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

OMB No 1545-0047
2014
Open to Public Inspection

A For the 2014 calendar year, or tax year beginning 01-01-2014, and ending 12-31-2014

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization SWEDISH EDMONDS <hr/> Doing business as <hr/> Number and street (or P O box if mail is not delivered to street address) Room/suite 21601 76th Ave W <hr/> City or town, state or province, country, and ZIP or foreign postal code Edmonds, WA 98026	D Employer identification number 27-2305304 <hr/> E Telephone number (425) 525-3895 <hr/> G Gross receipts \$ 219,651,908
F Name and address of principal officer Rod Hochman MD 1801 Lind Ave SW 9016 Renton, WA 98057		H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list (see instructions) H(c) Group exemption number ▶
I Tax-exempt status <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		L Year of formation 2010
J Website: ▶ www.swedish.org		M State of legal domicile WA
K Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		

Part I Summary

1	Briefly describe the organization's mission or most significant activities To improve the health and well-being of each person we serve				
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets					
Activities & Governance	3 Number of voting members of the governing body (Part VI, line 1a)	3		16	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4		16	
	5 Total number of individuals employed in calendar year 2014 (Part V, line 2a)	5		1,503	
	6 Total number of volunteers (estimate if necessary)	6		388	
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a		69,901	
	b Net unrelated business taxable income from Form 990-T, line 34	7b		27,438	
Revenue	8 Contributions and grants (Part VIII, line 1h)	Prior Year		Current Year	
	9 Program service revenue (Part VIII, line 2g)	2,235,275		4,972,741	
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	204,632,981		193,183,178	
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-506,437		321,854	
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	7,601,532		20,992,398	
		213,963,351		219,470,171	
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0		0	
	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)	100,232,820		99,945,803	
	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)	126,202,580		92,901,098	
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	226,435,400		192,846,901		
19 Revenue less expenses Subtract line 18 from line 12	-12,472,049		26,623,270		
Net Assets or Fund Balances		Beginning of Current Year		End of Year	
	20 Total assets (Part X, line 16)	85,189,731		145,810,157	
	21 Total liabilities (Part X, line 26)	95,013,257		128,889,203	
22 Net assets or fund balances Subtract line 21 from line 20	-9,823,526		16,920,954		

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 2015-08-14				
	Todd Hofheins EVP/CFO Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name Sara Elizabeth J Hyre CPA	Preparer's signature Sara Elizabeth J Hyre CPA	Date	Check <input type="checkbox"/> if self-employed	PTIN P00235495
	Firm's name ▶ Clark Nuber PS			Firm's EIN ▶ 91-1194016	
	Firm's address ▶ 10900 NE 4th Suite 1700 Bellevue, WA 98004			Phone no (425) 454-4919	

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

For Paperwork Reduction Act Notice, see the separate instructions. Cat No 11282Y Form 990 (2014)

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
 Swedish Edmonds is part of Swedish Health Services, a community governed healthcare system committed to meeting the health-care needs of the community

