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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 10-01-2013 , 2013, and ending 09-30-2014

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
Baystate Medical Center Inc

Doing Business As

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

City or town, state or province, country, and ZIP or foreign postal code
Springfield, MA 01199

D Employer identification number
04-2790311

E Telephone number
(413) 794-0000

G Gross receipts $ 1,069,144,201

F Name and address of principal officer
Dennis W Chalke
759 Chestnut Street
Springfield, MA 01199

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 baystatehealth org

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

L Year of formation 1983

M State of legal domicile MA

Part I Summary

1 Briefly describe the organization's mission or most significant activities
The mission of the organization is to improve the health of the people in our communities every day, with quality and compassion

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	22
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	10
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	7,683
6	Total number of volunteers (estimate if necessary)	**6**	557
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	5,471,298
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-2,394,500

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	6,114,899	7,295,548
9	Program service revenue (Part VIII, line 2g)	936,557,350	988,465,823
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	17,159,944	19,964,657
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	49,553,318	53,075,892
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	1,009,385,511	1,068,801,920
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	6,194,372	11,506,001
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)	435,740,766	466,839,878
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	478,944,887	499,589,645
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	920,880,025	977,935,524
19	Revenue less expenses Subtract line 18 from line 12	88,505,486	90,866,396

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	1,188,880,088	1,235,290,181
21	Total liabilities (Part X, line 26)	542,791,433	546,898,940
22	Net assets or fund balances Subtract line 21 from line 20	646,088,655	688,391,241

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2015-08-10

Dennis W Chalke SVP Finance, CFO & Treasurer
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
Christine Kawecki				P00743140

Firm's name ▶ Deloitte Tax LLP — Firm's EIN ▶ 86-1065772

Firm's address ▶ Two Jericho Plaza, Jericho, NY 11753 — Phone no (516) 918-7000

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

The mission of the organization is to improve the health of the people in our communities every day, with quality and compassion

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 $ 443,746,472 including grants of $ 11,506,001) (Revenue $ 515,882,913)

Inpatient healthcare services - Providing inpatient community-based medicine and tertiary care to the surrounding region Services are available to individuals regardless of their ability to pay During FY14, Baystate Medical Center, Inc provided 195,710 patient days of inpatient services, with 39,819 discharges

4b (Code) (Expenses $ 307,292,959 including grants of $) (Revenue $ 334,295,184)

Outpatient healthcare services - Providing outpatient clinical services to the surrounding region Services are available to individuals regardless of their ability to pay During FY14, Baystate Medical Center, Inc had 431,982 outpatient visits

4c (Code) (Expenses $ 31,535,569 including grants of $) (Revenue $ 38,851,234)

Emergency department services - Providing emergency department services to the surrounding region Services are available to individuals regardless of their ability to pay During FY14, Baystate Medical Center, Inc had 102,701 emergency department visits

(Code) (Expenses $ 136,629,705 including grants of $) (Revenue $ 140,291,881)

4d Other program services (Describe in Schedule O)

(Expenses $ 136,629,705 including grants of $) (Revenue $ 140,291,881)

4e **Total program service expenses** ▶ 919,204,705

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *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**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
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**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
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**	Yes	
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	532		
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	7,683		
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			
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			
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**	22		
	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**	10		
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** Yes	
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?			**4**	No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .			**5**	No
6	Did the organization have members or stockholders?			**6** Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?			**7a** Yes	
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**		No
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 ▶ MA

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

▶ Peter Lyons Baystate Health Inc 759 Chestnut Street
Springfield, MA 01199 (413) 794-0000

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			

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			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								3,112,086	3,622,208	1,173,437

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 ▶ 289

			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**		No
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *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**	Yes	

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
Baystate Administrative Services Inc 759 Chestnut Street Springfield MA 01199	Management Svcs	79,584,024
Baystate Medical Practices Inc 759 Chestnut Street Springfield MA 01199	Medical, Educ, Clin	55,101,853
Baystate Health Inc 759 Chestnut Street Springfield MA 01199	Strategic Initiatives	11,263,000
Angelica Textile Service 125 Bath Street Ballston SPA NY 12020	Linen Services	3,853,717
Sound Physicians 1123 Pacific Avenue Tacoma WA 98402	Management Svcs	3,051,964

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 ▶ 92

Part VIII Statement of Revenue

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

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d				
	e	Government grants (contributions)	1e	7,295,548			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f				
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		7,295,548			
Program Service Revenue			Business Code				
	2a	Inpatient Revenue	900099	553,754,377	553,754,377		
	b	Outpatient Revenue	621400	425,660,622	420,295,335	5,365,287	
	c	Sponsored Programs	900099	5,681,833	5,681,833		
	d	Intercompany Rent	900099	2,648,277	2,648,277		
	e	CMS Elec Med Rec Fdg	900099	720,714	720,714		
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		988,465,823			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		12,168,066			12,168,066
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents	609,325				
	b	Less rental expenses	342,281				
	c	Rental income or (loss)	267,044				
	d	Net rental income or (loss) . . . . . ▶			267,044		267,044
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	7,737,762	58,829			
	b	Less cost or other basis and sales expenses	0	0			
	c	Gain or (loss)	7,737,762	58,829			
	d	Net gain or (loss) . . . . . ▶			7,796,591		7,796,591
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a	Pharmacy Service	900099	23,465,446	23,465,446		
	b	Intercompany Charges	900099	12,803,932	12,803,932		
	c	Cafeteria Income	900099	5,539,218			5,539,218
	d	All other revenue		11,000,252	9,951,298	106,011	942,943
	e	**Total.** Add lines 11a–11d . . . . . ▶		52,808,848			
	12	**Total revenue.** See Instructions . . . . . ▶		1,068,801,920	1,029,321,212	5,471,298	26,713,862

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	11,431,821	11,431,821		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	74,180	74,180		
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	788,080		788,080	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	188,731	62,281	126,450	
7 Other salaries and wages	380,612,487	355,548,342	25,064,145	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	18,894,970	17,823,362	1,071,608	
9 Other employee benefits	38,004,451	35,496,151	2,508,300	
10 Payroll taxes	28,351,159	26,440,004	1,911,155	
11 Fees for services (non-employees)				
a Management	39,041,175	36,062,639	2,978,536	
b Legal	1,114,590		1,114,590	
c Accounting	418,884		418,884	
d Lobbying	85,539		85,539	
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	106,245,679	98,873,299	7,372,380	
12 Advertising and promotion	281,667	251,934	29,733	
13 Office expenses	203,503,369	198,825,518	4,677,851	
14 Information technology	52,249,820	51,737,675	512,145	
15 Royalties . .				
16 Occupancy	33,818,912	30,758,336	3,060,576	
17 Travel	1,196,684	977,722	218,962	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	1,757,550	1,254,836	502,714	
20 Interest	8,269,986	8,269,986		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	43,450,332	38,321,777	5,128,555	
23 Insurance	8,231,056	7,070,440	1,160,616	
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 Bad Debt Expense	-75,598	-75,598		
b				
c				
d				
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	977,935,524	919,204,705	58,730,819	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ 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			1	
	2	Savings and temporary cash investments		72,620,494	2	87,853,642
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		90,337,347	4	110,931,450
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net		198,398,223	7	196,619,176
	8	Inventories for sale or use		18,838,884	8	23,289,213
	9	Prepaid expenses and deferred charges		7,164,381	9	10,450,996
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 993,729,229			
	b	Less accumulated depreciation	10b 672,759,136	303,773,334	10c	320,970,093
	11	Investments—publicly traded securities		329,431,119	11	320,930,949
	12	Investments—other securities See Part IV, line 11		75,877,891	12	80,005,806
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		92,438,415	15	84,238,856
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		1,188,880,088	16	1,235,290,181
Liabilities	17	Accounts payable and accrued expenses		91,506,008	17	98,593,242
	18	Grants payable			18	
	19	Deferred revenue		551,259	19	979,385
	20	Tax-exempt bond liabilities		327,856,584	20	319,029,612
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		12,830,155	23	13,400,660
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		110,047,427	25	114,896,041
	26	**Total liabilities.** Add lines 17 through 25		542,791,433	26	546,898,940
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		626,015,247	27	670,353,199
	28	Temporarily restricted net assets		15,892,834	28	13,849,081
	29	Permanently restricted net assets		4,180,574	29	4,188,961
		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		646,088,655	33	688,391,241
	34	Total liabilities and net assets/fund balances		1,188,880,088	34	1,235,290,181

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	1,068,801,920
2	Total expenses (must equal Part IX, column (A), line 25)	2	977,935,524
3	Revenue less expenses Subtract line 2 from line 1	3	90,866,396
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	646,088,655
5	Net unrealized gains (losses) on investments	5	13,407,834
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	-61,971,644
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	688,391,241

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		

Additional Data

Software ID:
Software Version:
EIN: 04-2790311
Name: Baystate Medical Center Inc

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
Mark A Keroack MD PresDir 7/1-9/30/14, Exec VP/COO-BH in 2013	1 00 49 00	X		X				0	776,897	179,311
Mark R Tolosky President 10/1/13 - 12/31/13	1 00 49 00	X		X				0	1,639,060	87,835
Victor Woolridge Chair	1 00 2 00	X		X				0	0	0
James P Sadowsky Vice Chair	1 00 2 00	X		X				0	0	0
Gregory L Braden MD Trustee	1 00 1 00	X						0	0	0
Ruth H Constantine Trustee 10/1/13 - 2/04/14	1 00 1 00	X						0	0	0
John H Davis Trustee	1 00 1 00	X						0	0	0
John A Egelhofer MD Trustee	1 00 1 00	X						0	0	0
John E Kole Trustee	1 00 1 00	X						0	0	0
Grace P Makari-Judson MD Trustee/ Hematologist MD	1 00 49 00	X						367,726	0	80,725
John F Maybury Trustee	1 00 1 00	X						0	0	0
Steven M Mitus Trustee	1 00 1 00	X						0	0	0
Kevin Moriarty MD Trustee	1 00 0 00	X						585,835	0	44,922
Edward J Noonan Trustee 9/09/14 - 9/30/14	1 00 1 00	X						0	0	0
John M O'Brien III Trustee	1 00 1 00	X						0	0	0
Anne M Paradis Trustee	1 00 1 00	X						0	0	0
James R Phaneuf CIC Trustee 9/09/14 - 9/30/14	1 00 1 00	X						0	0	0
Robert L Pura PhD Trustee	1 00 1 00	X						0	0	0
Katherine E Putnam Trustee 10/1/13 - 12/31/13	1 00 1 00	X						0	0	0
Timothy S Rice Trustee	1 00 1 00	X						0	0	0
Kathleen B Scoble Trustee 2/11/14 - 9/30/14	1 00 1 00	X						0	0	0
David C Southworth Trustee	1 00 1 00	X						0	0	0
Barbara W Stechenberg MD Trustee 10/1/13-12/31/13/ Physician	1 00 49 00	X						156,817	0	44,388
Richard B Steele Jr Trustee	1 00 1 00	X						0	0	0
Katherine McG Sullivan Trustee	1 00 1 00	X						0	0	0

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
Howard G Tnetsch MD Trustee	1 00 1 00	X						0	0	0
Dennis W Chalke Treasurer	1 00 49 00			X				0	769,165	75,032
Kristin R Delaney Clerk	1 00 49 00			X				0	103,365	28,954
Patricia A Sheldon Asst Clerk 10/1/13 - 4/18/14	1 00 49 00			X				0	65,029	18,760
Madeline Santos Asst Clerk 7/08/14 - 9/30/14	1 00 49 00			X				0	0	0
Nancy Shendell-Falik CNO BMC	50 00 0 00				X			0	268,692	22,882
Deborah A Provost VP Surg, Anes, Emerg Svcs	50 00 0 00				X			229,727	0	70,886
Micahel F Moran VP Facilities & Guest Svcs	50 00 0 00				X			286,541	0	43,485
Betty K Larue VP Heart & Vascular/Neuro	50 00 0 00				X			271,811	0	124,902
Peter Lindenauer MD Med Dir & Quality & Safety Res	50 00 0 00					X		306,490	0	54,621
David Y Chin PhD Rad Oncology Med Physics Chief	50 00 0 00					X		249,007	0	52,948
Michael R Favreau Senior Dir, Business Dev	50 00 0 00					X		232,514	0	91,736
Jason M Newmark VP Diagnostic Services	50 00 0 00					X		228,045	0	30,629
Martha LaFrance Rad Oncology Med Physics Chief	50 00 0 00					X		197,573	0	121,421

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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
Baystate Medical Center Inc

Employer identification number
04-2790311

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
Baystate Medical Center Inc	04-2790311

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)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

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					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.		(a) 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?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?		No	
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		85,539
j	Total Add lines 1c through 1i			85,539
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

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

Return Reference	Explanation
Part II-B, Line 1-i	Baystate Medical Center, Inc pays membership dues to the Massachusetts Hospital Association (MHA) and the American Hospital Association (AHA) These organizations have advised us that portions of these dues are used for lobbying purposes for various healthcare matters at the state level The portion of dues listed as lobbying expenses for the year ending September 30, 2014 is $85,539

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
Baystate Medical Center Inc

Employer identification number
04-2790311

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					
b	Contributions					
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance					

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

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

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

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

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

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		12,335,050		12,335,050
b Buildings		397,855,221	217,747,100	180,108,121
c Leasehold improvements		5,146,129	1,298,119	3,848,010
d Equipment		532,431,984	434,412,413	98,019,571
e Other		45,960,845	19,301,504	26,659,341
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				320,970,093

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	1,945,601	C
(3) Other (A) Investments-securities other less than 5%	78,060,205	C
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	80,005,806	

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
(1) Contractual Adjustment Receivable	13,196,083
(2) Due From Affiliated Companies	51,026,672
(3) Beneficial Interest in Net Assets of BHF	18,038,041
(4) Funds Held - Bond Indenture	922,512
(5) Board Designated - Due From Unrestricted Funds	1,055,548
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	84,238,856

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	
Contractual Adjustments Payable	44,713,475
Refundable Advances	515,267
Due to Affiliated Companies	3,391,050
Insurance Liability Loss Reserves	7,329,000
Minimum Pension Liability	53,172,543
Market Value Swap	5,774,706
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	114,896,041

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

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

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

Part XIII Supplemental Information

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

Return Reference	Explanation
Schedule D, Part X, Line 2	Baystate Medical Center, Inc did not have a FIN 48 footnote included in the audited financial statements
Schedule D, Part V	Certain endowments are held at Baystate Health Foundation (BHF), an affiliate, and are reported as temporarily restricted and permanently restricted but Part V has not been completed as it is already addressed on BHF's Form 990 (EIN 04-3549011)

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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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
Baystate Medical Center Inc

Employer identification number
04-2790311

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 ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	3a	Yes	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %	3b	Yes	
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		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			16,417,698	10,363,285	6,054,413	0 620 %
b Medicaid (from Worksheet 3, column a)			210,259,386	197,735,745	12,523,641	1 280 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			20,496,102	19,638,274	857,828	0 090 %
d **Total** Financial Assistance and Means-Tested Government Programs			247,173,186	227,737,304	19,435,882	1 990 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			2,544,727	0	2,544,727	0 260 %
f Health professions education (from Worksheet 5)			56,446,216	15,807,295	40,638,921	4 160 %
g Subsidized health services (from Worksheet 6)			18,947,314	12,526,910	6,420,404	0 660 %
h Research (from Worksheet 7)			18,219,332	12,128,659	6,090,673	0 620 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,615,748	0	1,615,748	0 170 %
j **Total.** Other Benefits			97,773,337	40,462,864	57,310,473	5 870 %
k **Total.** Add lines 7d and 7j			344,946,523	268,200,168	76,746,355	7 860 %

Part II Community Building Activities Complete this 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			100,000		100,000	0 010 %
2	Economic development						
3	Community support						
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy						
8	Workforce development						
9	Other						
10	**Total**			100,000		100,000	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	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	5,285,286		
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	2,061,315		
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	261,568,171		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	212,028,964		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	49,539,207		
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 Baystate Medical Center

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	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 12			
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)			
b	☐ Other website (list url)			
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 200 000000000000% 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 400 000000000000% 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? **24**

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

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
Part I, Line 6a	Baystate Medical Center files an annual community benefit report electronically with the Massachusetts Attorney General's office via their website at http //www cbsys ago state ma us/cbpublic/public/hccbindex aspx Baystate Medical Center's annual community benefit report is available to the public via the Massachusetts Attorney General's website (see above) and via Baystate Health's website http //www baystatehealth org/Baystate/Main+Nav/About+Us/Community+Programs/Community+Health+Planning/Community+Benefits+Program Our community benefit report provides the Attorney General's Office and the general public important information about how Baystate Medical Center partners with our communities to identify and address unmet health needs of disadvantaged and vulnerable populations in support of our charitable mission

Form and Line Reference	Explanation
Part I, Line 7	Line 7a (Charity Care) - community benefit expense was calculated by applying the ratio of patient care cost to charges, calculated on Worksheet 2, against total charity care gross patient charges from the audited financial statements Line 7b (Unreimbursed Medicaid) - community benefit expense was derived using the organization's cost accounting system, which takes into account all hospital inpatients, outpatients and emergency room patients for whom services were provided and covered under Medicaid and Medicaid managed care plans Line 7c (Other Means-Tested Programs) - community benefit expense was derived using the organization's cost accounting system, which takes into account all hospital inpatients, outpatients and emergency room patients for whom services were provided and covered under other means-tested government programs Line 7f (Health Professional Education) - community benefit expense was derived using the organization's cost accounting system Line 7g (Subsidized Programs) - community benefit expense was derived using the organization's cost accounting system The expense relates to specific outpatient programs Line 7h (Research) - community benefit expense was derived using the organization's cost accounting system In addition to the research costs reported on line 7h, there was $1,176,633 of expenses related to Industry-sponsored grants that we believe should be treated as community benefit expense because they were incurred to promote the health and well-being of the local population and are a key component of our commitment to the community

Form and Line Reference	Explanation
Part I, Line 7g	There are no costs attributable to physician clinics reported as subsidized health services in Part I, line 7g

Form and Line Reference	Explanation
Part I, Ln 7 Col(f)	In fiscal year 2013, the organization adopted the provisions of Accounting Standards Update 2011-07, Health Care Entities (Topic 954), Presentation and disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities on October 1, 2012 The update changed how the provision for bad debts is reported on the audited financial statements In prior years it was included with total operating expenses, and subtracted from total expenses reported in Part IX, Line 25, column (A) for the purpose of calculating the percentages in Part I, Line 7, column (f) Beginning in 2013, the provision for bad debts was reported as a deduction to net patient service revenue The 2014 provision for bad debts totalled $14,768,939 and is not included in total expenses reported in Part IX, LIne 25, column (A) for the purpose of calculating the percentages in Part 1, LIne 7, column (f)

Form and Line Reference	Explanation
Part II, Community Building Activities	Specific to Part II Baystate Medical Center provided $100,000 to the North End Housing Initiative (NEHI) with the goal of increasing the quantity, quality and healthfulness of affordable single and duplex family housing for low income families with young children in the North End neighborhoods of Springfield, Massachusetts A portion of the funding is also used to leverage additional funding to write grants for projects what will assist the NEHI to achieve its mission In addition to providing additional housing in the North End, NEHI also provides homebuyer and financial literacy courses to North End households and maximizes economic opportunities for minority-owned businesses within NEHI construction projects The NEHI improves the public health of the community by providing greater access to healthy homes, reducing the prevalence of asthma in young children, increasing housing stability and creating safer and more beautiful neighborhoods through affordable homeownership The following description is not quantified specifically in Part II of Schedule H Baystate Medical Center provided $100,000 as a Voluntary Contribution to the City of Springfield, specifically to fund public health initiatives under the Department of Health and Human Services Baystate Medical Center provided $111,337 92 as a Payment in Lieu of Taxes (PILOT) to the City of Springfield for our outpatient facility at 3300 Main Street, Springfield Baystate Medical Center provided $35,753 62 as a Payment in Lieu of Taxes (PILOT) to the City of Chicopee for our employee parking lot located at Center Street, Chicopee Baystate Medical Center is a dues paying member of the Economic Development Council of Western Massachusetts (EDC) and the Affiliated Chambers of Commerce of Greater Springfield (ACCGS) BMC participates in the EDC and ACCGS as we are the largest local employer in our region The Chamber and its membership coordinate activities toward a common purpose of sustainability and economic growth for the region The amount paid for FY 2014 was $83,949 Baystate Medical Center is committed to creating healthier communities and understands that many state and federally mandated community benefit programs and services are not sufficient to address ethnic, racial and economic health disparities BMC extends the traditional definition of "health" to include economic opportunity, affordable housing, quality education, safe neighborhoods, food security, arts/culture, and racism and homophobia free communities - all elements that are needed for individuals, families and communities to thrive Baystate Medical Center provides many valuable services, resources, programs and financial support - beyond the walls of the hospital and into the communities and homes of the people we serve, including sponsorships for more than 200 non-profit community organizations and events and involvement of Baystate leadership with over 70 community boards that align with our mission

Form and Line Reference	Explanation
Part III, Line 4	The cost of bad debts reported in Part III, line 2 was calculated by applying a ratio of cost to charges (based on the organization's cost accounting system including all hospital inpatients and outpatients) against total patient bad debt net of recoveries as reported in the audited financial statements The portion of bad debt that reasonably could be attributable to patients who may qualify for financial assistance under the hospital's charity care program (reported in Part III line 3) was calculated by applying the percentage of bad debts by zip code (for which the average household income for each zip code is less than 200% of the federal poverty level) to the total cost of bad debt reported in Part III line 2 Since this portion of bad debt is attributable to patients residing in an area where the average income is less than 200% of the Federal poverty level, it is highly likely these patients would have qualified for the organization's charity care program had they applied For this reason, we believe the amount, totalling $2,061,315, should be treated as community benefit expense in Part I As noted above, the organization adopted Accounting Standards Update 2011-07 effective October 1, 2012, which changed the way entities report and disclose certain financial information including the provision for bad debts See footnote #2 (Significant Accounting Policies) on page 12 of the audited financial statements under the caption "Allowance for Uncollectible Accounts" for a description of the organization's reporting of its provision for bad debts If a patient is determined eligible for financial assistance, the appropriate adjustment is made to the patient account based on their income level Once the necessary approvals are obtained, it then flows to the general ledger Patients applying for a prompt payment discount will have this allowance entered after agreed upon payment is received

Form and Line Reference	Explanation
Part III, Line 8	Line 6 - included all Medicare allowable costs as calculated in Worksheets D-1 Part II (inpatient and inpatient psych), D Part V (outpatient) and E Part A (organ acquisition) of the hospital's 2014 Medicare cost report, net of Medicare costs reported in Part 1, line 7g, and based on Medicare costing principles There is no shortfall reported on line 7

Form and Line Reference	Explanation
Part III, Line 9b	For patients who are known to qualify for Charity Care or Financial Assistance The patient may have requested assistance up front at time of service with a Financial Counselor or the Patient could have asked for assistance after receiving their bill by contacting our Patient Billing Services Representatives The Financial Counselor will assist the patient in applying for the appropriate type of assistance based on their income and circumstances Once approved for a State Medicaid or other program, all billing and collection activity will stop (except for required co-payments or deductibles) For all other patients, our statements contain information regarding how to apply for financial assistance Notices concerning availability for assistance are also posted at patient care sites

Form and Line Reference	Explanation
Part VI, Line 2	In partnership with the Coalition of Western MA Hospitals, Baystate Medical Center conduct ed its most recent community health needs assessment (CHNA) in 2013 of the geographic area s served by the hospital pursuant to the requirements of the MA Attorney General's Communi ty Benefit Guidelines and Section 501(r) of the Internal Revenue Code The CHNA findings w ere made available on the hospital's website in September 2013 Per the Internal Revenue S ervice (IRS) and the Massachusetts Office of the Attorney General, each non-profit hospita l must conduct a formal community health needs assessment (CHNA) every three-years in part nership with community organizations and individuals across the hospital's service area T he aim is to identify community assets as well as the critical gaps/needs in public health resources and the weak connections between medical care and community care This "gaps an alysis" assists Baystate Health's Board of Trustees and senior managers in developing comm unity benefit policy, which targets our charitable resources in focused areas These areas frame existing community benefit programs, assist in transforming community service activ ities to comply with the IRS and MA Attorney General's criteria, and set priorities in the design of new programs The CHNA is the basis for developing accountable community benefi t programs In an ideal situation, an effective and large scale community benefit program will demonstrate measurable community impacts on the health status and quality of life for residents - effectively closing gaps when current data is compared to initial CHNA baseli ne indicators At a more practical program level, the CHNA guides a "theory of change" lin king health needs to community benefit efforts to desired program and community outcomes BMC's CHNA began by identifying the communities served by the hospital Findings are based on various quantitative analyses regarding health-related needs in those areas, a review of health assessments conducted by other organizations in recent years, information obtain ed from interviews, and findings from a community survey Preliminary assessment findings were discussed with community stakeholders during a series of "listening sessions" and fee dback from participants helped validate findings Finally, Verite applied a ranking method ology to help prioritize the community health needs identified by the assessment Includin g multiple data sources and stakeholder views is important when assessing the level of con sensus that exists regarding priority community health needs If alternative data sources including interviews support similar conclusions, then confidence is increased regarding t he most problematic health needs in a community Further information about the analytic me thods and prioritization process and criteria can be found in the hospitals 2013 CHNA repo rt The list that follows describes the health needs identified throughout the assessment as priorities in the community served by Baystate Medical Center These needs are presente d in alphabetical order, by category The prioritized list identifies the 15 most problema tic community health needs found by this assessment Needs were determined by synthesizing findings from multiple data sources Access to Care Lack of Affordable and Accessible Med ical CareNeed for Care Coordination and Culturally Sensitive Care Dental Health Lack of Ac cess to Dental Care Health Behaviors High Rates of Alcohol, Tobacco, and Drug Use High Rat es of Unsafe Sex, Teen Pregnancy, and Chlamydia Maternal and Child Health Prevalent Infant Health Risk Factors (e g , smoking during pregnancy, lack of prenatal care) Pediatric Dis abilityMental Health Lack of Access to Mental Health Services and Poor Mental Health Statu s Use Morbidity and Mortality High Rates of Diet and Exercise-Related Diseases and Mortali ty High Rates of Asthma Racial and Ethnic Disparities in Disease Morbidity and Mortality P hysical Environment Poor Community Safety (e g , homicide and other violent crimes) Poor B uilt Environment and Environmental Quality (e g , air quality, presence of food deserts) S ocial and Economic Factors Basic Needs Insecurity Financial Hardship, Housing, and Food A ccess Low Educational Achievement Baystate Health's Board of Trustees is actively involved in overseeing community benefit programs and expenditures In July 2010, the Baystate Hea lth Board of Trustees assigned oversight of community benefits to the Board's Governance C ommittee Through its regular board meetings, internal hospital meetings and leadership ac tivities, Baystate Health is actively involved in shaping community benefits provided by t he system For FY 2014 the systems Vice President for Government and Community Relations a nd Public Affairs, under the direction of the Sr Vice President for Strategy & External R elations, supervised the Director of Community Health Planning and Manager of Community Re lations and Community Benefit In addition, the Di

Form and Line Reference	Explanation
Part VI, Line 2	rector and Manager work collaboratively with the Regional Director of Public Affairs & Com munications for Baystate Health Northern Region and the Public Relations & Community Relat ions Specialist at Baystate Mary Lane Hospital to oversee the hospitals' community benefit planning, community health needs assessments, annual program data collection, and state a nd federal reporting of community benefit The Baystate Health Board Governance Committee meets two times per year and is charged with advocating for community benefits at the Boar d level and throughout the health system, integrating three (3) hospital-specific communit y benefit plans into the health system's strategic plan, periodic review of community heal th needs assessment data, approval of a community benefit mission statement and health pri orities, review impact of community benefit programs in promoting health of the community, and ensure community benefits programs are in compliance with guidelines established by t he MA Attorney General and IRS Bi-annually, Baystate Health's Vice President for Governme nt and Community Relations and Public Affairs and the Director of Community Health Plannin g or Community Benefit Manager present a system-wide community benefit update to the full Board of Trustees Baystate Medical Center is in the planning phase of kicking-off a forma l Community Benefit Advisory Council (CBAC) A CBAC brings a community lens and filter for interpreting findings of a community health needs assessment and priority setting process The CBAC provides a community perspective on how to increase wellness and resilience opp ortunities for optimal health for an entire population, guidance in matching Baystate Medi cal Center resources to community resources, thus making the most of what is possible with the goal to improve health status and quality of life, and policy advocacy to assure and restore health equity by targeting resources for residents Participants on a CBAC for Bay state Medical Center will represent employees, community benefit program managers and Hamp den county constituencies and communities that the hospital serves CBAC members will be r esponsible for reviewing community needs assessment data and use this analysis as a founda tion for providing the hospital with input on its community benefit planning process

