserved settings in Montana In addition we provide ongoing preceptorships for medical, nursing and pharmacy students so that they can obtain real-life experience during college and graduate school In 2013, we also created and were approved for a new Internal Medicine Residency program Residents started the program in July of 2014 * Billings Clinic is a Medicaid disproportionate share hospital serving a significantly disproportionate number of low-income patients * Our full-time emergency department is maintained where no one is denied care, within our capacity to provide care * Our board of directors is composed of community members who reside in the primary service area Only three out of 12 board members are employees - two are employed physicians and one is our CEO * Medical staff privileges are open to all qualified physicians in our community Operating surpluses are directed solely toward meeting our charitable purposes, including education, research, capital expenses, debt amortization, patient care improvements and medical education * Billings Clinic has the only inpatient psychiatric services for youth and adults available in our region of central and eastern Montana and northern Wyoming, despite significant financial loss We are committed to mental health care and continually work to find ways to reach those in need in the region, such as through telemedicine programs and education for primary care providers

Form and Line Reference	Explanation
State filing of community benefit report	Billings Clinic files a community benefit report to the state of Montana's Attorney General's office, with different values than requested by Schedule H

Additional Data

Software ID:
Software Version:
EIN: 81-0231784
Name: Billings Clinic

990 Schedule H, Supplemental Information

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
SCHEDULE H, PART V, LINE 3	
SCHEDULE H, PART V, LINE 4	Other hospitals included with the CHNA The entire CHNA was conducted by Professional Research Consultants (PRC) Billings Clinic's Community Health Needs Assessment was conducted in a pre-existing community health partnership called "The Alliance" with St Vincent Healthcare (hospital organization) and RiverStone Health (public health department for city and county) The Alliance had conducted a CHNA in 2006 & 2011 as well
SCHEDULE H, PART V, LINE 7	Needs not addressed in the most recently conducted CHNA Billings Clinic has started to address the needs that we have the assets and resources to address The objective of Billings Clinic's community benefit plan for the next several years is to align, enhance and/or develop programs based on a set of criteria established by our Community Health Improvement Committee, including * Billings Clinic's mission, vision and values, * Billings Clinic's strategic operating plan, * Data obtained through the 2005, 2011 and 2014 Community Health Needs Assessments, * The Alliance Plan to Improve the Community's Health, * IRS 990 Schedule H requirements, and * The Institute for Healthcare Improvement's Triple Aim (Improve the health of the population, enhance the patient experience of care (including quality, access and reliability), and reduce, or at least control, the per capita cost of care) We will, as appropriate and possible, design methods to measure program effectiveness in the short and longer terms and at the organizational and population levels If any community health needs do not meet the above criteria, we will not be able to address that particular need in the next few years At this time, Billings Clinic does not have the resources necessary to address all needs, including * lack of transportation (only available during weekdays on a limited basis), * Access to dental care (we don't have dental services) * Availability of substance abuse treatment (limited) In some areas we don't offer any services but do advocate on policy, such as * Seat belt usage * Firearm safety, * Lack of healthcare coverage (Medicaid expansion efforts)

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)
Billings Clinic (Billings Clinic) 2800 Tenth Avenue North Billings, MT 59101	Multispeciality Physician Outpatient Clinics
Billings Clinic (Aspen Meadows) 3155 Avenue C Billings, MT 59102	Multispeciality Physician Outpatient Clinics
Livingston Imaging 504 S 13th St Livingston, MT 59047	Multispeciality Physician Outpatient Clinics
Billings Clinic Sheridan Dialysis 1401 West 5th St Sheridan, WY 82801	Multispeciality Physician Outpatient Clinics
Beartooth Billings Clinic 2525 North Broadway Red Lodge, MT 59068	Multispeciality Physician Outpatient Clinics
Behavioral Health Center 1020 North 27th Street 4th Floor Billings, MT 59101	Multispeciality Physician Outpatient Clinics
Billings Clinic Anticoagulation Clinic 1020 North 27th Street 1st Floor Billings, MT 59101	Multispeciality Physician Outpatient Clinics
Billings Clinic Cancer Center 801 North 29th Street Billings, MT 59101	Multispeciality Physician Outpatient Clinics
Billings Clinic Cody 201 Yellowstone Avenue Cody, WY 82414	Multispeciality Physician Outpatient Clinics
Billings Clinic Heights 760 Wicks Lane Billings, MT 59105	Multispeciality Physician Outpatient Clinics
Billings Clinic Miles City 620 South Haynes Avenue Miles City, MT 59301	Multispeciality Physician Outpatient Clinics
Billings Clinic North 30th Building 1045 N 30th St Billings, MT 59101	Multispeciality Physician Outpatient Clinics
Billings Clinic Surgery Center 2929 Tenth Ave North Billings, MT 59101	Multispeciality Physician Outpatient Clinics
Billings Clinic West 2675 Central Avenue Billings, MT 59102	Multispeciality Physician Outpatient Clinics
Billings Sports Plex 5000 Southgate Dr Billings, MT 59101	Multispeciality Physician Outpatient Clinics

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)
Bozeman OBGYN 925 Highland Blvd Bozeman, MT 59715	Multispeciality Physician Outpatient Clinics

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

▶ **Attach to Form 990**

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Billings Clinic

Employer identification number
81-0231784

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 7

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

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
(1) scholarships	51	12,422			

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

Return Reference	Explanation
ORGANIZATION'S PROCEDURES FOR MONITORING USE OF GRANT FUNDS IN THE U S	SCHEDULE I, PART I, LINE 2 The organization awards scholarships to individuals who exhibit a strong desire and potential to excel in the health care field Students must complete an application form which includes their most recent official high school transcript or G E D and current college transcript The application must include three individual references on using the organization's recommendation questionnaire The organization also provides grants to other health related organizations

Additional Data

Software ID:
Software Version:
EIN: 81-0231784
Name: Billings Clinic

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BILLINGS CLINIC FOUNDATION 2917 Tenth Avenue North Billings, MT 59101	81-0407289	501(C)(3)	257,739				support operations

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MONTANA HEALTH NETWORK 11 SOUTH 7TH STREET MILES CITY,MT 59301	81-6073209	501(C)(3)	23,600				RURAL HEALTH DEVELOPMENT

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
YELLOWSTONE CITY-COUNTY HLTH DBA RIVERSTONE HEALTH 123 SOUTH 27TH STREET BILLINGS,MT 59101	81-0513538	GOVT	20,000				SUPPORT OPERATIONS

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Community Crisis Center 704 N 30TH ST BILLINGS,MT 59101	20-3231164	501(c)(3)	74,425				SUPPORT OPERATIONS

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
RIVERSTONE HEALTH FOUNDATION PO BOX 1562 BILLINGS,MT 59103	35-2332179	501(c)(3)	30,000				SUPPORT OPERATIONS

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
RONALD MCDONALD HOUSE CHARITIES OF MONTANA 1144 NORTH 30TH STREET BILLINGS,MT 59101	81-0400667	501(C)(3)	12,500				SUPPORT OPERATIONS

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
YES Kids 3814 PARKHILL DR BILLINGS,MT 59102			10,000				SUPPORT OPERATIONS

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
FAMILY MED RESIDENCY OF W MT 401 WEST RAILROAD MISSOULA,MT 59802	81-6001713	501(c)(6)	211,988				SUPPORT OPERATIONS

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MACK PRODUCTIONS 3333 2ND AVENUE N 170 BILLINGS,MT 59101			14,799				SPONSORSHIP

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BIG SKY STATE GAMES PO BOX 7139 BILLINGS,MT 59103	81-0431595	501(C)(3)	6,000				SPONSORSHIP

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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
Billings Clinic

Employer identification number
81-0231784

Part I Questions Regarding Compensation

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

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

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

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

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

Part III Supplemental Information

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

Return Reference	Explanation
INFORMATION REGARDING BENEFITS PROVIDED	SCHEDULE J, PART I, LINE 1A Billings Clinic periodically arranges and pays for charter travel for management and/or Board members attending governance education, State legislative hearings and association meetings Billings Clinic also pays for the travel expense of spouses of Board members attending organizationally approved/arranged governance education This reimbursement is reported as income consistent with the Board travel reimbursement policy there was no taxable travel utilized in FY14
NON-QUALIFIED BENEFIT PLANS	SCHEDULE J, PART I, LINE 4B The Billings Clinic Board Deferred Compensation Plan provides that all amounts earned are deferred until age 65 when payments are made over 5 years Interest is accrued and credited each quarter and account balances are always 100% vested During the year, former board member Lyle Knight received payment on previously reported deferrals in the amount of $13,441 The Billings Clinic Supplemental Retirement Agreement for Senior Executives (SERP) is a non-elective 457(f) agreement and provides for annual deferrals, which become vested and payable after 4 years The following individuals are participants in the plan and received a deferral during the 2013 calendar year which is included in deferred compensation on Schedule J, Part II, column C Connie F Prewitt - $59,700
NON-FIXED PAYMENTS	The Board of Directors annually determines the incentive plan amount for the CEO and the Senior Executive Team based on an external compensation study The availability of the incentive is triggered by the organizational operating margin performance targets The incentive is awarded based on financial performance as well as organizational performance measurements in quality, service satisfaction, both patient and employee satisfaction and then individual goals set each year if the target is triggered The incentive is paid only if triggered following the financial audit presentation

Additional Data

Software ID:
Software Version:
EIN: 81-0231784
Name: Billings Clinic

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				
Robert N Hurd MD Board Member, Physician	(I) (II)	398,770	0	3,271	21,726	14,927	438,694	0
Clayton H McCracken MD Board Member, Physician	(I) (II)	365,638	0	299	26,617	19,960	412,514	0
J Scott Millikan MD Chair, Physician	(I) (II)	623,852	0	510	31,525	19,539	675,426	0
Nicholas Wolter MD CEO	(I) (II)	940,678 0	175,998 0	4,659 0	22,525 0	13,718 0	1,157,578 0	0 0
Connie F Prewitt CFO	(I) (II)	439,214	87,574	430	82,225	24,676	634,119	0
Lyle Knight former board member	(I) (II)	13,441	0	0	0	0	13,441	12,000
Randall K Gibb MD Physician	(I) (II)	1,052,987	0	4,607	22,525	22,205	1,102,324	0
Scott A Sample MD Physician	(I) (II)	1,018,954	0	4,579	22,525	24,199	1,070,257	0
Roger G Santala MD Physician	(I) (II)	824,166	0	673	25,525	19,088	869,452	0
Micheal A Morone MD Physician	(I) (II)	791,956	0	647	21,013	27,386	841,002	0
Jared J Lund MD Physician	(I) (II)	790,701	0	646	22,525	29,732	843,604	0

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Schedule K (Form 990)

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

Department of the Treasury
Internal Revenue Service

Name of the organization
Billings Clinic

Employer identification number
81-0231784

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	MONTANA FACILITY FINANCE AUTHORITY	36-4615155	612043FL8	05-30-2008	60,000,000	capital projects	X			X		X
B	MONTANA FACILITY FINANCE AUTHORITY	36-4615155	61204MAA5	08-24-2011	140,000,000	capital projects, refund 2008 bond		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	31,315,000	6,785,000		
2	Amount of bonds legally defeased	0	0		
3	Total proceeds of issue	60,000,000	140,124,100		
4	Gross proceeds in reserve funds	5,535,735	0		
5	Capitalized interest from proceeds	0	0		
6	Proceeds in refunding escrows	0	0		
7	Issuance costs from proceeds	1,200,000	858,750		
8	Credit enhancement from proceeds	0	0		
9	Working capital expenditures from proceeds	0	0		
10	Capital expenditures from proceeds	49,976,092	42,097,226		
11	Other spent proceeds	0	84,553,156		
12	Other unspent proceeds	0	12,614,968		
13	Year of substantial completion	2009			

		A		B		C		D	
		Yes	No	Yes	No	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 ▶	0 %		0 %					
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 ▶	0 %		0 %					
6	Total of lines 4 and 5	0 %		0 %					
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	0 %		0 %					
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X		X				
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	X					
b	Exception to rebate?		X		X				
c	No rebate due?	X			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	0		0					
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	0		0					
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).

Return Reference	Explanation
schedule k, part iv, line 2c	the 2008 bond issue rebate calculation was completed on 02/25/13

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Billings Clinic

Employer identification number
81-0231784

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

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

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

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

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

Part II Loans to and/or From Interested Persons.

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

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

Part III Grants or Assistance Benefitting Interested Persons.

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

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) AARON SPARBOE	SEE PART v	811,693	RENT		No
(2) NEW WEST HEALTH SERVICES	SEE PART V	13,931,015	CLAIMS PAID		No

Part V Supplemental Information

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

Return Reference	Explanation
RELATIONSHIP BETWEEN INTERESTED PERSON & THE ORGANIZATION	PART IV, LINE 1 COLUMN B AARON SPARBOE, BOARD MEMBER OF BILLINGS CLINIC, RENTS TWO CLINICS TO THE ORGANIZATION PART IV, LINE 2 COLUMN B NICHOLAS WOLTER, CONNIE PREWITT, AND JOY OTT ARE OFFICERS OR DIRECTORS OF BOTH BILLINGS CLINIC AND OF NEW WEST HEALTH SERVICES, A WHOLLY-OWNED SUBSIDIARY OF BILLINGS CLINIC DURING THE YEAR, NEW WEST HEALTH SERVICES PAID CLAIMS FOR BILLINGS CLINIC IN THE AMOUNT OF $13,931,015 THIS TRANSACTION IS ALSO DISCLOSED ON SCHEDULE R, PART V, LINE 2, CODE M

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

Noncash Contributions

▶Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.
▶Information about Schedule M (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Billings Clinic

Employer identification number
81-0231784

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) Method of determining noncash contribution amounts
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial	X	1	250,000	fair market value
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (other miscellaneous)	X	3	29,307	fair market value
26 Other ▶(_____)				
27 Other ▶(_____)				
28 Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . 29

		Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1 through 28, that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		No
b	If "Yes," describe the arrangement in Part II		
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions?		No
b	If "Yes," describe in Part II		
33	If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II		

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

Return Reference	Explanation
NONCASH CONTRIBUTIONS	SCHEDULE M, PART I, COLUMN B THE NUMBER IN COLUMN B REPRESENTS THE NUMBER OF CONTRIBUTIONS RECEIVED

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Billings Clinic

Employer identification number
81-0231784

Return Reference	Explanation
Business & Family Relationships	FORM 990, Part VI, LINE 2 NICHOLAS WOLTER, CONNIE PREWITT, AND JOY OTT have a business relationship because they are directors or officers of the WHOLLY-owned subsidiary disclosed on Schedule R, Part IV DESCRIBE THE PROCESS TO REVIEW THE FORM 990 FORM 990, PART VI, LINE 11B The 990 review is completed before the return is filed It is reviewed by the CFO, the executive group, the governance and nominating committee of the board and finally the board of directors

Return Reference	Explanation
DESCRIBE HOW CONFLICT OF INTEREST POLICY IS MONITORED & ENFORCED	FORM 990, PART VI, LINE 12C The Governance and Nominating Committee of the Board of Directors, according to their charter, review annually the disclosure statements of the Board of Directors and senior executives and take action to resolve conflicts A Conflict of Interest Review Panel, chaired by the Compliance Officer, as outlined in organizational policy, is responsible for reviewing disclosed conflicts and approving necessary conflict management plans of all other interested persons at Billings Clinic

Return Reference	Explanation
DESCRIBE PROCESS FOR DETERMINING COMPENSATION	FORM 990, PART VI, LINE 15A & 15B Billings Clinic has as executive compensation program administered by independent trustees following best practices and the highest regulatory standards expected of a not-for-profit organization They follow a board approved charter and overall executive compensation philosophy which defines the market as a comparable set of not-for-profit health care delivery systems They look at relevant market data of similar roles in similar organizations Annual disclosure of the committee's actions and decisions to the full Board is required

Return Reference	Explanation
DESCRIBE HOW DOCUMENTS ARE MADE AVAILABLE TO THE PUBLIC	FORM 990, PART VI, LINE 19 Billings Clinic makes it governing documents, conflict of interest policy and financial statements available to the public on an as needed basis

Return Reference	Explanation
OTHER CHANGES IN NET ASSETS	FORM 990, PART XI, LINE 9 CHANGE IN FAIR VALUE OF INTEREST RATE SWAP 865,368 CHANGE IN INTEREST OF AFFILIATES (9,586,487) INTEREST IMPUTED ON INTERCOMPANY RECEIVABLES 305,852 TOTAL (9,026,971)

Return Reference	Explanation
PRIOR YEAR BALANCE SHEET	PART X, COLUMN A DURING 06/30/14, THE ORGANIZATION MADE RECLASSIFICATIONS TO THE 06/30/13 CONSOLIDATED FINANCIAL STATEMENTS TO CONFORM TO THE 06/30/14 FINANCIAL STATEMENT PRESENTATION THESE RECLASSIFICATIONS DID NOT HAVE A NET EFFECT ON THE CONSOLIDATED FINANCIALS, HOWEVER FOR 990 PURPOSES, THE RECLASSIFICATION RESULTED IN A CHANGE TO THE 06/30/13 NET ASSETS 06/30/13 PRIOR YEAR NET ASSETS - 354,302,789 06/30/13 RESTATED PRIOR YEAR NET ASSETS - 357,239,566 INCREASE IN NET ASSETS - 2,936,777* * THE INCREASE IN NET ASSETS IS ATTRIBUTABLE TO THE PRESENTATION OF HOW BILLINGS CLINIC SHOWS THEIR INVESTMENT IN AN AFFILIATE. THE AFFILIATE IS ELIMINATED ON THE CONSOLIDATED FINANCIALS BUT IS TREATED AS A SEPERATE ENTITY FOR TAX PURPOSES AND IS NOT ELIMINATED ON THE BILLINGS CLINIC 990

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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
Billings Clinic

Employer identification number
81-0231784

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) Montana Healthcare Indemnity LLC 2800 Tenth Avenue North Billings, MT 59101 81-0231784	Ins Captive	MT	990,342	13,266,236	Billings

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	(g) No
(1) Billings Clinic Foundation 2917 Tenth Avenue North Billings, MT 59101 81-0407289	fundraising	MT	501(c)(3)	line 7	billings	Yes	
(2) Stillwater Hospital Association 710 N 11th St Columbus, MT 59019 81-0286525	hospital	MT	501(c)(3)	line 3	billings	Yes	
(3) STILLWATER COMMUNITY HEALTHCARE FDN 710 11TH ST COLUMBUS, MT 59019 20-0748325	fundraising	MT	501(c)(3)	line 7	billings	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) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

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) New West Health Services 130 Neill Avenue Helena, MT 59601 84-1418136	Insurance sales	MT	Billings Clinic	C-Corporation	157,806,229	29,175,582	100 000 %	Yes	
(2) Billings Clinic Express Care LLC 2800 10th Avenue north Bilings, MT 59101 46-3355499	Outpatient Clinic	MT	Billings Clinic	C-Corporation	168,416	510,601	100 000 %	Yes	

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

		Yes	No
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 orgranization 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	1a	Yes	
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d	Yes	
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	Yes	
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	Yes	
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p		No
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s		No

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

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

Part VI **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V?UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 81-0231784
Name: Billings Clinic

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

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
NEW WEST HEALTH SERVICES	A	644,530	interco amount
BILLINGS CLINIC FOUNDATION	B	580,305	interco amount
BILLINGS CLINIC FOUNDATION	B	257,739	interco amount
BILLINGS CLINIC FOUNDATION	C	2,223,188	interco amount
NEW WEST HEALTH SERVICES	D & Q	33,782,799	interco amount
BILLINGS CLINIC FOUNDATION	D	72,447	interco amount
STILLWATER HOSPITAL ASSOCIATION	D	494,752	interco amount
BILLINGS CLINIC EXPRESS CARE LLC	D	956,870	interco amount
STILLWATER HOSPITAL ASSOCIATION	L	559,780	interco amount
NEW WEST HEALTH SERVICES	M	13,931,015	interco amount

Billings Clinic
Consolidated Financial Statements

Auditor's Report and Consolidated Financial Statements

June 30, 2014 and 2013

Billings Clinic
Consolidated Financial Statements
June 30, 2014 and 2013

Contents

Independent Auditors' Report

Board of Directors
Billings Clinic
Billings, Montana

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Billings Clinic, which comprise the consolidated balance sheets as of June 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended, and the related notes to the financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 consolidated 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 audits We did not audit the financial statements of Montana Healthcare Indemnity, LLC (MHI), a wholly-owned subsidiary, which statements reflect total assets of $14,816,236 and $12,063,637 as of June 30, 2014 and 2013 and total revenues of $5,310,000 and $4,605,504, respectively, for the years then ended Those statements were audited by other auditors' whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for MHI, is based solely on the report of the other auditors We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement The financial statements of Montana Healthcare Indemnity, LLC, which are included in the consolidated report, were not audited in accordance with *Government Auditing Standards*

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

Opinion

In our opinion, based on our audit and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Billings Clinic as of June 30, 2014 and 2013, and the results of their operations, the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America In our opinion, based on our audit and the report of other auditors, the information is fairly stated in all material respects in relation to the consolidated 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 September 29, 2014, on our consideration of the entity's internal control over financial reporting and 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 the internal control over financial reporting or on compliance That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control over financial reporting and compliance

BKD, LLP

Denver, Colorado
September 29, 2014

Billings Clinic
Consolidated Financial Statements
Consolidated Balance Sheets
June 30, 2014 and 2013

Assets

	2014	2013
Current Assets		
Cash and cash equivalents	$ 42,896,822	$ 14,059,643
Short-term investments	593,029	1,322,537
Assets limited as to use - current	4,142,032	3,905,456
Patient accounts receivable, net of allowance for doubtful accounts of approximately $36,635,000 at 2014 and $42,317,000 at 2013	78,221,015	79,693,587
Other receivables	18,079,461	14,553,398
Estimated amounts due from third-party payers	4,767,715	4,544,734
Supplies	7,700,482	7,794,773
Prepaid expenses and other	6,375,860	6,819,021
Total current assets	162,776,416	132,693,149
Assets Limited as to Use		
Internally designated	154,955,867	131,924,905
Externally restricted by donors	34,681,589	30,407,597
Held by trustee	16,765,302	44,736,718
	206,402,758	207,069,220
Less amount required to meet current obligations	4,142,032	3,905,456
	202,260,726	203,163,764
Investments		
Investment in and advances to equity investees	6,356,131	2,334,596
Long-term investments	98,640,005	101,905,283
	104,996,136	104,239,879
Property and Equipment, Net	246,870,361	219,331,999
Other Assets		
Deferred financing costs	2,025,955	2,251,431
Other	2,803,565	2,134,583
	4,829,520	4,386,014
Total assets	$ 721,733,159	$ 663,814,805

Liabilities and Net Assets

	2014	2013
Current Liabilities		
Current maturities of long-term debt	$ 6,341,467	$ 5,690,473
Accounts payable	21,702,356	23,321,663
Accounts payable - construction	4,150,654	1,833,351
Accrued compensation and related expenses	22,104,770	20,167,558
Accrued expenses - other	7,036,942	6,857,198
Estimated amounts due to third-party payers	2,046,555	4,569,414
Other	30,299,902	13,812,652
Total current liabilities	93,682,646	76,252,309
Long-term Debt	181,083,846	186,826,285
Interest Rate Swap Agreements	23,417,939	24,283,307
Other Long-term Liabilities	20,865,957	19,213,338
Total liabilities	319,050,388	306,575,239
Net Assets		
Unrestricted	366,749,658	325,789,057
Temporarily restricted	13,980,496	10,858,059
Permanently restricted	21,952,617	20,592,450
Total net assets	402,682,771	357,239,566
Total liabilities and net assets	$ 721,733,159	$ 663,814,805

Billings Clinic
Consolidated Financial Statements
Consolidated Statements of Operations
Years Ended June 30, 2014 and 2013

	2014	2013
Operating Revenues		
Patient service revenue (net of contractual allowances and discounts)	$ 536,520,351	$ 520,997,849
Provision for uncollectible accounts	(35,371,494)	(37,887,153)
Net patient service revenue less provision for uncollectible accounts	501,148,857	483,110,696
Premium revenue	170,526,587	107,574,515
Other	26,003,326	28,045,716
Net assets released from restrictions used for operations	1,865,304	1,274,316
Total operating revenues	699,544,074	620,005,243
Operating Expenses		
Salaries and wages	264,790,064	254,564,580
Employee benefits	55,653,444	52,370,419
Purchased services and professional fees	50,016,114	45,305,568
Supplies and other	146,975,060	142,290,821
Claims paid	156,188,797	96,164,232
Depreciation and amortization	20,778,301	18,738,028
Interest	7,538,784	7,688,055
Total operating expenses	701,940,564	617,121,703
Operating Income (Loss)	(2,396,490)	2,883,540
Other Income (Expense)		
Investment return	16,352,354	7,099,988
Net unrealized gains on investments	18,362,725	11,541,083
Change in fair value of interest rate swap agreements	865,368	5,853,117
Loss on affiliation with NWHS	-	(2,813,802)
Other income (expense)	5,788,232	(622,653)
Total other income (expense)	41,368,679	21,057,733
Excess of Revenues Over Expenses	38,972,189	23,941,273
Net assets released from restriction used for purchase of property and equipment	1,445,250	1,923,545
Other	543,162	(1,272,586)
Increase in Unrestricted Net Assets	$ 40,960,601	$ 24,592,232