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 \$ 81,133,813 including grants of \$ 0) (Revenue \$ 98,377,647)
 Acute Inpatient - 8,341 admissions in 2014 with 39,114 Patient Days Swedish Edmonds (formerly Stevens Hospital) has served Edmonds and surrounding communities for the last 50 years Together with the larger Swedish and Providence Systems, we are creating an innovative, regional health-care delivery network that will provide more local services, while giving residents greater access to the latest medical treatments and the comprehensive services of the Swedish and Providence systems Our campus includes 217 licensed beds, more than 450 medical staff physicians, more than 1,400 staff and a full scope of medical and surgical services, including Level IV Trauma emergency medicine, diagnostic, treatment and support services In addition to over \$10M in community benefit provided through charity care and other community services, through our innovative partnership with Verdant (Snohomish County Public Hospital District # 2) we provide more than \$7M annually in funds that can be directly contributed to meeting the health needs of the community 2014 saw the start of exciting new growth on our campus The first phase of the expansion project, construction of a new parking structure, was completed in the summer of 2014 This new three-story parking structure is capable of accommodating more than 350 vehicles with free parking On September 10, we celebrated a half-century of health-care service to our community and a groundbreaking for the phase II of our expansion project Phase II of the hospital expansion project is a two-story, 77,000-square-foot hospital addition that includes * A new emergency department with private exam rooms and reduced wait times* A new outpatient diagnostic imaging center* An observation unit* A new 7,600-square-foot public lobby that's spacious and inviting* And 37,000-square-feet of additional reserved space on the second floor for future hospital services and programs Construction of the new emergency department is anticipated to be completed in the fall 2015 2014 Awards* Swedish Edmonds was honored with an "A" grade in the spring and fall 2014 updates to the national Hospital Safety Score, which rates how well hospitals protect patients from accidents, errors, injuries and infections The Hospital Safety Score is compiled under the guidance of the nation's leading experts on patient safety and is administered by The Leapfrog Group (Leapfrog), an independent industry watchdog * Recipient of the American Heart Association/American Stroke Association's Get With the Guidelines Stroke Gold-Plus Quality Achievement Award for the treatment of stroke patients during 2013 * Recipient of the Emergency Nurse Association 2014 Lantern Award The Lantern Award designation is a visible symbol of an ED team's commitment to quality, safety, a healthy work environment and innovation in nursing practice and emergency care

4b (Code) (Expenses \$ 74,684,901 including grants of \$ 0) (Revenue \$ 90,558,111)
 Acute Outpatient - Swedish Edmonds provided 151,937 outpatient visits in 2014 Outpatient services include emergency visits, specialty care, and diagnostic services Examples are services for wound care, endocrinology, pain treatment, sleep medicine, behavioral health, breast imaging, and other medical imaging

4c (Code) (Expenses \$ 3,205,876 including grants of \$ 0) (Revenue \$ 3,887,240)
 Primary Care - In 2014, Swedish Edmonds provided primary care in Swedish Internal Medicine (an internal medicine clinic) Other primary care services in the community are provided by community practices and through Swedish Medical Group and include the Birth and Family Clinic (a family practice clinic that also provides obstetrical care) and Swedish Children's Clinic Edmonds, a pediatric practice, among others

See Additional Data

4d Other program services (Describe in Schedule O)
 (Expenses \$ 0 including grants of \$ 0) (Revenue \$ 439,486)

4e Total program service expenses 159,024,590

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)? <i>If "Yes," complete Schedule A</i>	Yes	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	Yes	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		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? <i>If "Yes," complete Schedule C, Part II</i>		No
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		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? <i>If "Yes," complete Schedule D, Part I</i>		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? <i>If "Yes," complete Schedule D, Part II</i>		No
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		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? <i>If "Yes," complete Schedule D, Part IV</i>		No
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		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? <i>If "Yes," complete Schedule D, Part VI</i>	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? <i>If "Yes," complete Schedule D, Part VII</i>		No
c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		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? <i>If "Yes," complete Schedule D, Part IX</i>	Yes	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	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)? <i>If "Yes," complete Schedule D, Part X</i>	Yes	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		No
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>	Yes	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a Did the organization maintain an office, employees, or agents outside of the United States?		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? <i>If "Yes," complete Schedule F, Parts I and IV</i>		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? <i>If "Yes," complete Schedule F, Parts II and IV</i>		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? <i>If "Yes," complete Schedule F, Parts III and IV</i>		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? <i>If "Yes," complete Schedule G, Part I</i> (see instructions)		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? <i>If "Yes," complete Schedule G, Part II</i>		No
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	Yes	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	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 domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II . . .</i>	21		No
22	Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III . . .</i>	22		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J . . .</i>	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a . . .</i>	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . .	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . .	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . .	24d		No
25a	Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I . . .</i>	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I . . .</i>	25b		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II . . .</i>	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III . . .</i>	27		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . .</i>	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV . . .</i>	28b		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV . . .</i>	28c		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M . . .</i>	29		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M . . .</i>	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I . . .</i>	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II . . .</i>	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I . . .</i>	33		No
34	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1 . . .</i>	34	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a		No
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2 . . .</i>	35b		
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2 . . .</i>	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI . . .</i>	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O . . .	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, question text, and Yes/No response boxes. Includes sections for backup withholding, employee reporting, foreign accounts, prohibited transactions, and charitable contributions.