Form and Line Reference	Explanation
Part VI, Line 3	Baystate Medical Center (BMC) is committed to ensuring that patients in its community have access to quality health care services with fairness and respect without regard to the patients' ability to pay BMC recognizes that the cost of necessary health care services can impose a significant financial burden on patients who are uninsured or underinsured and acts affirmatively to lessen that burden by offering patients in need the opportunity to apply for free or reduced cost services BMC not only offers free and reduced cost care to the financially needy as required by law, but has also voluntarily established discount and financial assistance programs that provide additional free and reduced cost care to more patients residing within the communities served by BMC Baystate Medical Center recognizes that the billing and collection process can be bewildering and burdensome for patients and has implemented procedures to make the process understandable for patients, to inform patients about discount and financial assistance options, and to ensure that patients are not subject to aggressive collection activities Consistent with its patient commitment BMC is required to maintain a credit and collection policy that reflects its patient billing and collection procedures and complies with applicable state and federal laws and regulations Baystate Medical Center has Financial Counselors available to help patients apply for financial assistance programs that may cover unpaid hospital bills, including a variety of federal and state programs as well as financial assistance through Baystate Medical Center BMC Financial Counselors have all been trained and certified by the state as Certified Account Counselors to assist patients in applying for available state and federal programs BMC is committed to ensuring that patients or prospective patients in the community are aware of financial assistance programs For uninsured or underinsured patients, BMC will assist in applying for available financial assistance programs BMC notifies patients of the availability of assistance in both the initial bill sent to patients as well as in general notices posted throughout the hospital When applicable, BMC also assists patients in applying for coverage of services as a Medical Hardship based on the patient's documented income and allowable medical expenses BMC provides, upon request, specific information about the eligibility process to be a Low Income Patient under either the Massachusetts Health Safety Net Program or additional assistance for patients who are low income through BMC's own internal financial assistance program BMC also notifies patients about available payment plans based on their family size and income Signs about the availability of financial assistance programs at Baystate Medical Center are translated into Spanish, because Spanish is primarily spoken by 10% or more of the residents in the hospital's service area Signs are large enough to be clearly visible Baystate Medical Center's sign is 8-1/2 x 11 inches and the header print font is 24 pts Notice of availability of Financial Assistance Programs are posted in the following locations, inpatient, clinic, emergency department admissions and/or registration areas, central admission/registration area, patient financial counselor areas and business office areas that are open to patients Our Credit and Collection Policy is posted on the baystatehealth org website The goal of posting the Credit and Collection Policy is to ensure that patients or prospective patients in our community are aware of our financial assistance programs Baystate Medical Center's Credit and Collection Policy was developed in partnership with Health Care For All, a Massachusetts non-profit organization dedicated to making adequate and affordable health care accessible to everyone, regardless of income, social or economic status

Form and Line Reference	Explanation
Part VI, Line 4	Baystate Medical Center, located in Springfield, Massachusetts, is an academic, research, and teaching hospital that serves as the western campus of Tufts University School of Medicine The Hospital is a 716-bed facility with 57 bassinets and is the only Level 1 trauma center in western Massachusetts, treating the most critical and urgent cases in the region The hospital is also home to the second-busiest emergency department in Massachusetts The primary community served by the hospital is defined based on the geographic origins of the hospital's discharges The hospital's primary community is comprised of 51 ZIP codes in 21 cities and towns Agawam, Blandford, Brimfield, Chester, Chicopee, East Longmeadow, Granville, Hampden, Holland, Holyoke, Longmeadow, Ludlow, Monson, Palmer, Russell, Southwick, Springfield, Wales, West Springfield, Westfield, and Wilbraham The 51 ZIP codes collectively and essentially are equivalent to Hampden County Hampden County has a total population of 464,416 In 2012, the community served by the hospital was comprised of 76% White residents, 9 1% African American residents, 21 8 % Latino residents and 2 1% Asian residents The Latino community of Hampden County is concentrated in the cities of Holyoke and Springfield, while the African-American community is concentrated in Springfield In all, 81% of all Latino residents of Hampden County live in either Springfield or Holyoke Non-White populations are expected to grow faster than White populations in the community The Asian, American Indian, Black, and Other are expected to have the fastest growth The growing diversity of the community is important to recognize, given the presence of health disparities Located in Hampden County along the Connecticut River, Springfield is 27 miles north of Hartford CT, while Boston and New York City are 80 and 134 miles away, respectively The Springfield Metropolitan Statistical Area (MSA) is the fourth-largest metropolitan area in New England and the county's contiguous urban nuclei is comprised of the central city of Springfield, with a population of 152,998, and the cities of Chicopee (55,453), and Holyoke (40,073) Much of BMC's service area has Medically Underserved Area or Population (MUA/P) designation from the Health Resources and Services Administration (HRSA) while the major towns have Health Professional Shortage Area (HPSA) designation Within Hampden County, Springfield and the surrounding community, especially Holyoke, have many community risk factors that contribute to poor health, including substance abuse, child abuse and neglect, poverty and unemployment, crime and domestic violence, decreased informal social support networks, and overburdened public schools For FY 2014 BMC's ethnic mix of inpatient & outpatient patients included 48 6% White, 35 8% Hispanic, 11 7% Black, 1 4% Asian, 0 1% Native American, 2 5% Other BMC's payer mix of patients included 41 45% Medicare, 29 19% Medicaid, 25 64% Managed Care, 1 35% Non-Managed Care, 2 38% Other In FY 2014 BMC had 39,317 inpatient discharges and 80,059 emergency service visits Payer mix for ED visits included 22 14% Medicaid, 2 01% Free Care, 23 14% Healthnet, 1 35% Commonwealth Care, 51 36% Other BMC is committed to reducing health disparities in Springfield Our commitment is demonstrated by our investment of significant resources in our three community health centers and pediatric clinic located in Springfield's low-income neighborhoods that have both HPSA and MUA/MUP designation BMC health centers are primary care first-contact sites for thousands of underserved, low-income people These community training sites for our Residency Program provide continuity of care for over 130,000 patients annually, most of who reside in an MUA/MUP BMC provides primary care to a medically-underserved population in Springfield comprised of primarily Latinos and African-Americans Springfield's black and Latino families fare poorly in comparison to their peers across the state on a myriad of sensitive indicators (e g , infant deaths per 1,000 live births, low birth weight, births to adolescent mothers, adequacy of prenatal care) Springfield has one of the highest concentrations of MassHealth eligible populations This low income population has a special health risk and a specific location in the Mason Square and North End neighborhoods with child poverty rates well above 30% and as high as 70% in some small areas

Form and Line Reference	Explanation
Part VI, Line 5	Baystate Medical Center has a responsibility to respond to health care needs unsupported b y government programs In exchange for this responsibility, BMC qualifies for tax-exempt s tatus under 501(c)(3) However, providing hospital care alone is not enough to qualify for tax-exempt status Hospitals also must operate in the public interest and provide program s that benefit the community Baystate Medical Center is fully committed to its role in th e community and serves with pride and compassion for people in need The charitable mission of Baystate Medical Center, a member hospital of Baystate Health (BH), is to improve the health of the people in our communities every day, with quality and compassion Baystate M edical Center's Community Benefits Mission is to reduce health disparities, promote commun ity wellness and improve access to care for vulnerable populations BMC is committed to me eting the identified health and wellness needs of constituencies and communities served th rough the combined efforts of Baystate Health's member organizations, affiliated providers , and community partners Baystate Medical Center meets all of the factors required of medi cal facilities in order to maintain tax exemption, as first described in Revenue Ruling 69 -545 In support of patient care and the medical needs of the communities served by Baysta te Medical Center, medical staff membership and privileges are extended to all qualified p hysicians and practitioners in western Massachusetts who meet the requirements for credent ialing and clinical privileges, whether employed by a related Baystate entity or community -based Baystate Medical Center's emergency department is open to all in need of care and services, no one requiring emergency care is denied treatment In addition, surplus funds from operations are generally applied, as permitted, to the following, improvements in pat ient care, expansion and renovation of existing facilities, purchase and replacement of eq uipment, debt service, expenses associated with training of physicians and other health ca re professionals, professional development of medical and other clinical staff, and the su pport of scientific, translational, and clinical research Baystate Health's volunteer Boar d of Trustees, the governing body of the organization and its affiliates, is comprised of the President and Chief Executive Officer of Baystate Health and up to twenty-two (22) oth er elected Trustees who are representative of the broad range of interests which exist in the communities served by Baystate Health and its affiliates The Governance Committee ove rsees the nomination of Trustees and submits recommendations to the Board of Trustees for membership on the various Board committees In considering nominations or recommendations for trustees, directors, committee members or officers the Governance Committee select nom inees who are representative of the various and diverse constituencies served by Baystate Health and its affiliates In particular the Committee nominates persons who are represent ative of the community consumer interests of the various neighborhoods and localities whic h are served by Baystate Health and its affiliates in the carrying out of and pursuant to the charitable mission of the Baystate Health and its affiliates Baystate Medical Center's Patient and Family Advisory Council facilitate patients and families to share information and advise the hospital regarding policies and programs Information from the Council pro vides hospital leadership with an enhanced understanding of how to improve quality, progra m development, service excellence, communications, patient safety, facility design, patien t and family education, patient and family satisfaction, and loyalty Please refer to the s ection above in line 2 for additional examples of Baystate Medical Center's responsiveness to the community and opportunities for community involvement, including the Board of Trus tees' Governance Committee, Community Benefits Advisory Council, and Community Health Need s Assessment Baystate Medical Center is recognized as a leading academic medical center As the Western Campus of Tufts University School of Medicine since 1974, BMC offers clinic al training and undergraduate and graduate medical student education across all specialtie s Baystate Medical Center serves as a safety-net hospital due to the high level of Medica id and charity care provided In addition, BMC offers unique, specialized services includi ng Level 1 Trauma, Children's Hospital, Invasive heart and vascular services, Cardiac surg ery, Kidney transplantation, Level III Neonatal ICU, Specialized ICU's for children, adult s and heart and vascular patients and the D'Amour Center for Cancer Care Baystate Health encourages all of its affiliates, hospital and non-hospital to align their charity care an d collections standards with Baystate Health's Credit and Collection Policy While some of the rules and regulations are hospital specific,

Form and Line Reference	Explanation
Part VI, Line 5	the guidelines stated in the Baystate Health Credit and Collection Policy concern all affi liates Baystate Medical Center built a visionary new facility which opened in March 2012 t hat will meet our community's needs today, while laying the foundation for future growth Hundreds of people, from patients to care providers to the community at large, have shared ideas and experiences to design the 641,000 sq foot facility that includes a dedicated h eart and vascular center, new patient care units with spacious private rooms, new emergenc y department and shell space for future growth A major part of the public health commitme nt of Baystate Medical Center's Hospital of the Future project is the delivery of $9 6 mil lion in new aid to community health initiatives in Springfield Baystate Medical Center ma de an additional investment of $2 million in new community health initiative funding tied to the new Emergency Department The $11 6 million, to be distributed over a period of sev en years, addresses public health priorities such as nutrition, teen pregnancy, violence p revention, oral health and asthma, as well broader issues such as education, homelessness and employment Specific to FY14 BMC awarded $1,516,748 to these community health initiati ves Baystate Medical Center participates in advocacy activities on behalf of health care c overage for all persons and for improved public health Baystate Health leaders serve on t he community boards for Health Care For All, a Massachusetts non-profit organization dedic ated to making adequate and affordable health care accessible to everyone, regardless of i ncome, social or economic status and the Massachusetts Public Health Association, a non-pr ofit organization that promotes laws, policies, and programs that protect the health of ou r families, communities, and workplaces In addition, Baystate Medical Center provides ann ual funding to Partners for a Healthier Community, a local leader in public health policy advocacy, building collaborations and leadership capacity to address various public health issues For additional information, please see Line 6 below

Form and Line Reference	Explanation
Part VI, Line 6	Baystate Health, Inc is the parent entity of a multi-institutional integrated delivery sy stem composed of four hospitals and other 501(c)(3) organizations The three hospitals inc lude Baystate Medical Center, Baystate Franklin Medical Center, and Baystate Mary Lane Hos pital and the other 501(c)(3) organizations include Baystate Medical Practices, Visiting N urse Association and Hospice of Western New England, Inc , and Baystate Health Foundation In September 2014 Baystate Wing Hospital became part of the Baystate Health system In ad dition to its nearly 11,500 employees, Baystate Health has 1,504 medical staff, 2,428 nurs es and 1,850 new residents and fellows, medical students, nursing students, and allied hea lth students who gained comprehensive medical education during the year In addition, 536 volunteers donated 47,770 hours to Baystate Medical Center, 320 volunteers and auxiliary m embers donated over 30,000 hours to Baystate Franklin Medical Center, 28 volunteers donate d 3,000 hours to Baystate Mary Lane Hospital Baystate Medical Center (BMC), the flagship 7 10-bed hospital (including Baystate Children's Hospital) based in Springfield, Massachuset ts is Western New England's only tertiary care referral medical center, Level 1 trauma cen ter and neonatal and pediatric intensive care units BMC serves as a regional resource for specialty medical care and research, while providing comprehensive primary medical servic es to the community BMC's community benefit efforts included providing assessment, treatm ent and crisis support to child abuse victims and their non-offending caretakers affected by child abuse and domestic violence in western Massachusetts, offering enrichment and car eer development programs for disadvantaged Springfield students, ensuring cohesive health care for school-aged children and the broader community, prevention of accidental childhoo d injuries and death through public awareness, safety education and distribution of safety devices, coordination of health education focus groups, community health forums and fairs , supporting transgender individuals, their allies and anyone from the broader community w ho identifies as LGBT through a peer lead and psychosocial support group, providing TB dia gnosis and treatment to patients throughout western Massachusetts, and providing financial counseling services to inpatient and outpatient individuals who have concerns about how t o pay for care Baystate Franklin Medical Center (BFMC), a 90-bed facility located in Gree nfield, Massachusetts (40 miles north of Springfield near the Vermont border) provides hig h quality inpatient and outpatient services to residents of rural Franklin county and the North Quabbin region Inpatient services include behavioral health, intensive care, medica l-surgical care, and obstetrics/midwifery O utpatient services include cardiology, emergen cy medicine, gastroenterology, general surgery, neurology, oncology, ophthalmology, orthop edics, pediatrics, physical medicine & rehabilitation, pulmonology & sleep medicine, sport s medicine, vascular surgery, wound care & hyperbaric medicine BFMC's community benefit e fforts included the ongoing support group through the Franklin County Postpartum Partnersh ip - a partnership initiated by BFMC nurses, expanded senior outreach program to focus on persons most at-risk for hospital readmission due to issues with medication management, an d continued the regionally recognized Blood & Guts program for youth, including an annual hospital-based event for high school students and three school-based events for elementary school students and their families In addition, BFMC HealthBeat TV, a monthly 30-minute cable access talk show produced, directed and hosted by Baystate Franklin employees, engag es the hospital's physicians, employees, patients and community leaders in discussions of interest to residents of Franklin County Topics range from heart health, emergency respon se to senior outreach The program runs more than 60 times a month on stations throughout the county Baystate Mary Lane Hospital (BMLH), a 25-bed facility located in rural Ware, Ma ssachusetts (20 miles east of Springfield) provides quality patient care services to commu nities in Hampshire, Hampden and Worcester counties Inpatient services include critical c are and medical-surgical care Outpatient services include cancer care, cardiology, childr en's medicine, emergency medicine, endocrinology and diabetes, gastroenterology, infectiou s disease, obstetrics and gynecology, orthopedics, physical medicine and rehabilitation, p ulmonary medicine, senior care, surgery, urology, and women's health BMLH's community ben efit efforts included a continued partnership with Quality EMT Educators of Worcester to o ffer Basic EMT Training to community members To date over 100 community have taken the EM T Basic Course BMLH physicians shared their expertise beyond the walls of the hospital by offering high quality training and continuing edu

Form and Line Reference	Explanation
Part VI, Line 6	cation programs at no cost to EMS providers in our communities The close working relation ship between Emergency Physicians and EMS providers is essential to ensuring that patients receive the highest quality care in the field BMLH provided critical support and resourc es to the community at large through our Support Groups including, Alcoholic Anonymous, Ca regivers Support Group, Quilting Support Group for those touched by Cancer, Diabetes Suppo rt Group, Grieving Support Group, Hepatitis C Support Group & WIC Sponsored Breast Feeding Support Group In addition, BMLH and its staff offered over 100 outreach programs providi ng a variety of education and wellness seminars to the community at large at no cost Thes e programs were presented by physicians, nurses and staff that work at the hospital and ad dressed ways to live healthier by offering a variety of educational opportunities and heal th screening Lectures and screenings were offered at the hospital and in community settin gs including area schools and senior centers, and promoted disease prevention, behavior ch ange, and healthier lifestyles for community members of all ages In addition, BMLH Health Beat TV, a monthly 30-minute cable access talk show produced, directed and hosted by Bayst ate Mary Lane Hospital employees, engages the hospital's physicians, employees, patients a nd community leaders in discussions of interest to residents of the 15-town Quaboag Hills region Topics range from winter health safety, cancer, Lyme disease to stroke awareness The program runs more than 60 times a month Baystate Wing Hospital (BWH), a 74-bed facilit y located in Palmer, Massachusetts (18 miles east of Springfield) provides a broad range o f emergency, medical, surgical and psychiatric services The BWH five medical centers in B elchertown, Ludlow, Monson, Palmer and Wilbraham offer extensive outpatient services to me et the needs of these communities BWH also includes the Griswold Behavioral Health Center , providing comprehensive behavioral health and addiction recovery services and the Wing V NA and Hospice BWH is fully accredited by the Joint Commission and is a designated Primar y Stroke Service by the Massachusetts Department of Public Health BWH's community benefit efforts include community outreach and education, support for Belchertown/Palmer Public H ealth Nurse, financial counseling, and support groups Baystate Medical Practices (BMP) is a tax-exempt, not-for-profit corporation organized to support and assist Baystate Health a nd its affiliate hospitals, including BMC, BFMC and BMLH, each of which is a Massachusetts not-for-profit corporation, in achieving the fulfillment of their clinical, teaching, res earch, and other missions related to health care Baystate Medical Practices, Inc provide s physician services, medical education and research programs to people in the community w ithin its geographic location BMP's policy is to provide care to any patient in need of m edical care, regardless of the patient's ability to pay for such care Dependent upon the patient's financial capability to pay and consistent with BH and BMP policy, BMP may provi de such care free of charge or at amounts below its normal charges In FY 2014 BMP provide d $2,797,978 in charity care In addition to the charity care provided to patients, BMP's physicians participate in many and varied ongoing community outreach initiatives in the ar eas of education, employment, safety and health BMP has also taken a leadership role in s trengthening the health of disadvantaged citizens in surrounding communities including spe cific focus on AIDS and HIV and by providing physician staffing for three community-based health centers through Baystate Medical Center

Form and Line Reference	Explanation
Form 990, Schedule H, Part VI, Line 6 continued	Visiting Nurse Association and Hospice of Western New England, Inc (BVNAH) based in Springfield, Massachusetts is a tax-exempt, not-for-profit corporation organized to support and assist Baystate Health and its affiliate hospitals, including BMC and BMLH, each of which is a Massachusetts not-for-profit corporation, in achieving the fulfillment of their clinical, teaching, research, and other missions related to health care BVNAH is a comprehensive home health care agency committed to providing the highest quality care to patients and families, primarily in the home setting BVNAH has the expertise to meet individual needs by bringing experienced nurses, rehabilitation therapists, social workers and home care aides to patients' homes The Home Care Program of Baystate's Visiting Nurse Association and Hospice serves over 7,100 home health and hospice patients annually of which approximately 1,050 are on service daily Home Care services are aimed at allowing patients to recuperate and achieve indepndence with thier own care in the comfort of their homes The Hospice and Palliative Care Program of Baystate's Visiting Nurse Association and Hospice provides end of life care for patients in the community, assisted living facilities and skilled nursing facilities Hospice has an interdisciplinaryand Palliative Care program coordinates care for an average daily census of about 175 patients of all ages In FY 2013 there were approximately 120,000 home health, hospice and palliative visits rendered by Baystate Visiting Nurse Association & Hospice nurses Hospice has an interdisciplinary approach using nursing, social work, chaplains, hospice aides and volunteers to provide patients and their families with comfort and symptom management The Hospice and Pallative Care program coordinates care for an average daily census of about 140 patients of all ages In FY 2014 there were approximately 123,800 home health, hospice and pallative visits rendered by Baystate Visiting Nurse Association & Hospice Staff Baystate Health Foundation raised $0 6 million in 2014 for the Baystate Children's Specialty Clinic and an additional $3 5 through system wide annual fundraising efforts Along with the Campaign for Baystate Children's Specialty Center, the Foundation actively engaged in annual fund, major gift, and event fundraising to ensure ongoing annual support for education, research, programs and capital needs throughout the health system that impact patient care throughout western Massachusetts In addition to the brief descriptions of the affiliated entities above, this further information speaks to activities of Baystate Health and its affiliates regarding promotion of community health In FY 2014 Baystate Health's Interpreter and Translation Services provided over 183,105 sessions in 49 languages to help deliver a positive patient care experience In addition, nearly 3,692 pages of documents, signs and clinical research were translated for providers Interpreter sessions included in person, telephonic and video interpreting for American Sign Language Baystate Health has more than 60 staff interpreters throughout our health system for American Sign Language, Arabic, Mandarin, Nepali, Polish, Portuguese, Romanian, Russian, Somali, Spanish, Ukrainian, and Vietnamese Baystate Health also contracts with local agencies to provide in-person interpreter services as needed for patients who come to Baystate Medical Center for pre-scheduled appointments or for emergencies for languages not covered by staff interpreters, such as Swahili or Mon The health system contracts with a telephonic interpreting company by which any staff member can pick up any house phone, dial an internal extension and be nearly immediately connected to a national telephonic interpreting agency that provides trained and competent interpreters for over 2 00 languages BH also subscribes to software called Care Notes by Micromedex that provides information on illnesses for patients or their family members in 15 languages and the documents are written at a 5th grade reading level Similarly, BH purchased software called Exit Writer from Krames that was integrated into the patient's electronic medical record Information in five languages about illnesses and aftercare instructions can be provided to patients and their family members and be documented in the patient's electronic medical record as patient education automatically Baystate Medical Center is recognized as a leading academic medical center As the Western Campus of Tufts University School of Medicine since 1974, BMC offers clinical training and undergraduate and graduate medical student education across all specialties In addition to BMC, Medical Residents and Fellows rotate through Baystate Franklin Medical Center and Baystate Mary Lane Hospital Baystate Health is a nationally accredited provider of continuing education for health care professionals, including physicians, nurses, pharmacists, mental hea

Form and Line Reference	Explanation
Form 990, Schedule H, Part VI, Line 6 continued	lth counselors and psychologists We also arrange credit for other health care professiona ls Baystate provides both live and web based courses Our educational activities are desi gned for Baystate staff and non Baystate health care professionals throughout Western New England Our mission is to provide high-quality, evidence based continuing education to ma intain and enhance the knowledge, expertise, and performance of health care professionals, to improve the health of the people in our communities every day, with quality and compas sion In 2014, Baystate Health provided a total of 1,450 hours of continuing education ins truction Total attendance for credit bearing activities was 19,712, 5,745 unique visits Our educational activities are a service to the community Baystate Health's Midwifery Edu cation Program is offered in collaboration with the Midwifery Institute of Philadelphia Un iversity Through our affiliation with the Massachusetts College of Pharmacy and Health Sc ience, we offer a one-year pharmacy residency Baystate Health's educational partnerships allow us to offer allied health programs such as emergency medical technician (EMT), pharm acy technician and surgical technologist For nursing we offer clinical practicums for bac calaureate, masters, or doctoral-level nursing students in affiliation with the University of Massachusetts, University of Connecticut, Yale University, and other schools of nursin g Baystate Medical Center's high quality nursing care earned re-designation as a Magnet H ospital for Nursing Excellence by the American Nurses Credentialing Center (ANCC) - one of 170 in the nation and only five in Massachusetts As an academic teaching hospital and th e Western Campus of Tufts University School of Medicine, Baystate Medical Center is a cent er for research Strong partnerships with other research organizations allow BMC to furthe r its institutional commitment to improve the health of the community through research and education Collaborations enable Baystate Health to better support the innovative researc h of our investigators and to improve the lives of the people in the communities we serve Baystate Medical Center is an active participant in the research communities of Massachus etts and a member institution of the state and regional organizations that also promote th e goals of biomedical research Its faculty and research staff are engaged in basic, clini cal and biomedical research across a broad spectrum of medical and surgical specialties, w ith nationally-recognized research programs in quality of care Baystate Medical Center se rves as a regional resource for specialty medical care while providing comprehensive prima ry medical services to its community Baystate Medical Center is also a research partner wi th University of Massachusetts through the Pioneer Valley Life Sciences Institute Formed in 2003, PVLSI is a research institution which applies its translational research efforts in the areas of cancer, diabetes, obesity, and wound healing Its scientists and technicia ns are commited to improving human health and reducing suffering from disease through crea tive strategies for early detection and preventive interventions Other Baystate Health af filitaions include Council of Teaching Hospitals and Health Systems (COTH) of the Associat ion of American Medical Colleges (AAMC), Alliance of Independent Academic Medical Centers (AIAMC), and Group on Regional Medical Campuses (GRMC) of the Association of American Medi cal Colleges (AAMC), Joint Commission and Medical Library Association (MILA)