Billings Clinic
Consolidated Financial Statements
Consolidated Statements of Changes in Net Assets
Years Ended June 30, 2014 and 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Net Assets, July 1, 2012	$ 301,196,825	$ 7,896,412	$ 19,673,189	$ 328,766,426
Excess of revenues over expenses	23,941,273	-	-	23,941,273
Contributions received	-	5,685,445	347,773	6,033,218
Investment income	-	474,063	571,488	1,045,551
Net assets released from restrictions, operating	-	(1,274,316)	-	(1,274,316)
Net assets released from restrictions, capital	1,923,545	(1,923,545)	-	-
Other	(1,272,586)	-	-	(1,272,586)
Increase in net assets	24,592,232	2,961,647	919,261	28,473,140
Net Assets, June 30, 2013	325,789,057	10,858,059	20,592,450	357,239,566
Excess of revenues over expenses	38,972,189	-	-	38,972,189
Contributions received	-	5,507,167	247,655	5,754,822
Investment income	-	925,820	1,112,512	2,038,332
Net assets released from restrictions, operating	-	(1,865,300)	-	(1,865,300)
Net assets released from restrictions, capital	1,445,250	(1,445,250)	-	-
Other	543,162	-	-	543,162
Increase in net assets	40,960,601	3,122,437	1,360,167	45,443,205
Net Assets, June 30, 2014	$ 366,749,658	$ 13,980,496	$ 21,952,617	$ 402,682,771

Billings Clinic
Consolidated Financial Statements
Consolidated Statements of Cash Flows
Years Ended June 30, 2014 and 2013

	2014	2013
Operating Activities		
Change in net assets	$ 45,443,205	$ 28,473,140
Items not requiring (providing) operating cash flow		
Loss on sale of property and equipment	179,698	510,496
Depreciation and amortization	20,778,301	18,738,028
Loss (gain) on investment in equity investees	(6,709,282)	449,119
Net realized and unrealized gains on investments	(29,433,164)	(13,070,265)
Change in fair value of interest rate swap agreements	(865,368)	(5,853,117)
Contributions of or for acquisition of property and equipment	(6,724,376)	(6,704,052)
Provision for uncollectible accounts	35,371,494	37,887,153
Change in deferred tax asset	-	1,314,001
Net deficit assumed in business combinations	-	2,813,802
Changes in		
Patient accounts receivable, net	(33,898,922)	(41,026,862)
Other receivables	(3,526,063)	2,421,390
Supplies	94,291	(727,044)
Prepaid expenses and other	443,161	(1,269,150)
Estimated amounts due from and to third-party payers	(2,745,840)	(904,876)
Accounts payable and accrued expenses	(1,335,702)	(18,725,427)
Other current assets and liabilities	16,487,250	2,886,321
Other long-term liabilities	1,652,619	1,377,902
Net cash provided by operating activities	35,211,302	8,590,559
Investing Activities		
Cash acquired in business combination	-	6,607,057
Purchase of investments	(733,136,975)	(818,689,154)
Proceeds from disposition of investments	767,231,387	832,083,688
Distributions received from equity investees	3,798,747	427,413
Investment in equity investees	(1,111,000)	-
Purchase of property and equipment	(44,468,052)	(33,461,605)
Proceeds from sale of property and equipment	347,821	-
Decrease in other long-term assets	(44,439)	(27,351)
Net cash used in investing activities	(7,382,511)	(13,059,952)

Billings Clinic
Consolidated Financial Statements
Consolidated Statements of Cash Flows (Continued)
Years Ended June 30, 2014 and 2013

	2014	2013
Financing Activities		
Proceeds from contributions and investment income restricted for long-term investment	6,724,376	6,283,470
Change in contributions receivable	(624,543)	(1,061,101)
Bond issuance costs	-	(80,679)
Proceeds from issuance of long-term debt	629,297	4,219,712
Principal payments on long-term debt	(5,720,742)	(4,377,740)
Proceeds from line of credit	7,009,713	-
Payment on line of credit	(7,009,713)	-
Net cash provided by financing activities	1,008,388	4,983,662
Increase in Cash and Cash Equivalents	28,837,179	514,269
Cash and Cash Equivalents, Beginning of Year	14,059,643	13,545,374
Cash and Cash Equivalents, End of Year	$ 42,896,822	$ 14,059,643
Supplemental Cash Flows Information		
Interest paid (net of amount capitalized)	$ 7,490,361	$ 7,900,795
Acquisition of property and equipment accrued for but unpaid	$ 4,150,654	$ 1,833,351
Contribution of property	$ -	$ 420,582
Affiliation with NWHS		
Assets acquired	$ -	$ 44,964,802
Liabilities acquired	$ -	$ 53,616,827

Billings Clinic
Consolidated Financial Statements
Notes to Consolidated Financial Statements
June 30, 2014 and 2013

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Billings Clinic (the Clinic) is a Montana not-for-profit corporation, which is structured as a medical foundation The Clinic operates a 300-licensed-bed acute care hospital located in Billings, Montana, a multi-specialty physician group consisting of 269 physicians and 99 physician assistants/nurse practitioners based in Billings with branch clinics in Miles City, Montana, Bozeman, Montana and Cody, Wyoming, a long-term care facility located in Billings, Montana, and a research center located in Billings, Montana The Clinic also manages several smaller hospitals in Montana and Wyoming (the affiliates)

The Clinic is the sole member of Billings Clinic Foundation (the Foundation) The principal activity of the Foundation is the solicitation of funds from the general public for the Clinic and the not-for-profit affiliates of the Clinic The operations of the Foundation are financed principally from contributions and investment income

The Clinic is the sole member of Montana Healthcare Indemnity, LLC (MHI) The principal activity of MHI is to act as a captive insurance company for general and professional liability coverage for Billings Clinic and other affiliated healthcare facilities located in Montana and Wyoming

The Clinic became the sole member of Stillwater Hospital Association, Inc , which owns and operates Stillwater Billings Clinic (SBC), effective August 12, 2011 SBC is a not-for-profit acute care hospital located in Columbus, Montana The hospital has 22 acute care beds and was granted Critical Access status for Medicare reporting purposes

The Clinic became the sole member of New West Health Services (NWHS), effective September 1, 2012 (see Note 20) NWHS is licensed by the state of Montana as a statutory non-profit, taxable, mutual benefit health services corporation to provide health insurance products to its members, including the managed care contracting services provided by New West Health Plan (a division of the company), preferred provider organizations and traditional indemnity insurance

The Clinic formed Billings Clinic ExpressCare, LLC (ExpressCare) in August 2013 ExpressCare is licensed by the state of Montana as a single member limited liability company which is taxed at the entity level ExpressCare provides outpatient care to patients in two retail settings

The consolidated financial statements include the operations of the Clinic, the Foundation, MHI, SBC, NWHS and ExpressCare (collectively, the Organization) All significant intercompany balances and transactions have been eliminated in consolidation

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Cash and Cash Equivalents

The Organization considers all liquid investments with original maturities of three months or less to be cash equivalents At June 30, 2014 and 2013, cash equivalents consisted primarily of money market accounts with brokers, certificates of deposit and sweep accounts

At June 30, 2014, the Organization's cash accounts exceeded federally insured limits by approximately $48,188,000

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value The investments in equity investees are reported on the equity method of accounting Other investments, including approximately 80 acres of land, are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value Investment return includes dividend, interest and other investment income, realized and unrealized gains and losses on investments carried at fair value, and realized gains and losses on other investments

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets Other investment return is reflected in the statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions

The amount of investments expected to be utilized to meet short-term obligations are classified as current assets, the remaining balance of investments are classified as long-term assets

Assets Limited as to Use

Assets limited as to use include (1) assets held by trustees under bond indenture agreements, including approximately $3,573,000 and $3,567,000 as of June 30, 2014 and 2013, respectively, which is required to be held in reserves pursuant to bond indenture agreements and approximately $12,615,000 and $40,925,000 of bond proceeds to be used for capital expenditures as of June 30, 2014 and 2013, respectively, (2) assets restricted by donors and (3) assets set aside by the Board of Directors for future capital improvements over which the Board retains control and may at its discretion subsequently use for other purposes Amounts required to meet current liabilities of the Organization are included in current assets

Patient Accounts Receivable

Accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the Organization analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts

For receivables associated with services provided to patients who have third-party coverage, the Organization analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely)

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Organization records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

The Organization's allowance for doubtful accounts for self-pay patients increased from 71% of self-pay accounts receivable at June 30, 2013, to 72% of self-pay accounts receivable at June 30, 2014 The Organization's write-offs for self-pay patients decreased from approximately $46,000,000 for the year ended June 30, 2013, to approximately $40,000,000 for the year ended June 30, 2014 The decrease in write-offs during the year resulted in greater allowance deemed necessary for self-pay patients as of June 30, 2014

Supplies

The Organization states supply inventories at the lower of cost, determined using the first-in, first-out method, or market

Property and Equipment

Property and equipment acquisitions are recorded at cost and are depreciated using the straight-line method over the estimated useful life of each asset Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor Monetary gifts that must be used to acquire property and equipment are reported as restricted support The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service

The Organization capitalizes interest costs as a component of construction-in-progress, based on interest costs of borrowing specifically for the project, net of interest earned on investments acquired with the proceeds of the borrowing, if the borrowing is a tax-exempt borrowing During 2014 and 2013, the Organization capitalized interest of approximately $364,000 and $286,000, respectively

The estimated useful lives for each major depreciable classification of property and equipment is as follows

Buildings and improvements	25 to 80 years
Land improvements	5 to 25 years
Equipment	5 to 20 years

Long-lived Asset Impairment

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable If a long-lived asset is tested for recoverability and the undiscounted estimate future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value No asset impairment was recognized during the years ended June 30, 2014 and 2013

Deferred Financing Costs

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt Such costs are being amortized using the effective interest method over the term of the respective debt

Deferred Compensation – Board of Directors

Voting members of the Billings Clinic Board of Directors receive a stipend of $6,000 in deferred compensation annually during their term of Board service The Board Chair receives $12,000 annually This stipend is received as deferred compensation and is deferred to age 65 and is then paid out annually in equal installments over five years The total liability for future payment to all current and past Board members totals approximately $957,000 and $905,000 as of June 30, 2014 and 2013, respectively, and is included in the Clinic's other long-term liabilities category

Temporarily and Permanently Restricted Net Assets

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

Net Patient Service Revenue

The Organization has agreements with third-party payors that provide for payments to the Organization at amounts different from its established rates Payment arrangements include prospectively determined rates per discharge, 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 in future periods as final settlements are determined

Premium Income

Contracts are entered into on an annual basis subject to cancellation with at least 31 days' prior notice Premiums are due monthly and are recognized as revenue during the period in which the Organization is obligated to provide services to the employer group or individual member Premium payments received prior to such period are recorded as premiums received in advance

Charity Care

In support of its mission, the Organization provides care without charge or at amounts less than its established rates to patients meeting certain criteria under its charity care policy Because the Organization does not pursue collection of amounts determined to qualify as charity care, these amounts are not reported as net patient service revenue The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges The costs of charity care provided under the Organization's charity care policy for the years ended June 30, 2014 and 2013 were approximately $15,900,000 and $17,000,000, respectively

Contributions

Gifts of cash and other assets received without donor stipulations are reported as unrestricted revenue and net assets Gifts received with a donor stipulation that limits their use are reported as temporarily or permanently restricted revenue and net assets When a donor stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as temporarily restricted and then released from restriction

Gifts of land, buildings, equipment and other long-lived assets are reported as unrestricted revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as temporarily or permanently restricted revenue and net assets Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of temporarily restricted net assets as unrestricted net assets are reported when the long-lived assets are placed in service

Unconditional gifts expected to be collected within one year are reported at their net realizable value Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique The resulting discount is amortized using the level-yield method and is reported as contribution revenue

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met and the gift becomes unconditional

Income Taxes

The Clinic, Foundation and SBC are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar provision of state law Accordingly, no provision for income taxes for these entities has been made in the accompanying consolidated financial statements The activity of MHI, with the Clinic as its sole member, is reported on the Clinic tax return The tax-exempt entities are subject to federal and state income tax on any unrelated business taxable income ExpressCare is licensed by the state of Montana as a single member limited liability company which is taxed at the entity level NWHS is licensed by the state of Montana as a statutory non-profit, taxable mutual benefit health services corporation and is taxed at the entity level The Organization files tax returns in the U S federal jurisdiction With a few exceptions, the Organization is no longer subject to U S federal examinations by tax authorities for years before 2011

Excess of Revenues Over Expenses

The statements of operations include excess of revenues over expenses Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, the change in fair value of an interest rate swap agreement, permanent transfers to and from affiliates for other than goods and services and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets)

Electronic Health Records Incentive Program

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR) Payments under the Medicare program are generally made for up to four years based on a statutory formula Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services (CMS) Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period The final amount for any payment year is determined based upon an audit by the fiscal intermediary Events could occur that would cause the final amounts to differ materially from the initial payments under the program

The Organization recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period

In 2013, the Organization completed the second-year requirements under both the Medicare and Medicaid programs and has recorded revenue of approximately $4,300,000 The Organization also met the third-year requirements and has recorded revenue of approximately $2,500,000 in 2014 Revenue is included in other revenue within operating revenues in the statements of operations All incentives received for this program were in relation to the hospital attestation

Transfers Between Fair Value Hierarchy Lease

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period beginning date

Reclassifications

Certain reclassifications have been made to the 2013 financial statements to conform to the 2014 financial statement presentation These reclassifications had no effect on the change in net assets

Note 2: Net Patient Service Revenue

The Organization recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered For uninsured patients that do not qualify for charity care, the Organization recognizes revenue on the basis of its standard rates for services provided On the basis of historical experience, a significant portion of the Organization's uninsured patients will be unable or unwilling to pay for the services provided Thus, the Organization records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided This provision for uncollectible accounts is presented on the statements of operations as a component of net patient service revenue

The Organization has agreements with third-party payers that provide for payments to the Organization at amounts different from its established rates These payment arrangements include

Medicare Inpatient acute care services and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors Inpatient skilled nursing services are paid at prospectively determined per diem rates that are based on the patients' acuity Certain inpatient nonacute services and defined medical education costs are paid based on a cost reimbursement methodology The Organization is reimbursed for certain services at tentative rates with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicare administrative contractor

Medicaid Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed under a cost reimbursement methodology for certain services and at prospectively determined rates for all other services The Organization is reimbursed for cost reimbursable services at tentative rates with final settlement determined after submission of annual cost reports by the Organization and audits thereof by the Medicaid administrative contractor

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change As a result, it is reasonably possible that recorded estimates will change materially in the near term

The Organization has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations The basis for payment to the Organization under these agreements includes prospectively determined rates per discharge, discounts from established charges and prospectively determined daily rates

The following summary details gross patient service charges and deductions from these charges at June 30

	2014	2013
Gross charges at established rates		
Inpatient	$ 358,273,414	$ 345,885,077
Outpatient	710,825,502	683,255,611
	1,069,098,916	1,029,140,688
Contractual adjustments	532,578,565	508,142,839
Provision for uncollectible accounts	35,371,494	37,887,153
Net patient service revenue	$ 501,148,857	$ 483,110,696

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended June 30, 2014 and 2013, was

	2014	2013
Medicare and Medicaid	$ 181,677,637	$ 172,347,241
Commercial insurance	260,593,711	251,800,416
Other third-party payers	44,343,992	46,653,903
Patients	49,905,011	50,196,289
Total	$ 536,520,351	$ 520,997,849

Montana State Bed Tax

All Montana hospital facilities are subject to Montana State Bed Tax program by which a utilization fee is assessed based on inpatient bed days Under this program, the State Department of Revenue is authorized to collect and deposit fees in a state special revenue account for funding increases in Medicaid payments to Montana hospitals The state special revenue account receives an appropriation from a federal special revenue fund to match the state special revenue collected through the utilization fee, thereby providing increased Medicaid reimbursement for Montana hospitals

In 2014 and 2013, the Organization's utilization fee expense was approximately $3,668,000 and $3,601,000, respectively, and is included in supplies and other expense in the accompanying consolidated statements of operations Additional Medicaid revenue for the years ended June 30, 2014 and 2013 totaled approximately $8,325,000 and $7,762,000, respectively, which is included in net patient service revenue in the accompanying consolidated statements of operations Thus, the net Montana State Bed Tax impact in the accompanying consolidated statements of operations was approximately $4,657,000 and $4,161,000 for the years ended June 30, 2014 and 2013, respectively

Note 3: Concentration of Credit Risk

The Organization grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payor agreements The mix of net receivables from patients and third-party payors at June 30, 2014 and 2013, is

	2014	2013
Medicare and Medicaid	30%	27%
Commercial insurance	41%	40%
Other third-party payers	10%	9%
Patients	19%	24%
	100%	100%

Note 4: Unsponsored Community Benefit

The Organization has policies that provide for serving those without the ability to pay The policies also provide for less than total payment based on a sliding scale of income and the assets of the person responsible for the bill In addition to direct charity, the Organization provides services that benefit the poor and others in the communities they serve The community services and benefits provided include activities carried out for the express purpose of improving community health Examples include immunizations, counseling services, senior wellness services, children's wellness and transportation The costs of providing these community benefits often exceed the revenue sources available

The Organization provides additional benefit to the community through advocacy of community service by employees The Organization's employees serve numerous organizations through Board representation, in-kind donations, fund raising, youth sponsorship and other related activities

Note 5: Investments and Investment Return

Assets Limited as to Use

Assets limited as to use, at June 30 include

	2014	2013
Internally designated for capital improvements		
Cash and cash equivalents	$ 4,341,011	$ 4,523,685
Equities		
International	22,328,453	17,524,928
Consumer discretionary and staples	15,858,373	13,045,050
Health care	9,611,938	5,877,084
Industrials and materials	9,488,532	7,400,602
Information technology	10,691,595	7,846,874
Other industries	13,848,992	9,814,322
Mutual funds		
Balanced funds	2,780,263	4,846,049
Bond funds	13,325,337	9,715,141
U S government securities	29,098,097	27,479,378
Corporate bonds	23,022,082	23,362,508
Interest receivable	561,194	489,284
	154,955,867	131,924,905
Externally restricted by donors		
Cash and cash equivalents	3,209,880	1,888,860
Equity securities		
International	1,000,371	745,140
Consumer discretionary and staples	1,939,098	1,717,516
Health care	1,272,580	1,065,351
Industrials and materials	1,497,310	1,154,050
Information technology	1,474,808	1,277,507
Other industries	2,547,109	2,150,847
Mutual funds		
Domestic equity funds	10,834,476	9,639,723
International equity funds	1,346,812	2,507,205
Bond funds	3,061,310	2,822,648
U S government securities	2,566,623	1,675,098
Corporate bonds	3,931,212	3,763,652
	34,681,589	30,407,597

	2014	2013
Held by trustee under indenture agreement		
Cash and cash equivalents	14,257,348	19,281,753
U S Treasury obligations	2,507,954	25,398,246
Interest receivable	-	56,719
	16,765,302	44,736,718
Total assets limited as to use	$ 206,402,758	$ 207,069,220

Other Investments

Other investments, at June 30, include

	2014	2013
Cash and cash equivalents	$ 2,179,330	$ 3,578,539
Equities		
International	10,045,383	10,148,121
Consumer discretionary and staples	7,522,529	7,826,736
Health care	4,590,206	3,594,512
Industrials/materials	4,607,400	4,482,343
Information technology	5,124,521	4,765,272
Other industries	7,158,237	6,305,834
Mutual funds		
Domestic equity funds	6,311,532	5,902,744
International equity funds	1,271,730	1,490,744
Bond funds	9,751,074	9,350,013
Balanced funds	1,211,481	2,757,858
U S government securities	13,489,817	16,031,279
Corporate bonds and notes	20,128,297	21,172,056
Real estate	5,841,497	5,821,769
	99,233,034	103,227,820
Less short-term investments	593,029	1,322,537
Total long-term investments	$ 98,640,005	$ 101,905,283

Total investment return for assets limited as to use and other investments is comprised of the following

	2014	2013
Interest and dividend income	$ 7,320,247	$ 6,616,357
Unrealized gains	18,362,725	11,541,083
Realized gains	11,070,439	1,529,182
	$ 36,753,411	$ 19,686,622

Total investment return for assets limited as to use and other investments is reflected in the statements of operations and changes in net assets as follows

	2014	2013
Unrestricted net assets		
Investment return	$ 16,352,354	$ 7,099,988
Change in unrealized gains on investments	18,362,725	11,541,083
Temporarily restricted net assets	925,820	474,063
Permanently restricted net assets	1,112,512	571,488
	$ 36,753,411	$ 19,686,622

Note 6: Investment in and Advances to Equity Investees

Investments in equity investees consists of privately held health care related organizations in which the Clinic's ownership interest ranges from 34% to 50% interest

At June 30, 2014 and 2013, investments and advances in joint ventures consisted of the following

	2014	2013
Billings Clinic Dialysis, (B)	$ 3,888,856	$ -
Other investments	2,467,275	2,334,596
	$ 6,356,131	$ 2,334,596

Gain or (loss) recognized on investments in equity investees for the years ended June 30 consists of

	2014	2013
New West Health Services, (A)	$ -	$ (1,376,277)
Billings Clinic Dialysis, (B)	6,144,535	-
Other investments	564,747	927,158
	$ 6,709,282	$ (449,119)

These amounts are included in other income (expense) in the accompanying consolidated statements of operations

(A) New West Health Services

Effective September 1, 2012, the Clinic became the sole member of NWHS (see Note 20) The Clinic has advanced cash in the form of receivables used to cover NWHS's operating expenses, which are reflected as equity in NWHS's statutory financial statements Prior to September 1, 2012, the Clinic owned 46 5% of NWHS Until becoming the sole member and thus consolidating NWHS, the Clinic's investment in and cash advances to NWHS were accounted for in a manner which reflects the Clinic's portion of NWHS's equity The Clinic converts the audited statutory financial statements to generally accepted accounting principles and rolls forward the activity through June 30 to record their investment in NWHS The activity reflected above is the Clinic's portion of the loss on NWHS prior to becoming the sole member

(B) Billings Clinic Dialysis

Effective March 31, 2014, the Clinic became a 49% member in Billings Clinic Dialysis, LLC The Clinic made initial cash and equipment contributions to the joint venture in exchange for the membership interest Upon initial contribution, the Clinic received a special distribution of $3,060,000 from Billings Clinic Dialysis, LLC that was not offset by a reduction in the Clinic's capital account As a result of the initial contribution and special distribution, the Clinic recognized a gain on investment in equity investee of $6,000,000

Note 7: Property and Equipment

Property and equipment consists of the following at June 30

	2014	2013
Land	$ 18,765,745	$ 19,070,745
Land improvements	13,699,280	13,641,425
Building and improvements	269,539,728	233,425,891
Equipment	167,026,811	146,276,288
Property held for expansion	5,148,517	5,148,517
	474,180,081	417,562,866
Less accumulated depreciation	(241,901,087)	(225,294,050)
	232,278,994	192,268,816
Construction in progress	14,591,367	27,063,183
	$ 246,870,361	$ 219,331,999

Note 8: General and Professional Liability

The Clinic and SBC are insured for general and professional liability through MHI, a captive insurance company of which Billings Clinic is the sole member MHI provides insurance to the organizations on a claims-made basis with no deductible Policy limits are $2,000,000 per occurrence and $7,500,000 in aggregate at June 30, 2014 and 2013 Premiums paid to MHI are based on the claims experience of the organizations The premiums paid to MHI for the years ended June 30, 2014 and 2013, were approximately $4,522,000 and $4,417,000, respectively Claims reported and estimated expenses related to those claims are included under other long-term liabilities

Claims that have been incurred but not reported are reserved for based upon actuarial valuation This includes claims reported prior to the inception of MHI in June 2008 and claims incurred but not reported to MHI The reserve for claims incurred but not reported is included under other long-term liabilities

The Organization's total professional liability was estimated at approximately $19,648,000 and $18,308,000 at June 30, 2014 and 2013, respectively

The Organization purchases excess umbrella liability coverage which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy

Note 9: Estimated Incomplete and Unreported Claims Payable

Activity in the liability for estimated incomplete and unreported claims payable as of June 30, 2014 is as follows

Claims payable, net of reinsurance, at July 1, 2012	$ 9,104,941
Incurred claims, net of reinsurance recoveries	
Provision for insured events of current year	86,284,435
Decrease in provision for insured events of prior years	(80,659)
Total incurred claims and claim adjustment expenses, net of reinsurance recoveries	86,203,776
Payments, net of reinsurance recoveries	
Claims attributable to insured events of the current year	71,878,416
Claims attributable to insured events of prior years	10,423,804
Total payments, net of reinsurance recoveries	82,302,220
Claims payable, net of reinsurance, at June 30, 2013	13,006,497
Incurred claims, net of reinsurance recoveries	
Provision for insured events of current year	119,382,695
Increase in provision for insured events of prior years	14,957,574
Total incurred claims and claim adjustment expenses, net of reinsurance recoveries	134,340,269
Payments, net of reinsurance recoveries	
Claims attributable to insured events of the current year	99,816,772
Claims attributable to insured events of prior years	14,941,071
Total payments, net of reinsurance recoveries	114,757,843
Claims payable, net of reinsurance, at June 30, 2014	$ 32,588,923