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		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O		
1b	Enter the number of voting members included in line 1a, above, who are independent		
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?		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		No
6	Did the organization have members or stockholders?	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?		No
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	a The governing body?	Yes	
8b	b Each committee with authority to act on behalf of the governing body?	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	Yes	

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?		No
10b	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?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	Yes	
11b	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	Yes	
12b	b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	Yes	
13	Did the organization have a written whistleblower policy?	Yes	
14	Did the organization have a written document retention and destruction policy?	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	a The organization's CEO, Executive Director, or top management official		No
15b	b Other officers or key employees of the organization		No
	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?	Yes	
16b	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?	Yes	

Section C. Disclosure

- 17** List the States with which a copy of this Form 990 is required to be filed
- 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, address, and telephone number of the person who possesses the organization's books and records
 Karl E Fritschel CPA

1801 Lind Ave SW 9016
 Renton, WA 980579016 (425) 525-3339

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)	1,666,252	24,063,915	6,049,200

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 **▶164**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Andersen Construction Co Inc 6712 N Cutter Circle Portland, OR 97217	Construction	7,824,345
Sellen Construction CoInc 227 Westlake Avenue N Seattle, WA 98109	Construction	4,809,071
NBBJ LP PO Box 742088 Los Angeles, CA 90074	Architect	2,752,961
Cochran Inc PO Box 33524 Seattle, WA 98133	Electrical	1,758,831
Medical Solutions Inc 9101 Western Avenue Suite 101 Omaha, NE 68114	Agency Labor	1,709,355

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 **▶58**

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	56,693					
	e	Government grants (contributions) 1e	4,916,048					
	f	All other contributions, gifts, grants, and similar amounts not included above 1f						
	g	Noncash contributions included in lines 1a-1f \$ 1g						
	h	Total. Add lines 1a-1f 1h	4,972,741					
Program Service Revenue			Business Code					
	2a	Acute Care/Inpatient 2a	900099	98,337,186	98,337,186			
	b	Acute Care/Outpatient 2b	621400	90,520,865	90,520,865			
	c	Primary Care 2c	621110	3,885,641	3,885,641			
	d	Healthcare JVs 2d	900099	439,486	439,486			
	e 2e						
	f	All other program service revenue 2f						
	g	Total. Add lines 2a-2f 2g		193,183,178				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) 3		362,010		362,010		
	4	Income from investment of tax-exempt bond proceeds 4						
	5	Royalties 5						
	6a	Gross rents 6a	(i) Real	819,618				
			(ii) Personal					
			b	Less rental expenses 6b	0			
			c	Rental income or (loss) 6c	819,618			
	d	Net rental income or (loss) 6d		819,618		819,618		
	7a	Gross amount from sales of assets other than inventory 7a	(i) Securities					
			(ii) Other					
			b	Less cost or other basis and sales expenses 7b		40,156		
			c	Gain or (loss) 7c		-40,156		
	d	Net gain or (loss) 7d		-40,156		-40,156		
	8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 8a						
	b	Less direct expenses 8b						
	c	Net income or (loss) from fundraising events 8c						
	9a	Gross income from gaming activities See Part IV, line 19 9a						
	b	Less direct expenses 9b						
c	Net income or (loss) from gaming activities 9c							
10a	Gross sales of inventory, less returns and allowances 10a	a	100,369					
		b	141,581					
		c	Net income or (loss) from sales of inventory 10c		-41,212		-41,212	
Miscellaneous Revenue		Business Code						
11a	Pharmacy 11a	446110	12,043,322			12,043,322		
b	Insurance Proceeds 11b	900099	2,756,499			2,756,499		
c	Interaffiliate Revenue 11c	900099	2,683,407			2,683,407		
d	All other revenue 11d		2,730,764	79,306	69,901	2,581,557		
e	Total. Add lines 11a-11d 11e		20,213,992					
12	Total revenue. See Instructions 12		219,470,171	193,262,484	69,901	21,165,045		