Form and Line Reference	Explanation
Form 990, Schedule H, Part VI, Line 6 continued	Baystate Health and its affiliates are committed to creating healthier communities and con tinue to partner with members of the community to ensure we are meeting the diverse needs of the community Baystate Health extends the traditional definition of "health" to includ e economic opportunity, affordable housing, quality education, safe neighborhoods, food se curity, arts/culture and racism and homophobia free communities -- all elements that enabl e families and communities to thrive In keeping with this commitment to improve health Ba ystate Health and its affiliates provide a range of community benefits including support g roups, financial counseling and assistance and other health and wellness programs As an i ntegrated delivery system BH provides further benefits to the hospital's community by coor dinating within and among its various entities Baystate Health and its affiliates are comm itted to providing the communities they serve throughout western Massachusetts with the re sources necessary to stay informed and healthy by providing both basic and extensive educa tional opportunities such as parent education classes, including our new program "Baystate 's New Beginnings" Also offered are teen programs, including Teen CPR and Babysitter's Ac ademy Some classes are free while others are offered at a reasonable fee No one is turne d away due to inability to pay Baystate Health offers many free parenting support groups (breastfeeding, new parents, and toddler groups) each month In addition, Baystate Health has libraries and resource centers at Baystate Medical Center and Baystate Franklin Medica l Center staffed by professionals who help patients, families and the general public acces s reliable health information The Mini-Medical School program is an eight-part health educ ation series offered at Baystate Medical Center featuring a different aspect of medicine e ach week Designed for an adult audience, each course is taught by an energetic faculty me mber who will explain the science of medicine without resorting to complex terms Mini-Med ical School gives Baystate Health the opportunity to open our doors to the public and shar e our knowledge of medicine in a comfortable and friendly environment Many of the student s participate due to a general interest and later find that many of the things they learne d over the semester are relevant to their own lives The goal of this program is to help m embers of the public make more informed decisions about all aspects of their health care w hile receiving insight on what it's like to be a medical student Tuition is $95 per perso n, $80 for Senior Class and Spirit of Women members Baystate Health offers 50+ free progr ams to seniors and women Baystate Health Senior Class is a loyalty program dedicated to h ealth and wellness for men and women ages 55 and over The 23,000 Senior Class members rec eive a quarterly newsletter with valuable health information, benefits and invitations to special events designed with their interests in mind Baystate Spirit of Women Loyalty Pro gram offers its 15,000 members 50+ monthly seminars with direct access to physicians, nurs es and other medical professionals and the latest women's health information The program is designed to increase knowledge of women's health issues so they are well prepared to ma ke the best decisions regarding their health Named in honor of our past president and CEO, the Mark R Tolosky Baystate Neighbors Program provides forgivable loans to Baystate Heal th employees purchasing their first homes in the communities surrounding our hospitals Qu alified employees are granted a forgivable loan up to $7,500 that may be used towards a do wn payment or closing costs Since 1999, Baystate Health has invested nearly $1 million in the futures of more than 140 employees and their families Since 1994, Rays of Hope - A Wa lk & Run Toward the Cure of Breast Cancer has been committed to improving the breast healt h of people in our communities with quality and compassion Through the Baystate Health Fo undation, the Walk has grown from 500 participants to over 24,000 Now in its 22nd year, R ays of Hope has raised nearly $12 5 million - all of which has been awarded locally throug hout western Massachusetts 2009 marked the first year the event expanded into Franklin Co unty Funding benefits programs through the Baystate Health Breast Network including Bayst ate Medical Center in Springfield, Baystate Franklin Medical Center in Greenfield, Baystat e Mary Lane Hospital in Ware, outreach and education, and various community support projec ts and organizations Funding also supports the Rays of Hope Center for Breast Cancer Rese arch at the Pioneer Valley Life Sciences Institute, a collaboration between clinicians at Baystate Health and scientists at UMass-Amherst, to continue locally based breast cancer r esearch on a broader scale The United Way develops and supports programs that directly imp rove the lives of people in our communities, a mis

Form and Line Reference	Explanation
Form 990, Schedule H, Part VI, Line 6 continued	sion proudly shared by Baystate Health Baystate Health is a strong supporter of the Unite d Way, and a major contributor to the organization with three workforce campaigns and thou sands of employee donors and volunteers Baystate Health's contributions help the United W ay serve our families, friends, colleagues and others who seek help in different ways and at different times in their lives Three community campaigns are held annually Springfiel d workplace to support the United Way of Pioneer Valley, Greenfield workplace to support t he United Way of Franklin County and Ware workplace to support the United Way of Hampshire County Employees can direct their donations to one or all of the United Way's action are as Education, Income and Health or designate to a qualified agency with a minimum contrib ution Baystate Health employees once again donated generously to the United Way of the Pi oneer Valley in 2014, raising a total of $419,370 Baystate Franklin Medical Center employ ees raised $42,040 for the United Way of Franklin County Baystate Mary Lane Hospital empl oyees raised $22,609 for the United Way of Hampshire County See also additional information regarding Baystate Health, Inc and its affiliates promotion of community health above i n Line 5

Form and Line Reference	Explanation
Form 990, Schedule H, Part VI, Line 7	List of States Receiving Community Benefit Report MA

Additional Data

Software ID:
Software Version:
EIN: 04-2790311
Name: Baystate Medical Center Inc

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

Form and Line Reference	Explanation
Baystate Medical Center	Part V, Section B, Line 1j The CHNA report also described collaborating organizations BMC collaborated with each of the hospital facilities that are members of the Coalition of Western Massachusetts Hospitals for its CHNA BMC also collaborated with organizations that participated in a "Design Team" established by the Coalition Representatives from the Collaborative for Community Health, Inc , the Franklin Regional Council of Governments, the Massachusetts Department of Public Health, and the Springfield Department of Health and Human Services participated on this Team Many individuals provided input for this assessment Lists of interviewees are included in the report

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

Form and Line Reference	Explanation
Baystate Medical Center	Part V, Section B, Line 3 Community input was gathered through interviews, a community survey, and community listening sessions Interviews were conducted with public health experts, representatives of health, social services, or other departments or agencies, community leaders, health care providers, and persons representing the broad interests of the community The interviews were structured to help identify the most pressing health status and access issues in the community BMC also sought input from the public regarding the health of the community through an online and paper-based survey A website link to the survey (in both English and Spanish) was made available from January through February 2013 Paper copies of the survey were distributed at various local organizations and clinics in multiple languages Efforts were made to reach those without internet access as well as vulnerable populations such as racial and ethnic minorities, low-income groups, individuals with low literacy levels, and non-English speakers The survey was publicized via flyers, social media, human services organizations, boards of health, newspapers, email listservs, and other methods A listening session was held during which community members reviewed and discussed preliminary findings from this assessment Discussion at the listening session was helpful in that it validated assessment findings and contributed to the prioritization process The survey consisted of 48 questions about a range of health status and access issues and respondent demographic characteristics 1,321 residents from the Baystate community completed the survey Seventy-four percent of respondents were female and 49 percent were between the ages of 45 and 64 Seventy-two percent were White and 98 percent did not identify as Hispanic (or Latino) The majority of respondents reported being in good or very good overall health (70 percent), married (50 percent), employed full time (61 percent), privately insured (67 percent), and having an undergraduate degree or higher (53 percent) The majority (83 percent) of respondents speak English in the home Spanish was the top non-English language reported Seven percent of respondents reported that they spoke multiple languages at home Survey responses were received from residents of 43 of the Baystate community's 51 ZIP codes Although the survey garnered many respondents, the sample is not representative of the community and the results are not generalizable to the community as a whole 1,321 residents in Baystate's community responded to the community survey Key informant interviews were conducted face-to-face and by telephone by Mark Rukavina, Principal at Community Health Advisors, LLC The interviews were designed to gain perspective into health needs in the community served by Baystate A total of 39 local key informants, including external and internal stakeholders (those affiliated or employed by Baystate Medical Center) were interviewed during December 2012 through February 2013 In addition, 10 staff members from the Massachusetts Department of Public Health regional office in Northampton also were interviewed as a part of this assessment These interviews were conducted using a structured questionnaire Informants were asked to discuss community health issues and encouraged to look broadly at the social determinants of health Interviewees were asked about issues related to health care access, changes in community population, prevalence of chronic health conditions, and health disparities The frequency with which community health issues was mentioned and the interviewees' perceptions of the significance of each concern were assessed The 49 stakeholders were comprised of public health experts, individuals from health or other departments and agencies, leaders or representatives of medically underserved, low-income, and minority populations, and other community members In addition, 18 community members participated in the CHNA listening sessions

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
Baystate Medical Center	Part V, Section B, Line 4 Baystate Medical Center is a member of the Coalition of Western Massachusetts Hospitals, a partnership between eight (8) not-for-profit hospitals in western Massachusetts, Baystate Medical Center, Baystate Franklin Medical Center, Baystate Mary Lane Hospital, Baystate Wing Hospital, Cooley Dickinson Hospital, Holyoke Medical Center, Mercy Medical Center (a member of Sisters of Providence Health System), Shriners Hospitals for Children - Springfield, and Health New England, a local health insurer whose service areas covers the four counties of western Massachusetts The Coalition, formed in 2012 to bring hospitals within western Massachusetts together to share resources and work in partnership to identify and address the health needs of their communites through regional community health assessments Following feedback from key community stakeholders during the community health needs assessment process, the Coalition has taken its unique collaboration to the next level by identifying a shared health priority that it will address in partnership across the region The shared health priority the Coalition selected was behavioral health

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
Baystate Medical Center	Part V, Section B, Line 5d Baystate Medical Center made its CHNA report widely available to the public via an email distribution, with links to the hospital's website, to all key informant interviewees, listening session participants and an internal communication to hospital employees Please visit http //www baystatehealth org/Baystate/Main+Nav/About+Us/Community+Programs/Community+Health+Planning/Community+Benefits+Program

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
Baystate Medical Center	Part V, Section B, Line 6i For more information about Baystate Medical Center's Community Benefit Implementation Strategy, as related to the hospitals 2013 CHNA, and adopted by the hospital's Board of Trustees, please visit http //www baystatehealth org/StaticFiles/Baystate/About%20Us/Community%20Programs/Community%20Health%20Planning/Community%20Benefits%20Program/BMC-Implementation-Strategy pdf

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
Baystate Medical Center	Part V, Section B, Line 7 No community hospital facility can address all of the health needs present in its community BMC is committed to adhering to its mission and remaining financially healthy so that it can continue to enhance its clinical excellence and to provide a wide range of community benefits The Strategy does not address the following community health needs identified in the 2013 CHNA due to no new funding or resources, other hospitals or community organizations within service area are already addressing the need or the need falls outside of the hospitals' mission or capacity Racial and Ethnic Disparities in Disease Morbidity and Mortality the hospital understands the connection between institutional racism and ethnic and racial health disparities and has committed DoN resources (see Section C and Appendix A of BMC Implementation Strategy) to fund local undoing racism education and training Lack of Access to Dental Care pediatric dental access is being addressed through Partners for aHealthier Community's BEST Oral Health Initiative (see Section 4b of BMC Implementation Strategy) High Rates of Alcohol, Tobacco, and Drug Use a variety of existing community-based non-profits and agencies are addressing these needs, including, but not limited to Behavioral Health Net, Center for Human Development, City of Springfield Tobacco Program, Gandara, and the Mason Square Drug Free Task Force High Rates of Unsafe Sex, Teen Pregnancy, and Chlamydia Teen pregnancy is being addressed through the efforts of the YEAH! Network and the Springfield Pregnant and Parenting Teens Collaborative (see Section 4b of BMC Implementation Strategy) as well as the City of Springfield's Springfield Adolescent Sexual Health Advisory Committee and the Community Health Network Area #4's Springfield Adolescent Health Project Pediatric Disability hospital clinicians and staff co-lead and participate in the Medical Home Workgroup for Children with Special Needs As part of its regular service line, the hospital has a new Developmental and Behavioral Pediatrics Department (see section 6 of BMC Implementation Strategy) High Rates of Asthma being addressed through Partners for a Healthier Community and the Pioneer Valley Asthma Coalition (see Section 4b of BMC Implementation Strategy) Poor Built Environment and Environmental Quality being addressed through Partners for a Healthier Community's Live Well Springfield and Healthy Environment, Healthy Springfield Initiatives (see Section 4b of BMC Implementation Strategy)

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)
Baystate Reference Laboratories 361 Whitney Avenue Holyoke, MA 01040	Outpatient Laboratory Services
Baystate High Street Hlth Cntr 140 High Street Holyoke, MA 01040	Outpatient Laboratory Services
Baystate Ambulatory Care Center 3300 Main Street Springfield, MA 01107	Outpatient Laboratory Services
Baystate Mason Sq Neighborhood Hlth Cntr 11 Wilbraham Road Springfield, MA 01199	Outpatient Laboratory Services
Baystate Breast and Wellness Center 100 Wason Avenue Suite 300 Springfield, MA 01107	Outpatient Laboratory Services
Baystate Brightwood Health Center 380 Plainfield Street Springfield, MA 01107	Outpatient Laboratory Services
D'Amour Center for Cancer Care 3350 Main Street Springfield, MA 01199	Outpatient Laboratory Services
Baystate Rehabilitation Care at Spfld 360 Birnie Avenue Springfield, MA 01107	Outpatient Laboratory Services
BMC Pain Management Center 3400 Main Street 2nd Flr Springfield, MA 01107	Outpatient Laboratory Services
Baystate Orthopedic Surgery Cntr 50 Wason Avenue 2nd Floor Springfield, MA 01107	Outpatient Laboratory Services
Baystate Vascular Services 3500 Main Street 2nd Floor Springfield, MA 01107	Outpatient Laboratory Services
Baystate Heart & Vascular Prog Imaging 10 Main Street Basement Level Florence, MA 01060	Outpatient Laboratory Services
Baystate Rehabilitation Care 294 North Main Street East Longmeadow, MA 01028	Outpatient Laboratory Services
Baystate Rehabilitation Care Rymd Cntr 470 Granby Rd Ste 4 South Hadley, MA 01075	Outpatient Laboratory Services
Baystate Rehabilitation Care 200 Silver St Ste 101 Agawam, MA 01001	Outpatient Laboratory Services

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)
Baystate Regional Cancer Program Davis Bldng 85 South St 4th Fl Ware, MA 01082	Outpatient Laboratory Services
BMC Transplant Services 100 Wason Avenue Suite 210 Springfield, MA 01107	Outpatient Laboratory Services
Baystate Home Infusion & Resp Svcs 211 Carando Drive Springfield, MA 01004	Outpatient Laboratory Services
Baystate Home Infusion & Resp Svcs 489 Bernardston Road Suite C Greenfield, MA 01301	Outpatient Laboratory Services
Baystate Home Infusion & Resp Svcs 85 South Street D101 Ware, MA 01082	Outpatient Laboratory Services
Central High School Hlth Cntr 1840 Roosevelt Ave 1st Flr Springfield, MA 01109	Outpatient Laboratory Services
Roger L Putnam Vocational Tech HS 1300 State St 3rd Flr Springfield, MA 01109	Outpatient Laboratory Services
High School of Commerce Hlth Cntr 415 State St 1st Flr Rm 135 Springfield, MA 01105	Outpatient Laboratory Services
Baystate Orthopedic Surgery Cntr 298 Carew Street Springfield, MA 01104	Outpatient Laboratory Services

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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
Baystate Medical Center Inc

Employer identification number
04-2790311

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Cancer Connection Inc 41 Locust Street Northampton, MA 01060	04-3493483	501(c)(3)	53,541				Support groups, complementary therapies, workshops and classes for women living with breast cancer and their families and caregivers
(2) La Experanza The Hope of the Pioneer Valley Inc PO Box 6820 Holyoke, MA 010416820	27-2760538	501(c)(3)	44,495				Latino breast cancer support program
(3) Baystate Health Inc 759 Chestnut Street Springfield, MA 01199	04-2105941	501(C)(3)	11,263,000				Strategic initiatives
(4) Pioneer Valley Riverfront Club 121 West Street Springfield, MA 01104	26-0251831	501(c)(3)	23,146				Breast cancer survivors dragon boat team
(5) YMCA of Greater Springfield 275 Chestnut Street Suite 1 Springfield, MA 01104	04-1859893	501(c)(3)	20,719				Breast cancer survivors excercise program
(6) CHD Cancer House of Hope Inc 332 Birnie Avenue Springfield, MA 01107	04-2503926	501(C)(3)	24,920				Funding expenses of the most well-attended CHH programming utilized by women with breast cancer

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . ▶ 6

3 Enter total number of other organizations listed in the line 1 table . . . ▶ 0

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
See Additional Data Table					

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

Return Reference	Explanation
Part I, Line 2	The Rays of Hope grants that are awarded are reviewed and approved by the Rays of Hope Community Advisory Board Recipients are required to submit a Community Program Grant Application As part of the application process the recipient is required to provide their SS# or T I N Once the grant is awarded by the Advisory Board quarterly reports are submitted by the recipient to monitor the grant A final report of the grant program and budget summary is due upon completion of the program The vast majority of the funds awarded for the Nurse Midwifery Program are applied directly to tuition Specific guidance is given as to appropriate use of the funds Funds may be used for tuition, living expenses and up to $500 in required textbooks They may not be utilized for travel or to defray costs of attending professional meetings

Additional Data

Software ID:
Software Version:
EIN: 04-2790311
Name: Baystate Medical Center Inc

Form 990, Schedule I, Part III, Grants and Other Assistance to Individuals in the United States

(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
Art therapy workshops for breast cancer survivors	1	14,025			
Massage therapies to patients receiving chemotherapy	1	18,625			
Reiki for breast cancer patients and survivors in Franklin County	1	11,476			
Swedish massage therapy for breast cancer survivors	1	3,600			
Nurse Midwifery Program-Federal Traineeship Awards	1	6,040	0		
Laughing meditation for breast cancer survivors	1	1,200			
Yoga and water dance for breast cancer survivors	1	15,947			
Water fitness classes for women with breast cancer	1	3,267			

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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
Baystate Medical Center Inc

Employer identification number
04-2790311

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**		
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**		
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**		No
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
Part I, Line 3	The compensation of the President and CEO is reviewed and determined annually by the compensation committee of Baystate Health, Inc (The parent organization of the health care system to which the filing organization belongs), which has been appointed through board resolution as the compensation committee of the filing organization This committee consists entirely of individuals serving on the board of the filing organization and these individuals would be considered independent for compensation deliberation purposes The compensation of the President and CEO is established based on information provided by independent third party consultants for reasonableness and appropriate comparability data The compensation is then established, reviewed and approved by the independent compensation committee of Baystate Health, Inc and all such deliberations and decisions are documented contemporaneously
Part I, Line 4b	Dennis W Chalke - Supplemental Retirement of $135,242 is included in column E This amount was earned in 2013 Mark A Keroack, MD, MPH Supplemental Retirement of $145,453 is included in column E This amount was earned in 2013 Peter Lindenauer, MD - Supplemental Retirement of $5,874 is included in column E This amount was earned in 2013 Grace Makari-Judson, MD- Supplemental Retirement of $10,989 is included in column E This amount was earned in 2013 Michael Moran Supplemental Retirement of $3,202 is included in column E This amount was earned in 2013 Kevin Moriarty, MD- Supplemental Retirement of $29,460 is included in column E This amount consists of $21,439 earned in 2013 and $8,021 non-vested amounts that were earned in the previous 4 years and previously reported each year as deferred compensation, and now included again in accordance with reporting requirements Deborah A Provost - Supplemental Retirement of $3,184 is included in column E This amount was earned in 2013 Mark R Tolosky - Supplemental Retirement of $387,879 is included in column E This amount was earned in 2013

Additional Data

Software ID:
Software Version:
EIN: 04-2790311
Name: Baystate Medical Center Inc

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Mark A Keroack MD PresDir 7/1-9/30/14, Exec VP/COO-BH in 2013	(I)	0	0	0	0	0	0	0
	(II)	537,949	223,630	15,318	165,853	13,458	956,208	0
Mark R Tolosky President 10/1/13 - 12/31/13	(I)	0	0	0	0	0	0	0
	(II)	728,085	456,876	454,099	57,333	30,502	1,726,895	0
Grace P Makari-Judson MD Trustee/ Hematologist MD	(I)	293,165	48,189	26,372	51,224	29,501	448,451	0
	(II)	0	0	0	0	0	0	0
Kevin Moriarty MD Trustee	(I)	472,845	80,916	32,074	26,775	18,147	630,757	0
	(II)	0	0	0	0	0	0	0
Barbara W Stechenberg MD Trustee 10/1/13-12/31/13/ Physician	(I)	135,195	21,484	138	32,533	11,855	201,205	0
	(II)	0	0	0	0	0	0	0
Dennis W Chalke Treasurer	(I)	0	0	0	0	0	0	0
	(II)	393,944	159,840	215,381	53,098	21,934	844,197	0
Nancy Shendell-Falik CNO BMC	(I)	0	0	0	0	0	0	0
	(II)	182,509	55,000	31,183	16,575	6,307	291,574	0
Deborah A Provost VP Surg, Anes, Emerg Svcs	(I)	181,172	39,426	9,129	55,887	14,999	300,613	0
	(II)	0	0	0	0	0	0	0
Micahel F Moran VP Facilities & Guest Svcs	(I)	208,024	74,636	3,881	28,434	15,051	330,026	0
	(II)	0	0	0	0	0	0	0
Betty K Larue VP Heart & Vascular/Neuro	(I)	217,364	41,726	12,721	116,985	7,917	396,713	0
	(II)	0	0	0	0	0	0	0
Peter Lindenauer MD Med Dir & Quality & Safety Res	(I)	246,395	43,930	16,165	33,973	20,648	361,111	0
	(II)	0	0	0	0	0	0	0
David Y Chin PhD Rad Oncology Med Physics Chief	(I)	217,333	19,470	12,204	26,408	26,540	301,955	0
	(II)	0	0	0	0	0	0	0
Michael R Favreau Senior Dir, Business Dev	(I)	170,811	41,052	20,651	73,934	17,802	324,250	0
	(II)	0	0	0	0	0	0	0
Jason M Newmark VP Diagnostic Services	(I)	185,182	42,514	349	11,446	19,183	258,674	0
	(II)	0	0	0	0	0	0	0
Martha LaFrance Rad Oncology Med Physics Chief	(I)	177,978	14,675	4,920	115,914	5,507	318,994	0
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

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	MA Health & Educ Facil Authority - Ser G	04-2456011	57586CNHA	10-27-2005	71,740,000	MA HEFA Series G - See Part VI		X		X		X
B	MA Health & Educ Facil Authority - Ser H	04-2456011		01-18-2007	10,000,000	MA HEFA Series H - See Part VI		X		X		X
C	MA Health & Educ Facil Authority - Ser M2	04-2456011		06-30-2008	10,157,671	MA HEFA Series M2 - See Part VI		X		X	X	
D	MA Health & Educ Facil Authority - Ser IJK	04-2456011	57586EKC4	06-25-2009	198,611,250	MA HEFA Series IJK - See Part VI		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	25,110,000	5,111,112	3,019,382	
2	Amount of bonds legally defeased				
3	Total proceeds of issue	71,740,000	10,000,000	10,157,671	199,122,425
4	Gross proceeds in reserve funds			70,429	
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	735,004	72,250		1,845,403
8	Credit enhancement from proceeds				93,479
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	6,990,000	9,927,750		132,183,543
11	Other spent proceeds	64,014,996		10,087,242	65,000,000
12	Other unspent proceeds				
13	Year of substantial completion	2005	2006	1999	2012

		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	X		X	
15	Were the bonds issued as part of an advance refunding issue?	X			X		X		X
16	Has the final allocation of proceeds been made?	X		X		X		X	
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		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		X		
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		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		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?	X		X		X			
c	Are there any research agreements that may result in private business use of bond-financed property?	X		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?	X		X		X			
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 ▶	0 060 %		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 %		0 %			
6	Total of lines 4 and 5	0 060 %		0 %		0 %			
7	Does the bond issue meet the private security or payment test?		X		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		X		
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		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		X		X
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X		X		X
b	Exception to rebate?		X	X			X		X
c	No rebate due?	X			X	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		X		X	
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X		X		X
b	Name of provider	Citibank							
c	Term of hedge	20 700000000000							
d	Was the hedge superintegrated?		X						
e	Was the hedge terminated?		X						

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		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		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		X		X	

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

Return Reference	Explanation
Date Rebate Computation Performed	Issuer Name MA Health & Educ Facil Authority - Ser G Date the Rebate Computation was Performed 09/27/2006 Issuer Name MA Health & Educ Facil Authority - Ser M2 Date the Rebate Computation was Performed 06/18/2013 Issuer Name MA Health & Educ Facil Authority - Ser IJK Date the Rebate Computation was Performed 08/24/2012

Return Reference	Explanation
Bond Issues Supplemental Information	A - MHEFA Series G Bonds Part I - Per the Official Statement, the purpose of the bond proceeds is (i) to advance refund $61,930,000 principal amount of the Authority's Revenue Bonds, Baystate Medical Center (the Institution) Issue, Series E (the "Series E Bonds"), which were issued July 11, 1996 to finance or refinance the following property owned by the Institution (a)construction of a new 104,500 gross square foot Ambulatory Care Center at 3300 Main Street, Springfield, Massachusetts, (b) construction of a new 100,000 gross square foot building to house the Ambulatory Surgery Center, Medical Library and education/conference space on the Institution's North campus located at 759 Chestnut Street, Springfield, Massachusetts, (c) renovation of various existing spaces within the Institution's North campus, (d) acquisition of equipment for the new facilities, (ii) to finance routine capital construction, renovations, and equipping of various facilities of the Institution, and (iii) to pay certain costs of issuance of the Series G Bonds B- MHEFA Series H Bonds Part I - Per the Official Statement, the purpose of the bond proceeds is (i) the construction, improvement, equipping, and other related capital expenditures of a parking garage walkway, and other related work at an existing building at 280 Chestnut Street owned and used by the Institution (the "Garage"), and (ii) the acquisition and installation of capital equipment and renovations to existing facilities of the Institution and other routine capital expenditures in connection with the Institution's hospital operations MA HEFA Series H bonds are private placement bonds and therefore, there is no CUSIP number associated with these bonds C- MHEFA Series M-2, Pool 2 Part I Per the Loan Document the purpose of the bond is to refinance Baystate Medical Center's Mass HEFA Pool J-2 Loan, which was issued February 2, 1999 to finance the acquisition and equipping of the property located at 280 Chestnut Street, Springfield, Massachusetts (the "Property"), and the renovation of the Property and existing facilities of the Institution and the acquisition of capital equipment for the Institution's existing facilities The HEFA indebtedness listed is a pool loan therefore the issue price, Parts I, II, III, IV (Lines 5-7) are being answered with respect to the Baystate Medical Center loan alone rather than with respect to proceeds loaned to other conduit borrowers The actual date of issue of the MHEFA Series M2 Bonds was 5/30/2002, and the CUSIP number shown on Form 8038 was 57585KA57 While that issue was not a refunding issue, the purpose of the loan taken by BMC was to refund prior debt, as reflected in our response to Part II, Line 14 Accordingly, Part III has not been completed, as the original project was financed with bonds issued prior to 2003 D- MHEFA Series I, J-1, J-2, K-1, K-2 Part I - Per the Official Statement, the purpose of the bond proceeds is (i) to pay a portion of the costs associated with the acquisition of land, site development, construction or alteration of buildings or the acquisition or installation of furnishings and equipment, refinancing of, or any combination of the foregoing, in connection with the construction, improvement, equipping, and other related capital expenditures of a seven-story, approximately 599,100 gross square foot primarily inpatient building located at 759 Chestnut Street, Springfield, Massachusetts, including demolition and site work, which building will be constructed by Baystate Total Home Care (BTHC) and leased to Baystate Medical Center by BTHC, (ii)for the acquisition and installation of capital equipment and renovations to existing facilities of the Medical Center and other routine capital expenditures included or to be included in the Medical Center's capital budget over the next three years for use in connection with the Medical Center's hospital operations, (iii) for the refinancing of a portion of an outstanding commercial loan in the amount of $65,000,000 made by Bank of America, N A on October 20, 2008 to the Medical Center in connection with the defeasance of the Authority's Revenue Bonds, Baystate Medical Center Issue, Series D, issued September 16, 1993, (iv) for the financing of costs associated with the issuance of bonds and, (v) financing of routine capital construction, renovations, and equipping of various facilities of Baystate Medical Center E - MA DFA Revenue Bonds, Series L Part I - Per the Official Statement, the purpose of the bond proceeds is for the construction, improvement, and other capital expenditures relating to the build-out of an equipping of certain interior space within a seven-story approximately 599,100 gross square foot primarily inpatient building owned by Baystate Total Home Care, Inc and leased to the Institution located at 759 Chestnut Street, Springfield, Masssachusetts, such build-=out to consist of space to be used for the Emergency Department of the Institution and ancillary support areas and the financing costs associated with the issuance of the bonds F - MA DFA Tax Exempt Capital Lease Part I - Per the Master Lease and Sublease Agreement, the purpose of the Tax Exempt Capital Lease is for the Acquistition of Equipment "Equipment" means the fixed and moveable personal property to be used in connection with the Sub-Lessee's health care operations identified in a Schedule executed by or pursuant to the Agency of the Lessee and the Sub-Lessee, accepted by the Lessor and acknowledged by the Escrow Agent in writing and identified as part of this Master Lease (including certain items originally financed through internal advances of the Sub-Lessee in anticipation of obtaining permanent financing through the Lessee), together with all replacement parts, additions, repairs, accessions, and accessories incorporated therein and/or affixed to such personal property and replacements and substitutions therefor and proceeds and products thereof G - MA DFA Revenue Bonds Series M - Part I - The purpose of the bond proceeds is (i) to advance refund $39,907,339 principal amount of Massachusetts Health and Education Facilities Authority's Revenue Bonds, Baystate Medical Center (the Institution) Issue, Series F (the "Series F Bonds"), issued June 12, 2002 the proceeds of which financed the Construction of a new Cancer Center with a partial third floor medical record and support area, acquisition of a surgery center facility, certain renovations and equipment acquisitions and (ii) finance costs of issuance relating to the Bond Part I and Part II, Differences between the issue price (Part I) and total proceeds (Part II, Line 3) are due to investment earnings Part III, Lines 4 and 5, Column D As the refunded bonds were issued prior to January 1, 2003, this question is being answered solely with respect to the new money portion of the bonds Part III, Lines 4 and 5, Column G As these bonds refunded debt issued prior to January 1, 2003, the organization is availing itself of the Part III reporting exemption available for such bonds Part IV, Line 2c, Column C The Issuing Authority engages an outside consultant to prepare rebate computations As of the most recent computation period, May 29, 2012 no rebate was owed The cumulative rebate amount is zero as of the outside consultant's most recent report, dated 7/7/2014 Part IV, Line 6, Column A, This question is being answered without regard to yield-restricted advance funding escrow financed with proceeds of the bonds