The net result is an unfavorable prior year development of $14,957,574 at June 30, 2014 and a favorable prior year development of $80,659 at June 30, 2013 This decrease is generally the result of ongoing analysis of recent loss development trends Original estimates are increased or decreased as additional information becomes known regarding individual claims Claims payable are included in other current liabilities

Note 10: Reinsurance

To limit its losses on individual claims, NWHS has entered into a claims-made reinsurance agreement For 2014, reinsurance transactions are with RGA Reinsurance Company Under the terms of these agreements, the insurance company will generally reimburse NWHS 90% (subject to the lower of daily maximum limits or a percent of charges) of the cost of each member's annual hospital services, health services rehabilitation services, skilled nursing facility and drug related services in excess of $200,000 for Medicare members The contract also contains an annual limitation of $3,000,000 per member The agreement is subject to an experience refund

NWHS has recorded reinsurance receivables of approximately $372,000 and $0 at June 30, 2014 and 2013, respectively No reinsurance balances due were written off as uncollectible in 2014 and 2013 At June 30, 2014 and 2013, there are no reinsurance balances in dispute, and all recoverable amounts are considered collectible by NWHS NWHS has ceded excess of loss premiums of $831,263 and $792,971 for the years ended June 30, 2014 and 2013, respectively, which is recorded in net premium revenue NWHS recorded $921,487 and $465,913 of refunds for reinsurance claims incurred during 2014 and 2013, respectively, which is reported as a reduction of claims paid

Reinsurance contracts do not relieve NWHS from its obligations to its members, and a failure of the reinsurer to honor its obligations could result in losses to NWHS NWHS monitors the financial condition of its reinsurers to minimize its exposure to loss from reinsurer insolvency Management of NWHS believes its reinsurer is financially sound and will continue to meet its contractual obligations At June 30, 2014, RGA Reinsurance Company had an AM Best rating of A+

Note 11: Long-term Debt

	2014	2013
Montana Facility Finance Authority Health Facility Revenue Bonds, Series 2011A and B, (A)	$ 133,215,000	$ 135,700,000
Montana Facility Finance Authority Fixed Rate Bonds, Series 2008A and B, (B)	28,685,000	29,990,000
Mortgage note, (C)	13,835,294	13,475,791
Withdrawal notes, (D)	9,057,173	9,803,255
Note payable, (E)	2,080,042	2,751,927
Other notes payable	552,804	795,785
	187,425,313	192,516,758
Less current maturities	6,341,467	5,690,473
	$ 181,083,846	$ 186,826,285

(A) Series 2011A and B

In August 2011, the Montana Facility Finance Authority issued $75,000,000 of Health Facilities Revenue Bonds, Series 2011A (Series 2011A) and $65,000,000 of Health Facilities Revenue Bonds, Series 2011B (Series 2011B), collectively the "Series 2011 Bonds"

The Series 2011A bonds mature at varying principal amounts from $1,075,000 to $5,355,000 beginning June 2012 through June 2038, payable annually Interest is paid monthly at a variable rate, 0 956% and 0 986% at June 30, 2014 and 2013, respectively The Series 2011B bonds mature at varying principal amounts from $935,000 to $4,645,000 beginning June 2012 through June 2038, payable annually Interest is paid monthly at a variable rate, 1 106% and 1 136% at June 30, 2014 and 2013, respectively

As of June 30, 2014 and 2013, the Series 2011A and B interest is based on the LIBOR Index Rate plus an applicable spread as determined by the remarketing agent The Series 2011A and B bonds may from time to time be converted at the request of the Organization to bear interest at the Daily Rate, Weekly Rate, Long-term Interest Rate, SIFMA Index Rate or LIBOR Rate as defined in the master trust indenture

$71,370,000 and $72,700,000 of 2011A are outstanding as of June 30, 2014 and 2013, respectively $61,845,000 and $63,000,000 of 2011B are outstanding as of June 30, 2014 and 2013, respectively

The Clinic may redeem the Series 2011A and B bonds at any time at a redemption price equal to the principal amount of each bond and accrued interest to the redemption date At the option of the purchaser, the Series 2011A and 2011B bonds may be redeemed on August 22, 2014 and August 24, 2016, respectively, and annually on the anniversary date thereafter

(B) Series 2008A and B

In May 2008, the Montana Facility Finance Authority issued $20,000,000 of Health Facilities Revenue Bonds, Series 2008A (Series 2008A) and $40,000,000 of Health Facilities Revenue Bonds, Series 2008B (Series 2008B), collectively the "Series 2008 Bonds"

The Series 2008A bonds are payable in annual installments through February 2023, bearing fixed interest rates of 5 31% Annual installments range from $1,105,000 to $1,760,000 The Series 2008B bonds are payable through February 2028, bearing fixed interest rate of 5 36% Annual installments range from $1,095,000 to $3,255,000 $14,025,000 and $15,330,000 of 2008A are outstanding as of June 30, 2014 and 2013, respectively $14,660,000 of 2008B, are outstanding as of June 30, 2014 and 2013 The Clinic may redeem the Series 2008 bonds any time on or after February 2018 at a redemption price equal to the principal amount of each bond and accrued interest to the redemption date Early redemption price declines from 103% at the earliest redemption date to 100% at the last redemption date, plus accrued interest to the date of redemption

(C) Mortgage Note

In August 2011, Stillwater Hospital Association, Inc received approval for a $14,318,000 mortgage note for construction of a new hospital Stillwater Hospital Association, Inc started the project during fiscal year 2012 and construction was completed during fiscal year 2013 The terms of the loan include interest at a fixed rate of 5 95% with principal and interest payments of $91,814 due monthly through September 1, 2037 The note is insured by United States Department of Housing and Urban Development (HUD)

(D) Withdrawal Notes

Withdrawal notes are payable to prior members of NWHS (see Note 20) Annual repayment is scheduled to begin either July 1, 2013 or July 1, 2014 depending on the note and interest is payable at 1% Repayment of these notes, including interest payments, is subject to the regulatory approval of the State of Montana Insurance Commissioner The withdrawal notes are guaranteed by the Clinic

(E) Note Payable

Due December 31, 2016, payable $714,286 annually, including interest at 1 53%, secured by real estate and payable to a private Montana corporation

Aggregate annual maturities and sinking fund requirements of long-term debt at June 30, 2014, are

	Long-term Debt
2015	$ 6,341,467
2016	6,563,649
2017	6,696,415
2018	6,214,037
2019	22,197,885
Thereafter	139,411,860
	$ 187,425,313

The Series 2011A and B, bonds are secured by the trust estate created by the Clinic's master trust indenture (including a pledge of the Clinic's gross revenues and a first lien mortgage upon certain property, plant, equipment and related tangible assets of the Clinic) by virtue of the assignment and pledge in trust by the Montana Health Facility Finance Authority of the Clinic's related obligations to Wells Fargo Bank, National Association, as bond trustee under the bond trust indentures noted above The Clinic has also agreed to various restrictive covenants including limitations on incurring additional indebtedness, incurring liens on its property, disposing of its property and maintaining certain financial covenants

Line of Credit

The Clinic has available an unsecured line of credit aggregating at $15,000,000 at an interest rate of Wall Street Journal Prime rate and which matures on January 1, 2016 This line of credit is used for short-term cash needs At June 30, 2014 and 2013 there was no amount outstanding

Note 12: Derivative Financial Instruments

As a strategy to maintain acceptable levels of exposure to the risk of changes in future cash flows due to interest rate fluctuations, the Organization periodically enters into interest rate swaps

The table below presents certain information regarding the Organization's interest rate swap agreements designated as a cash flow hedge The Organization did not have any derivative instruments at June 30, 2014 and 2013 that were not designated as hedging instruments

Notional Amount		Rate Paid	Rate Received	Effective	Termination	Fair Value		
June 30, 2014	June 30, 2013	by Hospital	by Hospital	Date	Date	June 30, 2014	June 30, 2013	Purpose
$ 30,000,000	$ 30,000,000	Fixed - 3 40%	67% of USD-LIBOR-BBA	3 7 06	2 25 25	$ (4,370,566)	$ (4,433,645)	(A)
17,760,000	18,195,000	Fixed - 3 894%	67% of USD-LIBOR-BBA	1 1 08	7 1 37	(3,508,374)	(3,589,693)	(B)
73,105,000	74,620,000	Fixed - 3 7324%	67% of USD-LIBOR-BBA	5 1 09	1 1 38	(13,190,047)	(13,594,435)	(C)
119,055,000	121,545,000	USD - SIFMA	68% of USD-LIBOR-BBA + 0 366%	12 1 07	12 1 37	(2,348,952)	(2,665,534)	(D)
						$ (23,417,939)	$ (24,283,307)	

(A) The Organization entered into a fixed-pay interest rate swap agreement with Merrill Lynch Capital Services Under the terms of the agreement, the Organization received a floating interest rate equal to 67% of one-month USD-LIBOR-BBA and paid a fixed interest rate of 3 40% on a notional amount of $30,000,000 The interest rate swap was entered into in order to reduce the Clinic's exposure to variable interest rate fluctuations, to take advantage of lower fixed rates, and to maintain a debt structure that correlates its fixed and variable-rate debt to its fixed and variable-rate investments Interest is settled every fifth Wednesday, and notional amounts reduce annually beginning March 2022 through 2025 The schedule to the International Swaps and Derivative Association Master Agreement related to this swap includes a covenant provision that requires that the Clinic maintain a days' cash on hand ratio of at least 45 days

(B) The Organization entered into a fixed-pay interest rate swap agreement with Lehman Brothers Special Financing, Inc Under the terms of the agreement, the Organization received a floating interest rate equal to 67% of one-month USD-LIBOR-BBA and paid a fixed interest rate of 3 894% on an amortizing notional amount of $20,000,000 The interest rate swap was entered into in order to reduce the Organization's exposure to future variable interest rate fluctuations This transaction allowed the Organization to fix the interest rate for an anticipated new bond offering, which at the time of the swap transaction was expected to have an offering date in August 2008, and a total issuance of $50 million, however no offering occurred Interest is settled monthly, and notional amounts reduce annually through 2037 The swap was reassigned to 1271 Counterparty Company, LLC during the year ended June 30, 2012

(C) The Organization entered into a fixed-pay interest rate swap agreement with Merrill Lynch Capital Services Under the terms of the agreement, the Organization received a floating interest rate equal to 67% of one-month USD-LIBOR-BBA and paid a fixed interest rate of 3 7324% on an amortizing notional amount of $80,000,000 The interest rate swap was entered into to reduce the Organization's exposure to future variable interest rate fluctuations This transaction allowed the Organization to fix the interest rate for a new bond offering that was expected to have an offering date in October 2008, and a total issuance amount of $70 million, however, no offering occurred Interest is settled monthly, and notional amounts reduce annually through 2038

(D) The Organization entered into a basis rate swap agreement with Merrill Lynch Capital Services Under the terms of the agreement, the Organization received a floating interest rate equal to the sum of 68% of one-month USD-LIBOR-BBA plus 0 366% and paid a floating interest rate equal to the USD-SIFMA Municipal Swap Index on an amortizing notional amount of $130,365,000 This interest rate basis swap was entered into in order to reduce the Organization's effective cost of debt This transaction allows the Organization to receive cash flow benefit from taking risks related to changes in interest rates Interest is settled monthly, and notional amounts reduce annually through 2037

The fair value of the swaps at June 30, 2014 and 2013 was recorded as a long-term liability The changes in fair value are recognized as other income (expense) in the consolidated statements of operations Payments made or received under the swap agreement are recognized as adjustments to interest expense During the years ended June 30, 2014 and 2013, changes in the fair value of the swap agreements of $865,368 and $5,853,177, was recognized as adjustments to other income, respectively

Note 13: Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purpose or periods

	2014	2013
Education and scholarships	$ 898,132	$ 673,074
Equipment	3,429,674	4,062,756
Health care services	3,683,043	2,808,926
Capital expansion	5,210,733	2,312,863
Cancer center	-	59,579
Research	306,713	217,495
Miscellaneous	452,201	723,366
	$ 13,980,496	$ 10,858,059

Permanently restricted net assets are restricted to

	2014	2013
Education and scholarships	$ 1,718,605	$ 1,519,876
Equipment	855,403	815,722
Health care services	17,163,042	16,189,197
Research	1,627,189	1,551,486
Community needs	588,378	516,169
	$ 21,952,617	$ 20,592,450

Net Assets Released from Restrictions

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors

	2014	2013
Education and scholarships	$ 68,636	$ 18,032
Equipment	1,229,476	798,545
Health care services	1,648,277	1,077,733
Cancer center	93,274	1,125,000
Research	1,100	54,838
Miscellaneous	40,277	123,713
	$ 3,081,040	$ 3,197,861

Note 14: Endowment

The Organization's endowment consists of approximately 70 individual funds established for a variety of purposes The endowment includes both donor-restricted endowment funds and funds designated by the governing body to function as endowments (board-designated endowment funds) As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions

The Organization's governing body has interpreted the State of Montana Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund The remaining portion of donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

1 Duration and preservation of the fund
2 Purposes of the Organization and the fund
3 General economic conditions
4 Possible effect of inflation and deflation
5 Expected total return from investment income and appreciation or depreciation of investments
6 Other resources of the Organization
7 Investment policies of the Organization

The composition of net assets by type of endowment fund at June 30, 2014 and 2013 was

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 3,152,958	$ 21,952,617	$ 25,105,575
Board-designated endowment funds	750,362	-	-	750,362
Total endowment funds	$ 750,362	$ 3,152,958	$ 21,952,617	$ 25,855,937

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 2,247,132	$ 20,592,450	$ 22,839,582
Board-designated endowment funds	420,364	-	-	420,364
Total endowment funds	$ 420,364	$ 2,247,132	$ 20,592,450	$ 23,259,946

Changes in endowment net assets for the years ended June 30 were

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 420,364	$ 2,247,132	$ 20,592,450	$ 23,259,946
Investment income	25,947	925,820	1,112,512	2,064,279
Contributions	303,950	-	247,655	551,605
Appropriation of endowment assets for expenditure	-	(19,994)	-	(19,994)
Other changes - fund transfers	101	-	-	101
Endowment net assets, end of year	$ 750,362	$ 3,152,958	$ 21,952,617	$ 25,855,937

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 344,116	$ 1,964,547	$ 19,673,189	$ 21,981,852
Investment income	8,892	474,063	571,488	1,054,443
Contributions	67,255	-	347,773	415,028
Appropriation of endowment assets for expenditure	-	(204,010)	-	(204,010)
Other changes - fund transfers	101	12,532	-	12,633
Endowment net assets, end of year	$ 420,364	$ 2,247,132	$ 20,592,450	$ 23,259,946

Amounts of donor-restricted endowment funds classified as permanently and temporarily restricted net assets at June 30 consisted of

	2014	2013
Permanently restricted net assets - portion of perpetual endowment funds required to be retained permanently by explicit donor stipulation or SPMIFA	$ 21,952,617	$ 20,592,450
Temporarily restricted net assets	3,152,958	2,247,132
	$ 25,105,575	$ 22,839,582

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment Endowment assets include those assets of donor-restricted endowment funds the Organization must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds Under the Organization's policies, endowment assets are invested in a manner that is intended to produce a real return, net of inflation and investment management costs, to provide growth over the long-term The Organization targets a diversified asset allocation that balances risk with rate of return

The Organization has a policy of appropriating for expenditure each year 50% of its endowment fund's earnings throughout the previous 12 months through the fiscal year-end preceding the fiscal year-end the distribution is planned The remaining 50% of the earnings stays in the endowment fund to facilitate growth In establishing this policy, the Organization considered the long-term expected return on its endowment Accordingly, over the long-term, the Organization expects the current spending policy to allow its endowment to grow This is consistent with the Organization's objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level the Organization is required to retain as a fund of perpetual duration pursuant to donor stipulations or SPMIFA There were no such deficiencies as of June 30, 2014 or 2013

Note 15: Functional Expenses

The Organization provides health care services primarily to residents within its geographic area Expenses related to providing these services are as follows

	2014	2013
Health care services	$ 369,828,727	$ 355,295,144
General and administrative	332,111,837	261,826,559
	$ 701,940,564	$ 617,121,703

Note 16: Operating Leases

Noncancelable operating leases for equipment and buildings expire in various years through February 2019

Future minimum lease payments at June 30, 2014, are

2015	$ 2,315,745
2016	1,753,656
2017	762,411
2018	428,843
2019	168,196
Future minimum lease payments	$ 5,428,851

Total rent expense for the Organization for the years ended June 30, 2014 and 2013 was approximately $6,225,000 and $5,887,000, respectively

Note 17: Contributions Receivable

Contributions receivable consisted of the following

	2014	2013
Due within one year	$ 737,256	$ 1,004,191
Due in one to five years	1,819,928	951,797
Thereafter	320,194	250,000
	2,877,378	2,205,988
Less Allowance for uncollectible contributions	(105,002)	(122,620)
Less Unamortized discount	(210,899)	(146,434)
	$ 2,561,477	$ 1,936,934

Contributions receivable are restricted for capital expansion Discount rates ranged from 3 3% to 5 5% in 2014 and 2013 Contributions receivable are included in other receivables and other long-term assets

Note 18: Retirement Plans

The Organization has a defined contribution pension plan covering employees who meet the age and length of service requirement The Organization makes contributions for each participant based on a fixed percentage of the participant's compensation, up to a stated maximum

The Organization also has a defined contribution 403(b) plan covering substantially all employees Participants make voluntary contributions to the plan, up to a fixed percentage of the participants' compensation The Organization matches 50% of participant contributions up to 2 5% of participants' gross wages

Contributions to the plans were approximately $11,750,000 and $11,319,000 for June 30, 2014 and 2013, respectively

NWHS and SBC are covered under separate 401(k) benefit plans Total contributions to the plans were approximately $226,000 and $160,000 for June 30, 2014 and 2013, respectively

Note 19: Related-party and Affiliates

As noted in Note 1, the Clinic manages several smaller hospitals in Montana and Wyoming Under the affiliate agreements, the Clinic generally provides key personnel such as the CEO and a variety of other support services The Clinic in return receives reimbursement for salary expenses and a monthly management fee As a result of these management affiliations, the Clinic may become exposed to a variety of financial and/or legal contingencies In management's opinion, there are no known contingencies related to these affiliation agreements that have not been disclosed or recorded in the consolidated financial statements

Note 20: Reorganization of New West Health Services

Effective September 1, 2012, the Clinic became the sole member of New West Health Services (NWHS) a mutual benefit corporation, which provides Medicare Advantage and Medicare Supplement plans primarily to individuals Prior to September 1, 2012, NWHS was owned by five hospital members throughout the state of Montana and the Clinic used the equity method to account for their investment in the company as they owned 46 5% (see Note 6) The Clinic recognized approximately $1,376,000 as a loss on investment in equity investee prior to consolidation on September 1, 2012 Sole membership was achieved by the Clinic as all exiting members voluntarily withdrew their interest The Organization expects the affiliation will allow it to provide more comprehensive health care services to individuals covered under the Medicare Advantage plans of NWHS No consideration was transferred for the equity of NWHS As the liabilities of NWHS exceeded the assets at September 1, 2012, a loss on acquisition is presented in the consolidated statements of operations

The following table summarizes the amounts of the assets acquired and liabilities assumed recognized at the affiliation date

Recognized Fair Value of Identifiable Assets Acquired and Liabilities Assumed	
Current assets	$ 35,998,665
Property, plant and equipment	742,705
Noncurrent assets	8,223,432
Current liabilities	(32,459,831)
Long-term debt	(21,156,996)
Total equity (deficit) of NWHS	(8,652,025)
Less Clinic equity at acquisition	5,838,223
Deficit acquired by Clinic	$ (2,813,802)

Prior to September 1, 2012, the four existing members held surplus notes due from NWHS totaling $13,177,100. In conjunction with the reorganization of NWHS, the existing members agreed to exchange their surplus notes for withdrawal notes totaling $9,803,225. The Clinic has also agreed to guarantee the balances on the withdrawal notes.

Note 21: Income Taxes

As discussed in Note 1, NWHS is licensed by the state of Montana as a statutory non-profit, taxable mutual benefit health services corporation and is subject to taxation at regular federal and state corporate rates. NWHS has available, at June 30, 2014 and 2013, unused operating loss carryforwards from its operations of approximately $38,160,000 and $20,700,000, respectively, for tax purposes, which expire beginning in 2032. The deferred tax assets relating to these carryforwards, of approximately $13,345,000 and $7,915,000 at June 30, 2014 and 2013, respectively, are fully offset by a valuation allowance, as it is more likely than not that the deferred tax assets will not be realized.

Note 22: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

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

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2014 and 2013

	June 30, 2014			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities				
International	$ 33,374,207	$ 33,374,207	$ -	$ -
Consumer discretionary and staples	25,320,000	25,320,000	-	-
Health care	15,474,724	15,474,724	-	-
Industrials and materials	15,593,242	15,593,242	-	-
Information technology	17,290,924	17,290,924	-	-
Other industries	23,554,338	23,554,338	-	-
U S government securities	47,662,491	-	47,662,491	-
Corporate debt securities	47,081,591	-	47,081,591	-
Mutual funds				
Domestic equity funds	17,146,008	17,146,008	-	-
International equity funds	2,618,542	2,618,542	-	-
Bond funds	26,137,721	26,137,721	-	-
Balanced funds	3,991,744	3,991,744	-	-
Other	561,194	-	561,194	-
Interest rate swaps	(23,417,939)	-	(23,417,939)	-

	June 30, 2013			
		Fair Value Measurements Using		
	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities				
International	$ 28,418,189	$ 28,418,189	$ -	$ -
Consumer discretionary and staples	22,589,302	22,589,302	-	-
Health care	10,536,947	10,536,947	-	-
Industrials and materials	13,036,995	13,036,995	-	-
Information technology	13,889,653	13,889,653	-	-
Other industries	18,271,003	18,271,003	-	-
U S government securities	70,584,001	-	70,584,001	-
Corporate debt securities	48,298,216	-	48,298,216	-
Mutual funds				
Domestic equity funds	15,542,467	15,542,467	-	-
International equity funds	3,997,949	3,997,949	-	-
Bond funds	21,887,802	21,887,802	-	-
Balanced funds	7,603,907	7,603,907	-	-
Other	546,003	-	546,003	-
Interest rate swaps	(24,283,307)	-	(24,283,307)	-

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows Such securities are classified in Level 2 of the valuation hierarchy In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy The Organization does not have any investments classified as Level 3

Interest Rate Swap Agreement

The fair value is estimated using forward-looking interest rate curves, discounted cash flows, and credit risk credits that are observable or can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy (see Note 12)

Cash and Cash Equivalents

The carrying amount approximates fair value

Contributions Receivable

Fair value is estimated at the present value of the future payments expected to be received

Notes Payable and Long-term Debt

Fair value is estimated based on the borrowing rates currently available to the Organization for debt with similar terms and maturities

The following table presents estimated fair values of the Clinic's financial instruments at June 30, 2014 and 2013

	2014		2013	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Long-term debt	$ 187,425,313	$ 189,325,155	$ 192,516,758	$ 193,857,128

Note 23: Significant Estimates and Concentrations

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations Those matters include the following

Allowance for Net Patient Service Revenue Adjustments

Estimates of allowances for adjustments included in net patient service revenue are described in Notes 1 and 2

Medical Malpractice Claims

Estimates related to the accrual for medical malpractice claims are described in Notes 1 and 8

Litigation

In the normal course of business, the Organization is, from time to time, subject to allegations that may or do result in litigation Some of these allegations are in areas not covered by the Organization's self-insurance program (discussed elsewhere in these notes) or by commercial insurance, for example, allegations regarding employment practices or performance of contracts The Organization evaluates such allegations by conducting investigations to determine the validity of each potential claim Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters Events could occur that would cause the estimate of ultimate loss to differ materially in the near term

Investments

The Organization invests in various investment securities Investment securities are exposed to various risks such as interest rate, market and credit risks Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets

Recovery Audit Contractor Demonstration Project

In 2005, CMS announced a new demonstration project using recovery audit contractors (RACs) as a part of CMS' further efforts to ensure accurate payments The project uses RACs to search for potentially improper Medicare payments that may have been made to health care providers and that were not detected through existing CMS program integrity efforts Once a RAC identifies a claim it believes to be improper, it makes an adjustment to the provider's Medicare reimbursement in an amount estimated to equal the overpayment or underpayment

The Clinic will adjust revenue for amounts that are assessed under RAC audits at the time a notice is received or when sufficient information is available to make a reasonable estimate of amounts due RAC assessments against the Clinic have been received, and the financial statements have been adjusted Additional assessments are anticipated, however, the outcomes of such assessments are unknown and cannot be reasonably estimated

Valuation of Interest Rate Swaps

The fair value of the liability related to the interest rate swaps is estimated using forward-looking interest curves, discounted cash flows and credit risk The Clinic has retained an independent third party to assist in valuing this liability However, the actual amount to potentially settle the liability could vary significantly from the estimated liability recorded

Note 24: Patient Protection and Affordable Care Act

The Patient Protection and Affordable Care Act (PPACA) will substantially reform the United States health care system. The legislation impacts multiple aspects of the health care system, including many provisions that change payments from Medicare, Medicaid and insurance companies. Starting in 2014, the legislation requires the establishment of health insurance exchanges, which will provide individuals without employer-provided health care coverage the opportunity to purchase insurance. It is anticipated that some employers currently offering insurance to employees will opt to have employees seek insurance coverage through the insurance exchanges. It is possible the reimbursement rates paid by insurers participating in the insurance exchanges may be substantially different than rates paid under current health insurance products. Another significant component of PPACA is the expansion of the Medicaid program to a wide range of newly eligible individuals. In anticipation of this expansion, payments under certain existing programs, such as Medicare disproportionate share, will be substantially decreased. Each state's participation in an expanded Medicaid program is optional.