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 domestic organizations and domestic governments. See Part IV, line 21				
2	Grants and other assistance to domestic individuals. See Part IV, line 22				
3	Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	340,943		340,943	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	79,458,695	62,948,608	16,510,087	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,202,477	3,331,774	870,703	
9	Other employee benefits	10,066,646	7,942,909	2,123,737	
10	Payroll taxes	5,877,042	4,637,176	1,239,866	
11	Fees for services (non-employees)				
a	Management				
b	Legal	15,390		15,390	
c	Accounting	29,801	29,801		
d	Lobbying				
e	Professional fundraising services. See Part IV, line 17				
f	Investment management fees				
g	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	21,249,345	14,100,951	7,148,394	
12	Advertising and promotion	49,277	49,277		
13	Office expenses	3,867,821	3,051,836	815,985	
14	Information technology				
15	Royalties				
16	Occupancy	12,720,761	10,037,091	2,683,670	
17	Travel	78,854	43,919	34,935	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	150,789	23,150	127,639	
20	Interest	1,104,806	1,104,806		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	8,381,855	6,613,554	1,768,301	
23	Insurance	13,610	13,610		
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a	Medical Supplies	33,970,444	33,970,444		
b	Bad Debt	6,591,643	6,591,643		
c	Provider Tax	2,128,333	2,128,333		
d	UBI Tax	11,500		11,500	
e	All other expenses	2,536,869	2,405,708	131,161	
25	Total functional expenses. Add lines 1 through 24e	192,846,901	159,024,590	33,822,311	0
26	Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

Table with columns for Assets, Liabilities, and Net Assets or Fund Balances. Rows include items like Cash, Accounts receivable, Investments, and Total assets/liabilities. Includes sub-rows 10a and 10b for depreciation.

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	219,470,171
2	Total expenses (must equal Part IX, column (A), line 25)	2	192,846,901
3	Revenue less expenses Subtract line 2 from line 1	3	26,623,270
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	-9,823,526
5	Net unrealized gains (losses) on investments	5	
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	121,210
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	16,920,954

Part XII Financial Statements and Reporting

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

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

Additional Data

Software ID:

Software Version:

EIN: 27-2305304

Name: SWEDISH EDMONDS

Form 990, Part III - Line 4c: Program Service Accomplishments (See the Instructions)

(Code) (Expenses \$ 0 including grants of \$ 0) (Revenue \$ 439,486)

Healthcare Joint Ventures - Swedish/Edmonds partners with Radia to provide imaging services in an outpatient setting at our joint venture, Swedish Radia Imaging Center, Edmonds Services provided include x-ray, CT, MRI, and ultrasound