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Baystate Medical Center Inc

Employer identification number
04-2790311

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	MA Development Finance Agency - Ser L	04-3431814		11-02-2011	25,000,000	MA DFA Series L - See Part VI		X		X		X
B	MA Development Finance Agency - Cap Lease	04-3431814		11-02-2011	20,000,000	MA DFA Cap Lease - See Part VI		X		X		X
C	MA Development Finance Agency - Ser M	04-3431814		08-09-2012	40,137,000	MA DFA Series M - See Part VI		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	1,465,766	7,727,780	2,140,000	
2	Amount of bonds legally defeased				
3	Total proceeds of issue	25,022,063	20,013,326	40,137,000	
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	168,438		229,661	
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	24,853,625	20,013,326		
11	Other spent proceeds			39,907,339	
12	Other unspent proceeds				
13	Year of substantial completion	2012	2012	2004	

		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	X			
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		
16	Has the final allocation of proceeds been made?	X		X		X			
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		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?	X		X					
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								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X					

Part IV Arbitrage

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

Part IV Arbitrage *(Continued)*

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

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

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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
Baystate Medical Center Inc

Employer identification number
04-2790311

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
See Additional Data Table					

Part V Supplemental Information

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

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 04-2790311
Name: Baystate Medical Center Inc

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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) American Excess Insurance Exchange (AEIX)	Board Overlap	1,100,655	See Part V - Mark Tolosky, President of the filing organization is also a Member of the Board of Directors of AEIX The filing organization purchases general & professional liability insurance from AEIX		No
(2) Baycare Health Partners Inc (BHP)	Common Board Members or Officers	1,076,174	See Part V - The filing organization received payments for patient care services for which BHP is the intermediary between the filing organization and third party payer from BHP BHP is an affiliate corporation of the filing organization		No
(3) Baycare Health Partners Inc (BHP)	Common Board Members or Officers	1,555,161	See Part V - The filing organization made payments to BHP for annual support fees BHP is an affiliate corporation of the filing organization		No
(4) Baystate Health System Ambulance Inc (BHSA)	Common Board Members or Officers	107,565	See Part V - The filing organization received payments from BHSA for an employee assistance program BHSA is an affiliate corporation of the filing organization		No
(5) Baystate Health System Ambulance Inc (BHSA)	Common Board Members or Officers	337,628	See Part V - The filing organization made payments to BHSA of $235,634 for patient transport services and $101,994 for patient care services BHSA is an affiliate corporation of the filing organization		No
(6) Baystate MRI & Imaging Center LLC	Common Board Members or Officers	75,881	See Part V - The filng organization received payments from BMRI for other services BMRI is an affiliate corporation of the filing organization		No
(7) Baystate MRI & Imaging Center LLC	Common Board Members or Officers	34,956	See Part V - The filng organization made payments to BMRI for patient services BMRI is an affiliate corporation of the filing organization		No
(8) Baystate Radiology & Imaging LLC (BRI)	Common Board Members or Officers	2,015,558	See Part V - The filing organization received payments from BRI of $437,500 for partnership distributions, $178,150 for Outside Technologists, and $1,399,908 for Contracted Services BRI is an affiliate corporation of the filing organization		No
(9) Baystate Radiology & Imaging LLC (BRI)	Common Board Members or Officers	3,156	See Part V - The filing organization made payments to BRI of $3,156 for Rent BRI is an affiliate corporation of the filing organization		No
(10) Health New England Inc (HNE)	Common Board Members or Officers	117,308,166	See Part V - The filing organization received payments of $114,883,524 related to medical claims, $3,589 for support of community and quality programs and $2,421,053 in Surplus Sharing payments from HNE HNE is an affiliate corporation of the filing organization		No
(11) Ingraham Corporation (IC)	Common Board Members or Officers	97,784	See Part V - The filing organization received payments from IC for rent IC is an affiliate corporation of the filing organization		No
(12) Ingraham Corporation (IC)	Common Board Members or Officers	54,144	See Part V - The filing organization made payments to IC for lease payments IC is an affiliate corporation of the filing organization		No
(13) Western New England Renal & Transplant Associates PC(WNERTA)	Board Overlap	301,103	See Part V - Gregory L Braden, MD,and Jeffrey G Mulhern, MD are Board Members of the filing organization and Members of the Board of Directors of WNERTA The filing organization made payments to WNERTA of $71,501 for Contracted Physician Services, $185,642 for Physician Stipends, and $43,960 for patient refunds		No
(14) Western New England Renal & Transplant Associates PC(WNERTA)	Board Overlap	886	See Part V - Gregory L Braden, MD, and Jeffrey G Mulhern, MD are Board Members of the filing organization and Members of the Board of Directors of WNERTA The filing organization received payments to WNERTA of $886 for Supplemental Services		No
(15) John M O'Brien III	Family member of John M O'Brien	46,798	See Part V - Family member of John M O'Brien employed by the filing organization		No
(16) Timothy S Rice	Family member of Timothy S Rice	138,517	See Part V - Family member of Timothy S Rice is employed by the filing organization		No

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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
Baystate Medical Center Inc

Employer identification number
04-2790311

Return Reference	Explanation
Form 990, Part VI, Section A, line 1	a The filing organization has a standing executive committee, which is entitled to act between meetings of the Board, on all matters as to which the Board is entitled to act and permitted by law to delegate to a committee The members of the executive committee are the same individuals serving on the executive committee of Baystate Health, Inc b Three members of the Board of Trustees of the filing organization are not considered independent as a result of their service on the board of an affiliate of the filing organization

Return Reference	Explanation
Form 990, Part VI, Section A, line 2	Gregory L Braden, MD, Dennis W Chalke, Ruth H Constantine, John H Davis, Kristin R Delaney, John A Egelhofer, MD, Mark A Keroack, MD, John E Kole, Grace P Makari-Judson, MD, John F Maybury, Steven M Mitus, Michael F Moran, Kevin Moriarty, MD, Edward Noonan, John M O'Brien, III, Anne M Paradis, James Phaneuf, CIC, Robert L Pura, PhD, Katherine E Putnam, Timothy S Rice, James P Sadowsky, Madeline Santos, Kathleen B Scoble, Patricia A Sheldon, David C Southworth, Barbara W Stechenberg, MD, Richard B Steele, Jr , Katherine McG Sullivan, Mark R Tolosky, Howard G Trietsch, MD, and Victor Woolridge are also officers or trustees of its affiliated entities The following trustees, officers, or key employees serve on a common board of a non-affiliated entity (1)Katherine E Putnam and David Southworth, (2)John H Davis and James P Sadowsky, (3) Richard B Steele, Jr and Katherine McG Sullivan, (4) Steven M Mitus, Robert L Pura, PhD and Richard B Steele, Jr , (5) John F Maybury, David C Southworth and Mark R Tolosky, (6) John E Kole and Richard B Steele, Jr , (7) John M O'Brien, III, James R Phaneuf and Victor Woolridge, (8) Janet Egelhofer and Mark R Tolosky, (9) Steven M Mitus and David C Southworth

Return Reference	Explanation
Form 990, Part VI, Section A, line 3	Baystate Medical Center, Inc is affiliated with Baystate Administrative Services, Inc (BAS) which is a 501(c) (3) organization Information Technology, Human Resources, Finance, Treasury, Accounting and other management and support functions are delegated to BAS

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	The filing organization has one member, Baystate Health, Inc (BH)

Return Reference	Explanation
Form 990, Part VI, Section A, line 7a	The Board of Trustees of the filing organization are the same individuals serving as members of the Board of Trustees of BH with the addition of the president of the medical staff of the filing organization The Board of Trustees of BH are elected annually by the Board of Trustees of BH at their annual meeting

Return Reference	Explanation
Form 990, Part VI, Section A, line 8b	The Trustees of Baystate Medical Center, Inc (BMC) meet during certain scheduled Baystate Health, Inc (BH) board meetings The BH Board of Trustees and its committees, including the Audit and Compliance Committee, contemporaneously document meetings and actions relative to the Trust and well as the annual acceptance of the audited financial statements

Return Reference	Explanation
Form 990, Part VI, Section B, line 11	Prior to the filing of this return appropriate parts of this Form 990 were reviewed by representatives from the Tax, Finance, and Human Resources Departments of Baystate Health, Inc (the parent organization of the health care system to which the filing organization belongs), some of whom are officers or trustees of the filing organization and by outside legal counsel The entire return was reviewed by a tax expert from an outside accounting firm The entire return was also reviewed prior to filing by the Audit and Compliance Committee of Baystate Health, Inc , which also includes some of the officers and trustees of the filing organization The Form 990 was provided to all members of the Board of Trustees prior to filing

Return Reference	Explanation
Form 990, Part VI, Section B, line 12c	Baystate Health, Inc (BH) has a comprehensive conflict of interest policy which has been adopted by the filing organization All directors, trustees, officers, key employees, and highest compensated employees of BH and its affiliates are asked to complete an annual conflict of interest form We utilize an electronic database to receive and manage all conflict of interest submissions This information is reviewed by the BH Chief Compliance Officer, the BH Chief Executive Officer, the Chair of the BH Board of Trustees, and the Chair of the Audit & Compliance Committee of BH A summary of the conflict of interest disclosures is provided to the Baystate Health Board of Trustees and the Tax Department and reviewed by outside counsel Potential conflict of interest transactions are reviewed as appropriate under the policy, which provides for recusal from discussion and deliberation by any party with a potential conflict of interest

Return Reference	Explanation
Form 990, Part VI, Section B, line 15b	The compensation of the President and CEO and of other officers and key employees is reviewed and determined annually by the compensation committee of Baystate Health, Inc (The parent organization of the health care system to which the filing organization belongs), which has been appointed through board resolution as the compensation committee of the filing organization This committee consists entirely of individuals serving on the board of the filing organization and these individuals would be considered independent for compensation deliberation purposes The compensation of the President and CEO and of other officers and key employees is established based on information provided by independent third party consultants for reasonableness and appropriate comparability data The compensation is then established, reviewed and approved by the independent compensation committee of Baystate Health, Inc Line 15a has been answered No because the CEO is paid by Baystate Administrative Services, Inc , an affiliate and related organization of the filing organization Key employees are paid by the filing organization Form 990, Part VI, Section B, Line 16b Baystate Health, Inc has a joint venture policy that covers affiliated tax exempt entities including Baystate Medical Center, Inc

Return Reference	Explanation
Form 990, Part VI, Section C, line 19	The organization makes its conflict of interest policy and financial statements available to the public at www baystatehealth org Articles of organization and bylaws are generally available at the Commonwealth of Massachusetts website

Return Reference	Explanation
Form 990, Part VII, Section A, Column (B)	Individuals with reported compensation who have 10 or less average hours per week listed in Part VII, worked between 40 - 60 hours among all related entities

Return Reference	Explanation
Form 990, Part VII, Section A, Line 5	Certain officers or trustees of the filing organization are paid by an entity, Baystate Medical Practices, Inc (BMP) EIN 04-2888373, which is part of the health care system to which the filing organization belongs but does not meet the technical requirements as a "Related Organization" per Schedule R Compensation from BMP to the officers and trustees of the filing organization therefore, is reported as paid from an unrelated organization in Line 5 and according to the instructions reported as though paid by the filing organization

Return Reference	Explanation
Form 990, Part IX, line 11g	BMP Support Program service expenses 46,578,984 Management and general expenses 0 Fundraising expenses 0 Total expenses 46,578,984 Other Program service expenses 52,294,315 Management and general expenses 7,372,380 Fundraising expenses 0 Total expenses 59,666,695

Return Reference	Explanation
Form 990, Part XI, line 9	Transfer from affiliate for land, buildings and equipment 4,040,463 Transfer of funds for strategic initiative to affiliated companies -50,155,701 Transfer of funds for land, bldg & equip to affiliated companies 5,620,725 Minimum pension liability adjustment -22,289,303 Equity gain to unconsolidated affiliates 37,267 Change in value of interest in BHF-Temporarily Restricted -2,043,753 Change in value of interest in BHF-Permanently Restricted 8,387 Funds utilized for property and equipment 2,810,271

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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
Baystate Medical Center Inc

Employer identification number
04-2790311

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) Pioneer Valley Information Exchange LLC 101 Wason Avenue Suite 200 Springfield, MA 01107 04-2790311	Operation of a health information exchange and related activities	MA	0	0	Baystate Medical Center Inc

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
See Additional Data Table							

Part III **Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) 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
See Additional Data Table									

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

		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		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c		No
d Loans or loan guarantees to or for related organization(s)	1d		No
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	Yes	
j Lease of facilities, equipment, or other assets to related organization(s)	1j	Yes	
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		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n		No
o Sharing of paid employees with related organization(s)	1o		No
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
(1) Baystate Total Home Care Inc	J	11,216,109	
(2) Baystate Total Home Care Inc	I	6,617,264	

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: 04-2790311
Name: Baystate Medical Center Inc

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) Baystate Administrative Services Inc 759 Chestnut Street Springfield, MA 01199 22-2747685	Administrative services	MA	501 (c) (3)	11c, IIIc	Baystate Health Inc		No
(1) Baystate Franklin Medical Center 164 High Street Greenfield, MA 01301 04-2103575	Hospital	MA	501 (c) (3)	3	Baystate Health Inc		No
(2) Baystate Health Foundation Inc 759 Chestnut Street Springfield, MA 01199 04-3549011	Fundraising	MA	501 (c) (3)	7	Baystate Health Inc		No
(3) Baystate Health Systems Inc Health & Welfare Benefits Plan 759 Chestnut Street Springfield, MA 01199 22-2531644	Voluntary Employees' Benefit Association	MA	501 (c) (9)		Baystate Health Inc		No
(4) Baystate Health Inc 759 Chestnut Street Springfield, MA 01199 04-2105941	Healthcare System Parent	MA	501 (c) (3)	7	Baystate Health Inc		No
(5) Baystate Mary Lane Hospital Corporation 85 South Street Ware, MA 01082 04-2103584	Hospital	MA	501 (c) (3)	3	Baystate Health Inc		No
(6) Baystate Total Home Care Inc 280 Chestnut Street Springfield, MA 01199 20-3260764	Real Estate and Other	MA	501 (c) (3)	11b, II	Baystate Medical Center Inc	Yes	
(7) Visiting Nurse Assn and Hospice of Western New England Inc 50 Maple Street Springfield, MA 01199 04-2105803	Homehealth and Hospice care	MA	501 (c) (3)	9	Baystate Health Inc		No
(8) Health New England Inc Monarch Place Suite 1500 Springfield, MA 011441590 04-2864973	HMO/Insurance	MA	501 (c) (4)		Baystate Health Inc		No
(9) Baystate Wing Hospital Corporation 40 Wright Street Palmer, MA 01069 22-2519813	Hospital	MA	501 (c) (3)	3	Baystate Health Inc		No
(10) HNE of Connecticut Inc Monarch Place Suite 1500 Springfield, MA 011441590 45-5190134	HMO/Insurance	CT	501 (c) (4)		Health New England Inc		No

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal Domicile (State or Foreign Country)	(d) Direct Controlling Entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
HNE Advisory Services Inc Monarch Place Suite 1500 Springfield, MA 011441500 04-3012347	Administrative Svs	MA	Health New England Inc	C					No
HNE Insurance Services Inc Monarch Place Suite 1500 Springfield, MA 011441500 04-3183019	Ancilliary Insurance	MA	Health New England Inc	C					No
Health New England of Connecticut Monarch Place Suite 1500 Springfield, MA 011441500 06-1398662	Dormant	CT	Health New England Inc	C					No
Ingraham Corporation 759 Chestnut Street Springfield, MA 01199 04-3016257	Health care and other business activities	MA	Baystate Health Inc	C					No
Baystate Health System Ambulance Inc 759 Chestnut Street Springfield, MA 01199 04-3018550	Ambulance Svs	MA	Ingraham Corporation	C					No
BH Insurance Company Ltd North Church Street Georgetown CJ 98-0421413	Offshore captive Insurance	CJ	Baystate Health Inc	C					No
HNE Insurance Company Inc Monarch Place Suite 1500 Springfield, MA 011441500 45-4462433	Health services for Massachusetts Medicare Supplement Members	MA	Health New England Inc	C					No
HNE Holding Corporation Monarch Place Suite 1500 Springfield, MA 011441500 46-4620480	Holding shares in subsidiary corporation	MA	Health New England Inc	C					No

Baystate Health, Inc. and Subsidiaries

Consolidated Financial Statements as of and for the Years Ended September 30, 2014 and 2013, Consolidating Supplementary Financial Information as of and for the Year Ended September 30, 2014, and Independent Auditors' Report

Baystate Health, Inc. and Subsidiaries

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Deloitte

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Baystate Health, Inc

We have audited the accompanying consolidated financial statements of Baystate Health, Inc and Subsidiaries ("Baystate Health"), which comprise the consolidated statements of financial position as of September 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 consolidated financial statements

Management's Responsibility for the Consolidated 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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to Baystate Health'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 Baystate Health's internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements

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

Opinion

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

Report on Consolidating Supplementary Financial Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The consolidating supplementary financial information listed in the table of contents is presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position, results of operations, and cash flows of the individual companies, and is not a required part of the consolidated financial statements This consolidating supplementary financial information is the responsibility of Baystate Health's management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements Such consolidating supplementary financial information has been subjected to the auditing procedures applied in our audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such consolidating supplementary financial 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, such consolidating supplementary financial information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole

Deloitte & Touche LLP

December 23, 2014

Baystate Health, Inc. and Subsidiaries

Consolidated statements of financial position
as of September 30, 2014 and 2013
(In thousands)

Assets	2014	2013
Current assets:		
Cash and cash equivalents	$ 179,075	$ 144,893
Investments	327,655	342,682
Accounts receivable, patients, less allowance for uncollectible accounts of $31,547 in 2014 and $30,217 in 2013	138,689	113,697
Accounts receivable, other	36,312	33,278
Estimated final settlements receivable	15,867	28,347
Inventories	26,048	20,881
Prepaid expenses and other current assets	23,343	16,001
Total current assets	746,989	699,779
Long-term assets:		
Investments	57,842	56,377
Equity investment in unconsolidated affiliates	2,737	2,507
Notes receivable	67,846	67,050
Deferred expense and other long-term assets	20,266	16,694
Land, buildings, and equipment, net	657,095	610,749
	805,786	753,377
Assets whose use is limited:		
Board-designated funds:		
Cash and investments	255,333	234,254
Investments of captive insurance company	108,467	105,995
Investments held by trustee under debt agreements	1,297	1,335
Beneficial interest in perpetual trusts	37,388	35,118
Deferred compensation investments	35,889	30,139
	438,374	406,841
Total assets	$ 1,991,149	$ 1,859,997

Liabilities and net assets	2014	2013
Current liabilities:		
Accounts payable	$ 112,065	$ 91,517
Medical claims payable	48,573	52,954
Accrued salaries and wages	100,212	89,801
Accrued interest payable	2,251	2,247
Estimated final settlements payable	55,141	61,838
Refundable advances	515	616
Deferred revenue	14,150	10,252
Current portion of long-term debt	7,840	6,513
Current portion of capital lease obligations	3,541	3,007
Total current liabilities	344,288	318,745
Long-term debt	457,081	432,550
Capital lease obligations	9,864	12,608
Pension liability	99,502	78,552
Insurance liabiilty loss reserves	126,059	126,793
Other liabilities	42,770	38,174
Total liabilities	1,079,564	1,007,422
Net assets:		
Unrestricted:		
Operating	1,034,366	940,070
Pension adjustment	(231,272)	(193,715)
Total unrestricted	803,094	746,355
Temporarily restricted	54,611	54,775
Permanently restricted	53,880	51,445
Total net assets	911,585	852,575
Total liabilities and net assets	$ 1,991,149	$ 1,859,997

See notes to consolidated financial statements

Baystate Health, Inc. and Subsidiaries

Consolidated statements of operations
For the years ended September 30, 2014 and 2013
(In thousands)

	2014	2013
Operating revenues		
Net patient service revenue	$1,171,589	$1,099,705
Bad debts	23,918	21,736
Net patient service revenue, net of bad debts	1,147,671	1,077,969
Premiums	590,083	547,220
Other revenue	84,108	83,877
Net assets released from restrictions for operations	5,192	7,333
Total operating revenues	1,827,054	1,716,399
Operating expenses		
Salaries and wages	715,502	666,158
Supplies and expense	586,322	558,466
Medical claims and capitation	393,965	370,001
Depreciation and amortization	63,404	60,255
Interest expense	10,591	11,284
Total operating expenses	1,769,784	1,666,164
Income from operations	57,270	50,235
Non-operating income		
Investment income	5,391	7,050
Net realized gain on investments	11,807	7,188
Net unrealized gain on investments	21,446	28,561
Equity gain (loss) in unconsolidated affiliates	48	(33)
Net interest cost on swap agreements	(2,220)	(2,423)
Change in fair value of swap agreements	1,141	3,788
Net assets from acquired subsidiary	2,164	
Income taxes and other	(9,770)	(22,874)
Total non-operating income	30,007	21,257
Excess of revenues over expenses	87,277	71,492
Other changes in unrestricted net assets		
Net assets released from restrictions for capital	4,336	3,916
Funds utilized for property and equipment	2,810	-
Transfers to restricted net assets	(157)	(785)
Pension adjustment	(37,558)	92,316
Other	31	(343)
Increase in unrestricted net assets	$ 56,739	$ 166,596

See notes to consolidated financial statements

Baystate Health, Inc. and Subsidiaries

Consolidated statements of changes in net assets
For the years ended September 30, 2014 and 2013
(In thousands)

	2014	2013
Unrestricted net assets		
Excess of revenues over expenses	$ 87,277	$ 71,492
Net assets released from restrictions for capital	4,336	3,916
Funds utilized for property and equipment	2,810	-
Transfers to restricted net assets	(157)	(785)
Pension adjustment	(37,558)	92,316
Other	31	(343)
Increase in unrestricted net assets	56,739	166,596
Temporarily restricted net assets		
Restricted investment income	362	195
Net realized and unrealized gain on investments	3,603	4,644
Contributions	4,231	4,664
Transfers from unrestricted net assets	157	785
Net assets released from restrictions		
For operations	(5,192)	(7,333)
For capital	(4,336)	(3,916)
Net assets from acquired subsidiary	1,161	-
Other	(150)	28
Decrease in temporarily restricted net assets	(164)	(933)
Permanently restricted net assets		
Contributions	5	53
Change in value of perpetual trusts	47	1,229
Net assets from acquired subsidiary	2,383	-
Increase in permanently restricted net assets	2,435	1,282
Increase in net assets	59,010	166,945
Net assets — beginning of year	852,575	685,630
Net assets — end of year	$ 911,585	$ 852,575

See notes to consolidated financial statements

Baystate Health, Inc. and Subsidiaries

Consolidated statements of cash flows
For the years ended September 30, 2014 and 2013
(In thousands)

	2014	2013
Operating activities		
Increase in net assets	$ 59,010	$ 166,945
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	63,404	60,255
Accretion on notes receivable	(1,366)	(1,350)
Pension adjustment	37,558	(92,316)
Net realized and unrealized gain on investments	(35,590)	(40,865)
Provision for bad debts	24,281	24,736
Change in beneficial interest of perpetual trusts	(47)	(1,229)
Restricted contributions	(4,176)	(4,717)
Changes in equity investment of affiliate	242	(237)
Net assets from acquired subsidiary	(5,707)	-
Changes in operating assets and liabilities		
Accounts receivable, patients	(41,604)	(17,661)
Net estimated final settlements	6,153	(9,409)
Accounts payable and accrued expenses	15,567	(15,153)
Pension liability, net	(16,606)	(9,574)
Medical claims payable	(1,062)	7,840
Insurance liability loss reserves	(1,396)	23,026
Other	(15,811)	(2,427)
Net cash provided by operating activities	82,850	87,864
Investing activities		
Proceeds from sale and maturities of investments	840,604	888,384
Purchase of investments	(796,614)	(896,200)
Acquisition of BWH	(40,500)	-
Proceeds from asset sale	2,648	-
Cash acquired in acquisition of BWH	3,717	-
Purchase of land, buildings, and equipment	(71,806)	(68,681)
Net cash used in investing activities	(61,951)	(76,497)
Financing activities		
Proceeds from restricted contributions	4,176	4,717
Repayment (issuance) of notes receivable	570	(2,430)
Proceeds from debt issuance	32,245	-
Repayments of debt and capital lease obligations	(23,708)	(9,221)
Net cash provided by (used in) financing activities	13,283	(6,934)
Net increase in cash and cash equivalents	34,182	4,433
Cash and cash equivalents — Beginning of year	144,893	140,460
Cash and cash equivalents— End of year	$ 179,075	$ 144,893
Supplemental cash flow information		
Cash paid for interest	$ 10,649	$ 11,906
Capital lease obligations	$ 1,230	$ -

See notes to consolidated financial statements

1. Organization

Baystate Health, Inc ("Baystate Health" or BH), based in Springfield, Massachusetts, is the parent corporation of an integrated health care delivery system with the mission "to improve the health of the people in our community every day, with quality and compassion "

Baystate Health currently includes the following

- Baystate Medical Center, Inc (BMC), located in Springfield, Massachusetts, is the largest of the four hospitals in the Baystate Health system BMC, the leading health facility in western Massachusetts, is the only tertiary care referral medical center and Level I trauma center in the region It is also home to western New England's only neonatal and pediatric intensive care units BMC is a 710-bed, tax-exempt, not-for-profit, academic teaching hospital that serves as the western campus of Tufts University School of Medicine

- Baystate Total Home Care, Inc (BTHC), is a tax-exempt, not-for-profit corporation, which is organized to benefit, support, and further the charitable activities of BMC by holding, leasing, improving, and managing real estate held by, or acquired on behalf of, BMC BTHC serves as the operating entity in connection with the new markets tax credit financing for the BMC Expansion Project

- Baystate Franklin Medical Center, Inc (BFMC), located in Greenfield, Massachusetts, is a 90-bed, tax-exempt, not-for-profit, acute care community hospital BFMC serves the northern tier of northwestern Massachusetts and southern Vermont

- Baystate Wing Hospital Corporation (BWH), located in Palmer, Massachusetts, is a 74-bed, tax-exempt, not-for-profit, acute care community hospital acquired in 2014

- Baystate Mary Lane Hospital Corporation (BMLH), located in Ware, Massachusetts, is a 25-bed, tax-exempt, not-for-profit, acute care community hospital BMLH provides services to more than 16 central Massachusetts communities

- Baystate Medical Practices, Inc (BMP), is a tax-exempt, not-for-profit organization formed in 2010 BMP includes a multispecialty academic group practice established to support the educational and research programs of Baystate Health, as well as numerous primary care and outreach services BMP also includes community-based primary care (internists and pediatricians), medical and surgical practices, obstetrical and gynecological, and hospitalist physicians dedicated to the care and management of patients hospitalized at BH-affiliated hospitals BMP also provides preventative, diagnostic, and therapeutic health services enhancing the cardiovascular clinical, educational, community, and research activities for BH and its service area