The state of Montana has currently indicated it will not expand the Medicaid program, which may result in revenues from newly covered individuals not offsetting the Hospital's reduced revenue from other Medicare/Medicaid programs.

The PPACA is extremely complex and may be difficult for the federal government and each state to implement. While the overall impact of PPACA cannot currently be estimated, it is possible it will have a negative impact on the Organization's net patient service revenue. In addition, it is possible the Organization will experience payment delays and other operational challenges during PPACA's implementation.

Note 25: Subsequent Event

Subsequent events have been evaluated through the date of the Independent Auditor's Report, which is the date the financial statements were available to be issued.

Supplementary Information

Billings Clinic
Consolidated Financial Statements
Balance Sheet – Consolidating Information
June 30, 2014

Assets

	Billings Clinic	Billings Clinic Foundation	Montana Healthcare Indemnity, LLC	Stillwater Billings Clinic	New West Health Services	ExpressCare	Eliminations	Total
Current Assets								
Cash and cash equivalents	$ 19,393,608	$ 1,073,052	$ 4,114,713	$ 641,409	$ 17,672,479	$ 1,561	$ -	$ 42,896,822
Short-term investments	593,029	-	-	-	-	-	-	593,029
Assets limited as to use - current	4,142,032	-	-	-	-	-	-	4,142,032
Patient accounts receivable, net of allowance, $36,635,000	80,804,510	-	-	1,310,787	-	48,956	(3,943,238)	78,221,015
Other receivables	4,484,401	325,127	1,550,000	-	13,764,685	-	(2,044,752)	18,079,461
Estimated amounts due from third-party payers	4,142,715	-	-	625,000	-	-	-	4,767,715
Due from affiliate	1,029,317	-	-	-	8,864,600	-	(9,893,917)	-
Supplies	7,547,825	-	-	152,657	-	-	-	7,700,482
Prepaid expenses and other	5,485,810	8,657	-	170,127	711,266	-	-	6,375,860
Total current assets	127,623,247	1,406,836	5,664,713	2,899,980	41,013,030	50,517	(15,881,907)	162,776,416
Assets Limited as to Use								
Internally designated	154,946,866	-	-	9,001	-	-	-	154,955,867
Externally restricted by donors	-	34,656,600	-	24,989	-	-	-	34,681,589
Held by trustee	16,353,223	-	-	412,079	-	-	-	16,765,302
	171,300,089	34,656,600	-	446,069	-	-	-	206,402,758
Less amount required to meet current obligations	4,142,032	-	-	-	-	-	-	4,142,032
	167,158,057	34,656,600	-	446,069	-	-	-	202,260,726
Investments								
Investment in and advances to equity investee	6,356,131	-	-	-	-	-	-	6,356,131
Long-term investments	72,771,008	10,086,088	9,151,523	499,736	6,381,650	-	(250,000)	98,640,005
	79,127,139	10,086,088	9,151,523	499,736	6,381,650	-	(250,000)	104,996,136
Property and Equipment, Net	231,442,635	707,368	-	13,726,851	533,423	460,084	-	246,870,361
Other Assets								
Interest in net assets of Billings Clinic Foundation	48,274,260	-	-	-	-	-	(48,274,260)	-
Interest in net assets of Stillwater Billings Clinic	2,736,443	-	-	-	-	-	(2,736,443)	-
Interest in net assets of New West Health Services	(39,228,194)	-	-	-	-	-	39,228,194	-
Note receivable from affiliate	42,647,399	-	-	-	-	-	(42,647,399)	-
Deferred financing costs	2,025,955	-	-	-	-	-	-	2,025,955
Other	242,088	2,561,477	-	-	-	-	-	2,803,565
	56,697,951	2,561,477	-	-	-	-	(54,429,908)	4,829,520
Total assets	$ 662,049,029	$ 49,418,369	$ 14,816,236	$ 17,572,636	$ 47,928,103	$ 510,601	$ (70,561,815)	$ 721,733,159

Billings Clinic
Consolidated Financial Statements
Balance Sheet – Consolidating Information
June 30, 2014

Liabilities and Net Assets

	Billings Clinic	Billings Clinic Foundation	Montana Healthcare Indemnity, LLC	Stillwater Billings Clinic	New West Health Services	ExpressCare	Eliminations	Total
Current Liabilities								
Current maturities of long-term debt	$ 4,762,980	$ -	$ -	$ 353,080	$ 1,225,407	$ -	$ -	$ 6,341,467
Accounts payable	20,032,323	852,137	-	658,571	2,194,626	9,451	(2,044,752)	21,702,356
Accounts payable - construction	4,150,654	-	-	-	-	-	-	4,150,654
Accrued compensation and related expenses	21,329,042	-	-	136,357	639,371	-	-	22,104,770
Accrued expenses - other	6,596,316	-	-	9,400	431,226	-	-	7,036,942
Estimated amounts due to third-party payers	2,046,555	-	-	-	-	-	-	2,046,555
Due to affiliate	8,864,600	72,447	-	-	-	956,870	(9,893,917)	-
Other	1,837,113	219,525	-	-	32,186,502	-	(3,943,238)	30,299,902
Total current liabilities	69,619,583	1,144,109	-	1,157,408	36,677,132	966,321	(15,881,907)	93,682,646
Long-term Debt	159,573,295	-	-	13,678,785	50,479,165	-	(42,647,399)	181,083,846
Interest Rate Swap Agreements	23,417,939	-	-	-	-	-	-	23,417,939
Other Long-term Liabilities	8,614,893	-	12,251,064	-	-	-	-	20,865,957
Total liabilities	261,225,710	1,144,109	12,251,064	14,836,193	87,156,297	966,321	(58,529,306)	319,050,388
Net Assets								
Unrestricted	364,890,206	10,951,182	2,565,172	2,711,454	(39,228,194)	(455,720)	25,315,558	366,749,658
Temporarily restricted	13,980,496	15,390,461	-	4,989	-	-	(15,395,450)	13,980,496
Permanently restricted	21,952,617	21,932,617	-	20,000	-	-	(21,952,617)	21,952,617
Total net assets	400,823,319	48,274,260	2,565,172	2,736,443	(39,228,194)	(455,720)	(12,032,509)	402,682,771
Total liabilities and net assets	$ 662,049,029	$ 49,418,369	$ 14,816,236	$ 17,572,636	$ 47,928,103	$ 510,601	$ (70,561,815)	$ 721,733,159

Billings Clinic
Consolidated Financial Statements
Statement of Operations – Consolidating Information
Year Ended June 30, 2014

	Billings Clinic	Billings Clinic Foundation	Montana Healthcare Indemnity, LLC	Stillwater Billings Clinic	New West Health Services	ExpressCare	Eliminations	Total
Operating Revenues								
Patient service revenue (net of contractual allowances and discounts)	$ 542 612 270	$ -	$ -	$ 7 867 483	$ -	$ 168 146	$ (14 127 548)	$ 536 520 351
Provision for uncollectible accounts	(34 640 002)	-	-	(731 492)	-	-	-	(35 371 494)
Net patient service revenue less provision for uncollectible accounts	507 972 268	-	-	7 135 991	-	168 146	(14 127 548)	501 148 857
Premium revenue	-	-	5 310 000	-	169 738 884	-	(4 522 297)	170 526 587
Other	25 539 336	1 343 366	-	304 089	209	-	(1 183 674)	26 003 326
Net assets released from restrictions used for operations	1 635 790	-	-	-	-	-	229 514	1 865 304
Total operating revenues	535 147 394	1 343 366	5 310 000	7 440 080	169 739 093	168 146	(19 604 005)	699 544 074
Operating Expenses								
Salaries and wages	256 469 448	580 305	-	1 788 841	5 598 625	352 845	-	264 790 064
Employee benefits	53 234 043	-	-	397 437	1 946 275	68 799	6 890	55 653 444
Purchased services and professional fees	39 924 710	201 367	-	2 942 416	7 489 368	15 579	(557 326)	50 016 114
Supplies and other	143 866 287	647 838	97 694	984 066	6 569 619	161 620	(5 352 064)	146 975 060
Claims paid	-	-	3 712 091	-	166 407 721	-	(13 931 015)	156 188 797
Depreciation and amortization	19 634 995	17 322	-	979 298	121 663	25 023	-	20 778 301
Interest	6 544 705	-	-	900 380	93 699	-	-	7 538 784
Total operating expenses	519 674 188	1 446 832	3 809 785	7 992 438	188 226 970	623 866	(19 833 515)	701 940 564
Operating Income (Loss)	15 473 206	(103 466)	1 500 215	(552 358)	(18 487 877)	(455 720)	229 510	(2 396 490)
Other Income (Expense)								
Investment return	13 949 683	1 437 465	202 636	24 022	738 548	-	-	16 352 354
Net unrealized gains on investments	15 358 414	2 451 758	166 920	63 894	321 739	-	-	18 362 725
Change in fair value of interest rate swap agreements	865 368	-	-	-	-	-	-	865 368
Other income (expense)	5 788 700	-	-	254	(722)	-	-	5 788 232
Total other income (expense)	35 962 165	3 889 223	369 556	88 170	1 059 565	-	-	41 368 679
Excess of Revenues Over Expenses	51 435 371	3 785 757	1 869 771	(464 188)	(17 428 312)	(455 720)	229 510	38 972 189
Change in interest in net assets of Billings Clinic Foundation	4 015 267	-	-	-	-	-	(4 015 267)	-
Change in interest in net assets of Stillwater Billings Clinic	(200 326)	-	-	-	-	-	200 326	-
Change in interest in equity of New West Health Services	(17 428 312)	-	-	-	-	-	17 428 312	-
Net assets released from restriction used for purchase of property and equipment	1 445 250	-	-	-	-	-	-	1 445 250
Other	279 300	-	-	263 862	-	-	-	543 162
Increase (Decrease) in Unrestricted Net Assets	$ 39 546 550	$ 3 785 757	$ 1 869 771	$ (200 326)	$ (17 428 312)	$ (455 720)	$ 13 842 881	$ 40 960 601

Billings Clinic
Consolidated Financial Statements
Selected Ratios
Year Ended June 30, 2014

	2014	2013
Long-term debt service coverage ratio (Supplemental Master Trust Indenture to amend Supplemental Master Trust Indenture for Obligation No. 1)		
Unrestricted liquid funds		
Cash and cash equivalents	$ 19,393,608	$ 9,175,290
Short-term investments	593,029	325,066
Assets limited as to use by Board for capital improvements	154,946,866	131,915,991
Long-term investments	72,771,008	80,540,880
Less current portion of long-term debt	(4,762,980)	(4,518,950)
	$ 242,941,531	$ 217,438,277
Average unrestricted liquid funds	$ 230,189,904	
5% of average unrestricted liquid funds	$ 11,509,495	
Income available for debt service		
5% of average unrestricted liquid funds	$ 11,509,495	
Excess of revenues over expenses	51,435,371	
Investment income	(13,949,683)	
Change in net unrealized losses on investments	(15,358,414)	
Interest rate swaps market adjustment	(865,368)	
Depreciation and amortization	19,634,995	
Interest	6,544,705	
	$ 58,951,101	
Long-term debt services requirements - maximum annual debt service	$ 11,740,788	
Long-term maximum debt service coverage ratio	5 02	

Billings Clinic
Consolidated Financial Statements
Selected Ratios
Year Ended June 30, 2014

Long-term debt service coverage ratio (Supplemental Master Trust Indenture for Obligation No. 7)	
Excess of revenues over expense	$ 51,435,371
Change in net unrealized losses on investments	(15,358,414)
Interest rate swaps market adjustment	(865,368)
Depreciation and amortization	19,634,995
Interest	6,544,705
	$ 61,391,289
Long-term debt services requirements	$ 11,398,603
Long-term maximum debt service coverage ratio	5 39
Long-term debt service coverage ratio (Supplemental Master Trust Indenture for Series 2011A and B)	
Revenues	$ 583,737,079
Operating expenses	(554,314,190)
Depreciation and amortization	19,634,995
Interest	6,544,705
	$ 55,602,589
Long-term debt services requirements - maximum annual debt service	$ 11,740,788
Long-term maximum debt service coverage ratio	4 74
Liquidity ratio (Supplemental Master Trust Indenture for Obligation No. 7 and Series 2011A and B)	
Cash and cash equivalents	$ 19,393,608
Short-term investments	593,029
Long-term investments	66,929,511
Assets limited as to use	
By Board, for capital improvements	154,946,866
Under indenture agreement - held by trustee	16,353,223
	$ 258,216,237
Current liabilities	$ 69,619,583
Maintenance of liquidity ratio	3 71

Billings Clinic
Consolidated Financial Statements
Selected Ratios
Year Ended June 30, 2014

Debt to Capitalization ratio (Supplemental Master Trust Indenture for Obligation No. 7 and Series 2011A and B)

Debt to capitalization ratio	
Long-term debt, including current portion	$ 164,336,275
Unrestricted net assets	364,890,206
	$ 529,226,481
Debt to capitalization ratio	31.1%

Days Cash on Hand (Supplemental Master Trust Indenture for Obligation No. 7 and Series 2011A and B)

Days cash on hand	
Cash and cash equivalents	$ 19,393,608
Short-term investments	593,029
Long-term investments	66,929,511
Assets limited as to use by Board for capital improvements	154,946,866
	$ 241,863,014
Total operating expense	$ 554,314,190
Depreciation and amortization expense	19,634,995
	$ 534,679,195
	365
	$ 1,464,875
Days cash on hand	165.11

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*

Boards of Directors
Billings Clinic
Billings, Montana

We have audited, 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, the consolidated financial statements of Billings Clinic (the Organization), which includes Stillwater Hospital Association, Inc d/b/a Stillwater Billings Clinic, which comprise the consolidated balance sheet as of June 30, 2014, and the related consolidated statements of operations, changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 29, 2014, which contained a reference to the report of other auditors The financial statements of Montana Health Care Indemnity LLC, which is included in the Organization's financial statements, were not audited in accordance with *Government Auditing Standards*

Internal Control Over Financial Reporting

Management of the Organization is responsible for establishing and maintaining effective internal control over financial reporting (internal control) In planning and performing our audit, we considered the Organization's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control

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 Organization's consolidated 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

Board of Directors
Billings Clinic

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 Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses as defined above However, material weaknesses may exist that have not been identified

Compliance

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free of 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*

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 Organization's internal control or compliance This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance Accordingly, this communication is not suitable for any other purpose

BKD, LLP

Denver, Colorado
September 29, 2014

Billings Clinic
Consolidated Financial Statements
Schedule of Findings and Responses
Year Ended June 30, 2014

Reference Number	Findings
	No matters are reportable

June 30, 2014

Yellowstone County
Community Health Improvement Plan
2014-2017

Sponsored by the Alliance-Billings Clinic, RiverStone Health and St. Vincent Healthcare

Table of Contents

Abbreviation and Terminology Glossary

ACHI Association of Community Health Improvement

Alliance institutional leaders of Billings Clinic, RiverStone Health & St Vincent Healthcare

CHNA Community Health Needs Assessment

CHIP Community Health Improvement Plan

CHIC Community Health Improvement Coordinator

INTRODUCTION and BACKGROUND

What is a Community Health Improvement Plan (CHIP)?

A Community Health Improvement Plan (CHIP) is a document that presents a long-term systematic plan to address the health problems of a community A CHIP is based on the results of a Community Health Needs Assessment (CHNA) and a community health improvement process Creating a successful CHIP involves participation across multiple sectors of a community and it is supplemented by community member input in addition to public health and health system partners The outcome is a defined process through which priorities are selected, and strategies and measures are created in order to address the health issues identified

The Community Health Improvement Plan for Yellowstone County

The original CHIP for Yellowstone County was created in 2006 to provide a framework for increasing the health of residents in Yellowstone County In addition to providing an action-oriented plan for the community, the CHIP also presented a summary of the results of the 2005 Yellowstone CHNA and the process for identifying the priority health issues The original document was created to identify and list initiatives aimed toward promoting the healthy weight of Yellowstone County residents The document was updated in 2012 following the completion of the 2010-11 CHNA and with a broader scope, addressing health-related issues beyond healthy weight The most recent Community Health Improvement Plan has been authored in response to the 2013-14 CHNA results and a structured community process that allowed for the identification of the priorities We anticipate this CHIP will be reviewed annually and updated as needed and will be reframed upon the completion of the next CHNA

Community Health Needs Assessments

In 2005, RiverStone Health and its system partners underwent an assessment of the public health system's performance in the 10 Essential Public Health Services established by the Centers for Disease Control and Prevention (CDC) The assessment was conducted using the National Public Health Performance Standards Program (NPHPSP), also established by the CDC A key outcome of that assessment was an understanding of the need to perform a CHNA and develop a CHIP

In 2005, the Alliance of Billings Clinic, Yellowstone City County Health Department dba RiverStone Health, and St Vincent Healthcare sponsored the first comprehensive Yellowstone County CHNA as a follow-up to the NPHPSP assessment The Alliance contracted Professional Research Consultants, Inc (PRC) to perform the assessment which included focus groups with community leaders and surveys of 400 community members using the random-digit-dialing method Additional information on methodology is described in Step 3 of the CHIP process below This process was repeated in both 2010-11, and 2013-14 when CHNAs were once again conducted utilizing the same methodology The results of the 2005-06, 2010-11 and 2013-14 CHNA can be accessed at www healthybydesignyellowstone org

Demographics

As the largest city in a 500 mile radius, Billings serves as a commercial and transportation hub for the state, as well as a major center for education and medical services Billings benefits from having a diversified economy, where oil and gas, healthcare, livestock, and banking play significant roles The city boasts three colleges (MSU-Billings, MSU-B College of Technology, and Rocky Mountain College), two major hospitals, two oil refineries, and an international airport

Covering 2,633 square miles with an estimated population of 151,882 residents in 2012, Yellowstone County is the only county which is not designated as "rural " Billings, the county seat, is the state's largest city, with a 2012 population estimated at 106,954 Other cities and towns in Yellowstone County include Acton, Ballantine, Broadview, Custer, Huntley, Laurel, Pompey's Pillar, Shepard, and Worden

The unemployment rate for Yellowstone County as of November 2013 is 3 6% compared to a statewide rate of 5% Persons below the poverty level in Yellowstone County (per 2008-2012 data) stand at 11 9% compared with 14 8% statewide

Montana's largest minority population is American Indian, at 6 3% of the state's population compared to 0 9% nationally In Yellowstone County, American Indians make up 4 3 percent of the population, with slightly more Hispanic people at 4 9 percent The *U.S. Census Bureau* projects that by 2025, Montana will have the third highest percentage of elderly in the nation, with nearly a fifth of its population estimated to be over the age of 65 2012 Census estimates indicate 15 7% of Montanans are 65 or older and 14 7% of Yellowstone County residents are 65 and older By contrast, persons under 18 stand at 22 1% and 23 5% respectively The population in Yellowstone County increased by 2 6% from April 1, 2010 to July 1, 2012 compared with a statewide population increase of 1 6%

As described in the *2012 State Public Health Assessment* Montana's population is hovering around 1 million people in an area of nearly 146,000 square miles. In this wide open space, there are only seven cities with more than 20,000 residents and 15 communities with 5,000 to 19,999 residents Nearly all the state's communities and counties in Montana are designated as Health Professional Shortage Areas (HPSAs) with Medically Underserved Populations (MUPs)

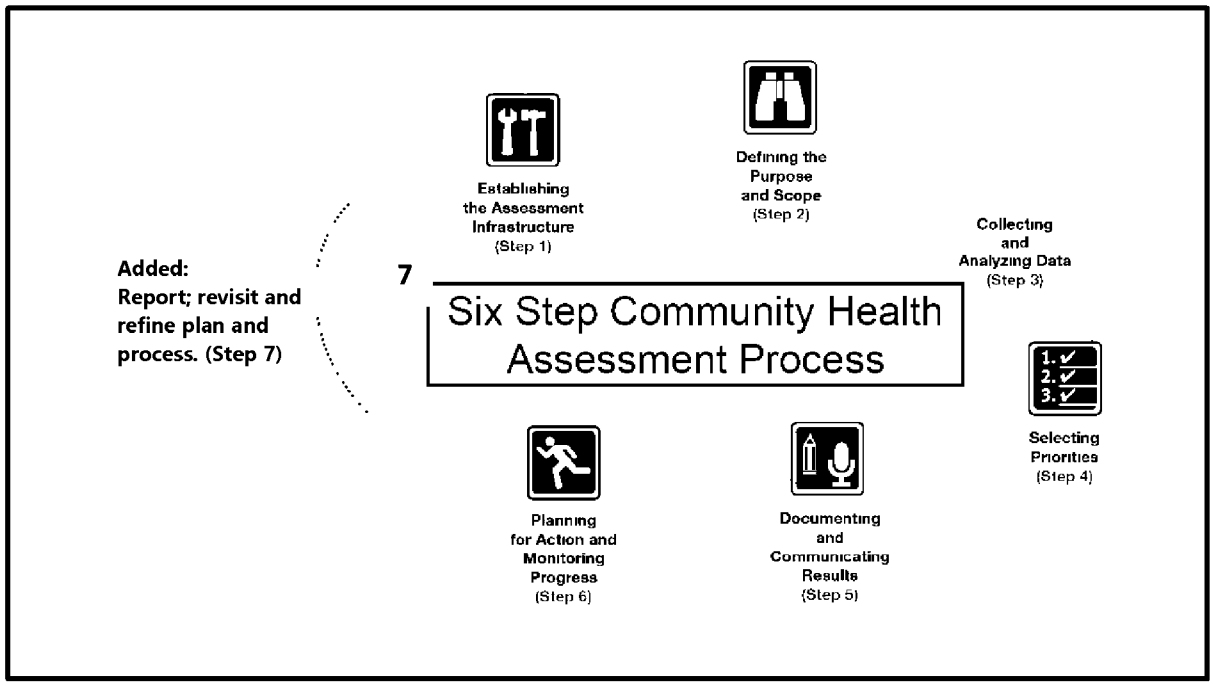
Sources MT Dept of Labor and Industry, US Census Bureau, Montana Department of Public Health and Human Services, Public Health and Safety Division, 2012 State Public Health Assessment

The Alliance

Yellowstone County is home to Billings, the most populous city in Montana In addition to being an economic center, Billings is also a medical hub for the region with three primary health organizations Billings Clinic, Yellowstone City County Health Department dba RiverStone Health, and St Vincent Healthcare The Alliance is an affiliated partnership consisting of the Chief Executive Officers from these three health organizations The Alliance works collaboratively on community and regional health initiatives with the mission of identifying community health needs and then defining and implementing efficient and effective community solutions through integrated actions Their vision states, "Together we improve the health of our community, especially those who are underserved and most vulnerable, in ways that surpass our individual capacity."