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			
(1) Michael Holcomb Chair of the Board	0 10 7 30	X		X				0	60,360	0
(1) Chauncey Boyle SP Director	0 10 5 50	X						0	0	0
(2) Marian Schubert CSJ - Eff914 Director	0 10 4 50	X						0	0	0
(3) Phyllis Hughes RSM Director	0 10 5 00	X						0	0	0
(4) Carolina Reyes MD Director	0 10 4 20	X						0	15,360	0
(5) Michael A Stein Director	0 10 6 00	X						0	15,360	0
(6) Eugene Al Parnish Director	0 10 5 00	X						0	15,360	0
(7) Peter J Snow Director	0 10 5 70	X						0	20,860	0
(8) Bob Wilson Director	0 10 5 00	X						0	18,360	0
(9) Sallye Lner Director	0 10 4 20	X						0	15,360	0
(10) Ellen L Wolf Director	0 10 7 10	X						0	15,360	0
(11) Isiaah Crawford Director	0 10 4 10	X						0	15,360	0
(12) Martha Diaz Aszkenazy Director	0 10 7 70	X						0	18,360	0
(13) Kirby McDonald Director	0 10 4 60	X						0	15,360	0
(14) Dave Olsen Director	0 10 5 50	X						0	17,860	0
(15) Charles Chuck Watts Director	0 10 4 60	X						0	15,360	0
(16) Rod F Hochman MD President / CEO	0 10 64 90			X				0	1,951,887	502,360
(17) Todd Hofheins EVP/CFO	0 10 59 90			X				0	607,162	113,659
(18) Cindy Strauss SVP/Chief Legal Officer	0 10 59 90			X				0	488,042	235,786
(19) David Jaffe CEO/Swedish Edmonds	60 00 0 00			X				0	320,812	26,652
(20) Dan Harns CFO/Swedish	6 00 53 00			X				0	576,901	49,676
(21) Anthony Armada CEO/Swedish	6 00 59 00			X				0	824,567	37,793
(22) Michael L Butler President/Operations & Services	0 10 59 90				X			0	1,540,500	498,816
(23) Debra Canales EVP/Chief People & Experience Ofc	0 10 55 90				X			0	1,076,219	27,469
(24) Lisa Vance SVP/Clinical Program Services	0 00 60 00				X			0	709,715	59,506

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			
(26) Randy Axelrod MD EVP/Clinical & Patient Svcs	0 00 60 00				X			0	701,506	248,634
(1) Jack Friedman SVP/Account Care & Payor Rel	0 00 50 00				X			0	596,381	179,337
(2) Aaron Martin SVP/Strategy & Innovation	0 10 64 90				X			0	563,108	19,592
(3) Craig L Wright MD SVP/Physician Svcs	0 00 60 00				X			0	549,952	313,453
(4) Janice Newell SVP/Chief Information Officer	0 10 54 90				X			0	529,442	221,048
(5) Deborah Burton SVP/Chief Nrsng Officer	0 00 60 00				X			0	519,689	56,032
(6) Robert Hellngel CE/Senior & Community Services	0 10 54 90				X			0	518,936	96,616
(7) David Brown VP/Strategy & Business Development	0 10 54 90				X			0	493,612	143,629
(8) Orest Holubec SVP/Marketing & Communications	0 10 54 90				X			0	486,207	54,398
(9) Mark Gargett VP/Digital Integration	0 10 49 90				X			0	476,541	81,000
(10) Joel S Gilbertson SVP/Comm Ptnrshp / Ext Affairs	0 10 59 90				X			0	419,681	104,103
(11) Gary Flaming SVP/Chief Risk Officer	0 10 54 90				X			0	415,720	89,805
(12) Teresa Spalding VP/Revenue Cycle	0 10 59 90				X			0	414,859	45,912
(13) Mike Waters VP,CAO/Physician Services	0 00 65 00				X			0	354,643	38,806
(14) Dave Hunter VP/Supply Chain Management	0 00 55 00				X			0	351,919	68,535
(15) Dana White VP/Real Estate & Construction	0 00 55 00				X			0	287,642	65,181
(16) Adam Balkany Physician	60 00 0 00					X		411,960	0	45,953
(17) Peter Ro Physician/Hyperbaric Medicine	60 00 0 00					X		397,093	0	40,572
(18) Valone Wilkins Physician	60 00 0 00					X		289,468	0	20,030
(19) Todd Baumeister Physician/Pain Mgmnt	60 00 0 00					X		285,560	0	34,622
(20) Bich Khanh Nguyen Physician - Internal Medicine	60 00 0 00					X		282,171	0	34,326
(21) John F Koster MD Former President & CEO	0 00 0 00						X	0	896,255	767,229
(22) Jeff W Rogers Former Corporate Secretary	0 00 0 00						X	0	231,112	390,991
(23) Cindra R Syverson Former SVP/CHRO	0 00 0 00						X	0	2,068,293	17,860
(24) Jeff Veilleux Former Treasurer - Swedish	0 00 0 00						X	0	1,360,873	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			
(51) Ray Williams Former SVP/Physicians Svcs	0 00 0 00						X	0	1,060,879	5,094
(1) John Fletcher Former VP/Operations Support	0 00 0 00						X	0	1,042,943	429,424
(2) Jan J Jones Former SVP/CAO	0 00 0 00						X	0	879,104	328,909
(3) Arnie Schaffer Former EVP/W WA Region	0 00 0 00						X	0	309,706	245,163
(4) Terry L Smith Former SVP/Management Svcs	0 00 0 00						X	0	180,427	311,229