- Baystate Visiting Nurse Association & Hospice (BVNAH) is a tax-exempt, not-for-profit organization that provides comprehensive home health care committed to providing the highest quality care to patients and families, primarily in the home setting BVNAH meets individual needs

by bringing experienced nurses, rehabilitation therapists, social workers, and home care aides to patients' homes

- Health New England, Inc (HNE), is a not-for-profit health maintenance organization located in Springfield, Massachusetts HNE's service area in Massachusetts includes Franklin, Berkshire, Hampden, and Hampshire counties, and part of Worcester County HNE also serves Hartford, Litchfield, and Tolland counties in Connecticut In 2013, HNE converted from a for-profit to a not-for-profit organization and has filed an application for tax-exempt status, which is pending with the Internal Revenue Service (IRS)

- Ingraham Corporation (IC) is a for-profit, taxable corporation that currently serves as a holding company for Baystate Health Ambulance, Inc

- Baystate Health Ambulance, Inc (BHA) is a for-profit, taxable corporation that delivered mobile critical care providing 24-hour service throughout western New England On May 24, 2014, BH exited this business line through a sale of all BHA's fixed assets to a third party

- Baystate Administrative Services, Inc (BAS), is a tax-exempt, not-for-profit corporation that provides management support for the BH subsidiaries, including human resources, marketing, strategic planning, information services, and financial services

- Baystate Health Foundation, Inc (BHF), is a tax-exempt, charitable organization established for the purpose of fund-raising for healthcare-related activities, in support, and for the benefit, of BH and those subsidiaries of BH that are tax-exempt, not-for-profit corporations, and to hold endowment, charitable donations, and other funds for their benefit

- Baystate Health Insurance Company, Ltd (BHIC), is a captive insurance company organized and licensed in the Cayman Islands, British West Indies BHIC provides professional liability and other insurance coverage to the corporate members of BH and their employees In 2004, BHIC began offering malpractice insurance to members of BH's medical staff who meet criteria for participation

2. Significant accounting policies

Principles of Consolidation — The accompanying consolidated financial statements include the accounts of BH and its subsidiaries noted above All intercompany and subsidiary accounts 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 Significant estimates are made in the areas of the allowance for uncollectible patient accounts receivable, reserve for contractual allowances, investment valuation, accruals for settlements with third-party payers, medical claims payable, accrued insurance liability loss reserves, income taxes, pension costs, and the fair value of assets acquired and liabilities assumed (see Note 3)

Net Assets — Baystate Health and its subsidiaries report net assets and revenues, expenses, gains, and losses based upon the existence or absence of donor-imposed restrictions In the accompanying consolidated financial statements, net assets that have similar characteristics have been combined into the following categories

Unrestricted — Net assets that are not subject to donor-imposed stipulations Net assets may be designated for specific purposes by action of the Board of Trustees, or may otherwise be limited by contractual agreements with outside parties

Temporarily Restricted — Net assets whose use by Baystate Health and its subsidiaries are subject to donor-imposed stipulations that can be fulfilled by actions of Baystate Health and its subsidiaries, or that expire by the passage of time At September 30, 2014 and 2013, temporarily restricted net assets consist of amounts restricted as to spending for various purposes, such as education, research, clinical, and health care programs, as well as cumulative net appreciation of permanent endowment funds which is available for governing board appropriation

Permanently Restricted — Net assets subject to donor-imposed stipulations that they be maintained permanently by Baystate Health and its subsidiaries At September 30, 2014 and 2013, permanently restricted net assets consist of the original cost of permanent endowment gifts and beneficial interests in perpetual trusts

Revenues from sources other than donor-restricted contributions are reported as increases in unrestricted net assets Expenses are reported as decreases in unrestricted net assets Gains and losses on investments are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulations or by law Expirations of temporary restrictions recognized on net assets (i e , the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications from temporarily restricted net assets to unrestricted net assets Temporary restrictions on gifts to acquire long-lived assets are considered met in the period in which the assets are acquired or placed in service

Contributions, including unconditional promises to give and grant awards, are recognized as revenues in the period received Contributions received with donor-imposed restrictions are reported as permanently or temporarily restricted revenues, depending upon the specific restriction Conditional promises to give are not recognized until the conditions on which they depend are substantially met Contributions of assets other than cash are recorded at their estimated fair values at the date of the gift Contributions to be received after one year are discounted at a risk-free rate commensurate with the expected payment term Amortization of the discount is recorded as contribution revenue in the appropriate net asset category Allowance is made for uncollectible contributions based upon management`s judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant information

Cash and Cash Equivalents — Cash and cash equivalents include all highly liquid investments with a maturity of three months or less when purchased

Investments — Investments include cash equivalents, mutual funds, fixed-income securities, as well as interests in limited partnerships and common collective trusts Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at estimated fair value in the consolidated statements of financial position The accounting for the investments held by the pension plan is discussed in Note 16

Baystate Health has also entered into partnership agreements with limited partnerships ("alternative investments"), the majority of which are in private markets, whereby they have agreed to certain capital commitments Baystate Health`s policy is to record its ownership interest in these alternative

investments of less than 5% at the lower of cost or market For those alternative investments where the ownership interest is more than 5%, the ownership interests are reported using the equity method of accounting As of September 30, 2014, approximately $28,981,000 of total capital commitments, including those held within the pension plan assets discussed in Note 16, remain outstanding Certain of the partnerships may hold some securities without readily determinable fair values and, consequently, the general partner may estimate fair value for such securities These estimates may differ significantly from the values that would have been used had a ready market existed, and may also differ significantly from the values at which such investments may be sold, and the differences could be material

Interest and dividends on investments are included in other revenue or nonoperating income in the consolidated statements of operations unless the income or loss is restricted by donor or law Realized gains and losses and unrealized gains and losses on investments are included in nonoperating income or temporarily restricted net assets, as applicable Investment-related expenses, such as custodial fees and investment fees, are netted against investment revenues and are immaterial for the years ended September 30, 2014 and 2013

Baystate Health and its subsidiaries have elected the fair value option for certain of their investments Baystate Health made this election to reflect changes in fair value of its investments, including both increases and decreases and whether realized or unrealized, in its excess of revenue over expenses Baystate Health recognized net unrealized gains on investments totaling $21,446,000 and $28,561,000 in 2014 and 2013, respectively, within the excess of revenues over expenses

Investments are included in pooled investment funds Current market value is used to determine the percent of each fund in the pool Income from investments of a pool, including gains or losses, is allocated to participating funds based on the respective fund's percentage of the pool

Inventories — Inventories are stated at the lower of cost (principally first-in, first-out method) or market

Notes Receivable — In December and May 2009, BMC loaned $31,186,783 and $32,617,500, respectively, to a third party relating to project costs of approximately $252,000,000 for the construction of a new hospital facility at 759 Chestnut Street, Springfield, Massachusetts The loans are part of a financing arrangement that utilizes new markets tax credits (NMTC) to reduce cash required by BMC to construct this new facility Each loan bears interest at 2 139% annually, with annual cash payments during the first seven years of the 33-year term based on an interest rate of 1 00% The notes are recorded as notes receivable in the consolidated statements of financial position as of September 30, 2014 and 2013

Equity Investment in Unconsolidated Affiliates — Baystate Health participates in joint ventures with 50% or less ownership, and accounts for the investment in those unconsolidated affiliates as equity investments

Deferred Expenses and Other Long-Term Assets — Deferred expenses include unamortized bond issuance expenses, which are amortized over the weighted-average terms of the bonds

Goodwill is included within other long-term assets and is assessed annually for indicators of impairment on July 1 of each year There were no such indicators in the years ended September 30, 2014 and 2013

Assets Whose Use is Limited — Assets whose use is limited include assets held by the trustee under indenture agreements and designated assets set aside by the Board of Trustees for future capital improvements and other strategic initiatives, which are in furtherance of Baystate Health and its

subsidiaries' exempt and charitable purposes Also included are investments of the captive insurance company, deferred compensation investments, and beneficial interests in perpetual trusts

Land, Buildings, and Equipment — Land, buildings, and equipment are stated at cost, less depreciation and amortization determined on the straight-line basis

Maintenance and repairs are charged to expense as incurred Betterments and major renewals are capitalized Cost of assets sold or retired and the related amounts of accumulated depreciation are eliminated from the accounts in the year of disposal, and the resulting gain or loss is included in other revenue Buildings and equipment under capital lease obligations are amortized on the straight-line method over the shorter period of the lease term or the estimated useful life Useful life is assigned in accordance with the American Hospital Association's guide, *Estimated Useful Lives of Depreciable Hospital Assets* Such amortization is included in depreciation and amortization in the consolidated financial statements Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets

Consolidated Statements of Operations — All activities of Baystate Health deemed by management to be ongoing and central to the provision of health care services are reported as operating revenues and expenses Other activities are considered nonoperating, and include board-designated investment income and realized gains and losses, unrealized gains and losses on investments, investment return on deferred compensation plan investments and related compensation expense, changes in BHIC loss reserves, equity gains and losses in unconsolidated affiliates, contributions of net assets from acquired subsidiaries, interest on swap agreements, changes in fair value of swap agreements, income taxes, and acquisition related costs associated with the purchase of BWH

The consolidated statements of operations include excess of revenues over expenses as the performance indicator Changes in unrestricted net assets, which are excluded from excess of revenues over expenses, include net assets released from restrictions for capital, transfers to restricted net assets, and the pension adjustment

Net Patient Service Revenue — Net patient service revenue is reported at estimated net realizable amounts from patients, third-party payers, and others for services rendered, and includes estimated retroactive revenue adjustments due to future audits, reviews, and investigations Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered, and such amounts are adjusted in future periods as adjustments become known or as years are no longer subject to such audits, reviews, and investigations Contracts, laws, and regulations governing Medicare, Medicaid, Blue Cross, and the Health Safety Net (HSN) programs are complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term Blue Cross and other managed care plans have negotiated with Baystate Health and its subsidiaries various forms of contractual payment rates The most common payment rates include discounted charges, per case, per diems, and fee schedules

Medicaid payment rates are negotiated between the Division of Medical Assistance and individual hospitals Medicare Prospective Payment System (PPS) regulations determine payment due acute care hospitals for inpatient services provided to Medicare beneficiaries Medicare payments for outpatient services are a blend of PPS and fee schedules

During 2014 and 2013, Baystate Health recorded adjustments to amounts accrued for settlements related to prior fiscal years The net effect of such adjustments was an increase to net patient service revenue by approximately $23,610,000 and $24,535,000 in 2014 and 2013, respectively

Medicare and Medicaid Electronic Health Record (EHR) Program — Certain health care providers can earn up to four incentive payments between federal fiscal years 2011 and 2016 if certain specific program criteria are met. The providers are required to establish an EHR system and maintain its meaningful use status for a continuous 90-day period. In subsequent years, such meaningful use must be maintained for the entire 365-day federal fiscal year. Baystate Health records the revenue related to this program when management is reasonably assured that Baystate Health has complied with the terms of the program.

Baystate Health has included approximately $6,398,000 and $8,894,000 in other revenue related to the program in fiscal years 2014 and 2013, respectively. The estimate is based on cost report data, which is subject to audit, and the amounts recognized are subject to change. Baystate Health's attestation of compliance with the meaningful use criteria is subject to audit by the federal or state government or its designee.

Premium Revenue — Premium revenue represents insurance membership contract revenue at HNE. The contracts generally cover a 12-month period and are subject to cancellation by the employer group or HNE upon 30 days' written notice. Premiums are due monthly and are recognized as revenue during the period in which HNE is obligated to provide services to members.

Health Safety Net — In April 2006, the Commonwealth of Massachusetts passed Chapter 58 of the Acts of 2006, "An Act Providing Access to Affordable, Quality, Accountable Health Care," the goal of which is to provide near-universal health insurance coverage to Massachusetts residents through a combination of Medicaid expansions, subsidized private insurance programs, insurance market reforms, and the HSN.

The HSN reimburses hospitals for uncompensated care based on actual services provided at rates approximating the PPS, subject to available funds. Like its predecessor, the Uncompensated Care Pool, the HSN is partially funded by acute hospitals through an assessment on gross charges billed to nongovernmental payers.

Charity Care and Community Support — It is the policy of Baystate Health to provide care to any patient in need of medical care, regardless of the patient's ability to pay for such care. Based upon the patient's financial capability to pay, such care is provided free of charge or at amounts below normal charges. Because amounts determined to qualify as charity care are not pursued, they are not reported as revenue. The net cost of charity care includes the direct and indirect cost of providing charity care services, offset by revenues received from indigent care pools (primarily the HSN). The cost is estimated by utilizing a ratio of cost to gross charges applied to the gross uncompensated care charges associated with providing charity care.

The costs of charity care provided during the years ended September 30, 2014 and 2013, are as follows (in thousands):

	2014	2013
HSN assessment	$ 5,452	$ 5,278
HSN receipts	(9,192)	(11,389)
Free care (at cost)	12,642	20,362
Total	$ 8,902	$ 14,251

In addition to the charity care provided to patients, Baystate Health and its subsidiaries have ongoing community outreach initiatives in the areas of health services access, education, safety, and community reinvestment The initiatives include free-standing health centers, improving school-based health services, implementing an immunization tracking system to link preschool-aged children to primary care providers, youth development programs, increasing minority employment, improving the community's health status, wellness, health and safety programs for senior citizens, and health screenings and forums

Allowance for Uncollectible Accounts — Accounts receivable are reduced by an allowance for uncollectible accounts In evaluating the collectability of accounts receivable, Baystate Health analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for uncollectible 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 uncollectible accounts For receivables associated with services provided to patients who have third-party coverage, Baystate Health analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for bad debts, if necessary For receivables associated with self-pay patients, Baystate Health 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 and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts

Baystate Health's allowance for uncollectible accounts for self-pay patients increased from 96% of self-pay accounts receivable at September 30, 2013, to approximately 100% of self-pay accounts receivable at September 30, 2014 In addition, Baystate Health's self-pay write-offs, net of recoveries decreased $285,000 from $46,818,000 for fiscal year 2013 to $46,533,000 for fiscal year 2014 Baystate Health has not changed its charity care or uninsured discount policies during fiscal year 2013 or 2014 Baystate Health does not maintain a material allowance for uncollectible accounts from third-party payers, nor did it have significant write-offs from third-party payers Baystate Health 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 who do not qualify for charity care, Baystate Health recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy)

Net patient service revenue (after contractual allowances and discounts) recognized during the years ended September 30, 2014 and 2013, from Baystate Health's major payer sources is as follows (in thousands)

	2014	2013
Medicare	$ 463,884	$ 438,706
Medicaid	240,412	215,665
Commercial and other	450,813	421,597
Self-pay	16,480	23,737
Total	$1,171,589	$1,099,705

Impairment of Long-Lived Assets — Long-lived assets to be held and used are reviewed for impairment whenever circumstances indicate that the carrying amount of an asset may not be recoverable Long-lived assets to be disposed of are reported at the lower of the carrying amount or fair value, less cost to sell

Research Grants and Contracts — Revenue related to research grants and contracts is recognized as the related costs are incurred Indirect costs relating to certain government grants and contracts are reimbursed at fixed rates negotiated with the government agencies Research grants and contracts have been accounted for as exchange transactions Amounts received in advance of incurring the related expenditures are recorded as unexpended research grants and are included with refundable advances and deferred revenue in the accompanying consolidated balance sheets

Accounting for Defined Benefit Pension and Other Postretirement Plans — Baystate Health recognizes the overfunded or underfunded status of its defined benefit and postretirement plans as an asset or liability in its consolidated balance sheets Changes in the funded status of the plans are reported as a change in unrestricted net assets presented below the excess of revenues over expenses in the consolidated statements of operations and changes in net assets in the year in which the changes occur

Income Taxes — All of Baystate Health's consolidated entities are recognized by the IRS as tax-exempt, not-for-profit organizations under Section 501(c)(3) of the Internal Revenue Code, except for BHIC, IC and its subsidiary, and HNE and its subsidiaries On December 20, 2012, HNE's shareholders voted to convert HNE from a for-profit stock corporation to a 501(c) (4) not-for-profit corporation In 2013 HNE filed an application for tax-exempt status Prior to the acquisition of BWH on September 1, 2014, BWH was exempt from income tax under UMass Memorial Healthcare's Group Exemption BWH applied through the submission of Form 1023 for stand-alone tax-exempt status pursuant to IRC Section 501(c)(3) in December, 2014

Immaterial Correction — During 2014, management concluded that the Baystate Health 457(b) deferred compensation plan (the "Plan") assets and corresponding liability to the Plan participants should be included in the consolidated financial statements The previously issued 2013 consolidated financial statements excluded the investment assets and related liability of $30,139,000 and also excluded the investment income of approximately $3,314,000 and compensation expense of the same amount with no net impact on either income from operations or the excess of revenues over expenses in the consolidated statements of operations Baystate Health does not believe the omission of these amounts was material to the 2013 consolidated financial statements, taken as a whole, but has corrected the 2013 consolidated financial statements to include such amounts and related benefit plan and asset fair value disclosures in the consolidated financial statements for the year ended September 30, 2014

3. Acquisition

Effective September 1, 2014, Baystate Health acquired Wing Memorial Hospital and Medical Centers (Wing) of Palmer, Massachusetts from UMass Memorial Healthcare Wing was renamed Baystate Wing Hospital Corporation (BWH) following the acquisition The 74 bed hospital and its five community medical centers are focused on high quality patient-centered care delivery by physicians specializing in 45 medical disciplines The acquisition of Wing is expected to have a positive impact on quality, access and affordability of healthcare in western Massachusetts Cash consideration of $40,500,000 was paid in connection with the Wing acquisition

The consolidated statement of operations for 2014 includes the operations of BWH since the date of acquisition In 2014, the consolidated statement of operations includes total operating revenues of approximately $7,480,000 related to BWH and excess of revenues over expenses of approximately $860,000

This transaction was accounted for as an acquisition in accordance with Accounting Standards Update (ASU) No 2010-07, *Not-for-profit Entities Mergers and Acquisitions*, which required the assets and liabilities of Wing to be accounted for at fair value, as of the date of acquisition The excess of the fair value of the net assets at the date of acquisition of Wing over the cash consideration paid was recognized as a contribution of net assets from acquired subsidiaries and is included in non-operating gains

The amounts assigned to Wing's major assets and liabilities at the acquisition date are as follows (in thousands)

Fair value of assets acquired	
Current assets	$ 37,448
Property, plant, and equipment	38,281
Other noncurrent assets	3,241
Total	78,970
Fair value of liabilities assumed	
Current liabilities	18,350
Long-term liabilities	14,412
Total	32,762
Fair value of net assets acquired	46,208
Purchase price	40,500
Contribution of net assets from acquired subsidiary	$ 5,708

Costs related to the acquisition totaled approximately $4,370,000 and are included in other non-operating expenses in the consolidated statement of operations

The fair value adjustments required to account for the Wing acquisition have been recorded in BWH's financial statements

4. Cash, investments, and assets whose use is limited

The composition of cash, investments, and assets whose use is limited at September 30, 2014 and 2013, is as follows (in thousands)

	2014	2013
Cash and cash equivalents	$ 158,937	$ 154,706
Mutual funds	358,479	356,554
Common collective trusts	94,898	90,559
Fixed-income securities	185,561	160,923
Limited liability investments	131,529	117,185
Alternative investments — limited partnerships	33,610	35,748
Domestic equity securities	2,544	-
Beneficial interests in perpetual trusts	37,388	35,118
	$ 1,002,946	$ 950,793

Cash, investments, and assets whose use is limited at September 30, 2014 and 2013, are included in the consolidated statements of financial position as follows (in thousands)

	2014	2013
Cash and cash equivalents	$ 179,075	$ 144,893
Investments	327,655	342,682
Long-term investments	57,842	56,377
Board-designated cash and investments	255,333	234,254
Investments of captive insurance company	108,467	105,995
Investments held by trustee under debt agreements	1,297	1,335
Beneficial interests in perpetual trusts	37,388	35,118
Deferred compensation investments	35,889	30,139
	$ 1,002,946	$ 950,793
Investment income included in other revenue	$ 11,717	$ 8,543

5. Fair value measurements

Baystate Health calculates fair value as described in ASC 820-10, *Fair Value Measurement*, to value its financial assets and liabilities, when applicable Fair value is based on 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 In order to increase consistency and comparability in fair value measurements, ASC 820-10 establishes a three-level valuation hierarchy that prioritizes observable and unobservable inputs used to measure fair value The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date The three levels are defined as follows

Level 1 — Quoted prices (unadjusted) in active markets that are accessible at the measurement date for identical assets or liabilities The fair value hierarchy gives the highest priority to Level 1 inputs

Level 2 — Observable inputs that are based on inputs not quoted in active markets, but corroborated by market data

Level 3 — Unobservable inputs are used when little or no market data is available The fair value hierarchy gives the lowest priority to Level 3 inputs

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement In determining fair value, Baystate Health utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible, as well as consider counterparty credit risk in its assessment of fair value

Financial assets and liabilities carried at fair value for the years ended September 30, 2014 and 2013, are classified in the table below in one of the three categories described above (in thousands)

	Assets at Fair Value at September 30, 2014			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 158,937	$ -	$ -	$ 158,937
Mutual funds				
Corporate bond fund	164,310	-	-	164,310
Deferred compensation investments				-
Corporate bond fund	5,421	-	-	5,421
Other	30,468	-	-	30,468
Other	151,084	7,196	-	158,280
Total mutual funds	351,283	7,196	-	358,479
Common collective trusts				
International equity	-	17,743	-	17,743
Domestic equity index funds	-	71,883	-	71,883
Commodity fund	-	5,272	-	5,272
Total common collective trusts	-	94,898	-	94,898
Limited liability investments				
Hedge funds	-	-	68,942	68,942
Emerging markets equity	-	15,693	-	15,693
International equity	-	32,559	-	32,559
Other	-	14,335	-	14,335
Total limited liability investments	-	62,587	68,942	131,529
Fixed-income securities —				
Corporate bonds & U S government securities	-	185,561	-	185,561
Total fixed-income securities	-	185,561	-	185,561
Domestic equity securities	2,544	-	-	2,544
Beneficial interests in perpetual trusts	-	-	37,388	37,388
Total assets at fair value	$ 512,764	$ 350,242	$ 106,330	969,336
Alternative investments (at cost)				33,610
Financial assets, including alternatives				$ 1,002,946
Liabilities — interest rate swap agreements	$ -	$ 5,806	$ -	$ 5,806

	Assets at Fair Value at September 30, 2013			
	Level 1	Level 2	Level 3	Total
Assets				
Cash equivalents	$ 154,706	$ -	$ -	$ 154,706
Mutual funds				
Corporate bond fund	183,405	-	-	183,405
Deferred compensation investments				
Corporate bond funds	5,185	-	-	5,185
Other	24,954	-	-	25,954
Other	136,190	6,820	-	143,010
Total mutual funds	349,734	6,820	-	356,554
Common collective trusts				
International equity	-	7,704	-	7,704
Domestic equity index funds	-	60,060	-	60,060
Commodity fund	-	22,795	-	22,795
Total common collective trusts	-	90,559	-	90,559
Limited liability investments				
Hedge funds	-	-	62,859	62,859
Emerging markets equity	-	14,290	-	14,290
International equity	-	32,367	-	32,367
Other	-	7,669	-	7,669
Total limited liability investments	-	54,326	62,859	117,185
Fixed-income securities — Corporate bonds & U S government securities	-	160,923	-	160,923
Total fixed-income securities	-	160,923	-	160,923
Beneficial interests in perpetual trusts	-	-	35,118	35,118
Total assets at fair value	$ 504,440	$ 312,628	$ 97,977	915,045
Alternative investments (at cost)				35,748
Financial assets, including alternatives				$ 950,793
Liabilities — interest rate swap agreements	$ -	$ 6,916	$ -	$ 6,916

The amounts classified in the tables above exclude assets invested in Baystate Health's defined benefit plan and limited partnership interests that Baystate Health has recorded at cost

A summary of changes in the fair value of the Level 3 assets for the years ended September 30, 2014 and 2013, is as follows (in thousands)

2014	Hedge Funds	Beneficial Interest in Perpetual Trusts	Total
Balance at beginning of year	$ 62,859	$ 35,118	$ 97,977
Unrealized gains relating to investments still held at the reporting date	5,843	1,451	7,294
Realized gain on investments sold	240	-	240
Transfers in of BWH assets	-	2,175	2,175
Sales	-	(1,356)	(1,356)
Balance at end of year	$ 68,942	$ 37,388	$ 106,330

2013	Hedge Funds	Beneficial Interest in Perpetual Trusts	Total
Balance at beginning of year	$ -	$ -	$ -
Correction of prior year classification	63,123	33,888	97,011
Unrealized gains relating to investments still held at the reporting date	3,882	1,230	5,112
Realized gain on investments sold	2,676	-	2,676
Sales	(6,822)	-	(6,822)
Balance at end of year	$ 62,859	$ 35,118	$ 97,977

2012 Leveling Disclosure Errors Corrected in 2013 — During 2013, Baystate Health determined that there were errors in the classification of certain financial instruments within the fair value hierarchy presented for September 30, 2012 The classifications have been corrected out of period at the beginning of fiscal year 2013 A summary of the corrections in as follows (in thousands)

	Increase (Decrease)
Level 1	$ (173,689)
Level 2	139,800
Level 3	97,011
Alternative investments, at cost	(63,122)

Transfers between Levels — The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another In such instances, the transfer is reported at the beginning of the reporting

period For the years ended, September 30, 2014 and 2013, there were no transfers between levels, other than the correction of the prior year disclosure errors discussed above

A summary of investments (by major class) with a reported NAV that have restrictions on Baystate Health's ability to redeem its investment at the measurement date as of September 30, 2014 and 2013, is as follows (in thousands)

	September 30, 2014		
Description of Investment	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled equity mutual funds	$112,465	Monthly	5 days
Commingled emerging markets funds	32,610	Monthly	15 days
Commingled commodity funds	19,607	Monthly	30 days
Hedge fund of funds	66,394	Annually	65–95 days
Hedge fund of funds	2,548	Every three years	65–95 days

	September 30, 2013		
Description of Investment	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled equity mutual funds	$136,627	Monthly	5 days
Commingled emerging markets funds	30,416	Monthly	15 days
Commingled commodity funds	38,995	Monthly	30 days
Commingled fixed-income funds	84,259	Monthly	30 days
Hedge fund of funds	60,540	Annually	60–65 days
Hedge fund of funds	2,319	Every three years	60–95 days

Valuation Techniques — Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs The following is a description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis There have been no changes in the methodologies used at September 30, 2014 and 2013

The fair value of investments is determined in accordance with the current fair value guidance and as described below Net asset value (NAV) would not be used as a practical expedient for fair value when it is determined to be probable that the investment would sell for an amount different than the reported net asset value In such situations, management would estimate the fair value of the investment in good faith based on the available information and will update the fair value methodology if a significant event occurs which has the potential of impacting the ultimate value of the investment

Cash Equivalents — The carrying value of cash equivalents approximates fair value as maturities are less than three months and/or include money market funds that are based on quoted prices and are actively traded

Mutual Funds — The fair values of mutual funds are based on quoted market prices or net assets value These funds are required to publish their NAV and to transact at that price The mutual funds held by Baystate Health are deemed to be actively traded

Common Collective Trusts — The fair value of common collective trusts are based on the NAV of the fund, representing the fair value of the underlying investments, which are generally securities traded on

an active market The NAV is used as a practical expedient to estimate fair value Such investments are classified as Level 2 when Baystate Health has the ability to redeem its investment in the fund at the NAV (or its equivalent) at the measurement date or within the near term and there are no other potential liquidity restrictions

Limited Partnerships — The estimated fair values of limited partnerships, for which no quoted market prices are readily available, are determined based upon the information provided by the fund managers Such information is generally based on NAV of the fund, which is used as a practical expedient to estimate fair value Baystate Health has classified certain of its investments reported at NAV as Level 2 because it has the ability to redeem its investment in the fund at the NAV per share (or its equivalent) at the measurement date or within the near term and there are no other potential liquidity restrictions Funds categorized within Level 3 are subject to a minimum holding period or lockup, cannot be redeemed at the measurement date or with 90 days thereof, are subject to redemption notice periods in excess of 90 days, or have the ability to limit the aggregate amount of shareholder redemptions The limited partnerships allocate gains, losses, and expenses to the partners based on the ownership percentage as described in the respective partnership or hedge fund agreements

Fixed-income Securities — Certain bonds are valued at the closing price reported in the active market in which the bond is traded Other bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks

Domestic Equity Securities — The fair value of domestic equity securities are principally based on quoted market prices that are traded in an active market

Beneficial Interest in Perpetual Trusts — The estimated fair values of Baystate Health's beneficial interests in perpetual trusts are determined based upon information provided by the trustees Such information is generally based on the pro rata interest in the net assets of the underlying investments The assets held in trust consist primarily of cash equivalents and marketable securities The fair values of the perpetual trusts are measured using the fair value of the assets contributed to the trusts The measurement for a beneficial interest in a perpetual trust is categorized as a Level 3 fair value measurement because Baystate Health will never receive the trust's assets

Interest Rate Swaps — Baystate Health uses inputs other than quoted prices that are observable to value the interest rate swaps Baystate Health considers these inputs to be Level 2 inputs in the context of the fair value hierarchy The fair values represent the estimated amounts Baystate Health would receive or pay to terminate agreements, taking into consideration current interest rates and the current creditworthiness of the counterparty

The following methods and assumptions were used by Baystate Health in estimating the fair value of its financial instruments that are not measured at fair value on a recurring basis for disclosures in the consolidated financial statements

Receivables and Payables — The carrying value of Baystate Health's receivables and payables approximates fair value, as maturities are short term

Long-Term Debt — The estimated fair value of Baystate Health's bonds is based on current traded value or a discounted cash flows analysis based on Baystate Health's current incremental borrowing rates for

similar types of borrowing arrangements The fair value inputs for long-term debt are considered to be Level 2

6. Pledges receivable

Pledges receivable at September 30, 2014 and 2013, are as follows (in thousands)

	2014	2013
Receivable in less than one year	$2,587	$3,388
Receivable in one to five years	1,906	3,540
Receivable in more than five years	44	-
Total pledges receivable	4,537	6,928
Less allowance for uncollectible pledges	(423)	(818)
Net pledges receivable	$4,114	$6,110

Net pledges receivable are included in accounts receivable, other on the consolidated statements of financial position

7. Land, buildings, and equipment

Details of land, buildings, and equipment at September 30, 2014 and 2013, are as follows (in thousands)

	2014	2013
Land, land improvements, and leasehold improvements	$ 47,938	$ 43,524
Buildings	761,003	711,418
Fixed equipment	98,710	96,434
Moveable equipment	559,627	517,565
Assets under capital leases	28,633	28,754
Construction in progress	19,054	11,311
	1,514,965	1,409,006
Less accumulated depreciation and amortization	(857,870)	(798,257)
Total land, buildings, and equipment — net	$ 657,095	$ 610,749

Depreciation expense for the years ended September 30, 2014 and 2013, was $63,389,000 and $59,937,000, respectively As of September 30, 2014 and 2013, the accumulated depreciation on equipment under capital lease is $15,001,000 and $12,415,000, respectively

8. Short-term obligations and commitments

Baystate Health has a 50% ownership in Baycare Health Partners, Inc ("Baycare"), a physician hospital organization Baystate Health has provided an unconditional guarantee for a $1,000,000 line of credit from a financial institution There were no amounts outstanding under the line of credit at September 30, 2014 and 2013 This line of credit expires July 30, 2015

At September 30, 2014 and 2013, a financial institution has issued irrevocable letters of credit on behalf of BHIC totaling $1,300,000. As of September 30, 2014, investments with a fair value of approximately $2,853,000 (2013 — $2,834,000) have been pledged as security for these letters of credit. The letters of credit are subject to annual renewal and there are no amounts outstanding under the letters of credit as of September 30, 2014 and 2013.