YELLOWSTONE COUNTY COMMUNITY HEALTH IMPROVEMENT PROCESS

The **framework** utilized for the 2013-14 health improvement process was the Core Process Steps from the Association for Community Health Improvement (ACHI) This framework, which is covered in more detail throughout the next section, contains six generalized steps which were adapted to fit the needs of Yellowstone County We have chosen to modify this model by including one additional step to "complete the circle" and acknowledge the need to revisit and refine The steps are shown in the image below *Source: http://www.assesstoolkit.org/assesstoolkit/ACHI-CHAT-intro-slides-8-27-10.pdf.*



Additional detail on the steps, including a timeline graphic, is included in the CHIP process outline in the appendices

Step One: Establishing the Assessment Infrastructure

The first step in the ACHI framework is to establish the assessment infrastructure This was completed by a review of previous processes by the Alliance (leadership representation of Billings Clinic, RiverStone Health and St Vincent Healthcare)) and identification of key community members to serve as the CHNA Advisory Group The Advisory Group was then called upon to assist in finalization of the assessment make-up and content

Step Two: Defining the Purpose and Scope

The Scope: The Advisory Group chose to utilize the same scope as the 2005-06 and 2010-11CHNA by defining the target population as Yellowstone County, hence utilizing geographical area as the primary identifier

The Purpose: The determined purpose of the CHNA was to identify key unmet health needs The CHNA served as a tool to enhance Yellowstone County's ability to address three core objectives

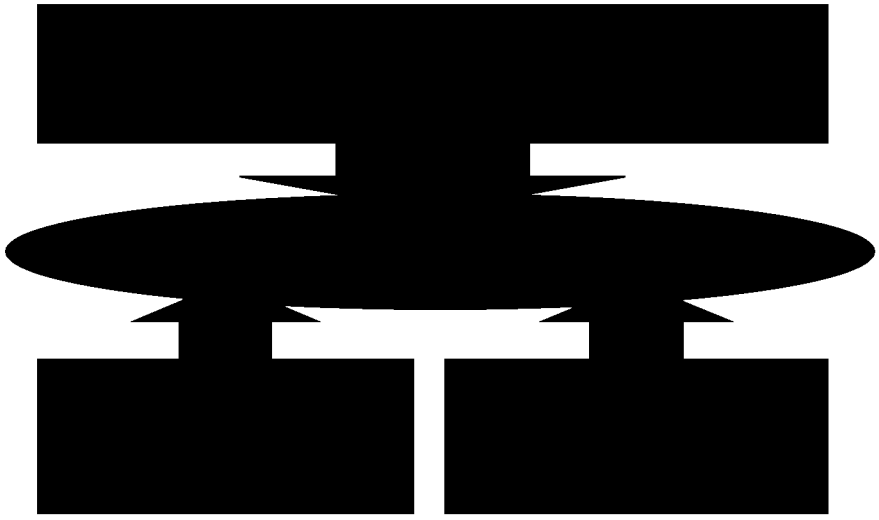
to improve residents' health status, increase their life spans, and elevate their overall quality of life, to reduce health disparities among residents, and to increase accessibility to preventative services for all community residents

Step Three: Collecting and Analyzing the Data

Survey Format PRC utilized a survey instrument customized for Yellowstone County, based the CDC Behavioral Risk Factor Surveillance System (BRFSS), as well as various other public health surveys and customized questions addressing gaps in indicator data relative to health promotion, disease prevention, and other recognized health issues To ensure the best representation of the population served, a telephone interview methodology was employed The primary advantages of telephone interviewing are timeliness, efficiency, and random-selection capabilities

The sample design used for this effort consisted of a random sample of 400 individuals aged 18 and older in Yellowstone County For statistical purposes, the maximum rate of error associated with a sample size of 400 respondents is ± 4 9% at the 95 percent level of confidence In addition to using proven telephone methodology and random-sampling techniques, the raw data was "weighted" to improve this representativeness even further Once the raw data was gathered, respondents are examined by key demographic characteristics (namely gender, age, race, ethnicity and poverty status) and a statistical application package applied weighting variables that produced a sample which more closely matches the population for these characteristics

The sample design and the quality control procedures used in the data collection ensure that the sample is representative Thus, the findings may be generalized to the total population of community members in the defined area with a high degree of confidence
The CHNA consisted of both quantitative data from primary research and secondary research, as well as qualitative data (demonstrated in the figure below) The quantitative data was collected through informant focus groups The data will serve to study the objectives identified previously



The Focus Groups: As part of the CHNA, five community focus groups were held in Yellowstone County to engage both providers and recipients of various community services The focus groups included discussions with key informants in the following areas medical and other public health personnel, legislators, employers and employees, educators, social service providers, and a south-side resident group

Potential participants for the focus groups were selected and invited because of their ability to identify various concerns within Yellowstone County Providers as well as recipients were engaged in discussions which focused on recognizing unmet health issues which adversely affect residents of Yellowstone County, particularly those in underserved populations, including but not limited to minorities and members of low-income households A total of 62 individuals participated

CHNA Benchmarks: *Trending* –similar surveys was administered in Yellowstone County in 2005-06 and 2010-11 by PRC on behalf of the Alliance Trending data, as revealed by comparison to prior survey results, were provided in the CHNA where available
Montana Risk Factor Data and Youth Risk Data – Statewide risk factor data were provided where available as an additional benchmark which to compare local survey findings State-level vital statistics were also provided for comparison of secondary data indicators
Nationwide Risk Factor Data – Nationwide risk factor data were provided where available as an additional benchmark and were taken from the 2008 PRC National Health Survey
Healthy People 2010 – This is part of the Healthy People 2010 (HP 2010) initiative, sponsored by the U S Department of Health and Human Services NOTE Healthy People 2020 goals were not available at the time of this survey although they were utilized in the community goal setting

Secondary Data: Public Health, Vital Statistics & Other Data A variety of existing (secondary) data sources was consulted to complement the research quality of the Community Health Needs Assessment Data for Yellowstone County were obtained from the following sources

- Centers for Disease Control & Prevention
- US Census Bureau
- Montana Board of Crime Control
- Montana Department of Public Health and Human Services
- National Center for Health Statistics
- US Department of Health and Human Services
- US Department of Justice, Federal Bureau of Investigation

All results were reviewed by an internal workgroup, the Alliance, the CHNA Advisory Group, and the Healthy By Design Coalition and then released to the public via a press conference and the website, www healthybydesignyellowstone org on 1/21/14

Step Four: Selecting Priorities

In the CHNA results, a listing of "Areas of Opportunity" were identified based on the compiled data including input from the focus groups, results of the phone survey and the secondary data This list is offered below

- Access to Health Services
- Cancer
- Chronic Kidney Disease
- Dementias, Including Alzheimer's disease
- Heart Disease & Stroke
- Injury & Violence
- Infant Health & Family Planning
- Mental Health & Mental Disorders
- Nutrition, Physical Activity & Weight
- Respiratory Diseases
- Substance Abuse
- Tobacco Use

Decision Process: Following the public release of the CHNA results, a community-wide forum was convened to garner input from the community on health improvement priorities and interventions At the community meeting, with 85 people in attendance, the CHNA results were shared and community members provided their feedback via a formal individual and group voting exercise followed by group discussions The Community Health Improvement Coordinator, brought on staff at RiverStone Health to work on behalf of the Alliance and Healthy By Design, was responsible for facilitating this work and the additional steps in the framework

Criteria used in this process included

1 Cost and Return on Investment
2 Availability of solutions
3 Impact of problem
4 Availability of resources (staff, time, money, equipment) to solve problem
5 Urgency of solving problem (air pollution, H1N1)
6 Size of problem (number of individuals affected)

Public Health Foundation criteria commonly used to identify priority problems as identified by the National Association of County and City Health Officials, http //www phf org/infrasturcture/priority-matrix pdf, accessed 2/9/10

The CHNA Advisory Committee was reconvened after the forum to validate the priority ranking process and results and to review the community's input Much of the strategy development began to take shape during these meetings Goals, objectives, and measurable outcomes were drafted, by the workgroup based on the results of the Community Forum and input from the Advisory Committee Once the goals and objectives were drafted, expert meetings were held, which called upon community experts in each of the identified priority areas The feedback from these experts then helped to shape the final draft of the goals and objectives, as well as give input into the strategies

Creation of Goals and Objectives - Assets: During the goals and objectives creation, it was important to acknowledge the assets available to the community The first asset identified was the Alliance itself The Alliance brings together two healthcare organizations and the local health department to collectively work on community health issues This asset is arguably the strongest asset identified during the development of the CHIP as this partnership allows for the following

- The pooling of information
- Increased amount of available resources, human and financial
- Better understanding of community needs and assets
- Engagement in new issues without having sole responsibility or management of them
- Development of widespread public support for issues
- Minimal duplication of services and effort

An additional asset is the pre-existing Healthy By Design Initiative The Healthy By Design Initiative began in 2005 following the first CHNA The initiative was designed to work on physical activity and nutrition policy, systems, and environmental changes in Yellowstone County The mission of Healthy By Design is to create a community that is healthy by design, (i e to intentionally influence the environment in which people live, learn, work and play) so that positive health effects are enhanced and negative health effects are mitigated) Creation of the Healthy By Design Coalition brought together a valuable network of human assets including professionals with expertise in health, infrastructure, engineering and planning, the largest medical center in a 500-mile radius, and a strong network of non-profits and community action groups Healthy By Design has a proven track record of successful collaboration and is well known and respected in the community Going forward, the framework of Healthy By Design will be utilized to engage the community in the chosen community priority areas

These and additional assets are named under each identified priority below, with the understanding that this is not a comprehensive list The Community Health Needs Assessment also contains an organizational listing that will be referenced at the workgroup level

Community Priorities

Following CHNA opportunity identification, Community Forum voting, and CHNA Advisory Committee validation, three areas were identified as the priority community health needs

a Healthy Weight
b Access to Health Services
c Mental Health, Mental Disorders and Substance Abuse

Key CHNA results related to these three health issues are presented below in the goals, objectives and strategies section

Step Five: Documenting and Communicating Results

After the community goals were constructed, the next step of the ACHI six-step framework is communication of results This step, in the context of Yellowstone County, began simultaneously with steps three and four This step included announcing the results of the Community Health Needs Assessment to key stakeholders, media and public followed by collection and communication of feedback from the community forum and expert meetings By inviting the community to the forum and involving community experts in discussions we were ensured that the voice of the community would be incorporated in the construction of the CHIP As strategies emerge, updates of work plans will continue to be communicated with the stakeholders and the community This will be facilitated through Coalition meetings, posting on the Healthy By Design website www healthbydesignyellowstone org, and through social media on the Healthy By Design Facebook page In order to assist in documentation of process, an appendix with notes on the steps taken throughout the CHNA/CHIP formation is included

Achieving the Goals

The role of the health organizations and community connection

The involvement of key community members and organizations is vital to achieving the goals set forth in the CHIP To ensure success, the Alliance has taken on the role of the community facilitator and will dedicate the needed resources to provide this facilitation

Access to Health services and Mental Health, Mental Disorders and Substance Abuse: Though mental health and access to health services were identified in the previous CHIP, work accomplished was minimal Therefore, the work completed on these goals during the next three years will focus on building foundations for the work through the identification of partners, identification of policy changes required to achieve the objectives, determining future action steps required to be successful The successful model of community engagement provided by Healthy By Design will serve as a model for establishing community involvement, as well as the facilitation of community discussion and initiatives aimed at increasing access to health services and improving mental health and substance abuse outcomes for Yellowstone County residents

Healthy Weight: The work on healthy weight will be conducted by Healthy By Design, a pre-existing coalition created by the Alliance to focus on creating a community that is healthy by design (to intentionally influence the community in which we live to make the healthy choice the easy choice) More information on Healthy By Design, including recent work plans, is available on the Healthy By Design website www healthybydesignyellowstone org

Step 6: Planning for Action and Monitoring Progress

Follow-up is an essential part of ensuring that goals and objectives are met Annual work plans will be created to ensure that a plan exists detailing the activities required to achieve objectives, the person(s) responsible for the activities, and the timeline for completion Annual creation of the work plan will be conducted by January 1st of each year and it is the responsibility of the Alliance The status of the work will be reviewed semi-annually at the Alliance meeting
The CHIP will be publically accessible on all Alliance organization websites and on the Healthy By Design website www healthybydesignyellowstone org In addition, the Community Health Improvement Coordinator, in partnership with the Alliance Communication Team, will be responsible for ensuring periodic status updates through media channels, social media, and semi-annual reports The CHIP will be reviewed annually and updated as needed and following the completion of the Yellowstone County CHNA (the next one is scheduled for 2017)

Additional Step 7: Report, revisit and refine plan and process

This step has been added to the ACHI framework in order to remind us that this is a "living document" that needs to be reviewed and refined as needed in order to accommodate discoveries, changes and accomplishments We also expect that this document and the accompanying work plans will inform our next CHNA and CHIP

Yellowstone County Goals, Objectives and Strategies

Goals and Objectives approved by the Alliance of Billings Clinic, RiverStone Health and St. Vincent Healthcare on June 4, 2014, with additional Alliance partner and community expert discussion on strategies following

Contributors Community Health Needs Assessment Workgroup, Community Health Needs Assessment Advisory Group, Community Forum Participants, Content Area Expert Meeting Participants and the Alliance Members

Overarching Goals

In response to the state of Montana's Plan to Improve the Health of Montanans' (June 2013) challenge to strengthen the public health and healthcare system, and its proposed system improvement goals, we offer the following overarching goals that we believe apply to our identified priorities and our work in Yellowstone County Through the Alliance, existing coalitions, and future collaborative work involving sectors of the community impacting the social correlates of health (see diagram below), we will

- strengthen partnerships and formulate effective community responses to make lasting and measurable change,
- promote effective public health policies and adequate public health funding, and
- promote the use of evidence-based interventions and practice guidelines

Methodology

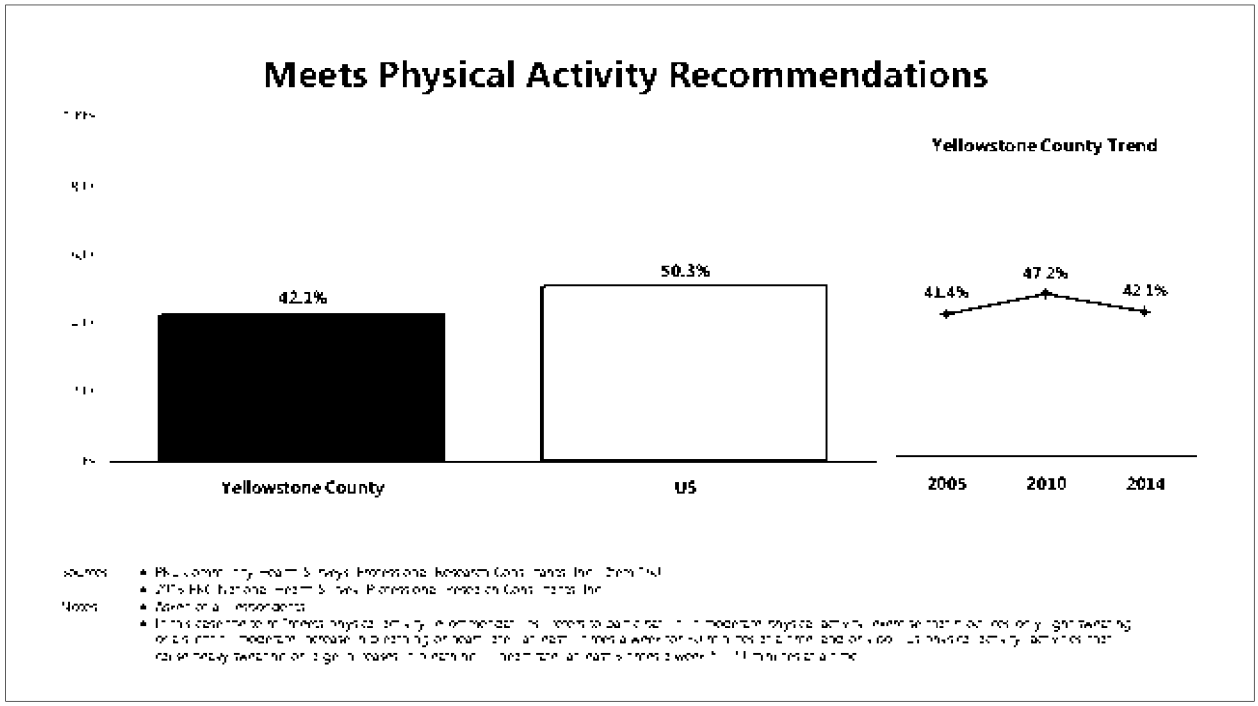
Each SMART objective target listed in the Community Health Improvement Plan is based on the Healthy People 2020 standard target of 10 percent change (%change = [(2nd year value-1st year value)/1st year value) x 100] unless noted otherwise Baseline is taken from the 2014 Community Health Needs Assessment (which also includes secondary sources) unless otherwise noted

PRIORITY AREA: Nutrition, Physical Activity and Weight

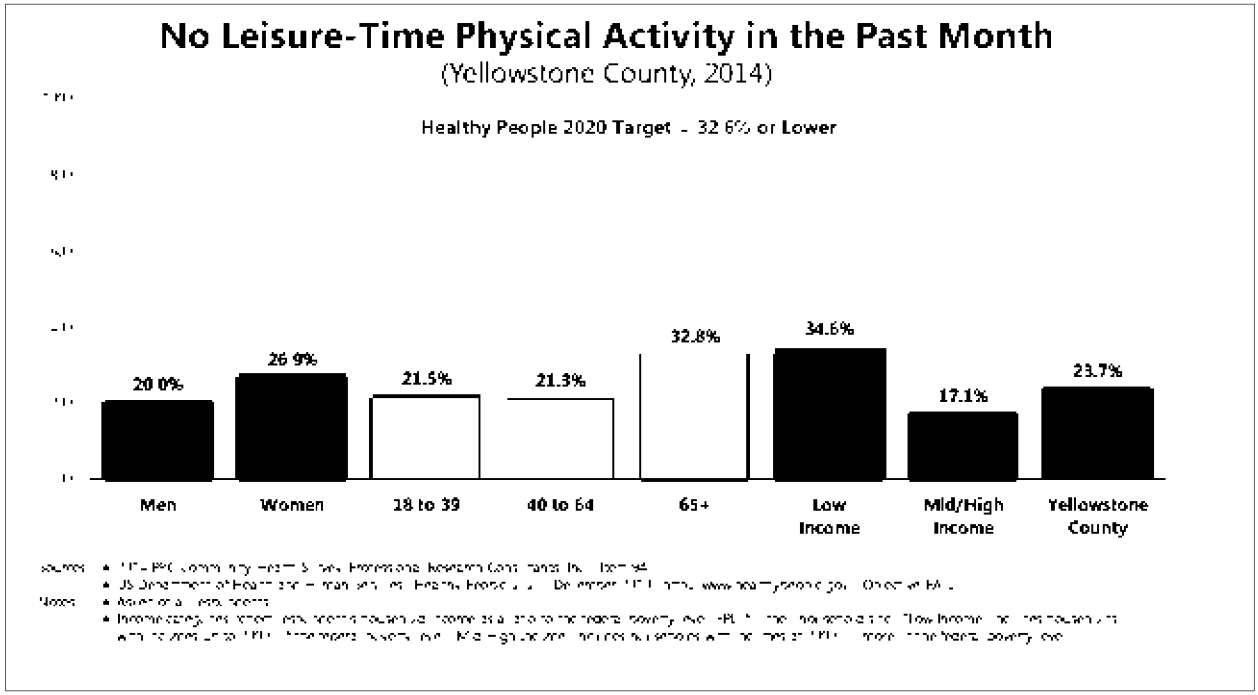
In the area of improving healthy weight status we have interfaced with and identified the following collaborators/resources: Healthy By Design Coalition and Workgroups, School Health Advisory Council, Billings Action for Healthy Kids, Big Sky Economic Development, Bike/Ped Advocate. We anticipate engaging additional parties.

The problem Because ***weight*** is influenced by energy (calories) consumed and expended interventions to improve diet and physical activity can support changes in weight They can help change individuals' knowledge and skills, reduce exposure to foods low in nutritional value and high in calories, or increase opportunities for physical activity Interventions can help prevent unhealthy weight gain or facilitate weight loss among obese people They can be delivered in multiple settings, including healthcare settings, worksites, or schools The social and physical factors affecting diet and physical activity may also have an impact on weight Obesity is a problem throughout the population However, among adults, the prevalence is highest for middle-aged people and for non-Hispanic black and Mexican American women Among children and adolescents, the prevalence of obesity is highest among older and Mexican American children and non-Hispanic black girls The association of income with obesity varies by age, gender, and race/ethnicity *-Healthy People 2020, www.healthypeople.gov* **

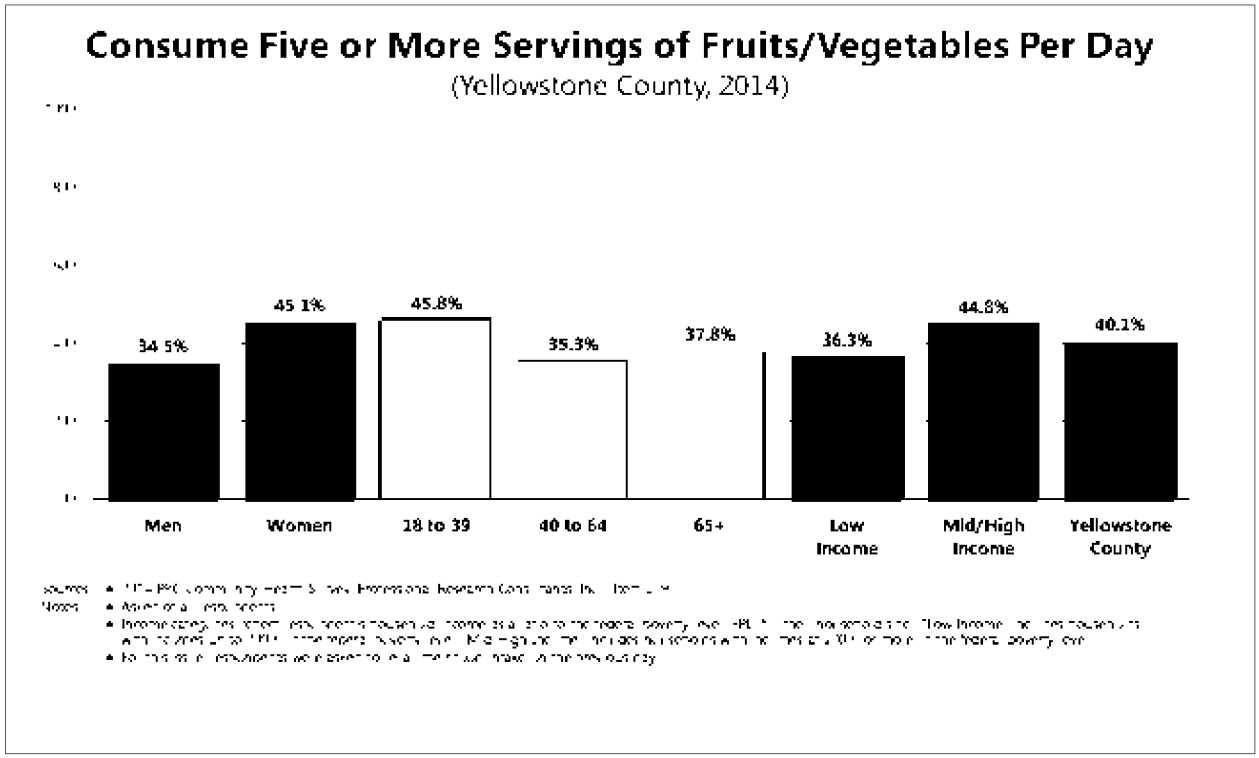
CHNA Findings The key areas of concern noted in the 2014 Community Health Needs Assessment include overweight/obesity prevalence and physical activity levels Additional concerns were noted during the Community Health Forum held in February 2014 as part of the priority setting process These include a desire to focus on children and address modifiable behaviors and food security issues



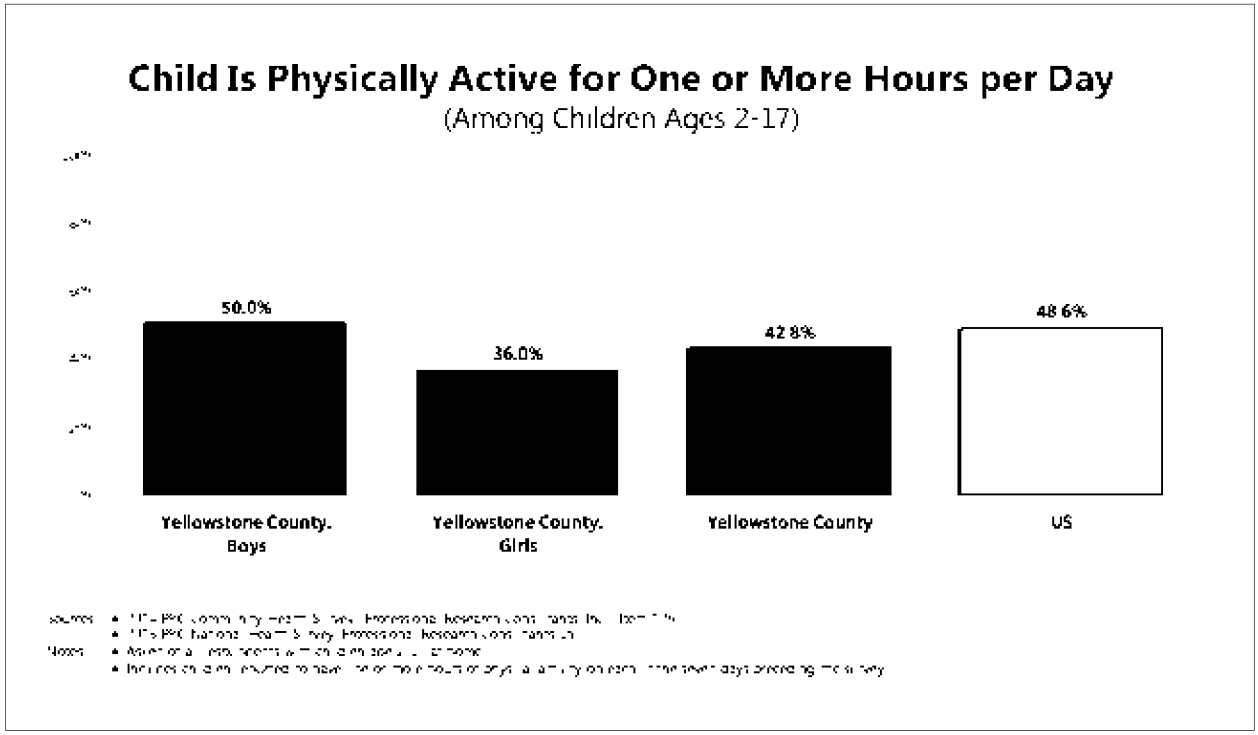
Yellowstone County residents less likely to meet physical activity requirements include: women, seniors (65+) and residents in low-income households.