SCHEDULE A
(Form 990 or 990EZ)

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.

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

2014

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
SWEDISH EDMONDS

Employer identification number
27-2305304

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 in lines 11a through 11d that describes the type of supporting organization and complete lines 11e, 11f, and 11g
 - a **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization **You must complete Part IV, Sections A and B.**
 - b **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s) **You must complete Part IV, Sections A and C.**
 - c **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions) **You must complete Part IV, Sections A, D, and E.**
 - d **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions) **You must complete Part IV, Sections A and D, and Part V.**
 - e Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization
 - f Enter the number of supported organizations _____
 - g 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 listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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 VI)						
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 section 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2014 (line 6, column (f) divided by line 11, column (f))	14	
15 Public support percentage for 2013 Schedule A, Part II, line 14	15	
16a 33 1/3% support test—2014. 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 <input type="checkbox"/>		
b 33 1/3% support test—2013. 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 <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2014. 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 VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2013. 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 VI how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization <input type="checkbox"/>		
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 <input type="checkbox"/>		

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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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) 2010	(b) 2011	(c) 2012	(d) 2013	(e) 2014	(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 VI.)						
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 section 501(c)(3) organization, check this box and stop here ▶						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2014 (line 8, column (f) divided by line 13, column (f))	15	
16 Public support percentage from 2013 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2014 (line 10c, column (f) divided by line 13, column (f))	17	
18 Investment income percentage from 2013 Schedule A, Part III, line 17	18	

19a 33 1/3% support tests—2014. 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—2013. 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 Supporting Organizations

(Complete only if you checked a box on line 11 of Part I. If you checked 11a of Part I, complete Sections A and B. If you checked 11b of Part I, complete Sections A and C. If you checked 11c of Part I, complete Sections A, D, and E. If you checked 11d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If "Yes," answer (b) and (c) below.		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If "Yes," describe in Part VI when and how the organization made the determination.		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If "Yes," explain in Part VI what controls the organization put in place to ensure such use.		
4a Was any supported organization not organized in the United States ("foreign supported organization")? If "Yes" and if you checked 11a or 11b in Part I, answer (b) and (c) below.		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed, (ii) the reasons for each such action, (iii) the authority under the organization's organizing document authorizing such action, and (iv) how the action was accomplished (such as by amendment to the organizing document).		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (a) its supported organizations, (b) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (c) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If "Yes," provide detail in Part VI .		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in IRC 4958(c)(3)(C)), a family member of a substantial contributor, or a 35-percent controlled entity with regard to a substantial contributor? If "Yes," complete Part I of Schedule L (Form 990).		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If "Yes," complete Part II of Schedule L (Form 990).		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If "Yes," provide detail in Part VI .		
b Did one or more disqualified persons (as defined in line 9(a)) hold a controlling interest in any entity in which the supporting organization had an interest? If "Yes," provide detail in Part VI .		
c Did a disqualified person (as defined in line 9(a)) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If "Yes," provide detail in Part VI .		
10a Was the organization subject to the excess business holdings rules of IRC 4943 because of IRC 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If "Yes," answer b below.		
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings).		
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
b A family member of a person described in (a) above?		
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.		