9. Leases

Baystate Health and its subsidiaries lease certain real property and equipment under noncancelable leases expiring at various dates through 2023 with varying renewal options. Rentals generally include insurance and maintenance costs.

On November 2, 2011, BMC entered into a tax-exempt lease financing agreement with the Massachusetts Development Finance Agency (MDFA) and a financial institution in the amount of $20,000,000. Proceeds from the financing were used to fund certain equipment, some of which is related to the BMC Expansion Project. Interest on the borrowing is fixed at 2.19% with principal and interest payments due monthly until maturity on November 2, 2018. This lease is classified as a capital lease and is included in the table below.

Future minimum lease payments at September 30, 2014, are as follows (in thousands):

Year Ending September 30	Capital Leases	Operating Leases
2015	$ 3,821	$ 12,626
2016	3,527	7,499
2017	3,085	4,896
2018	3,084	3,866
2019	513	3,025
Thereafter	-	1,032
Total minimum lease payments	14,030	$ 32,944
Less amount representing interest	(625)	
Present value of net minimum lease payments	13,405	
Less current portion	(3,541)	
Long-term portion	$ 9,864	

Rental expense of operating leases amounted to approximately $16,208,000 and $14,529,000 for the years ended September 30, 2014 and 2013, respectively.

10. Long-term debt

BMC and BFMC have loan agreements with the MDFA (effective October 1, 2010, Massachusetts Health and Educational Facilities Authority (MHEFA) merged into MDFA) and with the MHEFA for construction projects and equipment Long-term obligations outstanding at September 30, 2014 and 2013, consist of the following (in thousands)

	Amount Outstanding	
	2014	2013
MDFA and MHEFA issues		
BMC Series M	$ 37,997	$ 39,097
BMC Series L	23,534	24,096
BMC Series I	63,380	63,380
BMC Series J-1	45,000	45,000
BMC Series J-2	45,000	45,000
BMC Series K-1	20,045	20,045
BMC Series K-2	26,365	26,365
BMC Series M-2	7,138	7,722
BMC Series H	4,889	5,555
BFMC Series M-4A	5,937	6,362
BMC Series G	46,630	49,815
BTHC NMTC debt	107,710	107,628
	433,625	440,065
BH note payable	18,500	-
BWH note payable	13,745	-
Less original issue discount	(949)	(1,002)
Total long-term debt	464,921	439,063
Less current portion	(7,840)	(6,513)
Long-term debt, excluding current portion	$457,081	$432,550

Summary information for each issue is as follows

Series M Bonds — On August 9, 2012, BMC issued Series M MDFA Revenue Bonds in the aggregate principal amount of $40,137,000 BMC used the proceeds from the bonds to redeem 100% of Series F MHEFA Revenue Bonds, exercising an early redemption option related to the Series F obligation The bonds are subject to mandatory tender on August 8, 2022 Interest on the bonds is fixed at 2 37% through August 8, 2022, with final maturity on July 1, 2033 An average balance of $15,000,000 must be maintained or the interest rate on such bonds may be adjusted upward, not to exceed 2 97%

The Series F bonds were issued on June 1, 2002, to reimburse and fund certain capital renovation and equipment expenditures and fund the construction of a new cancer center known as the D'Amour Center for Cancer Care

Series L Bonds — On November 2, 2011, BMC issued Series L MDFA Revenue Bonds in the aggregate principal amount of $25,000,000. Proceeds from the bonds were used to fund the construction of a new emergency department in conjunction with the BMC Expansion Project. Interest on the bonds is initially fixed at 2.95% through November 1, 2021, with final maturity on July 1, 2041.

BMC Hospital Expansion MHEFA Bond Issuances — On June 25, 2009, BMC issued Series I, J-1, J-2, K-1, and K-2 MHEFA Revenue Bonds in a combined aggregate principal amount of $199,790,000. Proceeds from the bonds were used to pay off the Bank of America, NA loan of $65,000,000 (borrowed in October 2008), and fund the construction, improvement, equipping, and other related capital expenditures of a seven-story building located at 759 Chestnut Street in Springfield, Massachusetts ("BMC Expansion Project"). Details of the related MHEFA bond issuances are as follows:

Series I Bonds — BMC issued Series I MHEFA Revenue Bonds in the aggregate amount of $63,380,000. Interest rates range from 5.5% to 5.75%. Final maturity on the bonds is July 1, 2036.

Series J-1 Bonds — BMC issued Series J-1 MHEFA Revenue Bonds in the aggregate amount of $45,000,000. Interest on the bonds is variable and was 0.04% and 0.08% at September 30, 2014 and 2013, respectively. Final maturity on the bonds is July 1, 2044. The bonds are secured by an irrevocable letter of credit issued by a financial institution that terminates in January 2017.

Series J-2 Bonds — BMC issued Series J-2 MHEFA Revenue Bonds in the aggregate amount of $45,000,000. Interest on the bonds is variable and was 0.04% and 0.08% at September 30, 2014 and 2013, respectively. Final maturity on the bonds is July 1, 2044. The bonds are secured by an irrevocable letter of credit issued by a financial institution that terminates in January 2017.

Series K-1 Bonds — BMC issued Series K-1 MHEFA Revenue Bonds in the aggregate amount of $20,045,000. The bonds are subject to mandatory tender on July 1, 2013. The initial interest on the bonds is fixed at 5.0% through June 30, 2013, with final maturity on July 1, 2039.

On July 1, 2013, the Series K-1 MHEFA Revenue Bonds were purchased pursuant to the mandatory tender and remarketed on such date. The reoffering of the bonds contained a conversion of the interest rate from the long-term fixed rate to a daily rate. 0.02% at September 30, 2014, along with a provision of a letter of credit from a financial institution. The daily rate at September 30, 2013 was 0.04%. The daily interest rate is determined by the remarketing agent and the letter of credit will expire on October 1, 2016.

Series K-2 Bonds — BMC issued Series K-2 MHEFA Revenue Bonds in the aggregate amount of $26,365,000. The bonds are subject to mandatory tender on July 1, 2015. The initial interest on the bonds is fixed at 5.0% through June 30, 2015, with final maturity on July 1, 2039.

Series M-2 — On June 30, 2008, BMC entered into a loan commitment under a Capital Asset Program financed by MHEFA through the issuance of variable-rate demand Revenue Bonds, Series M-2. Proceeds of $10,158,000 were used to refund the then-outstanding Revenue Bonds, BMC Issue, Series J-2, which were issued in 1995 ("Series J-2-1995"). The Series J-2-1995 bonds were issued to reimburse and fund certain capital renovation and equipment expenditures, and fund the purchase of an office building. Interest on the Series M-2 bonds is variable, and resets weekly to reflect current market rates, and was 0.06% and 0.12% at September 30, 2014 and 2013, respectively. Final maturity of the bonds is June 15, 2023.

Series H Bonds — On January 18, 2007, BMC issued Series H MHEFA Revenue Bonds in the aggregate principal amount of $10,000,000 Proceeds from the bonds were used to reimburse and fund certain capital additions, and fund the construction of a new parking garage Interest on the bonds is variable based on monthly resets, and was 88% and 0 97% at September 30, 2014 and 2013, respectively Final maturity of the bonds is January 1, 2022

Series M-4A Bonds — On February 1, 2005, BFMC entered into a loan commitment under a Capital Asset Program financed by MHEFA through the issuance of variable rate demand Revenue Bonds, Series M-4A Proceeds of $9,100,000 were used to fund certain capital additions, renovations, and equipment expenditures related to the emergency department, radiology department, and in-patient facilities Interest on the bonds is variable, and resets weekly to reflect current market rates, and was 0 06% and 0 12% at September 30, 2014 and 2013, respectively Final maturity of the bonds is June 15, 2024

Series G Bonds — On October 27, 2005, BMC issued Series G MHEFA Revenue Bonds in the aggregate principal amount of $71,740,000 Proceeds from the bonds were used to advance refund a portion of the outstanding Revenue Bonds, BMC Issue, Series E The Series E bonds were issued to finance or refinance the following (a) construction of a new 104,500 gross square foot Ambulatory Care Center, (b) construction of a new 100,000 gross square foot building to house the Ambulatory Surgery Center, Medical Library, and education space, (c) renovation of various existing spaces within BMC, and (d) acquisition of equipment for the new facilities Series G bond proceeds were also used to finance routine capital construction, renovations, and equipping of various facilities of BMC Interest on the bonds is variable, and resets every 35 days and was 0 03% and 0 04% at September 30, 2014 and 2013, respectively Final maturity of the bonds is July 1, 2026 The bonds are secured by an irrevocable letter of credit issued by a financial institution that terminates November 13, 2017

New Markets Tax Credit Debt — In December and May 2009, BMC entered into financing arrangements with U S Bancorp Community Development Corporation ("U S Bancorp"), Banc of America Community Development Corporation ("Banc of America"), and MHIC New Markets Fund II, LLC (MHIC) to fund a portion of the costs of the construction of a new hospital facility (BMC Expansion Project) in Springfield, Massachusetts, using the New Markets Tax Credit Program ("NMTC Program") The NMTC Program is a program of the Community Development Financial Institutions Fund, a bureau of the United States Treasury The NMTC Program permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs)

In connection with the December and May 2009 financing arrangements, BMC loaned $23,580,283 and $32,617,500, respectively, to USBCDE Investment Fund XXXIII, LLC (the "Investment Fund"), a wholly owned subsidiary of U S Bancorp The notes bear interest at 2 139% annually, with annual cash payments during the first seven years of each 33-year term based on an interest rate of 1 00% Also in connection with the December 2009 financing arrangement, BMC loaned $7,606,500 to MHIC The note bears interest at 1% annually, with no cash payments during the first seven years of the 33-year term The notes are recorded as notes receivable in the consolidated statements of financial position as of September 30, 2014 and 2013

Under the December 2009 financing arrangement, BTHC has borrowed $37,692,500 from four CDEs established for the purpose of providing funds under the NMTC Program U S Bancorp through the Investment Fund controls two of the CDEs and MHIC controls the other two As of September 30, 2014 and 2013, BTHC has outstanding loans of $27,490,000 and $10,202,500 due to U S Bancorp CDEs and MHIC CDEs, respectively, related to the December 2009 financing The loans were issued in four tranches from each of the controlling entities U S Bancorp loans were issued in tranches A, B, C, and

D The U S Bancorp CDEs A loan totaled $19,886,783, the B loan $2,653,217, the C loan $3,693,500, and the D loan $1,256,500 Each of the loans has a 33-year term, and bear interest at rates ranging from 0 8911% to 1 8315% annually MHIC loans were issued in tranches A, B, Series 2, and Series 4 The MHIC CDEs A loan totaled $7,606,500, the B loan $1,366,000, the Series 2 loan $1,000,000, and the Series 4 loan $230,000 Each of the loans has a 33-year term, and bear interest at rates ranging from 1 00% to 1 935%

Under the May 2009 financing arrangement, BTHC has borrowed approximately $69,424,000 from CDEs established for the purpose of providing funds under the NMTC Program U S Bancorp, through the Investment Fund, controls four of the CDEs and Banc of America controls the other CDE As of September 30, 2014 and 2013, BTHC has outstanding loans of approximately $43,340,000 and $26,084,000 due to U S Bancorp CDEs and Banc of America CDE, respectively The loans were issued in two tranches, an A tranche and a B tranche The A loans from the U S Bancorp CDEs totaled $32,617,500, have a 33-year term, and bear interest at rates ranging from 0 816% to 1 00% annually The B loans from the U S Bancorp CDEs totaled $10,722,500, have a 33-year term, and bear interest at rates ranging from 0 5% to 1 2832% annually The A loan from the Banc of America CDE of $20,000,000 has a seven-year term and bears interest at 5 992% annually The B loan from the Banc of America-controlled CDE of $6,084,000 has a seven-year term, and provides that if there has been no default, the principal balance will be forgiven at the end of the seven-year term The B loan bears interest at 2 00% annually Interest payments are due quarterly

Certain buildings and equipment have been pledged as collateral for the borrowings

BMC recorded interest income of approximately $1,366,000 in 2014 and $1,350,000 in 2013, respectively, related to the financing arrangement agreements No interest was capitalized at BTHC in 2014 and 2013 relating to the financing arrangement agreements

In 2016, U S Bancorp may put its interest in the Investment Fund to BMC for a put price of $1,000 If U S Bancorp does not exercise its put rights, BMC may call its interest in the Investment Fund for a call price equal to the fair value of U S Bancorp's interest in the Investment Fund

Significant Debt Covenants — The bond agreements include various financial covenants, the most restrictive of which are a pledge of revenues and the maintenance of a ratio of Net Revenue Available to Meet Debt Service to Total Principal and Interest Requirements of at least 1 1 (as defined by the agreement) Baystate Health was in compliance with those covenants during the fiscal years ended September 30, 2014 and 2013

A debt service fund has been established in accordance with these agreements Debt services fund balances amounted to approximately $1,297,000 at September 30, 2014, and $1,335,000 at September 30, 2013

BH Note Payable — On August 29, 2014, BH entered into a variable rate, 10-year term loan through a financial institution in the amount of $18,500,000 The interest rate on this term-loan is equivalent to London InterBank Offered Rate (LIBOR) plus 0 475% The interest rate on this loan was 0 635% on September 30, 2014 Proceeds from the term loan were used in the financing of BH's September 1, 2014 purchase of BWH Cash and short-term investments have been pledged as collateral for this borrowing

BWH Note Payable — On September 30, 2014, BWH entered into a 10-year loan through a financial institution in the amount of $13,745,000 at a fixed rate of 3 542% Proceeds from the loan were used to repay debt held by BWH in the same amount at a rate of 5 15%

The combined aggregate future principal payments of all long-term borrowings are as follows (in thousands)

Year Ending September 30	
2015	$ 7,840
2016	28,801
2017	11,053
2018	11,638
2019	11,963
Thereafter	394,575
	$ 465,870

BMC has entered into a guaranty agreement on behalf of BFMC and BWH, respectively, in connection with outstanding MHEFA bonds and BWH term loan

The fair value of the bonds payable at September 30, 2014 and 2013, approximates $478,240,000 and $442,726,000, respectively

Interest paid was $10,649,000 and $11,906,000 for 2014 and 2013, respectively

Interest Rate Swap Agreements — BMC periodically enters into interest rate swap agreements to moderate its exposure to interest rate changes and to lower the overall cost of borrowings Gains and losses realized on termination of contracts are deferred and amortized over the remaining life of the associated contract

BMC entered into an interest rate swap agreement with a financial institution with an original notional amount of $67,470,000 The notional amount outstanding at September 30, 2014 and 2013, was $23,985,000 and $29,394,000, respectively Under the terms of the agreement, BMC pays a fixed rate of 3 26%, and receives variable payments based upon the SIFMA Rate The agreement, in effect, converts $29,394,000 of notional variable-rate debt to fixed-rate debt

In September 2005, BMC, in anticipation of the issuance of the Series G bonds, entered into an interest rate swap agreement with a financial institution with an original notional amount of $71,740,000 The notional amount outstanding at September 30, 2014 and 2013, was $46,630,000 and $49,815,000, respectively The agreement provides for the financial institution to pay variable-rate payments to BMC equal to 56 9% of one-month LIBOR plus 0 32%, and for BMC to pay the financial institution a fixed rate of 3 021% The LIBOR was 0 15% and 0 18% at September 30, 2014 and 2013, respectively The agreement, in effect, converts $46,630,000 of variable rate debt to a fixed rate of interest There are termination provisions to this contract for each party

The fair value of these agreements resulted in swap liabilities of approximately $5,806,000 and $6,916,000 at September 30, 2014 and 2013, respectively, and is included in other long-term liabilities in the consolidated statements of financial position

The net interest cost and the change in the fair value of the associated interest rate swaps are included in nonoperating income in the consolidated statements of operations

11. Interest expense

Baystate Health and its subsidiaries capitalize interest cost as part of the historical cost of acquiring certain significant qualifying assets During the years ended September 30, 2014 and 2013, interest cost was as follows (in thousands)

	2014	2013
Total interest cost	$ 10,741	$ 11,776
Net interest cost capitalized	(150)	(492)
Net interest cost expensed	$ 10,591	$ 11,284

12. Insurance liability loss reserves

Baystate Health, with the exception of HNE, addresses its professional and general liability expense, in part, by depositing funds with BHIC, which utilizes these funds to pay claims and, in part, to purchase commercial excess liability insurance The commercial insurance generally provides coverage on a "claims-made" basis Under the claims-made policies, claims based on occurrences during their term by reported subsequently will be uninsured should the policy not be renewed or replaced with other coverage Management has the intention of renewing its insurance policies in the future and believes it will have the ability to obtain such policy renewals Baystate Health and certain of its subsidiaries have also purchased excess professional and general coverage from other insurers In addition, BHIC insures the workers' compensation, employer's liability, excess workers' compensation, and long-term disability of certain of Baystate Health's subsidiaries

BHIC reinsures a portion of its risks in order to limit its exposure to losses Reinsurance contracts do not relieve Baystate Health from its obligations to policy holders Failure of reinsurers to honor their obligations could result in losses to Baystate Health Consequently, Baystate Health evaluates the financial condition of its reinsurers to minimize its exposure to significant losses from reinsurer insolvencies

Reinsurance recoverables were based on actuarial reports prepared by independent consulting actuaries At September 30, 2014, reinsurance recoverables of $13,050,000 were recorded as deferred expense and other long-term assets There were no specifically identified claims subject to reinsurance recoverables at both September 30, 2014 and September 30, 2013, or deducted from losses incurred and paid during the years then ended

Reserves have been provided with the assistance of a consulting actuary for asserted claims and for unasserted claims probable of assertion arising from both reported and unreported incidents, which are based on historical experience and existing reported incidents

Activity in the BHIC liability for losses and loss adjustment expenses for the years ended September 30, 2014 and 2013 is summarized as follows (in thousands)

	2014	2013
Balance at beginning of year	$ 16,498	$ 18,760
Incurred (recovered) related to		
Current year	3,100	3,500
Prior years	(3,480)	(3,130)
Total incurred	(380)	370
Paid related to		
Current year	(44)	(20)
Prior years	(531)	(2,612)
Total paid	(575)	(2,632)
Balance at end of year	$ 15,543	$ 16,498

13. Medical claims and capitation expense

Medical claims and capitation expense for the years ended September 30, 2014 and 2013, include the following components (in thousands)

	2014	2013
Physician and other outpatient specialty services	$ 203,213	$ 192,258
Inpatient care and same-day surgery	73,128	69,759
Pharmacy	92,973	75,987
Primary care capitation	4,416	4,265
Other medical services	17,515	17,100
Coordination of benefits	(332)	(447)
Net reinsurance losses	1,477	2,364
	392,390	361,286
Provider risk-sharing — net	1,575	8,715
Total medical claims and capitation expense	$ 393,965	$ 370,001

Activity in medical claims payable for 2014 and 2013 is as follows (in thousands)

	2014	2013
Medical claims payable		
Claims payable, beginning of year	$ 41,882	$ 38,778
Risk-sharing payable, beginning of year	11,072	6,336
	52,954	45,114
Reclassification of other medical claims payable	-	6,857
Claims incurred		
Current year	398,514	389,429
Prior years	(1,909)	2,498
	396,605	391,927
Claims paid		
Current year	(369,875)	(354,128)
Prior years	(31,111)	(36,816)
	(400,986)	(390,944)
Risk-sharing payable, end of year	13,286	11,072
Medical claims payable, end of year	35,287	41,882
Total medical claims payable	$ 48,573	$ 52,954

Amounts incurred related to prior years vary from previously estimated liabilities as the claims are ultimately settled

14. Income taxes

Income tax expense for the years ended September 30, 2014 and 2013, for HNE and its subsidiaries, was approximately $95,000 and $10,311,000, respectively Net federal and state deferred tax assets totaled approximately $40,000 and $25,000 as of September 30, 2014 and 2013, respectively There is no valuation allowance recorded

In 2013, HNE reorganized and converted to a not-for-profit corporation effective January 1, 2013 HNE has submitted an application to the IRS seeking recognition of tax exemption under Section 501(c)(4) of the Internal Revenue Code as of January 1, 2013 The IRS's review of the application is in its early stages, and they may submit questions and/or requests for additional information to HNE before it renders a decision on the application Baystate Health believes that, based on the merits of the HNE exemption request application, it is more likely than not that the IRS will grant the exemption Accordingly, Baystate Health has accounted for HNE income tax consequences on the assumption that it will become tax exempt effective January 1, 2013 HNE's income tax provision for 2013 includes approximately $5,556,000 increase in the deferred tax valuation allowance and an estimated $4,947,000 of income taxes associated with the conversion

IC and its subsidiary incurred income tax expense of approximately $405,000 and $2,000 for the years ended September 30, 2014 and 2013, respectively. As of September 30, 2014, operating loss carry forwards for federal income tax purposes totaled approximately $505,000 and $22,712,000 for IC and BMC, respectively, which expire in various years ranging from 2015 to 2033. This results in a deferred tax asset, however, because utilization of these net operating losses is not reasonably assured, IC and BMC have recorded a full valuation allowance offsetting this deferred tax asset.

15. Funds held in trust by others

Baystate Health and its subsidiaries are beneficiaries of certain perpetual trusts (the "Trusts"), from which they receive unrestricted income. Appreciation or depreciation in the value of the Trusts is recorded as an increase or decrease to permanently restricted net assets. During fiscal years 2014 and 2013, distributions from the Trusts were approximately $2,072,000 and $1,451,000, respectively, and are included in operating revenue.

16. Benefit plans

Baystate Health and certain of its consolidated subsidiaries and other ownership interests participate in a noncontributory, defined benefit cash balance retirement plan (the "plan") covering substantially all of their eligible employees.

Baystate Health's policy is to fund amounts as are necessary on an actuarial basis to provide for benefits in accordance with the Employee Retirement Income Security Act of 1974, using the accrued benefit (net credit) actuarial cost method.