Yellowstone County's findings are similar to statewide (24.4%) and national findings (20.7%) and meet the Healthy People 2020 target of 32.6% or lower.



Yellowstone County's rate is similar to the national rate of 39.5% and has not changed significantly since 2005.



Though a difference is noted, it is not statistically significant. The findings are comparable to national rates.

***Additional Healthy People 2020 information available in the Community Health Needs Assessment and on the Healthy People 2020 website*

THE GOAL: Improve Healthy Weight Status

Healthy Weight Status Health Objectives

1) **By 2017, the proportion of adults in Yellowstone County who have a healthy weight (Normal BMI range: 18.5-24.9) will increase from 31.9% to 35%.** (HP NWS-8) (9 7% change, 35 8% reported in 2005 CHNA 2014)

2) **By 2017, the proportion of adults in Yellowstone County reporting no leisure-time physical activity in past month will decrease from 23.7% to 21.25%.** (10 34% change, HP PA-1, leisure-time can be discussed publicly as "every day" activity

3) **By 2017, the proportion of adults in Yellowstone County who eat 5 or more servings of fruit and vegetables per day will increase from 40% to 44%.** (10% change, Related HP NWS-14 and HP NWS-15 1 LHI)

4) **By 2017, the proportion of children in Yellowstone County who are physically active for one or more hours per day (ages 2-17) will increase from 42.8% to 47%** (9 8% change, CHNA- "each of seven days preceding the interview", Related to HP PA-3 1-"meet current physical activity guidelines for aerobic physical activity")

Overarching Strategies

Public Health Policy

- Encourage workplaces adopting Healthy By Design nutrition and physical activity guidelines and developing worksite wellness policies and healthy work environments
- Support Yellowstone County area school-based efforts to increase students' daily consumption of fruits and vegetables and increase student's physical activity levels

Prevention and Health Promotion Efforts

- Promote the use of the 5-2-1-0 awareness campaign
- Encourage organizations to apply for Healthy By Design recognition
- Encourage awareness of and response to gender-based physical activity disparities including increasing awareness regarding incorporation and recognition of physical activity in everyday activity
- Promote the use of active transportation where available
- Support the valuation of built environment as it relates to health and safety

Access to Care, Particularly Clinical Preventive Services

- Incorporate consistent recording of BMI and healthy weight discussions in Alliance partner electronic medical records

Yellowstone County's Public Health and Healthcare System

- Advocate access to healthy foods for low-income individuals and families (i e WIC, SNAP, food pantries, school-based approaches, etc) (supported by The National Prevention Strategy)

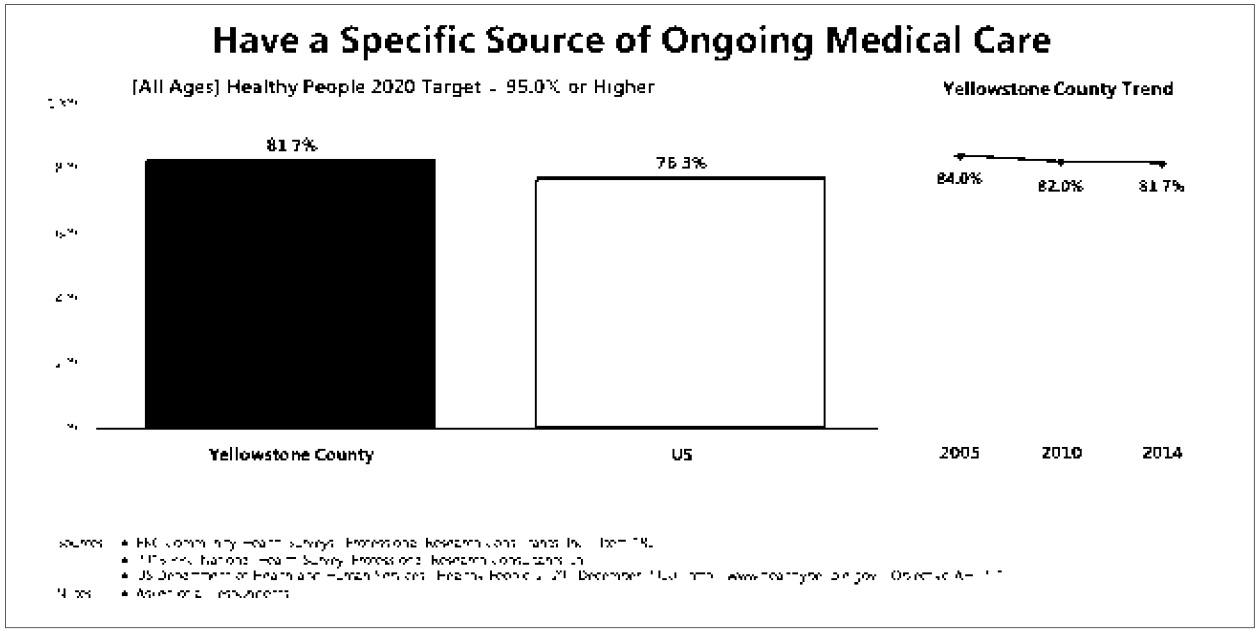
Tactics will be developed at a work group level, executed and reported via developed work plans and will respond to the identified strategies, positively impacting the identified objectives and goals. Progress will be recorded and reported semi-annually to the Alliance.

PRIORITYAREA: Access to Health Services

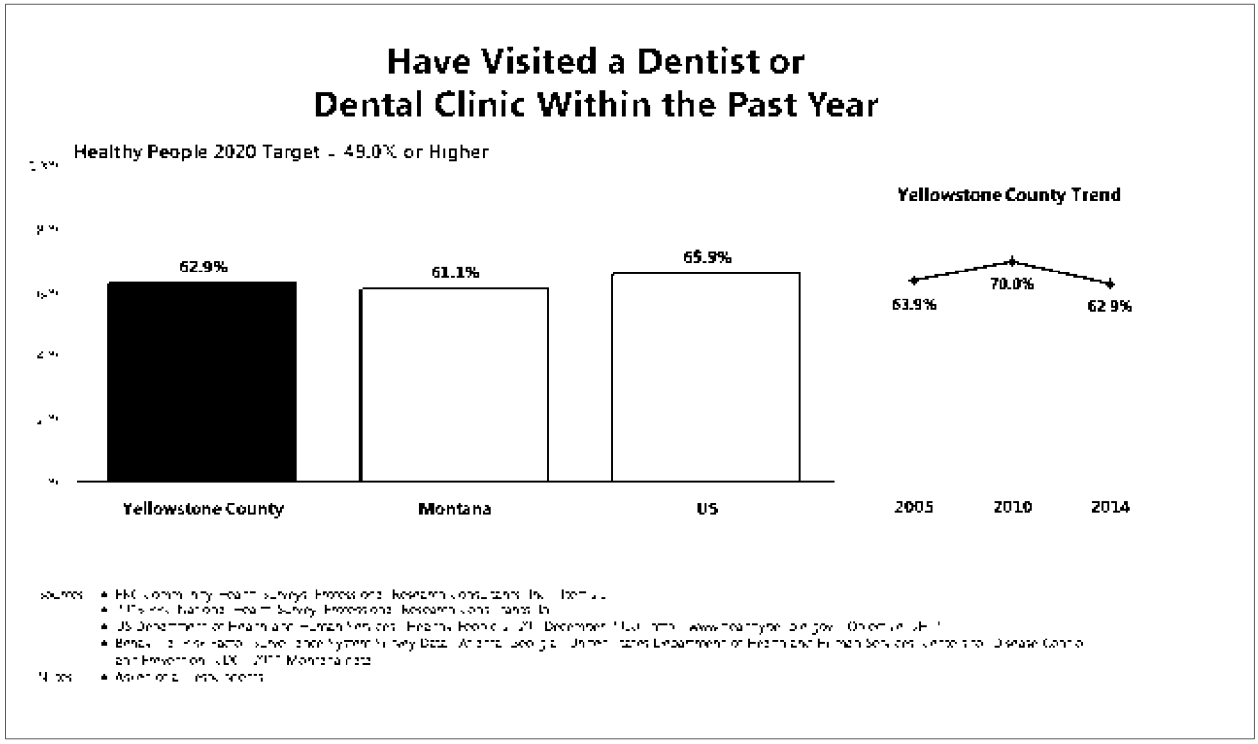
In the area of access to health services we have interfaced with and identified the following collaborators/resources: United Way of Yellowstone County and Best Beginnings Council, and legislators. We anticipate engaging additional parties.

Problem: ***Access*** to comprehensive, quality health services is important for the achievement of health equity and for increasing the quality of a healthy life for everyone Access to health services impacts overall physical, social, and mental health status, prevention of disease and disability, detection and treatment of health conditions, quality of life, preventable death, and life expectancy Access to health services allows the timely use of personal health services to achieve the best health outcomes Three distinct steps are required to achieve access 1) Gaining entry into the healthcare system 2) Accessing a healthcare location where needed services are provided 3) Finding a healthcare provider with whom the patient can communicate and trust *-Healthy People 2020, www.healthypeople.gov*

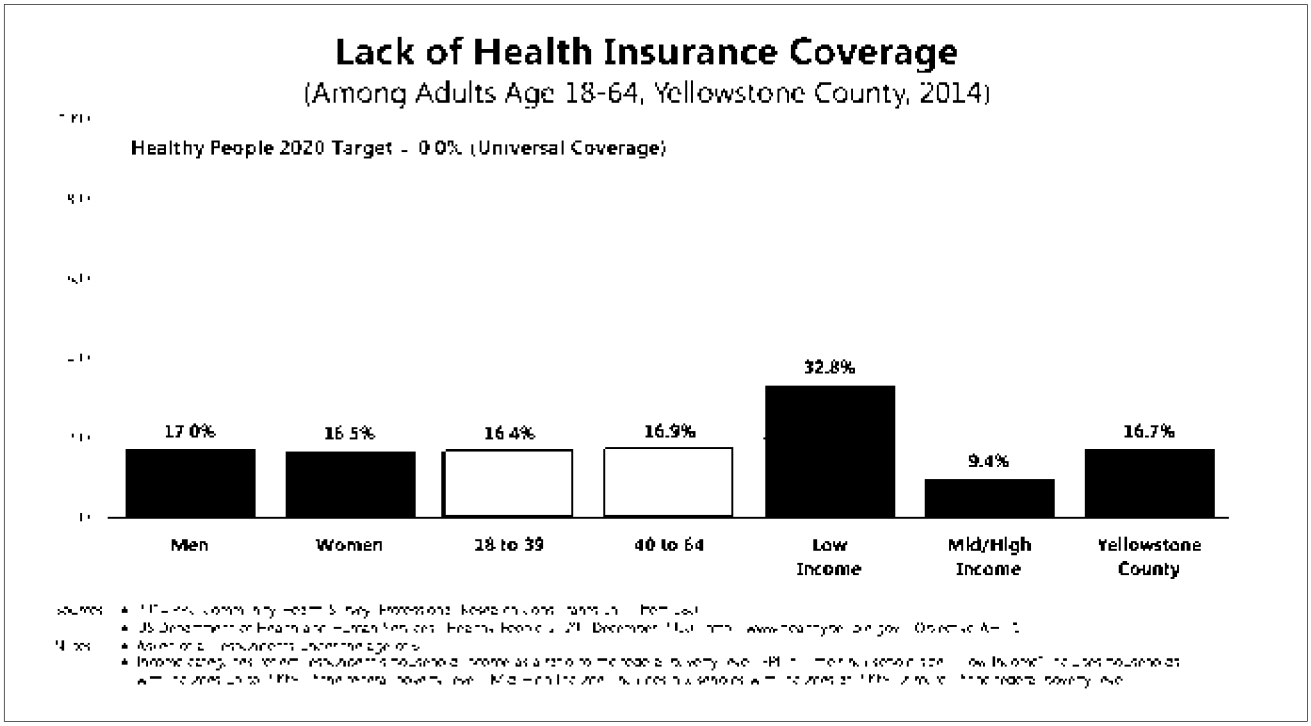
CHNA Findings The key areas of concern noted in the 2014 Community Health Needs Assessment include lack of healthcare coverage for ages 18-64 years, barriers to accessing healthcare services, and access to dental care, especially for low-income households Additional concerns were noted during the Community Health Forum held in February 2014 as part of the priority setting process These include jointly addressing access-related policy issues, promoting primary care and offering or identifying points-of-entry into care and healthcare navigation



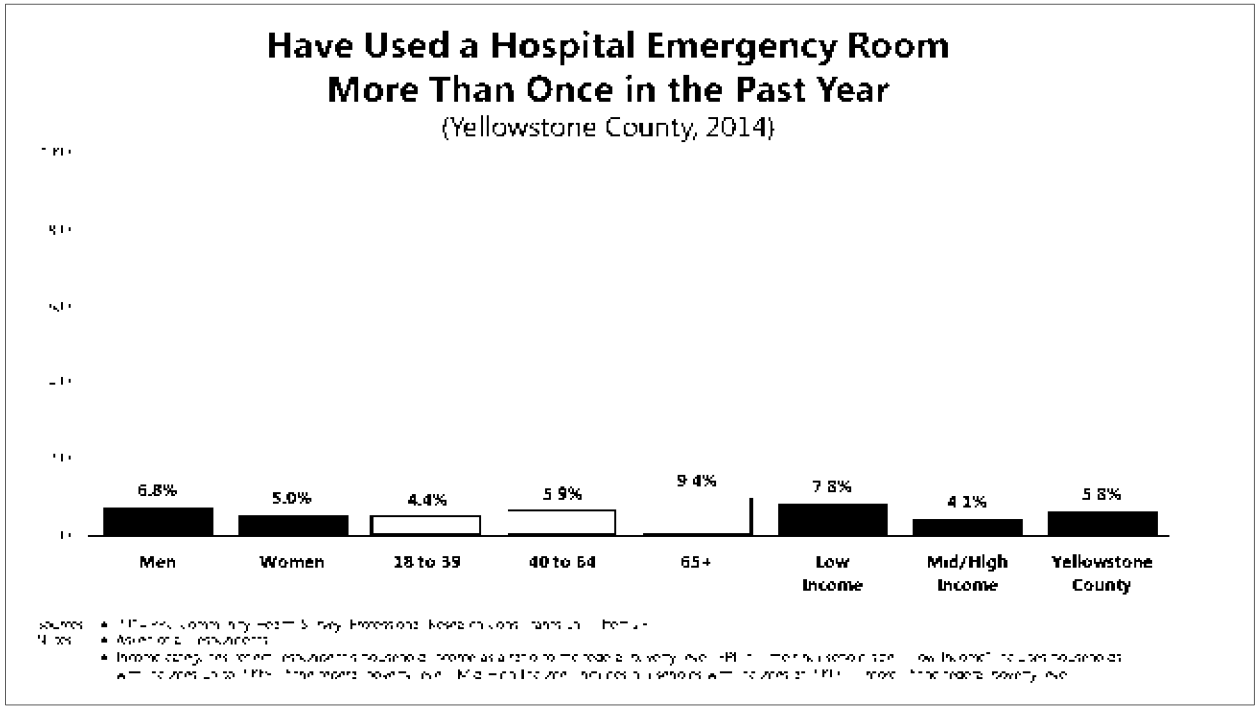
Adults under the age of 65 are less likely to have a specific source of care, at a rate of 78.2% for Yellowstone County residents age 18-64.



The lowest utilizers are those who do not have dental insurance and those in low income households.



Among Yellowstone County adults, rates of uninsured are lower than Montana's rate (24.1% uninsured) and slightly higher than the US rate (15.1%). The findings for Yellowstone County are statistically similar to the 2005 findings.



2013-14 findings are lower than national findings (8.9%) and statistically similar to the 2005 findings. There is no statistical difference in ER use when viewed by demographic characteristics.

***Additional Healthy People 2020 information available in the Community Health Needs Assessment and on the Healthy People 2020 website*

THE GOAL: Improve Access to Health Services

Access to Care Objectives

1) **By 2017, the proportion of adults in Yellowstone County who have a specific source of ongoing care will increase from 81.7% to 85%.** (HP AHS-5) (4 03% change), Question Is there a particular place that you usually go if you are sick or need advice about your health? If Yes, what kind of place is it A Hospital-Based Clinic, A Clinic That is NOT Part of a Hospital, An Urgent Care/Walk-In Clinic, A Doctor's Office, A Hospital Emergency Room, Military or Other VA Healthcare, or Some Other Place For the next assessment, we will be redefining "on-going care"

2) **By 2017, the proportion of adults in Yellowstone County who have visited a dentist or dental clinic in the past year will increase from 62.9% to 69%** (HP AHS 6 3) (9 69% change, addressing key area of concern)

3) **By 2017, the proportion of adults in Yellowstone County who are without health insurance will decrease from 16.7% to 15%** (HP AHS 1 1, 10 18% change, addressing key area of concern)

4) **By 2017, decrease proportion of adults in Yellowstone County who have used the ED more than once in past year from 5.8% to 5.2%.** (10 34% change, CHNA 2014 5 8%, 7 8% among low income households, 8 6% in CHNA '10)

Access to Health Services Overarching Strategies

Public Health Policy

- Advocate for Medicaid Expansion
- Advocate for access to healthcare and dental service programs that assist those with financial need (e g Medicaid, Healthy Montana Kids, Medication Assistance Program, Community Health Access Partnership) through the development and advocacy of an Alliance legislative agenda

Prevention and Health Promotion Efforts

- Develop a collaborative strategy to educate residents of Yellowstone County about what health insurance means and how to use it effectively (continuum of "covered to care")

Access to Care, Particularly Clinical Preventive Services

- Explore avenues of asset mapping along the continuum of care that provides residents of Yellowstone County access to resources and services
- Encourage patient centeredness when making decisions related to location and hours of services

Yellowstone County's Public Health and Healthcare System

- Promote the Montana Family Medicine Residency, Internal Medicine Residency and Dental Residency programs and consider the development of other residencies that may offer pathways to appropriate workforce development
- Promote health insurance acquisition via the Health Insurance Marketplace or other avenues at each Alliance institution
- Examine emergency department utilization across organizations and respond accordingly Develop recommendations as appropriate Identify high users and strategies to increase health outcomes and reduce costs
- Support full implementation and evaluation of the Patient Centered Medical Home model in each Alliance member institution

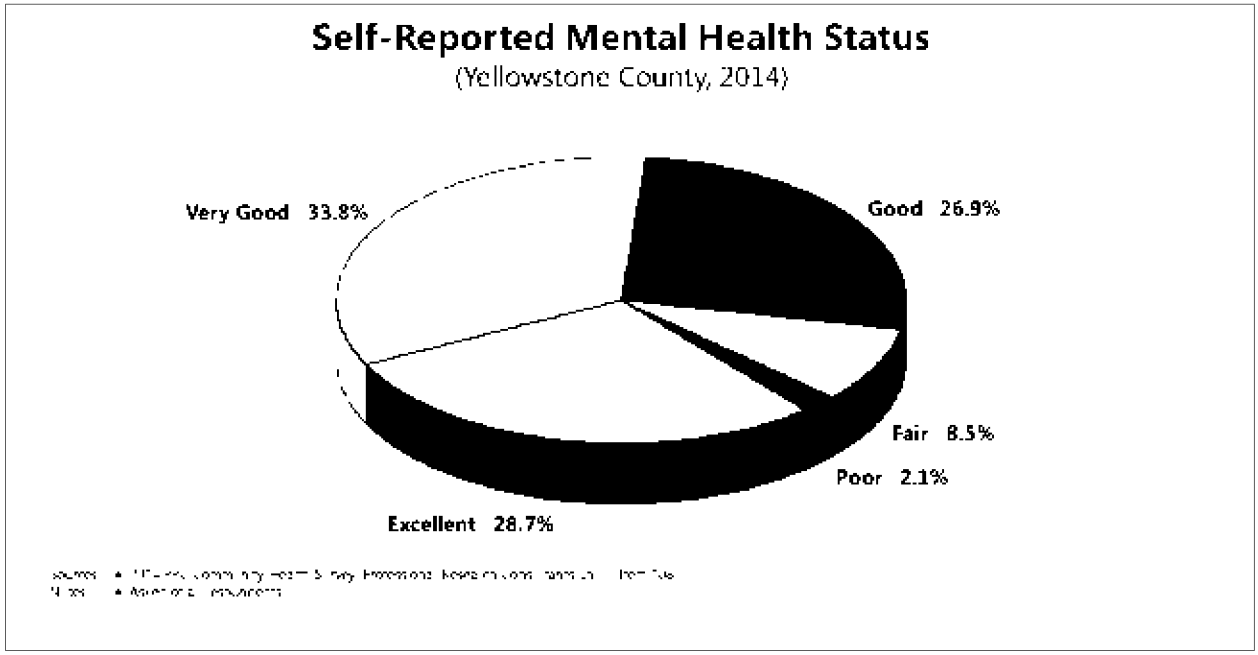
Tactics will be developed at a work group level, executed and reported via developed work plans and will respond to the identified strategies, positively impacting the identified objectives and goals. Progress will be recorded and reported semi-annually to the Alliance.

PRIORITY AREAS: Mental Health & Mental Disorders and Substance Abuse

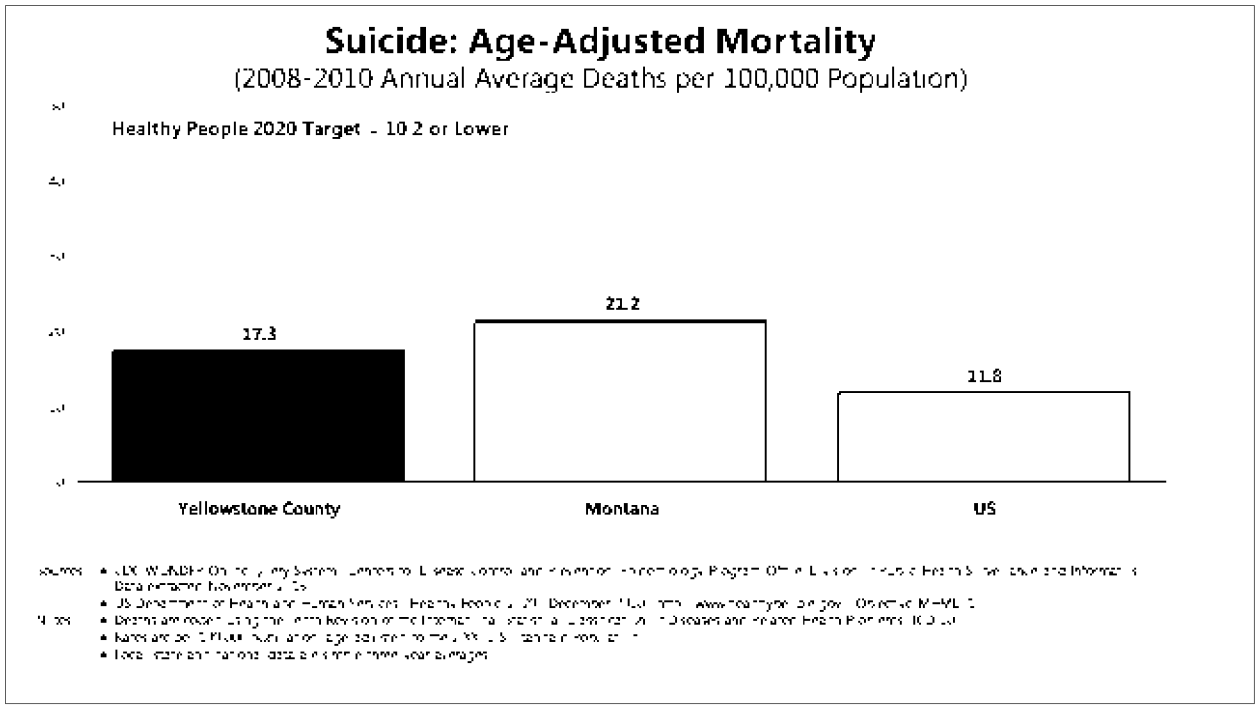
In the areas of mental health and substance abuse we have interfaced with and identified the following collaborators/resources: Chronic Pain Task Force, Substance Abuse Prevention Partnership [via United Way], Best Beginnings, Mental Health Center, Crisis Center, Rimrock Foundation and Suicide Prevention Coalition of Yellowstone Valley. Let's Talk Billings, and reformation of the Tobacco Free Coalition. We anticipate engaging additional parties.