The following table presents the change in the plan's projected benefit obligation, change in plan assets, and funded status of the plan as of September 30, 2014 and 2013, net of unconsolidated other ownership interest (in thousands)

	2014	2013
Change in pension obligation		
Pension obligation at beginning of year	$ 823,568	$ 906,113
Service cost	27,840	33,036
Interest cost	41,202	37,132
Actuarial loss (gain)	73,261	(109,348)
Benefits paid	(52,382)	(41,253)
Plan amendments	-	(2,112)
Pension obligation at end of year	$ 913,489	$ 823,568
Change in plan assets		
Fair value of plan assets at beginning of year	$ 744,845	$ 724,745
Actual return on plan assets	81,255	21,353
Employer contributions	40,000	40,000
Benefits paid	(52,382)	(41,253)
Fair value of plan assets at end of year	$ 813,718	$ 744,845
Funded status		
Funded status of the plan	$ (99,771)	$ (78,723)
Pension liability	$ (99,771)	$ (78,723)
Amounts recognized in unrestricted net assets consist of		
Net actuarial loss	$ 317,178	$ 292,404
Prior service credit	(84,928)	(97,925)
Pension adjustment	$ 232,250	$ 194,479

Exclusive of other ownership interest, the underfunded status of the plan at September 30, 2014, is approximately $99,502,000, the change in the pension adjustment is $37,558,000, and the total pension liability is $231,272,000

Exclusive of other ownership interest, the underfunded status of the plan at September 30, 2013, is approximately $78,552,000, the change in the pension adjustment is $92,316,000, and the total pension liability is $193,715,000

The net actuarial loss and prior service credit expected to be recognized in benefit cost in 2014 is approximately $25,375,000 and $12,997,000, respectively

The assumptions used to develop the projected benefit obligation as of September 30, 2014 and 2013, are as follows

	2014	2013
Discount rate	4 45 %	5 05 %
Rate of compensation increase	3 00	3 00

The accumulated benefit obligation was approximately $856,277,000 and $780,075,000 at September 30, 2014 and 2013, respectively

Net Periodic Pension Cost — Net pension cost for the defined benefit plan for the years ended September 30, 2014 and 2013, includes the following components (in thousands)

	2014	2013
Service cost	$ 27,840	$ 33,036
Interest cost	41,202	37,133
Expected return on plan assets	(56,242)	(57,254)
Amortization of prior service credit	(12,998)	(12,766)
Recognized net actuarial loss	23,475	30,046
Net pension cost	$ 23,277	$ 30,195

The assumptions used to determine net pension cost for the years ended September 30, 2014 and 2013, are as follows

	2014	2013
Discount rate	5 05 %	4 10 %
Expected return on plan assets	7 75	7 75
Rate of compensation increase	3 00	3 25

Plan Assets — The plan's investment objectives are to achieve long-term growth in excess of inflation, and to provide a rate of return that meets or exceeds the actuarial expected long-term rate of return on plan assets In order to minimize risk, the plan attempts to minimize the variability in yearly returns The plan diversifies its holdings among sectors, industries, and companies The target allocations of assets at September 30, 2014, were equities 30%, fixed income 40%, and other 30%

To develop the expected long-term rate of return on plan assets assumption, Baystate Health considered the historical return and the future expectations for returns for each asset class, as well as the target asset allocation of the pension investment portfolio

Baystate Health's pension plan asset allocation by asset category as of September 30, 2014 and 2013, is as follows

	2014	2013
Common and preferred equity securities	32 %	33 %
U S government and domestic fixed-income securities	40	37
Other investments	28	30
	100 %	100 %

Financial assets invested in Baystate Health's defined benefit pension plan (the "Plan"), in one of the three categories described previously, as of September 30, 2014 and 2013, are classified as follows (in thousands)

	Assets at Fair Value as of September 30, 2014			
	Level 1	Level 2	Level 3	Total
Money market	$ 1,995	$ 2,304	$ -	$ 4,299
Mutual funds				
Corporate bond fund	175,946	-	-	175,946
Other	121,177	-	-	121,177
Total mutual funds	297,123	-	-	297,123
Common collective trusts				
International equity	-	35,043	-	35,043
Domestic equity index funds	-	76,250	-	76,250
Total common collective trusts	-	111,293	-	111,293
Limited liability and partnership investments				
Private equity funds	-	-	39,786	39,786
Real estate fund	-	-	10,213	10,213
Hedge funds	-	-	127,766	127,766
International equity	-	44,301	-	44,301
Emerging markets equity	-	14,488	-	14,488
Other	-	17,383	-	17,383
Total limited liability and partnership investments	-	76,172	177,765	253,937
Fixed-income securities — U S government securities	-	132,759	-	132,759
Total assets — at fair value	$299,118	$322,528	$177,765	799,411
Pension assets — at contract value				14,307
Total pension plan assets				$813,718

	Assets at Fair Value as of September 30, 2013			
	Level 1	Level 2	Level 3	Total
Money market	$ 3,184	$ 2,562	$ -	$ 5,746
Mutual funds				
Corporate bond fund	153,979	-	-	153,979
Other	108,471	-	-	108,471
Total mutual funds	262,450	-	-	262,450
Common collective trusts				
International equity	-	18,066	-	18,066
Domestic equity index funds	-	67,420	-	67,420
Commodity fund	-	30,267	-	30,267
Total common collective trusts	-	115,753	-	115,753
Limited liability and partnership investments				
Private equity funds	-	-	37,707	37,707
Real estate fund	-	-	12,841	12,841
Hedge funds	-	-	116,585	116,585
International equity	-	60,532	-	60,532
Other	-	8,421	-	8,421
Total limited liability and partnership investments	-	68,953	167,133	236,086
Fixed-income securities — U S government securities	-	110,928	-	110,928
Total assets — at fair value	$265,634	$298,196	$167,133	730,963
Pension assets — at contract value				13,882
Total pension plan assets				$744,845

The following table sets forth a summary of changes in the fair value of the Level 3 assets for the years ended September 30, 2014 and 2013 (in thousands)

	2014 Level 3 Rollforward			
	Real Estate	Hedge Funds	Private Equity	Total
Balance at beginning of year	$ 12,841	$ 116,585	$ 37,707	$167,133
Unrealized gains relating to investments still held at the reporting date	448	11,192	1,927	13,567
Realized gain on investments sold	1,146	-	5,367	6,513
Net cash distributions	(4,282)	(11)	(8,340)	(12,633)
Purchases	60	-	3,125	3,185
Balance at end of year	$ 10,213	$ 127,766	$ 39,786	$177,765

	2013 Level 3 Rollforward				
	Real Estate	Hedge Funds	Private Equity	Emerging Markets	Total
Balance at beginning of year	$13,727	$112,234	$37,807	$20,456	$184,224
Correction of prior year error	-	-	-	(20,456)	(20,456)
Unrealized gains relating to investments still held at the reporting date	966	12,626	(908)	-	12,684
Realized gains on investments sold	521	(335)	4,308	-	4,494
Cash transfers	-	-	(313)	-	(313)
Sales	(2,373)	(7,940)	(3,187)	-	(13,500)
Balance at end of year	$12,841	$116,585	$37,707	$ -	$167,133

2012 Leveling Disclosure Errors Corrected in 2013 — During 2013, Baystate Health determined that there were errors in the classification of certain financial instruments within the fair value hierarchy presented for September 30, 2012 The classifications have been corrected out of period at the beginning of fiscal year 2013 A summary of the corrections is as follows (in thousands)

	Increase (Decrease)
Level 1	$ (167,289)
Level 2	187,745
Level 3	(20,456)

Transfers between Levels — The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another In such instances, the transfer is reported at the beginning of the reporting period During 2013, certain limited liability and partnership investments were transferred from Level 3 to Level 2 due to the expiration of redemption restrictions There were no transfers in or out from Level 3 in 2014

A summary of investments (by major class) with a reported NAV that have restrictions on the Plan's ability to redeem its investment at the measurement date as of September 30, 2014 and 2013, is as follows (in thousands)

	September 30, 2014		
Description of Investment	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled equity mutual funds	$ 130,863	Monthly	5 days
Commingled emerging markets funds	39,218	Monthly	15 days
Commingled commodity funds	17,383	Monthly	30 days
Hedge fund of funds	114,446	Annually	65-95 days
Hedge fund of funds	13,319	Every three years	65-95 days
Private market investments	49,998	*	*

	September 30, 2013		
Description of Investment	Fair Value	Redemption Frequency	Redemption Notice Period
Commingled equity mutual funds	$ 85,486	Monthly	5 days
Commingled emerging markets funds	21,252	Monthly	15 days
Commingled commodity fund	38,688	Monthly	30 days
Hedge fund of funds	116,585	Quarterly	60 days

* Liquidity data not available, funds are considered to be highly illiquid

Contributions — Baystate Health expects to contribute approximately $35,000,000 to its pension plan in 2015

Estimated Future Benefit Payments — The following approximate benefit payments, which reflect expected future service, as appropriate, are expected to be paid over the next 10 calendar years (in thousands)

Calendar Year	Pension Benefits
2015	$ 83,700
2016	62,700
2017	63,600
2018	62,400
2019	61,700
Years 2020–2024	310,500
	$ 644,600

Defined Contribution Plans — Baystate Health and certain of its consolidated subsidiaries and other ownership interest participate in a defined contribution retirement plan, which covers all employees hired after December 31, 2004 Under this plan, Baystate Health contributes up to 7 5% of the employee's compensation based on age and years of service Excluding the deferred compensation plan

discussed below, total expense under this plan was approximately $11,694,000 in 2014 and $8,016,000 in 2013

HNE provides a 401(k) retirement plan (the "Plan") Each year, employees may contribute up to 75% of pretax annual compensation, as defined in the Plan document HNE matches 100% of the first 6% of employee contributions to the Plan Additional contributions may be made by HNE at its discretion Contributions and compensation levels are subject to certain limitations under the Internal Revenue Code The Plan expense amounted to approximately $1,558,000 and $1,418,000 in 2014 and 2013, respectively

Deferred Compensation Plan — As a component of its defined contribution retirement plan, Baystate Health established a nonqualified deferred compensation plan, effective January 1, 2002, which allows certain highly compensated employees the option to defer specified amounts of their annual compensation on a pretax basis and also allows Baystate Health, at its discretion, the option to provide deferred compensation to key employees A participant in the plan is notified if a voluntary contribution is made by Baystate Health to that participant's account In addition, the participant's account is credited to reflect investment returns based on measuring investments selected by either the participant or the plan administrator in accordance with the plan document The participant has the option to take a distribution of their account in its entirety, upon severance from employment with Baystate Health Baystate Health has recorded $35,889,000 and $30,139,000 within other liabilities in the consolidated statements of financial position of as of September 30, 2014 and 2013, respectively, which represents its obligation for benefits payable under the plan All amounts of compensation deferred under the plan remain the assets of Baystate Health until paid out to a participant or his or her beneficiary Baystate Health is not required to segregate or set aside any assets to meet its obligation under the plan Baystate Health's contributions amounted to approximately $1,160,000 and $1,032,000 in 2014 and 2013, respectively

17. Concentrations of credit risk

Baystate Health and its subsidiaries grant credit without collateral to its patients, most of whom are local residents and are insured under third-party payer agreements The mix of receivables from patients and third-party payers at September 30, 2014 and 2013, is as follows

	2014	2013
Medicare	22 %	20 %
Medicaid	16	15
Blue Cross	2	1
Health maintenance organizations	38	38
Commercial	12	12
Self-pay patients	10	14
	100 %	100 %

18. Functional expenses

Baystate Health and its subsidiaries provide general health care services to residents within their geographic location Expenses related to providing these services for the years ended September 30, 2014 and 2013, are as follows (in thousands)

	2014	2013
Health care services	$1,692,025	$1,574,367
General and administrative	77,759	91,797
	$1,769,784	$1,666,164

19. Temporarily and permanently restricted net assets

Temporarily restricted net assets at September 30, 2014 and 2013, are available for the following purposes (in thousands)

	2014	2013
Research and education	$11,568	$11,705
Patient care services	43,043	43,070
Total	$54,611	$54,775

Permanently restricted net assets are invested in perpetuity, the income from which is generally expendable to support the delivery of health care services

ASC 958-205, *Endowment of Not-for-Profit Organizations*, provides guidance on the net asset classification of donor-restricted endowment funds for a not-for-profit organization that is subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act of 2006 (UPMIFA) Massachusetts enacted UPMIFA on July 2, 2009 Baystate Health is subject to ASC 958-205 disclosure requirements regarding its endowment funds

Baystate Health's endowments consist of numerous individual funds established for a variety of purposes As required by accounting principles generally accepted in the United States of America, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

Baystate Health requires the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary As a result of this interpretation, Baystate Health 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 the donor-restricted endowment funds that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure Baystate Health considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds (a) the duration and preservation of the fund, (b) the purpose of Baystate Health and the donor-restricted endowment fund, (c) general economic conditions, (d) the possible effect of inflation and deflation, (e) the expected total return from income and the appreciation of investments, and (f) the investment policies of Baystate Health

Endowment net asset composition by type of fund as of September 30, 2014 and 2013, consisted of the following (in thousands)

As of September 30, 2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 37,843	$ 16,492	$ 54,335
Board-designated endowment funds	22,920	-	-	22,920
Endowment net assets at September 30, 2014	$ 22,920	$ 37,843	$ 16,492	$ 77,255

As of September 30, 2013	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ -	$ 36,194	$ 16,327	$ 52,521
Board-designated endowment funds	22,088	-	-	22,088
Endowment net assets at September 30, 2013	$ 22,088	$ 36,194	$ 16,327	$ 74,609

For the year ended September 30, 2014, Baystate Health had the following endowment-related activities (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at October 1, 2013	$22,088	$36,194	$16,327	$74,609
Investment return				
Investment income	167	80	-	247
Net appreciation	1,578	3,741	-	5,319
Total investment return	1,745	3,821	-	5,566
Contributions	102	-	5	107
Net asset reclassifications	-	(31)	-	(31)
Transferred in - Wing acquisition	-	-	160	160
Amounts appropriated for expenditures	(1,015)	(2,141)	-	(3,156)
Total change in endowment funds	832	1,649	165	2,646
Endowment net assets at September 30, 2014	$22,920	$37,843	$16,492	$77,255

For the year ended September 30, 2013, Baystate Health had the following endowment-related activities (in thousands)

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets at October 1, 2012	$20,938	$33,926	$16,273	$71,137
Investment return				
Investment income	135	323	-	458
Net appreciation	1,865	4,449	-	6,314
Total investment return	2,000	4,772	-	6,772
Contributions	171	-	54	225
Net asset reclassifications	-	(66)	-	(66)
Amounts appropriated for expenditures	(1,021)	(2,438)	-	(3,459)
Total change in endowment funds	1,150	2,268	54	3,472
Endowment net assets at September 30, 2013	$22,088	$36,194	$16,327	$74,609

Baystate Health's investment and spending policies for endowment assets are intended to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets Endowment assets include those assets of donor-restricted funds that Baystate Health must hold in perpetuity or for a donor-specified term Under this policy, as approved by the Board of Trustees, the endowment assets are invested in a manner that will generate an 8 5% over the long-term Actual returns in any given year may vary from this amount

To satisfy its long-term rate-of-return objectives, Baystate Health relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends) Baystate Health targets a diversified asset allocation that consists of equities, fixed income, and alternative investments

Baystate Health has a policy of appropriating for distribution each year, no more than 5% of its endowment funds' current fair value In establishing this policy, Baystate Health considered the long-term expected return on its endowments

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires Baystate Health to retain as a fund of perpetual duration There was no deficiency of this nature at September 30, 2014 and 2013

20. State surplus revenue retention

Through September 30, 2014, BMC had no surplus in excess of the Commonwealth of Massachusetts regulations governing the excess of state revenues over expenses for not-for-profit organizations The total deficit attributable to state contracting for BMC was approximately $137,000 (2013 — $82,000) As of September 30, 2014, the cumulative deficit attributable to state contracting of approximately $6,399,000 is included in the unrestricted net assets of BMC

21. Subsequent events

On October 1, 2014, BMC issued Series N MDFA Revenue Bonds in the aggregate principal amount of $55,115,000. The proceeds from the bonds will finance the build out of inpatient rooms, operating rooms, inpatient pharmacy, medical equipment, information technology equipment, and other capital projects. The bonds are 30 year bonds with final maturity on July 1, 2044. In connection with the construction project, BMC has entered into a construction contract in the amount of approximately $39,773,000.

On December 1, 2014, BFMC issued Series A MDFA Revenue Bonds in the aggregate principal amount of $22,000,000. The proceeds from the bonds will finance the construction of a new surgical unit at BFMC. The bonds are 30 years bonds with final maturity on December 4, 2044. BMC has entered into a guaranty agreement on behalf of BFMC in connection with this bond. In connection with the construction project, BFMC has entered into a construction contract in the amount of approximately $17,035,000.

Subsequent events have been evaluated for potential recognition in the consolidated financial statements through December 23, 2014, which is the date the consolidated financial statements were issued.

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Consolidating Supplementary Financial Information

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Assets
September 30, 2014
(In Thousands)

Assets	Consolidated BMC	BFMC	BWH	BMLH	BMP	BVNAH	HNE	Consolidated IC	Other Entities	Elim. & Reclass	Consolidated Total
Current assets											
Cash and cash equivalents	$ 88,375	$ 9,413	$ 5,289	$ 2,492	$ 1,987	$ 702	$ 36,137	$3,820	$ 30,860	$ -	$ 179,075
Investments	184,556	-	8,724	2,266	-	-	112,076	-	20,033	-	327,655
Accounts receivable, patients, net	105,880	9,186	8,235	2,802	17,522	4,484	-	(6)	-	(9,414)	138,689
Accounts receivable, other	5,051	114	337	49	6,670	26	16,063	106	7,896	-	36,312
Estimated final settlements receivable	13,196	658	1,614	399	-	-	-	-	-	-	15,867
Inventories	23,289	1,366	616	739	-	-	-	-	38	-	26,048
Prepaid expenses and other current assets	6,344	279	187	150	1,993	68	2,854	9	11,459	-	23,343
Due from affiliated companies	32,081	722	825	144	3,096	110	-	84	16,163	(53,225)	-
Line of credit, affiliate	-	-	-	-	-	-	-	-	1,580	(1,580)	-
Total current assets	458,772	21,738	25,827	9,041	31,268	5,390	167,130	4,013	88,029	(64,219)	746,989
Long-term investments											
Investments	-	-	-	-	-	-	492	-	57,470	(120)	57,842
Equity investment in consolidated for-profit subsidiaries	-	-	-	-	-	-	-	-	49,462	(49,462)	-
Equity investment in unconsolidated affiliates	1,946	455	-	-	-	-	-	-	336	-	2,737
Notes receivable	67,846	-	-	-	-	-	-	-	-	-	67,846
Beneficial interest in net assets of BHF	16,664	10,945	-	744	-	606	-	-	-	(28,959)	-
Deferred expense and other long-term assets	5,294	30	930	-	-	-	40	-	13,972	-	20,266
Land, buildings, and equipment, net	559,398	33,428	38,267	8,922	9,980	2,087	2,597	1,920	496	-	657,095
	651,148	44,858	39,197	9,666	9,980	2,693	3,129	1,920	121,736	(78,541)	805,786
Assets whose use is limited											
Board-designated funds											
Cash and investments	214,435	-	10,881	-	-	-	-	-	30,017	-	255,333
Beneficial interest in net assets of BHF	-	-	-	189	-	356	-	-	1,860	(2,405)	-
Due from unrestricted funds	1,056	-	-	-	-	-	-	-	-	(1,056)	-
Investments of captive insurance company	-	-	-	-	-	-	-	-	108,467	-	108,467
Investments held by trustee under bond indenture agreements	1,200	97	-	-	-	-	-	-	-	-	1,297
Beneficial interest in perpetual trusts	-	-	2,175	-	-	-	-	-	35,213	-	37,388
Beneficial interest in net assets of BHF	1,374	5,089	-	7,037	-	949	-	-	20,764	(35,213)	-
Deferred compensation investments	-	-	-	-	-	-	-	-	35,889	-	35,889
	218,065	5,186	13,056	7,226	-	1,305	-	-	232,210	(38,674)	438,374
Total assets	$1,327,985	$71,782	$78,080	$25,933	$41,248	$9,388	$170,259	$5,933	$441,975	$(181,434)	$1,991,149

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Liabilities and Net Assets
September 30, 2014
(In Thousands)

Liabilities and net assets (deficit)	Consolidated BMC	BFMC	BWH	BMLH	BMP	BVNAH	HNE	Consolidate IC	Other Entities	Elim. & Reclass	Consolidated Total
Current liabilities											
Accounts payable	$ 51,078	$ 3,592	$ 6,971	$ 1,133	$ 7,338	$ 1,406	$ 22,062	$ 303	$ 18,084	$ 98	$ 112,065
Medical claims payable	-	-	-	-	-	-	57,987	-	-	(9,414)	48,573
Accrued salaries and wages	45,785	4,136	3,315	1,401	27,424	1,572	4,149	25	12,405	-	100,212
Accrued interest payable	2,251	-	-	-	-	-	-	-	-	-	2,251
Estimated final settlements payable	44,713	2,940	4,976	1,610	-	902	-	-	-	-	55,141
Refundable advances	515	-	-	-	-	-	-	-	-	-	515
Deferred revenue	954	170	22	143	280	671	11,565	40	305	-	14,150
Current portion of long-term debt	6,306	446	348	-	-	-	-	-	740	-	7,840
Current portion of capital lease obligations	3,541	-	-	-	-	-	-	-	-	-	3,541
Due to affiliated companies	3,391	1,785	307	849	22,603	1,766	7,742	1,029	12,913	(52,385)	-
Line of credit, affiliate	-	-	-	-	722	-	-	858	-	(1,580)	-
Due to board-designated funds	-	-	-	-	-	-	-	-	1,056	(1,056)	-
Total current liabilities	158,534	13,069	15,939	5,136	58,367	6,317	103,505	2,255	45,503	(64,337)	344,288
Long-term debt	420,428	5,491	13,402	-	-	-	-	-	17,760	-	457,081
Capital lease obligations	9,864	-	-	-	-	-	-	-	-	-	9,864
Pension liability	53,173	9,335	-	2,055	20,071	2,326	-	1,283	11,259	-	99,502
Insurance liability loss reserves	7,329	144	663	51	9,044	63	-	-	28,593	80,172	126,059
Deposit liability	-	-	-	-	-	-	-	-	84,492	(84,492)	-
Other liabilities	5,775	-	1,011	-	-	-	-	-	35,984	-	42,770
Total liabilities	655,103	28,039	31,015	7,242	87,482	8,706	103,505	3,538	223,591	(68,657)	1,079,564
Net assets (deficit)											
Unrestricted											
Operating	790,227	45,466	43,523	15,012	1,190	3,453	66,754	4,526	104,224	(40,009)	1,034,366
Pension adjustment	(135,383)	(17,757)	-	(4,102)	(47,424)	(4,327)	-	(2,131)	(20,148)	-	(231,272)
Unrestricted	654,844	27,709	43,523	10,910	(46,234)	(874)	66,754	2,395	84,076	(40,009)	803,094
Temporarily restricted	13,849	7,438	1,209	574	-	181	-	-	59,665	(28,305)	54,611
Permanently restricted	4,189	8,596	2,333	7,207	-	1,375	-	-	74,643	(44,463)	53,880
Total net assets (deficit)	672,882	43,743	47,065	18,691	(46,234)	682	66,754	2,395	218,384	(112,777)	911,585
Total liabilities and net assets (deficit)	$1,327,985	$ 71,782	$78,080	$25,933	$ 41,248	$ 9,388	$170,259	$ 5,933	$441,975	$(181,434)	$1,991,149

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Operations
For the Year Ended September 30, 2014
(In Thousands)

	Consolidated BMC	BFMC	BWH	BMLH	BMP	BVNAH	HNE	Consolidated IC	Other Entities	Elim. & Reclass	Consolidated Total
Operating revenues											
Net patient service revenue	$ 994,184	$80,663	$ 6,454	$24,735	$154,867	$22,680	$ -	$4,774	$ -	$(116,768)	$1,171,589
Bad debts	14,769	2,039	354	1,217	5,527	12	-	-	-	-	23,918
Net patient service revenue, net of bad debts	979,415	78,624	6,100	23,518	149,340	22,668	-	4,774	-	(116,768)	1,147,671
Premiums	-	-		-	-	-	587,452	-	2,631	-	590,083
Other revenue	69,309	4,262	1,380	2,519	87,053	766	-	3,353	123,320	(207,854)	84,108
Net assets released from restrictions for operations	2,106	345	-	32	181	167	-	-	4,703	(2,342)	5,192
Total operating revenues	1,050,830	83,231	7,480	26,069	236,574	23,601	587,452	8,127	130,654	(326,964)	1,827,054
Operating expenses											
Salaries and wages	381,316	33,276	3,318	11,584	184,987	13,328	35,187	2,709	49,797	-	715,502
Supplies and expense	534,075	43,818	2,915	14,639	76,755	10,731	32,826	3,265	74,212	(206,914)	586,322
Medical claims and capitation	-	-	-	-	-	-	514,015	-	-	(120,050)	393,965
Depreciation and amortization	53,967	4,226	286	1,362	1,321	269	1,535	275	163	-	63,404
Interest expense	10,429	134	2	-	7	-	-	8	11	-	10,591
Total operating expenses	979,787	81,454	6,521	27,585	263,070	24,328	583,563	6,257	124,183	(326,964)	1,769,784
Income (loss) from operations	71,043	1,777	959	(1,516)	(26,496)	(727)	3,889	1,870	6,471	-	57,270
Non-operating income (expense)											
Investment income	4,054	-	(11)	37	-	-	-	-	530	781	5,391
Net realized gain (loss) on investments	7,738	-	23	-	-	10	2,322	-	788	926	11,807
Net unrealized gain (loss) on investments	14,487	-	(111)	28	-	12	(228)	-	4,816	2,442	21,446
Equity gain in consolidated for-profit subsidiaries	-	-	-	-	-	-	-	-	2,058	(2,058)	-
Equity gain in unconsolidated affiliates	37	-	-	-	-	-	-	-	11	-	48
Net interest cost on swap agreements	(2,220)	-	-	-	-	-	-	-	-	-	(2,220)
Change in fair value of swap agreements	1,141	-	-	-	-	-	-	-	-	-	1,141
Net assets from acquired subsidiary	-	-	-	-	-	-	-	-	2,164	-	2,164
Income taxes and other	-	-	-	-	-	(14)	193	(405)	(8,661)	(883)	(9,770)
Total non-operating income (expense)	25,237	-	(99)	65	-	8	2,287	(405)	1,706	1,208	30,007
Excess (deficiency) of revenues over expenses	96,280	1,777	860	(1,451)	(26,496)	(719)	6,176	1,465	8,177	1,208	87,277
Other changes in unrestricted net assets											
Net assets released from restrictions for capital	4,041	165	-	70	-	-	-	-	-	60	4,336
Funds utilized for property and equipment	2,810	-	-	-	-	-	-	-	-	-	2,810
Transfers for the cost of land, buildings, and equipment	5,621	869	-	-	2,785	-	-	-	(9,215)	(60)	-
Transfers (to) from affiliated companies, net	(50,156)	-	-	1,579	20,144	-	5,000	-	23,276	-	(157)
Pension adjustment	(22,289)	(2,360)	-	(804)	(7,929)	(639)	-	(266)	(3,271)	-	(37,558)
Net assets from acquired subsidiary	-	-	42,663	-	-	-	-	-	-	(42,663)	-
Other	-	-	-	-	-	-	-	-	31	-	31
Increase (decrease) in unrestricted net assets	$ 36,307	$ 451	$43,523	$ (606)	$ (11,496)	$ (1,358)	$ 11,176	$1,199	$ 18,998	$ (41,455)	$ 56,739

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Changes in Net Assets
For the Year Ended September 30, 2014
(In Thousands)

	Consolidated BMC	BFMC	BWH	BMLH	BMP	BVNAH	HNE	Consolidated IC	Other Entities	Elim. & Reclass	Consolidated Total
Unrestricted net assets											
Excess (deficiency) of revenues over expenses	$ 96,280	$ 1,777	$ 860	$ (1,451)	$ (26,496)	$ (719)	$ 6,176	$ 1,465	$ 8,177	$ 1,208	$ 87,277
Net assets released from restrictions for capital	4,041	165	-	70	-	-	-	-	-	60	4,336
Funds utilized for property and equipment	2,810	-	-	-	-	-	-	-	-		2,810
Transfers for the cost of land, buildings, and equipment	5,621	869	-	-	2,785	-	-	-	(9,215)	(60)	-
Transfers (to) from affiliated companies, net	(50,156)	-	-	1,579	20,144	-	5,000	-	23,276	-	(157)
Pension adjustment	(22,289)	(2,360)	-	(804)	(7,929)	(639)	-	(266)	(3,271)	-	(37,558)
Net assets of acquired subsidiary	-	-	42,663	-	-	-	-	-	-	(42,663)	-
Other	-	-	-	-	-	-	-	-	31	-	31
Increase (decrease) in unrestricted net assets	36,307	451	43,523	(606)	(11,496)	(1,358)	11,176	1,199	18,998	(41,455)	56,739
Temporarily restricted net assets											
Restricted investment income	-	-	-	-	-	-	-	-	362	-	362
Net realized and unrealized gain on investments	-	-	-	-	-	-	-	-	3,603	-	3,603
Contributions	-	-	60	-	-	-	-	-	4,171	-	4,231
Transfers for the cost of land, buildings, and equipment	-	-	-	-	-	-	-	-	(4,239)	4,239	-
Transfers from affiliated companies, net	-	-	-	-	-	-	-	-	(118)	275	157
Net assets released from restrictions											
For operations	-	-	(3)	-	-	-	-	-	(5,192)	3	(5,192)
For capital	-	-	(9)		-	-	-	-	-	(4,327)	(4,336)
Change in value of beneficial interest in net assets of BHF	(2,044)	359	-	61	-	40	-	-	-	1,584	-
Net assets of acquired subsidiary	-	-	1,161	-	-	-	-	-	1,210	(1,210)	1,161
Other	-	-	-	-	-	-	-	-	116	(266)	(150)
(Decrease) increase in temporarily restricted net assets	(2,044)	359	1,209	61	-	40	-	-	(87)	298	(164)
Permanently restricted net assets											
Contributions	-	-	-	-	-	-	-	-	5	-	5
Change in value of perpetual trusts	-	-	(50)	-	-	-	-	-	95	2	47
Change in value of beneficial interest in net assets of BHF	8	54	-	76	-	(4)	-	-	(38)	(96)	-
Net assets of acquired subsidiary, net	-	-	2,383	-	-	-	-	-	2,334	(2,334)	2,383
Increase (decrease) in permanently restricted net assets	8	54	2,333	76	-	(4)	-	-	2,396	(2,428)	2,435
Increase (decrease) in net assets	34,271	864	47,065	(469)	(11,496)	(1,322)	11,176	1,199	21,307	(43,585)	59,010
Net assets (deficit) at beginning of year	638,611	42,879	-	19,160	(34,738)	2,003	55,578	1,196	197,077	(69,191)	852,575
Net assets (deficit) at end of year	$672,882	$43,743	$47,065	$18,691	$ (46,234)	$ 681	$66,754	$2,395	$218,384	$ (112,776)	$911,585

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Cash Flows
For the Year Ended September 30, 2014
(In Thousands)

	Consolidated BMC	BFMC	BWH	BMLH	BMP	BVNAH	HNE	Consolidate IC	Other Entities	Elim. & Reclass.	Consolidated Total
Operating activities											
Increase (decrease) in net assets	$ 34,271	$ 864	$ 860	$ (469)	$ (11,496)	$ (1,321)	$ 11,176	$ 1,198	$ 21,307	$ 2,620	$ 59,010
Adjustments to reconcile increase (decrease) in net assets to cash provided by (used in) operating activities											
Depreciation and amortization	53,967	4,226	286	1,362	1,321	269	1,535	275	163	-	63,404
Accretion on notes receivable	(1,366)	-	-	-	-	-	-	-	-	-	(1,366)
Pension adjustment	22,289	2,360	-	804	7,929	639	-	266	3,271	-	37,558
Net realized and unrealized loss (gain) on investments	(24,079)	-	88	(29)	-	(20)	(2,094)	-	(6,088)	(3,368)	(35,590)
Bad debts	14,769	2,038	354	1,217	5,527	12	-	364	-	-	24,281
Change in beneficial interest in perpetual trusts	-	-	48	-	-	-	-	-	(95)	-	(47)
Restricted contributions	-	-	-	-	-	-	-	-	(4,176)	-	(4,176)
Net assets from acquired subsidiary	-	-	-	-	-	-	-	-	(5,707)	-	(5,707)
Transfers for the cost of land, buildings, and equipment	(5,621)	(1,034)	-	(70)	2,785	-	-	-	13,590	(9,650)	-
Changes in equity investment of affiliate	242	-	-	-	-	-	-	-	(2,058)	2,058	242
Changes in operating assets and liabilities											
(Increase) decrease in accounts receivable, patients	(34,776)	(3,618)	(921)	(1,552)	(9,566)	(537)	-	(48)	-	9,414	(41,604)
Net change in estimated final settlements	2,608	(4)	3,730	194	-	(375)	-	-	-	-	6,153
Change in accounts payable and accrued expenses	8,095	426	(2,101)	226	3,658	280	(1,990)	(410)	3,158	4,225	15,567
Change in accrued pension liability, net	(9,854)	(1,044)	-	(356)	(3,506)	(283)	-	(117)	(1,446)	-	(16,606)
Increase (decrease) in medical claims payable	-	-	-	-	-	-	8,352	-	-	(9,414)	(1,062)
Transfers to (from) affiliated companies, net	50,156	-	-	(1,579)	(20,144)	-	(5,000)	-	(23,156)	(277)	-
Increase (decrease) in insurance liability loss reserves	523	(1)	-	(9)	276	5	-	-	1,282	(3,472)	(1,396)
Other	(12,563)	(437)	(541)	375	8,528	1,525	4,883	(920)	(12,638)	(4,023)	(15,811)
Net cash provided by (used in) operating activities	98,661	3,776	1,803	114	(14,688)	194	16,862	608	(12,593)	(11,887)	82,850
Investing activities											
Proceeds from sale and maturities of investments	634,286	(24)	57	7,787	-	-	40,282	-	154,848	3,368	840,604
Purchase of investments	(606,913)	-	(16)	(7,811)	-	20	(43,521)	-	(138,373)	-	(796,614)
Acquisition of BWH	-	-	-	-	-	-	-	-	(40,500)	-	(40,500)
Proceeds from asset sale	-	-	-	-	-	-	-	2,648	-	-	2,648
Purchase of land, buildings, and equipment, net	(59,332)	(4,812)	(273)	(1,118)	(3,717)	(102)	(1,245)	(1,115)	(92)	-	(71,806)
Transfers for the cost of land, buildings, and equipment	5,621	1,034	-	70	(2,785)	-	-	-	(13,590)	9,650	-
Cash acquired in acquisition of BWH	-	-	3,717	-	-	-	-	-	-	-	3,717
Change in beneficial interest in net assets of BHF	2,036	(413)	-	(149)	-	(47)	-	-	(19)	(1,408)	-
Net cash (used in) provided by investing activities	(24,302)	(4,215)	3,485	(1,221)	(6,502)	(129)	(4,484)	1,533	(37,726)	11,610	(61,951)
Financing activities											
Proceeds from restricted contributions	-	-	-	-	-	-	-	-	4,176	-	4,176
Transfers (to) from affiliated companies, net	(50,156)	-	-	1,579	20,144	-	5,000	-	23,156	277	-
Repayment of notes receivable	570	-	-	-	-	-	-	-	-	-	570
Change in line of credit, affiliate	-	-	-	-	(94)	-	-	(136)	230	-	-
Proceeds from debt issuance		-	13,745	-	-	-	-	-	18,500	-	32,245
Repayment of long-term debt	(9,539)	(425)	(13,744)	-	-	-	-	-	-	-	(23,708)
Net cash (used in) provided by financing activities	(59,125)	(425)	1	1,579	20,050	-	5,000	(136)	46,062	277	13,283
Net increase (decrease) in cash and cash equivalents	15,234	(864)	5,289	472	(1,140)	65	17,378	2,005	(4,257)	-	34,182
Cash and cash equivalents at beginning of year	73,141	10,277	-	2,020	3,127	637	18,759	1,815	35,117	-	144,893
Cash and cash equivalents at end of year	$ 88,375	$ 9,413	$ 5,289	$ 2,492	$ 1,987	$ 702	$ 36,137	$ 3,820	$ 30,860	$ -	$ 179,075

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Assets — Baystate Medical Center and Subsidiary
As of September 30, 2014
(In Thousands)

Assets	BMC	BTHC	Elim. & Reclass	Consolidated Total
Current assets				
Cash and cash equivalents	$ 87,854	$ 521	$ -	$ 88,375
Investments	184,556	-	-	184,556
Accounts receivable, patients, net	105,880	-	-	105,880
Accounts receivable, other	5,051	-	-	5,051
Estimated final settlements receivable	13,196	-	-	13,196
Inventories	23,289	-	-	23,289
Prepaid expenses and other current assets	6,344	25	(25)	6,344
Due from affiliated companies	51,026	-	(18,945)	32,081
Total current assets	477,196	546	(18,970)	458,772
Long-term investments				
Equity investment in unconsolidated affiliates	1,946	-	-	1,946
Note receivable	196,619	-	(128,773)	67,846
Beneficial interest in net assets of BHF	16,664	-	-	16,664
Deferred expense	4,106	1,188	-	5,294
Land, buildings, and equipment, net	320,970	243,701	(5,273)	559,398
	540,305	244,889	(134,046)	651,148
Assets whose use is limited				
Board-designated funds				
Cash and investments	214,435	-	-	214,435
Due from unrestricted funds	1,056	-	-	1,056
Investments held by trustee under bond indenture agreements	923	277	-	1,200
Beneficial interest in net assets of BHF	1,374	-	-	1,374
	217,788	277	-	218,065
Total assets	$1,235,289	$245,712	$(153,016)	$1,327,985

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Liabilities and Net Assets — Baystate Medical Center and Subsidiary
September 30, 2014
(In Thousands)

Liabilities and net assets (deficit)	BMC	BTHC	Elim. & Reclass	Consolidated Total
Current liabilities				
Accounts payable	$ 51,078	$ -	$ -	$ 51,078
Accrued salaries and wages	45,785	-	-	45,785
Accrued interest payable	1,730	2,111	(1,590)	2,251
Estimated final settlements payable	44,713	-	-	44,713
Refundable advances	515	-	-	515
Deferred revenue	979	-	(25)	954
Current portion of long-term debt	6,306	-	-	6,306
Current portion of capital lease obligations	3,541			3,541
Due to affiliated companies	3,391	18,945	(18,945)	3,391
Total current liabilities	158,038	21,056	(20,560)	158,534
Long-term debt	312,719	234,892	(127,183)	420,428
Capital lease obligations	9,864	-	-	9,864
Pension liability	53,173	-	-	53,173
Insurance liability loss reserves	7,329	-	-	7,329
Other liabilities	5,775	-	-	5,775
Total liabilities	546,898	255,948	(147,743)	655,103
Net assets (deficit)				
Unrestricted				
Operating	805,736	(10,236)	(5,273)	790,227
Pension adjustment	(135,383)	-	-	(135,383)
Unrestricted	670,353	(10,236)	(5,273)	654,844
Temporarily restricted	13,849	-	-	13,849
Permanently restricted	4,189	-	-	4,189
Total net assets (deficit)	688,391	(10,236)	(5,273)	672,882
Total liabilities and net assets (deficit)	$1,235,289	$245,712	$(153,016)	$1,327,985

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Operations — Baystate Medical Center and Subsidiary
For the Year Ended September 30, 2014
(In Thousands)

	BMC	BTHC	Elim. & Reclass	Consolidated Total
Operating revenues				
Net patient service revenue	$ 994,184	$ -	$ -	$ 994,184
Bad debts	14,769	-	-	14,769
Net patient service revenue, net of bad debts	979,415	-	-	979,415
Other revenue	75,832	11,216	(17,739)	69,309
Net assets released from restrictions for operations	2,106	-	-	2,106
Total operating revenues	1,057,353	11,216	(17,739)	1,050,830
Operating expenses				
Salaries and wages	381,316	-	-	381,316
Supplies and expense	545,243	148	(11,316)	534,075
Depreciation and amortization	43,450	10,680	(163)	53,967
Interest expense	8,270	8,582	(6,423)	10,429
Total operating expenses	978,279	19,410	(17,902)	979,787
Income (loss) from operations	79,074	(8,194)	163	71,043
Non-operating income (expense)				
Investment income	4,054	-	-	4,054
Net realized gain (loss) on investments	7,738	-	-	7,738
Net unrealized gain (loss) on investments	14,487	-	-	14,487
Equity gain in unconsolidated affiliates	37	-	-	37
Net interest cost on swap agreements	(2,220)	-	-	(2,220)
Change in fair value of swap agreements	1,141	-	-	1,141
Total non-operating income	25,237	-	-	25,237
Excess (deficiency) of revenues over expenses	104,311	(8,194)	163	96,280
Other changes in unrestricted net assets				
Net assets released from restrictions for capital	4,041	-	-	4,041
Funds utilized for property and equipment	2,810	-	-	2,810
Transfers for the cost of land, buildings, and equipment	5,621	-	-	5,621
Transfers (to) from affiliated companies, net	(50,156)	-	-	(50,156)
Pension adjustment	(22,289)	-	-	(22,289)
Increase (decrease) in unrestricted net assets	$ 44,338	$ (8,194)	$ 163	$ 36,307

Baystate Health, Inc. and Subsidiaries

Consolidating Statement of Changes in Net Assets — Baystate Medical Center and Subsidiary
For the Year Ended September 30, 2014
(In Thousands)

	BMC	BTHC	Elim. & Reclass	Consolidated Total
Unrestricted net assets				
Excess (deficiency) of revenues over expenses	$104,311	$ (8,194)	$ 163	$ 96,280
Net assets released from restrictions for capital	4,041	-	-	4,041
Funds utilized for property and equipment	2,810	-	-	2,810
Transfers for the cost of land, buildings, and equipment	5,621	-	-	5,621
Transfers (to) from affiliated companies, net	(50,156)	-	-	(50,156)
Pension adjustment	(22,289)	-	-	(22,289)
Increase (decrease) in unrestricted net assets	44,338	(8,194)	163	36,307
Temporarily restricted net assets				
Change in value of beneficial interest in net assets of BHF	(2,044)	-	-	(2,044)
Decrease in temporarily restricted net assets	(2,044)	-	-	(2,044)
Permanently restricted net assets				
Change in value of beneficial interest in net assets of BHF	8	-	-	8
Increase in permanently restricted net assets	8	-	-	8
Increase (decrease) in net assets	42,302	(8,194)	163	34,271
Net assets (deficit) at beginning of year	646,089	(2,042)	(5,436)	638,611
Net assets (deficit) at end of year	$688,391	$ (10,236)	$ (5,273)	$672,882

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Cash Flows — Baystate Medical Center and Subsidiary
For the Year Ended September 30, 2014
(In Thousands)

	BMC	BTHC	Elim. & Reclass	Consolidated Total
Operating activities				
Increase (decrease) in net assets	$ 42,302	$ (8,194)	$ 163	$ 34,271
Adjustments to reconcile change in net assets to cash provided by operating activities				
Depreciation and amortization	43,450	10,680	(163)	53,967
Accretion on notes receivable	(1,366)	-	-	(1,366)
Pension adjustment	22,289	-	-	22,289
Net realized and unrealized loss (gain) on investments	(24,079)	-	-	(24,079)
Provision for bad debts	14,769	-	-	14,769
Changes in equity investment of affiliate	242	-	-	242
Transfers for the cost of land, buildings, and equipment	(5,621)	-	-	(5,621)
Change in operating assets and liabilities				
Increase in accounts receivable, patients	(34,776)	-	-	(34,776)
Net change in estimated final settlements	2,608	-	-	2,608
Increase (decrease) in accounts payable and accrued expenses	8,107	(44)	32	8,095
Change in accrued pension liability, net	(9,854)	-	-	(9,854)
Transfers to (from) affiliated companies, net	50,156	-	-	50,156
Increase in insurance liability loss reserves	523	-	-	523
Other	(12,695)	(2,413)	2,545	(12,563)
Net cash provided by operating activities	96,055	29	2,577	98,661
Investing activities				
Proceeds from sale and maturities of investments	634,190	96	-	634,286
Purchase of investments	(606,913)	-	-	(606,913)
Purchase of land, buildings, and equipment, net	(59,207)	(125)	-	(59,332)
Transfers for the cost of land, buildings, and equipment	5,621	-	-	5,621
Change in beneficial interest in net assets of BHF	2,036	-	-	2,036
Net cash used in investing activities	(24,273)	(29)	-	(24,302)
Financing activities				
Transfers (to) from affiliated companies, net	(50,156)	-	-	(50,156)
Repayment of notes receivable	3,147	-	(2,577)	570
Repayment of long-term debt	(9,539)	-	-	(9,539)
Net cash used in financing activities	(56,548)	-	(2,577)	(59,125)
Net increase in cash and cash equivalents	15,234	-	-	15,234
Cash and cash equivalents at beginning of year	72,620	521	-	73,141
Cash and cash equivalents at end of year	$ 87,854	$ 521	$ -	$ 88,375

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Assets — Other Entities
September 30, 2014
(In Thousands)

Assets	BH	BAS	BHF	BHIC	Other Entities Total
Current assets					
Cash and cash equivalents	$ 13,722	$ 4,975	$ 11,233	$ 930	$ 30,860
Investments	9,226	61	10,746	-	20,033
Accounts receivable, other	336	875	3,716	2,969	7,896
Inventories	-	38	-	-	38
Prepaid expenses and other current assets	12	11,073	9	365	11,459
Due from affiliated companies	3,962	12,201	-	-	16,163
Line of credit, affiliate	1,580	-	-	-	1,580
Total current assets	28,838	29,223	25,704	4,264	88,029
Long-term investments					
Investments	1,018	-	56,452	-	57,470
Equity investment in consolidated for-profit subsidiaries	49,462	-	-	-	49,462
Equity investment in unconsolidated affiliates	336	-	-	-	336
Deferred expense	13,972	-	-	-	13,972
Land, buildings, and equipment, net	76	420	-	-	496
	64,864	420	56,452	-	121,736
Assets whose use is limited					
Board-designated funds					
Cash and investments	30,017	-	-	-	30,017
Beneficial interest in net assets of BHF	1,860	-	-	-	1,860
Investments of captive insurance company	-	-	-	108,467	108,467
Beneficial interest in perpetual trusts	-	-	35,213	-	35,213
Beneficial interest in net assets of BHF	20,764	-	-	-	20,764
Deferred compensation investments	35,889	-	-	-	35,889
	88,530	-	35,213	108,467	232,210
Total assets	$182,232	$29,643	$117,369	$112,731	$441,975

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Liabilities and Net Assets — Other Entities
September 30, 2014
(In Thousands)

Liabilities and net assets (deficit)	BH	BAS	BHF	BHIC	Other Entities Total
Current liabilities					
Accounts payable	$ 2,881	$ 13,259	$ 280	$ 1,664	$ 18,084
Accrued salaries and wages	-	12,283	122	-	12,405
Deferred revenue	305	-	-	-	305
Current portion of long-term debt	740	-	-	-	740
Due to affiliated companies	1,905	10,113	895	-	12,913
Due to board-designated funds	1,056	-	-	-	1,056
Total current liabilities	6,887	35,655	1,297	1,664	45,503
Long-term debt	17,760	-	-	-	17,760
Pension liability	-	10,928	331	-	11,259
Insurance liability loss reserves	13,050	-	-	15,543	28,593
Deposit liability	-	-	-	84,492	84,492
Other liabilities	35,889	-	95	-	35,984
Total liabilities	73,586	46,583	1,723	101,699	223,591
Net assets (deficit)					
Unrestricted					
Operating	84,338	2,770	6,084	11,032	104,224
Pension adjustment	-	(19,710)	(438)	-	(20,148)
Unrestricted	84,338	(16,940)	5,646	11,032	84,076
Temporarily restricted	1,210	-	58,455	-	59,665
Permanently restricted	23,098	-	51,545	-	74,643
Total net assets (deficit)	108,646	(16,940)	115,646	11,032	218,384
Total liabilities and net assets (deficit)	$182,232	$ 29,643	$117,369	$112,731	$441,975

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Operations — Other Entities
For the Year Ended September 30, 2014
(In Thousands)

	BH	BAS	BHF	BHIC	Other Entities Total
Operating revenues					
Premiums	$ -	$ -	$ -	$2,631	$ 2,631
Other revenue	17,761	102,632	2,026	901	123,320
Net assets released from restrictions for operations	987	352	3,364	-	4,703
Total operating revenues	18,748	102,984	5,390	3,532	130,654
Operating expenses					
Salaries and wages	1,343	46,878	1,576	-	49,797
Supplies and expense	11,849	57,310	3,653	1,400	74,212
Depreciation and amortization	3	159	1	-	163
Interest expense	11	-	-	-	11
Total operating expenses	13,206	104,347	5,230	1,400	124,183
Income (loss) from operations	5,542	(1,363)	160	2,132	6,471
Non-operating income (expense)					
Investment income	294	58	178	-	530
Net realized gain (loss) on investments	577	12	(18)	217	788
Net unrealized gain (loss) on investments	4,102	37	105	572	4,816
Equity gain in consolidated for-profit subsidiaries	2,058	-	-	-	2,058
Equity gain in unconsolidated affiliates	11	-	-	-	11
Contribution of net assets from acquired subsidiary, net	2,164	-	-	-	2,164
Other	(8,661)	-	-	-	(8,661)
Total non-operating income (expense)	545	107	265	789	1,706
Excess (deficiency) of revenues over expenses	6,087	(1,256)	425	2,921	8,177
Other changes in unrestricted net assets					
Transfers for the cost of land, buildings, and equipment	(9,265)	50	-	-	(9,215)
Transfers (to) from affiliated companies, net	23,276	-	-	-	23,276
Pension adjustment	-	(3,232)	(39)	-	(3,271)
Other	-	-	31	-	31
Increase (decrease) in unrestricted net assets	$20,098	$ (4,438)	$ 417	$2,921	$ 18,998

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Changes in Net Assets — Other Entities
For the Year Ended September 30, 2014
(In Thousands)

	BH	BAS	BHF	BHIC	Other Entities Total
Unrestricted net assets					
Excess (deficiency) of revenues over expenses	$ 6,087	$ (1,256)	$ 425	$ 2,921	$ 8,177
Transfers for the cost of land, buildings, and equipment	(9,265)	50	-	-	(9,215)
Transfers (to) from affiliated companies, net	23,276	-	-	-	23,276
Pension adjustment	-	(3,232)	(39)	-	(3,271)
Other	-	-	31	-	31
Increase (decrease) in unrestricted net assets	20,098	(4,438)	417	2,921	18,998
Temporarily restricted net assets					
Restricted investment income	-	-	362	-	362
Net realized and unrealized loss on investments	-	-	3,603	-	3,603
Contributions	-	-	4,171	-	4,171
Transfers for the cost of land, buildings, and equipment	-	-	(4,239)	-	(4,239)
Transfers from affiliated companies, net	-	-	(118)	-	(118)
Net assets released from restrictions	-	-	-	-	-
For operations	-	-	(5,192)	-	(5,192)
Net assets from acquired subsidiary	1,210				1,210
Other	-	-	116	-	116
Increase (decrease) in temporarily restricted net assets	1,210	-	(1,297)	-	(87)
Permanently restricted net assets					
Contributions	-	-	5	-	5
Net assets from acquired subsidiary	2,334	-	-	-	2,334
Change in value of perpetual trusts	-	-	95	-	95
Change in value of beneficial interest in net assets of BHF	(38)	-	-	-	(38)
Increase in permanently restricted net assets	2,296	-	100	-	2,396
Increase (decrease) in net assets	23,604	(4,438)	(780)	2,921	21,307
Net assets (deficit) at beginning of year	85,042	(12,502)	116,426	8,111	197,077
Net assets (deficit) at end of year	$108,646	$(16,940)	$115,646	$11,032	$218,384

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Cash Flows
For the Year Ended September 30, 2014
(In Thousands)

	BH	BAS	BHF	BHIC	Other Entities Total
Operating activities					
Increase (decrease) in net assets	$ 23,604	$ (4,438)	$ (780)	$ 2,921	$ 21,307
Adjustments to reconcile changes in net assets					
to cash (used in) provided by operating activities					
Depreciation and amortization	3	159	1	-	163
Pension adjustment	-	3,232	39	-	3,271
Net realized and unrealized loss (gain) on investments	(1,561)	(49)	(3,689)	(789)	(6,088)
Change in beneficial interest in perpetual trusts	-	-	(95)	-	(95)
Restricted contributions	-	-	(4,176)	-	(4,176)
Changes in equity investment of affiliate	(2,058)	-	-	-	(2,058)
Net assets from acquired subsidiary	(5,707)	-	-	-	(5,707)
Transfers for the cost of land, buildings, and equipment	9,261	-	4,329	-	13,590
Changes in operating assets and liabilities					
Increase (decrease) in accounts payable and accrued expenses	1,705	1,007	56	390	3,158
Change in accrued pension liability, net	-	(1,429)	(17)	-	(1,446)
Transfers to (from) affiliated companies, net	(23,274)	-	118	-	(23,156)
Increase in insurance liability loss reserves	2,900	-	-	(1,618)	1,282
Other	(5,533)	(10,493)	2,795	593	(12,638)
Net cash (used in) provided by operating activities	(660)	(12,011)	(1,419)	1,497	(12,593)
Investing activities					
Proceeds from sale and maturities of investments	35,457	107,299	12,092	-	154,848
Purchase of investments	(30,412)	(96,158)	(10,120)	(1,683)	(138,373)
Acquisition of BWH	(40,500)	-	-	-	(40,500)
Purchase of land, buildings, and equipment, net	16	(108)	-	-	(92)
Transfers for the cost of land, buildings, and equipment	(9,261)	-	(4,329)	-	(13,590)
Change in beneficial interest in net assets of BHF	(19)	-	-	-	(19)
Net cash (used in) provided by investing activities	(44,719)	11,033	(2,357)	(1,683)	(37,726)
Financing activities					
Proceeds from restricted contributions	-	-	4,176	-	4,176
Transfers (to) from affiliated companies, net	23,274	-	(118)	-	23,156
Change in line of credit, affiliate	230	-	-	-	230
Proceeds from debt issuance	18,500	-	-	-	18,500
Net cash provided by financing activities	42,004	-	4,058	-	46,062
Net (decrease) increase in cash and cash equivalents	(3,375)	(978)	282	(186)	(4,257)
Cash and cash equivalents at beginning of year	17,097	5,953	10,951	1,116	35,117
Cash and cash equivalents at end of year	$ 13,722	$ 4,975	$ 11,233	$ 930	$ 30,860

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Assets — Ingraham Corporation and Subsidiary
September 30, 2014
(In Thousands)

Assets	IC	BHA	Elim. & Reclass	Consolidated Totals
Current assets				
Cash and cash equivalents	$ 31	$3,789	$ -	$3,820
Accounts receivable, patients, net	-	(6)	-	(6)
Accounts receivable, other	27	79	-	106
Prepaid expenses and other current assets	9	-	-	9
Due from affiliated companies	63	33	(12)	84
Total current assets	130	3,895	(12)	4,013
Long-term investments				
Equity investment in consolidated for-profit subsidiaries	2,369	-	(2,369)	-
Land, buildings, and equipment, net	1,920	-	-	1,920
	4,289	-	(2,369)	1,920
Total assets	$4,419	$3,895	$ (2,381)	$5,933

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Liabilities and Net Assets — Ingraham Corporation and Subsidiary
September 30, 2014
(In Thousands)

Liabilities and net assets	IC	BHA	Elim. & Reclass	Consolidated Totals
Current liabilities				
Accounts payable	$ 125	$ 178	$ -	$ 303
Accrued salaries and wages	-	25	-	25
Deferred revenue	40	-	-	40
Due to affiliated companies	1,001	40	(12)	1,029
Line of credit, affiliate	858	-	-	858
Total current liabilities	2,024	243	(12)	2,255
Pension liability	-	1,283	-	1,283
Total liabilities	2,024	1,526	(12)	3,538
Net assets				
Unrestricted				
Operating	2,395	4,500	(2,369)	4,526
Pension adjustment	-	(2,131)	-	(2,131)
Total net assets	2,395	2,369	(2,369)	2,395
Total liabilities and net assets	$4,419	$ 3,895	$ (2,381)	$ 5,933

Baystate Health, Inc. and Subsidiaries

Consolidating Schedule of Operations — Ingraham Corporation and Subsidiary
For the Year Ended September 30, 2014
(In Thousands)

	IC	BHA	Elim. & Reclass	Consolidated Totals
Operating revenues				
Net patient service revenue	$ -	$4,774	$ -	$4,774
Other revenue	1,119	2,234	-	3,353
Total operating revenues	1,119	7,008	-	8,127
Operating expenses				
Salaries and wages	-	2,709	-	2,709
Supplies and expense	965	2,300	-	3,265
Depreciation and amortization	126	149	-	275
Interest expense	8	-	-	8
Total operating expenses	1,099	5,158	-	6,257
Income from operations	20	1,850	-	1,870
Non-operating income (expense)				
Equity gain in consolidated for-profit subsidiaries	1,179	-	(1,179)	-
Income taxes and other	-	(405)	-	(405)
Total non-operating income (expense)	1,179	(405)	(1,179)	(405)
Excess (deficiency) of revenues over expenses	1,199	1,445	(1,179)	1,465
Other changes in net assets				
Pension adjustment	-	(266)	-	(266)
Increase (decrease) in unrestricted net assets	$1,199	$1,179	$(1,179)	$1,199