Problem ***Mental Health*** plays a major role in people's ability to maintain good physical health Mental illnesses, such as depression and anxiety, affect people's ability to participate in health-promoting behaviors In turn, problems with physical health, such as chronic diseases, can have a serious impact on mental health and decrease a person's ability to participate in treatment and recovery Mental health is essential to personal well-being, family and interpersonal relationships, and the ability to contribute to community or society Mental disorders contribute to a host of problems that may include disability, pain, or death The resulting disease burden of mental illness is among the greatest of all diseases with an estimated 13 million American adults (approximately 1 in 17) having a seriously debilitating mental illness The leading cause of disability in the United States and Canada, mental illness accounts for 25 percent of years of life lost to disability and premature mortality Moreover, suicide is the 11th leading cause of death in the United States, accounting for the deaths of approximately 30,000 Americans each year and Montana ranks third in the nation for the number of suicides Mental health and physical health are closely connected periodontitis, and tooth loss Cigar use causes cancer of the larynx, mouth, esophagus, and lung - *Healthy People 2020, www.healthypeople.gov* **

CHNA Findings **Mental Health:** The key areas of concern noted in the 2014 Community Health Needs Assessment include suicides, access to mental health treatment and resources for mental health treatment Additional concerns were noted during the Community Health Forum held in February 2014 as part of the priority setting process These include coordination of services, lack of services, developing common strategies, communication, access, stigma associated with mental health problems, and youth resources



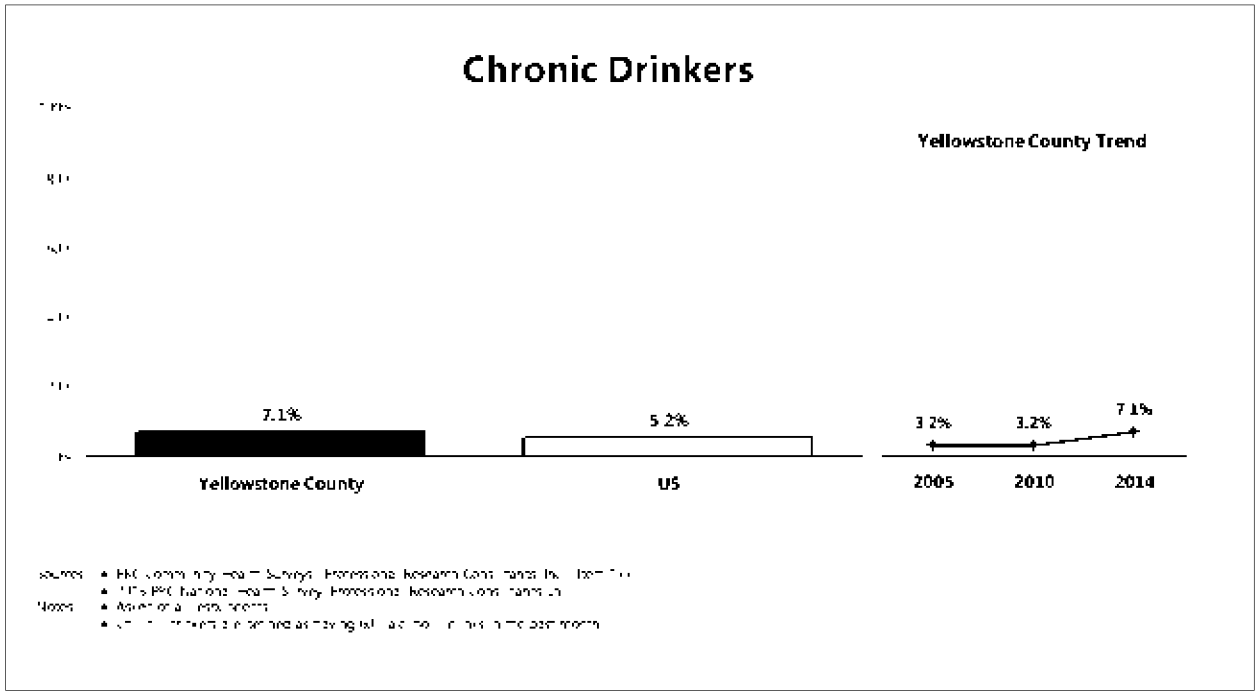
A total of 62.5 % of Yellowstone County adults rate their overall mental health as "excellent" or "very good". With a rate of 10.6%, Yellowstone County reported similar "fair/poor" responses to national ratings.



A total of 9.7% of Yellowstone County residents have considered suicide at some point in their lives. The county suicide rate has fluctuated over time, showing no clear trend. Across Montana and the US overall, suicide rates have increased over time.

Problem ***Substances:*** Social attitudes and political and legal responses to the consumption of alcohol and illicit drugs make substance abuse one of the most complex public health issues In addition to the considerable health implications, substance abuse has been a flash-point in the criminal justice system and a major focal point in discussions about social values, people argue over whether substance abuse is a disease with genetic and biological foundations or a matter of personal choice In 2005, an estimated 22 million Americans struggled with a drug or alcohol use problem Almost 95 percent of people with substance use issues are unaware of their problem Of those who do recognize their issues, 273,000 have made an unsuccessful effort to obtain treatment These estimates highlight the importance of increasing prevention efforts and improving access to treatment for substance abuse and co-occurring disorders Substance abuse has a major impact on individuals, families, and communities The effects of substance abuse are cumulative, significantly contributing to costly social, physical, mental, and public health problems - *Healthy People 2020, www.healthypeople.gov* **

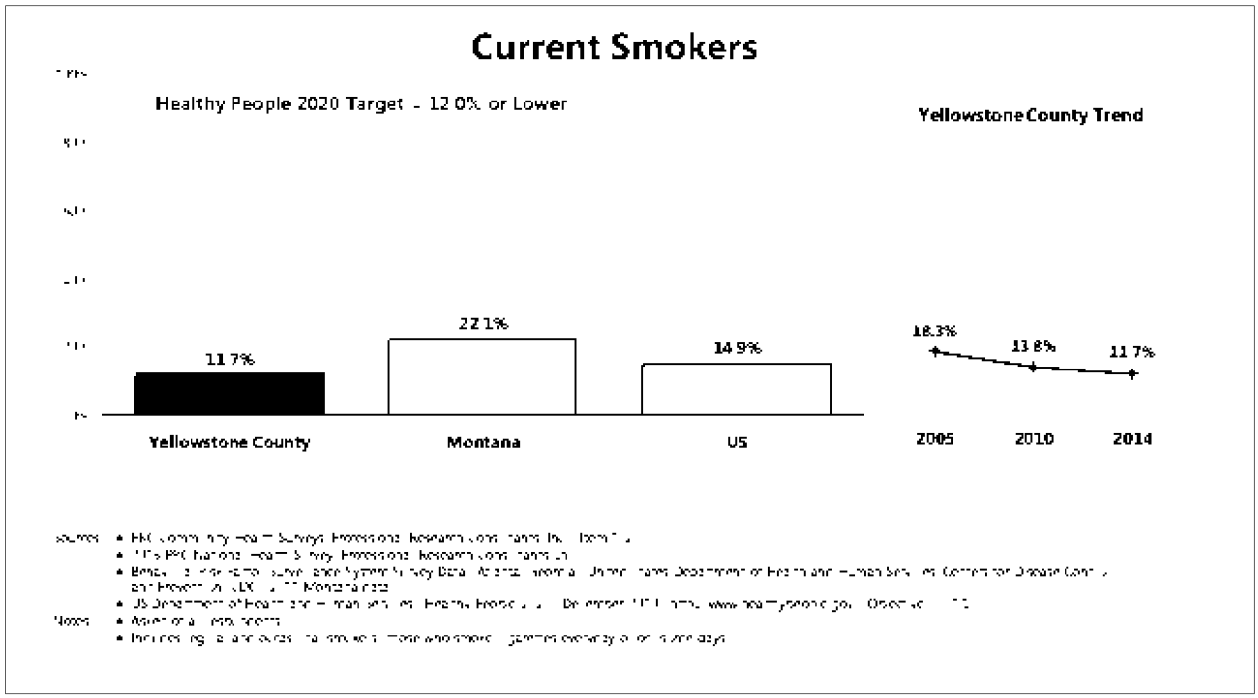
Substance Abuse: The key areas of concern noted in the 2014 Community Health Needs Assessment include Cirrhosis/liver disease deaths, chronic alcohol use, drug-related deaths, and availability of substance abuse treatment Noted during the Community Health Forum held in February 2014 was untreated patient populations and their interactions, need for preventive measure reimbursement, need to increase addiction prevention education in schools, need to educate on the environmental impact caused by those who are addicted, and consideration of policy work around Driving Under the Influence (DUIs)



A significant increase in chronic drinking is denoted from 2005-06 and 2010-11 to 2013-14. Chronic drinking is more prevalent among men (10.2%) in Yellowstone County.

Problem ***Tobacco*** use is the single most preventable cause of death and disease in the United States Each year, approximately 443,000 Americans die from tobacco-related illnesses, like cancer and heart disease For every person who dies from tobacco use, 20 more people suffer with at least 1 serious tobacco-related illness In addition, tobacco use costs the U S $193 billion annually in direct medical expenses and lost productivity There is no risk-free level of exposure to secondhand smoke Secondhand smoke causes heart disease, emphysema, and lung cancer in adults and a number of health problems in infants and children, including severe asthma attacks, respiratory infections, ear infections, and sudden infant death syndrome (SIDS) Smokeless tobacco causes a serious oral health problems, including cancer of the mouth and gums, *-Healthy People 2020, www.healthypeople.gov* **

Tobacco Use: The key area of concern noted in the 2014 Community Health Needs Assessment focused on smokeless tobacco This was not identified as one of the top areas of concern at the Community Health Forum



The current smoking percentage has decreased significantly since 2005-06. Smoking rates do not vary significantly by demographic characteristics.

***Additional Healthy People 2020 information available in the Community Health Needs Assessment and on the Healthy People 2020 website*

THE GOAL: Improve Mental Health and Reduce Substance Abuse

Mental Health Objectives

1) **By 2017, the proportion of adults in Yellowstone County who report their mental health as being good, very good, or excellent in the past 30 days will increase from 89.4% to 94%.** (6 2% change-slightly over 2011 rate, 2011 BRFSS county baseline "14 plus days in past 30 of 'not good' mental health" 10 8%, defined in BRFSS question as "stress, depression and other problems with emotions", relates loosely to HP MHMD 4 "persons who experience MDE", 2014 CHNA "overall mental health fair or poor"-10 6%)

2) **By 2017, the reported suicide rate in Yellowstone County will be reduced from 17.3 deaths per 100,000 to 16.3 per 100,000 population.** (HP MHMD-1 LHI, 5 7% change from 2008-10 rates, aligns with 2007-09 rates)

Substance Objectives

1) **By 2017, reduce the proportion of adults in Yellowstone County who report drinking chronically from 7.1% to 6.4%.**(9 86% change, no chronic drinking HP 2020 or SHIP indicator, BRFSS. "Heavy Drinking" more than 2 per day-men, more than 1 per day-women 4 9% in 2012, significant increase in 2014 CHNA, "chronic" defined as 60 or more drinks of alcohol in the month preceding)

2) **By 2017, pursue at least one policy focused opportunity related to chronic pain and opioid abuse that will positively impact the residents of Yellowstone County** (related to HP SA-19, measure execution of steps of policy campaign)

Tobacco Objectives

1) **By 2017, reduce the proportion of adults in Yellowstone County who report smoking cigarettes from 11.7% to 10.5%.** (10 26% change, HP TU 1 1 LHI)

2) **By 2017, pursue at least one policy focused opportunity related to smoke free/tobacco free facilities, campuses, worksites, or public spaces (e.g. parks, housing) that will positively impact the residents of Yellowstone County.** (HP TU-15, measure execution of steps of policy campaign)

Mental Health & Mental Disorders, Substance Abuse (including Tobacco) Overarching Strategies

Public Health Policy

- Establish a county baseline and create community guidelines for prescribing controlled substances and discouraging nonmedical use of pain relievers in Yellowstone County (HP 19 1, SAMHSA DSDUH report, 1/8/13 MT-4 83%, 4 6% nationally, with a range of 3 6-6 4%)
- Promote and encourage policy opportunities related to smoke free/tobacco free facilities, campuses, worksites, or public spaces (e g parks, housing) (HP TU-15)
- Support advocacy efforts to reduce gaps in prevention, as well as support treatment for co-occurring disorders and treatment of family units

Prevention and Health Promotion Efforts

- Increase capacity for trauma-informed care education, promotion, collaboration and implementation
- Support suicide prevention by increasing the number of people in the community who have received suicide prevention training

Access to Care, Particularly Clinical Preventive Services

- Continue to support the Community Crisis Center
- Increase access to behavioral health specialists in primary care settings
- Explore avenues of asset mapping to provide residents of Yellowstone County access to resources and services
- Continue promoting depression screening and referral for adolescents over the age of 12 as well as adults (Increase depression screening HP MHMD 11)

Yellowstone County's Public Health and Healthcare System

- Identify, support, convene, and/or engage in community-collaborative work focused on the area of mental health in order to address communication and treatment gaps (Measure membership and a related developed strategy)
- Examine emergency department utilization across organizations Develop recommendation as appropriate Identify high users and strategies to increase health outcomes and reduce costs

Tactics will be developed at a work group level, executed and reported via developed work plans and will respond to the identified strategies, positively impacting the identified objectives and goals. Progress will be recorded and reported semi-annually to the Alliance.

***Additional Healthy People 2020 information available in the Community Health Needs Assessment and on the Healthy People 2020 website*

APPENDICES

Appendix A: CHNA/CHIP process notes and timeline

CHNA/CHIP Process Outline 2013-14

1) Establishing the Assessment Infrastructure

Nov 12-Jan 13 – Alliance-appointed committee meets to discuss approach to CHNA process Key questions include What should be the scope? Will we do it ourselves or contract the work? Who are the potential contractors and what value will they bring to the process at what cost? Committee members included John Felton, Barbara Schneeman, Hillary Hanson, Carol Beam & Tracy Neary from SVH, Kristianne Wilson & Jeannie Manske from BC The result of this series of meetings was a decision to contract with PRC to complete the assessment in a similar fashion to the assessment completed in 2010 *Minutes may exist from these meetings.*

2) Defining the Purpose and Scope

In an effort to gather more community voice in the design of the CHNA process, about 25 community leaders were invited to be part of the CHNA Advisory Group The HBD leadership team brainstormed the list of people to invite The group met on 3/26 & 4/23 to review the base survey questions and offer recommendation for additions/deletions as well as recommend focus group participants The group recommended including additional secondary data sources, specifically MT Youth Risk Behavior Survey (YRBS) *Additional details of these meetings are available in notes taken by Jeanne Manske, available in the CHNA files held by the CHIC.*

Hillary, Jeannie & Tracy coordinated these meetings and continued to lead follow-up work related to finalizing questions for the survey Other HBD leaders, especially April & Laura contributed to this process It was also discussed at the quarterly HBD Advisory meeting Hillary, Jeannie & Tracy signed off on the final list of survey questions & invitation list for focus group participants As reviewed by Heather, there is nothing specific in HBD Coalition minutes *May be a string of e-mail correspondence from Tracy.*

3) Collecting and Analyzing the Data

Focus Groups- There were a total of 62 attendees in all five focus groups completed 8/15 & 8/16 (Employers – 9 attendees, Social Service Providers – 8 attendees, South Side Neighborhood Community Members - 24 attendees, Physicians and Other Health – 16 attendees, Government – 5 attendees) At the end of each focus group, we have participants list their top health concerns We have documentation of the individuals invited to participate and sign in sheets of those actually attending the focus groups In addition to a facilitated discussion, groups were asked to share their top five health needs Documentation of findings will be included in the report *Additional detail available in CHNA report.*

Telephone Survey- began in October to include 400 households in Yellowstone County Findings will be included in the final report Completed in November 2013

CHNA Report, (We anticipate a formal 200+ page report, summary reports, power point presentations and access to data files for custom queries) will be provided by PRC first week of December to staff/HBDL Due to IRS expectations of tax-exempt hospitals to "conduct" assessments and adopt implementation plans in the same tax year, results will not be posted on any websites or shared with the media until after Jan 1, 2014

Internal Analysis

On November 22nd the CHNA workgroup (Shawn, Jeanne, Barbara, Tracy and Heather) met to discern process for previewing report (related to IRS and accreditation standards), analyzing data, previewing with additional vested groups, public announcement planning and prioritization process

Dec 8th -a meeting of CHNA workgroup and HBDL to preview report results and to gather initial feedback to PRC in preparation for presentation to the Alliance on Dec 18th was conducted CHIC provided assignments of topic areas to HBDL/CHNA workgroup staff for the Alliance meeting and for review/feedback

Presentation with Alliance will include a 30-40 minute presentation from PRC, Q&A from Alliance based on presentation, Overview of current CHIP goals and data summary slide and review of timeline of CHNA A

selection of several criteria considering for priority selection were also presented (Presentation determined by CHNA workgroup and CHIC)

Additional feedback from HBDL will be gathered remotely/via email in order to ensure alignment with IRS and accreditation Feedback or any revisions will be given to PRC following the Alliance presentation of the CHNA report overview by PRC to the Alliance and compilation of HBDL feedback (Goal-by Dec 20th-CHIC)

Regarding CHNA report, additional work is assumed to be occurring at each Alliance organizational level to review and provide feedback to the whole via their HBDL membership

Edits were compiled and submitted to PRC on 12-23 A follow-up phone conversation with PRC to clarify edits occurred on 12-30 Follow-up tasks are being executed by the CHIC The schedule of edits and final reports was determined at this time Edits were collected from HBDL on the Focus Group section until 1/7 and then sent to PRC The Executive Summary was completed by 1-8 and the final report with edits was returned on 1-14-14

Edits to the external website (healthforecast) were drafted by CHIC, reviewed by a HBDL member and sent to PRC The HBD website has been prepped for the CHNA report posting and has been updated with an announcement of the Community Forum The report and summary were provided to the webmaster in advance of 1-21

The CHNA was posted on the Healthy By Design website and the Alliance partner websites on 1/21/14

4) Selecting Priorities

Process begins with announcement and availability of results and public feedback

Dec 19, 2013 follow-up meeting of the CHNA workgroup to solidify logistics of press conference, community forum and key interest group communication Finalized logistics via email

- Jan 21st, Breakfast meeting, 7 30 am-9 00, HBD Coalition, 20-40 (guesstimate) (in Mary Alice Fortin Health Conference Center, rooms B & D, BC) *(emailed, with reminder email, to ask to rsvp BY 1-17)*
- Jan 21st Preview meeting, 11 00 am, CHNA Advisory Group, Stillwater Room, RSH *(Heather sent letter and follow up email to this group)*
- Jan 21st, 12 15-12 45 press conference in the Stillwater Room at RSH *(Barbara and Heather put together details)*
- Feb 4th, 11-1, Community Forum at the Library Community Room (reserved), will include Coalition plus list emailed, plus public messaging *(Heather sent email to HDB Coalition to save the date, sent emails to key groups and contacts to distribute, asking for an RSVP for light lunch; will send letters to previous focus group attendees, as emails are unavailable)*
- Emails and letters for the January 21st meetings were drafted by the CHIC and sent to the CHNA workgroup for review before 1/7 Both were distributed on 1/7, with a follow-up email to HBD Coalition for breakfast RSVP by 1/17
- Meeting to flesh out agenda for preview meetings occurred 1-17-14 among CHNA workgroup
- Meeting format-slide deck from PRC Alliance presentation was altered only slightly and presented to both the Coalition and Advisor group Attendance was captured on a list for the Coalition and in notes for the Advisory group Notes of general questions and comments were recorded A few comments were collected via notecards from attendees It is intended that the Advisory group will be reconvened following the Community Forum to further delve into priorities

Press conference date, time and location were coordinated by CHIC with input from Alliance org Executive Assistants and CHNA workgroup Date and time January 21, 12 15-12 45 A media advisory and agenda were drafted by CHIC, with review by RSH Comm Dir and approval by the media contacts at both hospitals via CHNA workgroup representatives as of 1-2-14

<u>Preview meetings were conducted with the following groups</u>

- Present preview to CHNA Community Advisory Group (phone, email and press conference invite-early Jan) Group previously (2013-to assist in CHNA development) established Gather initial impressions Invite to community forum
    - Occurred January 21, 2014
    - Feedback was to have a follow-up meeting to further discuss priorities
    - Attendance tracked
    - Comments collected
    - Notes taken

- Present preview to HBD Coalition (email and press conference invite-early Jan)

Purpose will be to recognize their commitment to the work conducted to date and acknowledge long journey, where we have been, data trends and share points that reinforce what we are doing Any surprises Gather their initial impressions Invite to community forum

- Occurred January 21, 2014
- Comments were collected
- Attendance tracked
- Notes taken

- Schedule and Conduct Press Conference announcing high-level results and community meeting (Community Forum-per CHNA language)
    - *It was determined by the CHNA workgroup that the United Way will be invited to participate in the press conference. RSH Communications Director communicated with United Way contact and prepped for conference. Slides were drafted by CHIC, reviewed with RSH Communications and reviewed by HBDL.*
    - *HBDL were tasked with sharing information with their marketing communications team and getting any feedback back to CHIC. CHIC sent final agenda and slides CEO's assistance on 1-17 in advance of the 1-21 press conference.*
- Schedule and conduct priority identifying meetings with following groups
    - CHNA Community Advisory Group (Jan 21st)
    - HBD Coalition/workgroups (Jan 21st)
    - Community Forum (Feb 4th)
        - Attendee invitation list newspaper business advertisement, newspaper calendar invitation, previous focus group invitation lists (mail), HBD Coalition, HBD email list, Facebook, CHNA advisory group, and other outreach to groups including workgroups, Best Beginnings Council, Center for Children and Families email list, colleges, RiverStone Health Population Health Staff and Clinic Board, Yellowstone Valley Suicide Coalition, Family Promise email list, Library Foundation Board, and others
        - Logistics, RiverStone Health heavily supported logistics planning by offering CDC fellow, Dasheema Jarrett to assist and day of event volunteers HBD Leadership and Co-Leaders led discussion groups and assisted with presenting
        - Following research by CHIC on prioritization models, and agenda drafting, an Agenda finalizing meeting occurred with CHNA workgroup on 1/29/14

Additional informal CHNA results meeting occurred with Big Sky Economic Development with CHIC and Tracy Neary per their request

Results were also highlighted during two Channel 7-community station interviews Announcement of the upcoming Community Forum was also made

FORUM AGENDA

11 00 REGISTRATION (10 minutes)
11 10 WELCOME (5 minutes)
11 15 HISTORY/FRAMEWORK (5 minutes)
11 20 RESULTS Community Health Needs Assessment Summary (30 Minutes)

11 50 INDIVIDUAL RANKING (5 minutes) WORKSHEET, using NACCHO criteria
(ranking top 12 opportunities as identified by PRC)
11 55 GROUP VOTING (15 minutes)

- Individuals will find their number 1 priority and go stand by that person/sign to be counted as a vote *Once number 1 priorities are chosen the exercise will be repeated. Meanwhile, #1 rankings will be gathered to determine top 6 choices. Once the exercise is complete…*
- *Once number 1 priorities are chosen the exercise will be repeated. Meanwhile, #1 rankings will be gathered to determine top 6 choices. Once the exercise is complete…*
    - (*Play music to keep chatter down-stop music to announce movement to next topic*) **Go.**
- *Topic Area Vote Gatherers: Luke, Claire, Shawn, Tracy, Jeanne, Barbara, Molly H., Kim P., Hannah, S., Kate H., Alyssa, Laura*

12 10 TOPIC AREA GROUPS (30 minutes)

- *Top 6 priorities will be named; facilitators will be asked to come forward and will be assigned a priority/topic. Public will be asked to* follow a facilitator to your assigned meeting space based a topic area they feel they can contribute to *(Note takers already assigned to a facilitator; both already assigned to a physical space.*
- *Facilitators and Note-takers: Luke, Claire, Shawn, Tracy, Jeanne, Barbara, Molly H., Kim P., Hannah, S., Kate H., Alyssa, Laura*

Transition to (5 minutes)
Transition from (5 minutes)
12 50 REPORT OUT (5 minutes)

- All folks gather in large space, standing or sitting (depending on where group was located)
- ONE key point from each group will be shared *(assigned speaker in small group)*

12 55 SUMMARY/CONCLUSION/NEXT STEPS (5 minutes)

- A summary of this Forum will be available on our website
- We will also distribute a summary to all attendees, as well as an attendance list

Community Forum Summary, with ranked priorities, was sent to the attendees and posted on the website
Priorities were identified

Results of Forum were presented to CHNA Advisory group on 2-26-14 This was overlaid with discussion of existing priorities and priorities identified by focus groups as part of the CHNA Emerged priorities were validated by the group Discussed number of priorities to consider, community assets and potential responses (Notes and attendance taken)

With priorities in hand, work to establish objectives, brainstorm strategies and receive approval of the Community Health Improvement Plan framework was undergone

- CHNA Workgroup Session was held 4/1/14
- Worked on priorities, Resources CHNA Advisory Group Notes, Forum results and notes, Focus group priorities, topic area experts, best practices and models
- Content Expert Meeting to review objectives and brainstorm strategies and resources was conducted 5/2/14
- Met with CHNA Workgroup 5/15/14 to review feedback from experts and prepare goals and objectives for Alliance presentation

Presented Priorities, Goals and Objectives to the Alliance for approval in June 4th-APPROVED

5) Documenting and Communicating Results

HISTORY-per Barbara Schneeman
-'06 media advisory-first time came together-at RSH-had all media there-worked well
-'11 press release-referred back to 05 assessment-talked about community forum-didn't release until March 18, good media participation, had Karen Sanford Gall present to show broader community engagement and impact

AFTER PREVIEW "MEETINGS", BEFORE SELECTING PRIORITIES **(these happened on the same day)**

- Schedule and Conduct Press Conference Jan 21 at noon announcing high-level results and community input meeting (Community Forum-per CHNA language)
    - *United Way was invited to participate in the press conference as an additional community partner. RSH Communications Director communicated with United Way contact and prepped for conference. Slides were drafted by CHIC, reviewed with RSH Communications and reviewed by HBDL.*
    - *HBDL were tasked with sharing information with their marketing communications team and getting any feedback back to CHIC. CHIC sent final agenda and slides CEO's assistance on 1-17 in advance of the 1-21 press conference.*
    - *Received coverage by Q2 and KURL 8, conducted correlating Channel 7 interviews and did a preview meeting with Cindy Ukin at the Gazette. Jackie Yaminacha from YPR also attended the press conference.*

Press conference notes

- Posted to websites at time of press conference
- Benefit beyond our 3 organizations, highlight at press conference that results are needed by other organizations-shared and available to everyone
- Highlight participants-show community project—list entities, groups engaged
- Community Forum announced at the press conference
- *Received coverage by Q2 and KURL 8, conducted correlating Channel 7 interviews and did a preview meeting with Cindy Ukin at the Gazette. Jackie Yaminacha from YPR also attended the press conference.*

Additional communications Barbara S (RSH Comm Dir) scheduled a preview meeting with Cindy Ukin, she, John and myself on 1-13 Resource Mental Health journalism fellowship-Cindy Ukin, Barbara has primed the pump with Cindy on the press conference and has indicated to Cindy that information will be provided in advance

Forum Communication

An ad placed in 40 Under 40 for the Community Forum The CHIC put together a list of contacts to email regarding forum and shared this with the Leadership Team Various groups and contacts were added The invitation was distributed to various sources via email following the press conference A flier was provided for distribution to the two hospitals and taken to such events as the Let's Talk Billings and the Suicide Coalition meeting Attendee invitation list previous focus group invitation lists (mail), HBD Coalition, HBD email list, Facebook, CHNA advisory group, and other outreach to groups including workgroups, Best Beginnings Council, Center for Children and Families email list, colleges, Yellowstone Valley Suicide Coalition, Family Promise email list, Library Foundation Board, and other distribution conducted by each of the Alliance organizations to staff, board and others

The Community Forum invitation was distributed to various email groups and was posted on the Billings Gazette Calendar This was also publicized via the Channel 7 interviews and the public coverage of the CHNA results

A media advisor was also distributed regarding the Forum

CHNA Results communication presentation requests have resulted from the Forum, and other interest group inquiries A sampling of groups requesting presentations include Research Group Eastern Montana, RSH Community Health Center Board, MSU Physical Education Department, Young Families Early Head Start, Yellowstone Valley Suicide Coalition and others

6) Planning for Action and Monitoring Progress

CHNA Workgroup Session held 4/1. Drafted agenda sent to CHNA workgroup for review. Resources CHNA Advisory Group Notes, Forum results and notes, Focus group priorities, topic area experts, best practices and models

- Arrive at Goals and indicators, and possible strategies, as well as available resources
    - Present to Alliance

- May conduct another round of meetings or pull together a review team for drafted CHNA Those engaged may include CHNA advisory group, HBD coalition and identified "interest groups" or "topic experts" based on drafted
- Finalize strategies and indicators

Content Area Expert Meeting held on May 2nd. Drafted agenda and presentation sent to CHNA workgroup for review.
Resources CHNA workgroup notes, CHNA results, HP 2020, National Prevention Strategy, State Health Improvement Plan, Yellowstone Country Community Health Improvement Plan

- Present current objectives under each proposed priority and discuss if the goal addresses the current needs and if the proposed objective will address the goal
- Suggested revisions were noted and considered when editing the objectives and revisiting the desired percent of change
- Individual handouts were collected and compiled in addition to group report outs
- Revised objectives were presented to CHNA workgroup for revision and further discussion

CHNA workgroup Session held on May 15th.
Resources Content Area Expert meeting notes, drafted CHIP, HP 2020, National Prevention Strategy, State Health Improvement Plan, Yellowstone County Community Health Improvement Plan

- Drafted objectives were reviewed and voted on for approval
- Additional specific objectives were added to address various areas of work
- Percent of Change was discussed and agreed upon for further exploration by CHIC
- Deadlines were discussed regarding each Alliance organization and goals were placed for rough finalization prior to Alliance meeting on June 4th

Alliance Board meeting held on June 4th
Resources Yellowstone County Community Health Improvement Plan, Community Health Needs Assessment, HP 2020

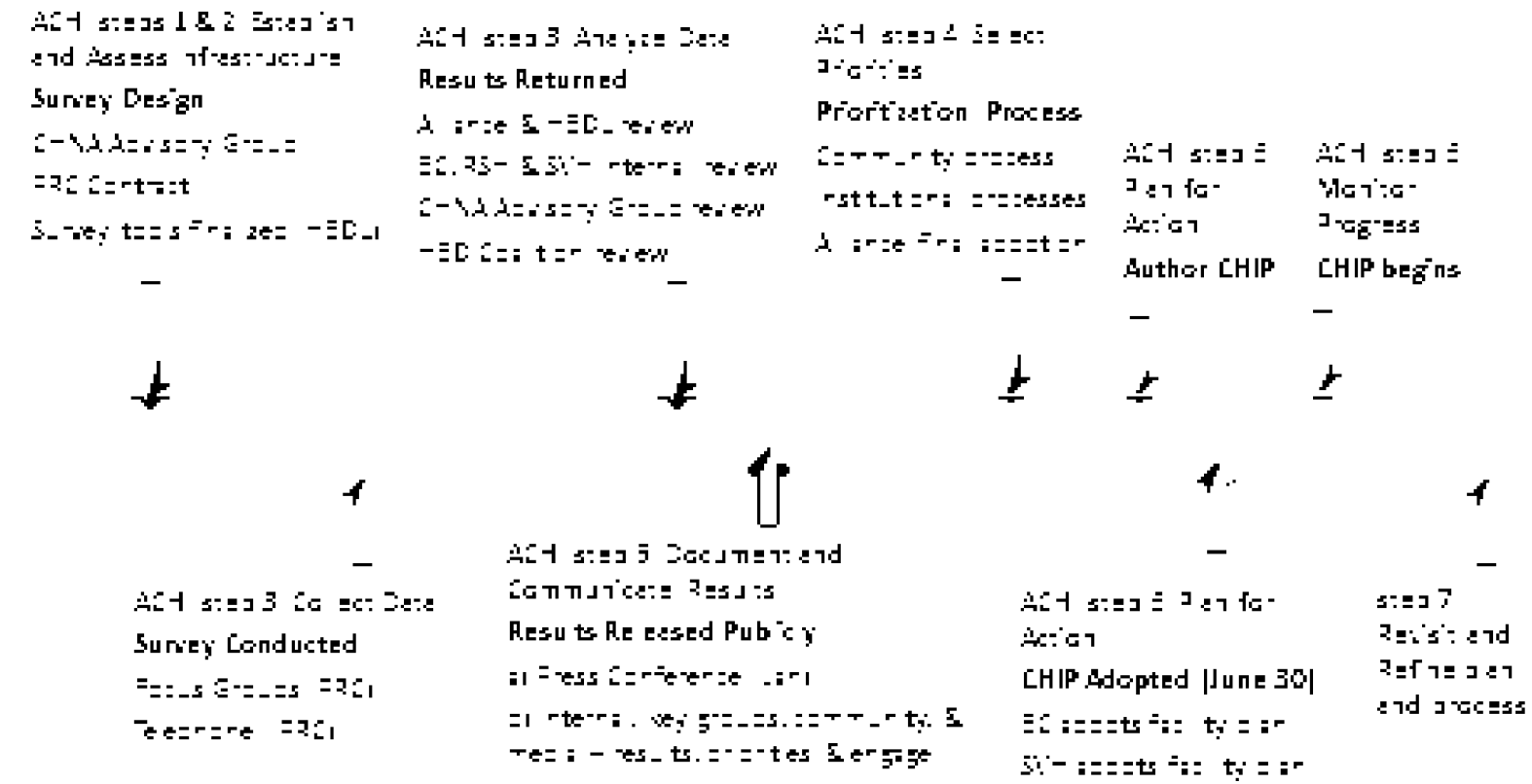
- Proposed goals and objectives were presented to the Alliance for acceptance and approval by all three organizations
- Common language discussions were held and further cleared by the CHIC through the CHNA workgroup

CHIP Roll Out
Approved CHIP goals and objectives were distributed to Alliance and Healthy By Design Leadership Team and hospital community benefit staff on 6/18/14 Additional content of the CHIP was distributed on 6/30/14, with the expectation that design and layout of the document for distribution continues, as does the roll out of strategies

7) Report, revisit and refine plan and process

We anticipate strategies and tactics will be incorporated into the overall work of the CHIP at a workgroup level We expect workplans will be developed and will act as goal-setting and reporting documents that will allow for annual progress assessment and refinement

COMMUNITY HEALTH NEEDS ASSESSMENT TIMELINE



CHNA= Community Health Needs Assessment
CHIP= Community Health Improvement Plan
ACH =Association of Community Health Improvement (framework for CHNA-steps referenced)
PRC= Professional Research Consultants – vendor
HBDL=Healthy By Design Leadership

Appendix B: *Progress report from previous CHIP*

IMPROVE ACCESS TO HEALTHCARE

Goal: *Increase percentage of people who have a specific source of ongoing healthcare*

Community Health Needs Assessment Results:

2005 - 84%

2011 - 82%

Healthy People 2020 Goal:

95%

Yellowstone County Goals:

2014 - 88%

2020 - 92%

Objectives	Strategies/Interventions	Progress (May 2013)	Updates (May 2013)	Immediate Next Steps
Decrease the proportion of people who cite inconvenient office hours as a barrier to medical care in the past year (CHNA 2011 8 3%)	• Continue implementation of patient-centered medical homes	No progress on objective has been evidenced to date (next CHNA scheduled for release early 2014)	• In February 2013, RiverStone Health's community health centers in Billings, Bridger, Joliet and Worden were recognized by the National Committee for Quality Assurance as patient-centered medical homes • Billings Clinic and St Vincent Healthcare have received ACO designation • Primary Care Medical Homes – team at Billings Clinic have been created to work together on patient needs • Scheduling changes at all three organizations have been made to offer same-day or next day access • All three organizations are working with the Montana Family Medicine Residency • Billings Clinic starting an internal medicine residency program	• Continue work towards patient-centered medical home in each individual organization • No change to CHIP required at this time
Decrease proportion of people who have utilized the ED more than once in past year (CHNA 2011 8 6%)	• Continue implementation of patient-centered medical homes • Research best practices to	No progress on objective has been evidenced to date (next CHNA scheduled for release early 2014)	• See above regarding patient-centered medical homes • Billings Clinic, RiverStone Health and St Vincent Healthcare are working on a joint data	• Determine ED data to be utilized for analysis (Tracy Neary – lead) • Determine who will

	improve patient health literacy, (i e knowledgeable consumers) • Increase the number of practicing primary care physicians • Decrease the number of ED visits attributed to ambulatory care sensitive conditions		analysis project mapping ED utilization Right now the group is in discussion regarding what data is needed The goal is to map the ED utilization and determine if there are specific areas of Yellowstone County that require interventions to reduce utilization • Additional resources requested from the Alliance to move this work forward – approved to have a Community Health Improvement Coordinator	conduct data analysis (Tracy Neary – lead) • No change to CHIP required at this time
Continue advocacy support to maintain access to healthcare programs that assist those with financial need (e g Medicaid, Healthy Montana Kids, Medication Assistance Program, Community Health Assistance Program) through the development and advocacy of an Alliance legislative agenda (Fall 2012 and 2014)	• As appropriate, continue advocacy efforts with federal and state public policymakers • Focus advocacy efforts on testimony, letters, phone calls, face-to-face meetings and activation of grassroots	2013 Legislative Session results of bills supported by Healthcare – 12 failed and 8 passed	• In November, 2012 Billings Clinic, RiverStone Health, and St Vincent Healthcare hosted a joint advocacy dinner to share with legislators their legislative agenda for the 2013 session • During the 2013 session there were multiple advocacy efforts including testimony, letters, phone calls, face-to-face meeting and activation of grassroots **Legislative 2013 Summary:** *Policies Failing* • HB 479 – opt-out immunization registry • HB 498 – Montana healthcare claims database *Policies Enacted* • HB 28 – review of maternal deaths • HB 87 – health insurance rate review • SB 84 – Patient Centered Medical Home standards **HB 2 State Budget:** • Evidence-based Home Visiting ($2M) • Title X ($4 6M) • Health Information Technology Meaningful Use ($17M) • Residency ($200,000) • 10 new WWAMI placements **Medicaid Expansion = Access to Care** (all	• Determine if there is any work to be done between legislative session on the topic of Medicaid expansion (Barbara Schneeman – lead) • No change to CHIP required at this time

			failing) • HB 458 – Noonan straight expansion, asked to be tabled in favor of HB 590 • HB 590 – Hunter Access Health Montana (Governor's bill), medical homes • SB 393 – Kaufmann straight expansion • SB 395 – Wanzenried reform and expansion • HB 623 – Bangerter heavily amended (twice) reform, expansion to the private insurance market • HB 604 – Smith study concluding June 2015	

IMPROVE HEALTHY WEIGHT STATUS

Goal: *Increase the percentage of people in Yellowstone County who have a healthy weight*

Community Health Needs Assessment Results:

2005 – 35 8%

2011 – 25 4%

Healthy People 2020 Goal:

33 9%

Yellowstone County Goals:

2014 – 25 4%

2020 – 33 9%

objectives	Strategies/Interventions	Progress (May 2013)	Updates (May 2013)	Immediate Next Steps
Increase percentage of people that have received advice about weight by a doctor, nurse or other health professional (CHNA 2011 15 6%)	• Increase number of primary care patients who have had their Body Mass Index (BMI) calculated • Increase number of patients having healthy weight plan with BMI outside of healthy range	No progress on objective has been evidenced to date (next CHNA scheduled for release early 2014)	• The Healthy By Design Healthy Weight Workgroup has been assigned these strategies/interventions • Motivational Interviewing training was conducted for social workers, dieticians, nurses and primary care providers (over 100 people in total) • RiverStone Health electronic health record updated to include Healthy Weight Plan	• The Healthy Weight workgroup has updated their workplan to reflect the next steps needed which include updating Healthy Weight plans, presenting at Grand Rounds, and distribution of 5-2-1-0 materials (Alyssa Auvinen and Elizabeth Clemins – lead) • No change to CHIP required at this time

Decrease percentage of people with no leisure-time physical activity in past month (CHNA 2011 22 4%)	• Increase the number of workplaces adopting Healthy By Design physical activity guidelines • Increase the proportion of commuters who use active transportation (i e walk, bicycle and public transit) to travel to work • Increase awareness of gender-based physical activity disparities • Support Yellowstone County area school-based efforts to increase students' physical activity	No progress on objective has been evidenced to date (next CHNA scheduled for release early 2014)	• The Healthy By Design workgroups of Built Environment, Health Equity and Worksite Wellness have been assigned these strategies/interventions • A draft Complete Streets Benchmark report has been developed with the Built Environment Workgroup – it is currently with Alta Planning for graphic design and layout • In late May 2013 an engineer/planner from Charlotte North Carolina will be coming to Billings to meeting with City/County staff regarding complete streets implementation • Recruitment is underway for the Health Equity Workgroup/OWH physical activity course This will include men and women and be based on the Active Living Every Day course • The Worksite Wellness Workgroup has worked with the Alliance organizations to adopt policies related to physical activity Public launch of the policies will occur in early summer 2013	• The public release of the Complete Streets Benchmark report (Laura Holmlund and Hillary Hanson – lead) • Conduct the Health Equity gender research project in summer 2013 (April Keippel – lead) • No change to CHIP required at this time
Increase number of people that eat 5 or more servings of fruit and vegetables per day (CHNA 2011 40 6%)	• Increase the number of workplaces adopting Healthy By Design nutrition guidelines • Increase the number of community events applying for and achieving Healthy By Design recognition • Continue advocacy efforts which support access to healthy foods for low-income individuals and families (i e WIC, SNAP, food pantries, etc) (supported by The National Prevention Strategy)	No progress on objective has been evidenced to date (next CHNA scheduled for release early 2014)	• The Healthy By Design workgroups of Worksite Wellness and Health Equity have been assigned these strategies/interventions • The Worksite Wellness Workgroup has worked with the Alliance organizations to adopt policies related to nutrition (vending and catering) Public launch of the policies will occur in early summer 2013 • The Recognition Workgroup has worked to simplify their application process and promote the recognition program through the Healthy By Design website Ten events recognized to date this year (up from 7 this time last year) **Legislative 2013 Summary:** *Policies Failing* • HB 98 – funding for increasing school	• Continued distribution of the 5210 messaging needed – each workgroup will determine how to fit it into their workplans No change to CHIP required at this time

	Support Yellowstone County area school-based efforts to increase students' daily consumption of fruits and vegetables		breakfast programs • HB 99 – funding flexibility for TANF to support out-of-school food programs • SB 315 – childhood BMI trends *Policies Enacted* • HB 630 – MT food policy modernization act **HB 2 State Budget:** • Diabetes Prevention ($250K)	

IMPROVE MENTAL HEALTH

Goal: *Increase percentage of people reporting their mental health status as being good, very good or excellent*

Community Health Needs Assessment Results:

2005 – 89 9%

2011 – 93 1%*

(*22 5% of low income individuals reported experiencing fair or poor mental health, while only 5 8% of middle/high income individual reported the same)

Healthy People 2020 Goal:

No Goal

Yellowstone County Goals:

2014 – 89 9%

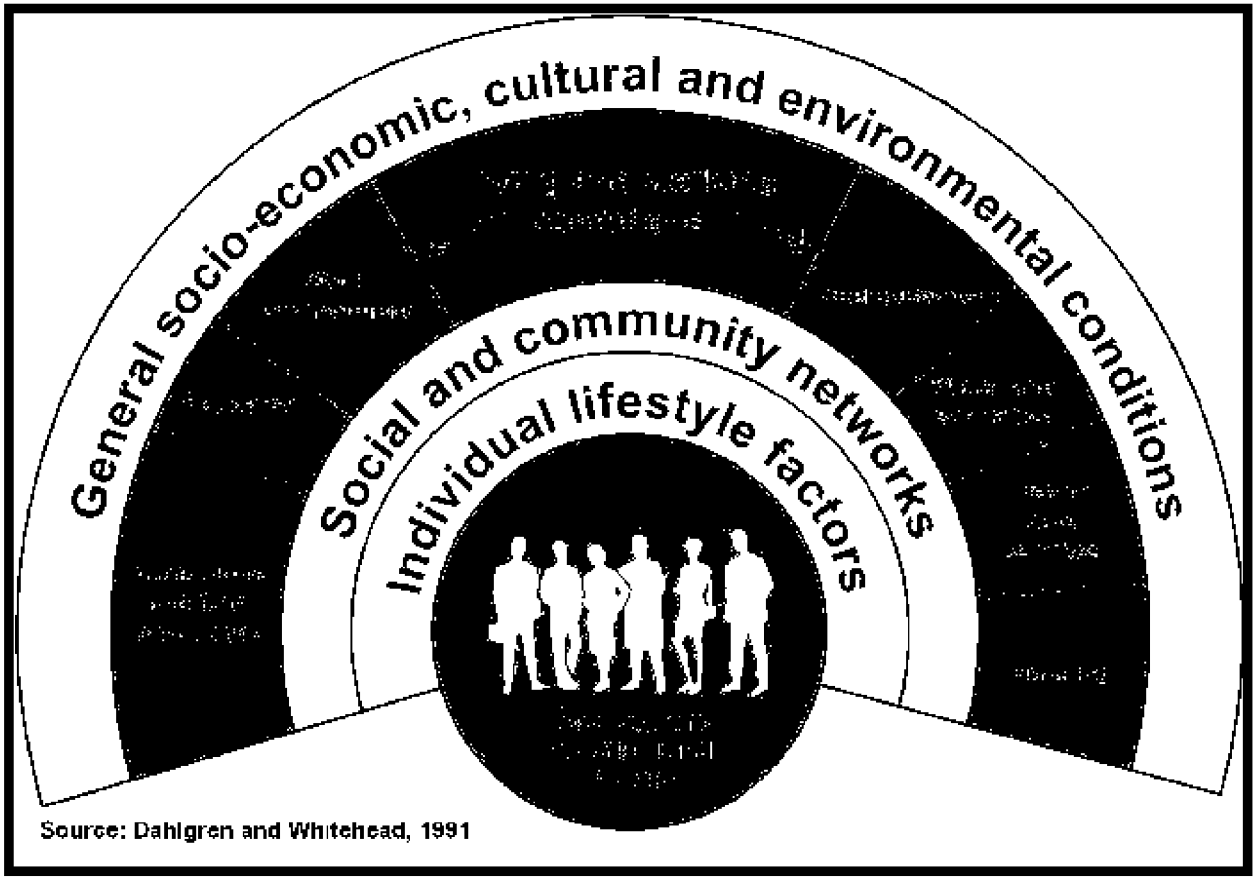
2020 - 92%

Objectives	Strategies/Interventions	Progress (May 2013)	Updates (May 2013)	Immediate Next Steps
Increase the percent of depressed persons seeking help (CHNA 2011 62 1%)	• Increase availability of mental health treatment options • Increase utilization of behavioral health specialists in primary care settings • Maintain 24/7 access to mental health assessment/triage	No progress on objective has been evidenced to date (next CHNA scheduled for release early 2014)	• Statewide Suicide Task Force to be developed following legislative session The Alliance will work to have a representative on this Task Force and link the statewide work to what occurs on the local level • Additional resources requested from the Alliance to move this work forward – approved to have a Community Health Improvement Coordinator • Alliance Chronic Pain Committee established to develop community wide chronic pain prescribing policy	• Gather a group to determine the next steps for work on these strategies/interventions (Community Health Improvement Coordinator – lead) • Discussion regarding whether or not new goal should be added to CHIP regarding chronic pain committee No change needed now but will be revisited with the

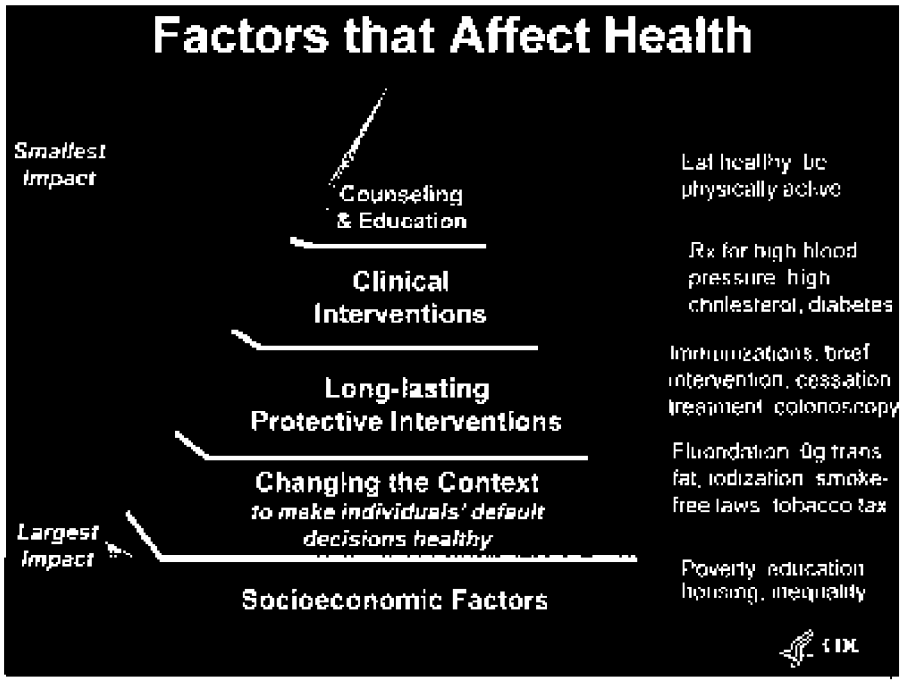
			Legislative 2013 Summary: *Policies Failing* • HB 43/69 – creating jail suicide prevention programs *Policies Enacted* • HB 84 – 72-hour presumptive eligibility for crisis stabilization • HB 583 – suicide review team • SJ 20 – prescription drug abuse study **HB 2 State Budget:** • Community Crisis Diversion Grants ($1 6M)	Alliance
Reduce the suicide rate in Yellowstone County (CHNA 2011 18 6)	• Increase depression screening in the primary care setting with the utilization of depression screening tools like PHQ • Increase number of people in the community who have received suicide prevention training such as QPR – Question, Persuade, Refer (suicide prevention tool) • Research evidence-based suicide prevention methods	No progress on objective has been evidenced to date (next CHNA scheduled for release early 2014)	• In late May 2013 RiverStone Health is sending one staff member to obtain QPR Gatekeeper training (this allows the staff member to train others on QPR) • CHIP goals and objectives have been shared with the Yellowstone County Suicide Prevention Coalition to begin the discussion of ways to collaborate • The *2012 National Strategy for Suicide Prevention – Goals and Objectives for Action* was identified as a resource to use towards evidence-based prevention methods	• Gather a group to determine the next steps for work on these strategies/interventions (Community Health Improvement Coordinator – lead) • No changes to the CHIP needed at this time

Appendix C: *Models Influencing goals, objectives and strategies*

Social Determinants of Health



Health Impact Pyramid



Source: Frieden, T.A Framework for Public Health Action: The Health Impact Pyramid. Am J Public Health. 2010; April; 100(4): 590-595

THE SPECTRUM OF PREVENTION

Source: Prevention Institute