Part IV Supporting Organizations (continued)**Section B. Type I Supporting Organizations**

- 1** Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? *If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.*
- 2** Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? *If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised or controlled the supporting organization.*

	Yes	No
1		
2		

Section C. Type II Supporting Organizations

- 1** Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? *If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).*

	Yes	No
1		

Section D. All Type III Supporting Organizations

- 1** Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (1) a written notice describing the type and amount of support provided during the prior tax year, (2) a copy of the Form 990 that was most recently filed as of the date of notification, and (3) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?
- 2** Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? *If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).*
- 3** By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? *If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.*

	Yes	No
1		
2		
3		

Section E. Type III Functionally-Integrated Supporting Organizations

- 1** Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (**see instructions**)
- a** The organization satisfied the Activities Test. Complete **line 2** below.
- b** The organization is the parent of each of its supported organizations. Complete **line 3** below.
- c** The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).

2 Activities Test **Answer (a) and (b) below.**

- a** Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*
- b** Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*

3 Parent of Supported Organizations **Answer (a) and (b) below.**

- a** Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in Part VI.*
- b** Did the organization exercise a substantial degree of direction over the policies, programs and activities of each of its supported organizations? *If "Yes," describe in Part VI the role played by the organization in this regard.*

	Yes	No
2a		
2b		
3a		
3b		

Part V – Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov 20, 1970. **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income

	(A) Prior Year	(B) Current Year (optional)
1 Net short-term capital gain	1	
2 Recoveries of prior-year distributions	2	
3 Other gross income (see instructions)	3	
4 Add lines 1 through 3	4	
5 Depreciation and depletion	5	
6 Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7 Other expenses (see instructions)	7	
8 Adjusted Net Income (subtract lines 5, 6 and 7 from line 4)	8	

Section B - Minimum Asset Amount

	(A) Prior Year	(B) Current Year (optional)
1 Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year)	1	
a Average monthly value of securities	1a	
b Average monthly cash balances	1b	
c Fair market value of other non-exempt-use assets	1c	
d Total (add lines 1a, 1b, and 1c)	1d	
e Discount claimed for blockage or other factors (explain in detail in Part VI) _____		
2 Acquisition indebtedness applicable to non-exempt use assets	2	
3 Subtract line 2 from line 1d	3	
4 Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5 Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6 Multiply line 5 by .035	6	
7 Recoveries of prior-year distributions	7	
8 Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount

		Current Year
1 Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2 Enter 85% of line 1	2	
3 Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4 Enter greater of line 2 or line 3	4	
5 Income tax imposed in prior year	5	
6 Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7 <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions)		

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI) See instructions	
7 Total annual distributions. Add lines 1 through 6	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI) See instructions	
9 Distributable amount for 2014 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2014	(iii) Distributable Amount for 2014
1 Distributable amount for 2014 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2014 (reasonable cause required--see instructions)			
3 Excess distributions carryover, if any, to 2014			
a From 2009. _____			
b From 2010. _____			
c From 2011. _____			
d From 2012. _____			
e From 2013. _____			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2014 distributable amount			
i Carryover from 2009 not applied (see instructions)			
j Remainder Subtract lines 3g, 3h, and 3i from 3f			
4 Distributions for 2014 from Section D, line 7 \$ _____			
a Applied to underdistributions of prior years			
b Applied to 2014 distributable amount			
c Remainder Subtract lines 4a and 4b from 4			
5 Remaining underdistributions for years prior to 2014, if any Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions)			
6 Remaining underdistributions for 2014 Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions)			
7 Excess distributions carryover to 2015. Add lines 3j and 4c			
8 Breakdown of line 7			
a From 2010. _____			
b From 2011. _____			
c From 2012. _____			
d From 2013. _____			
e From 2014. _____			

Part VI Supplemental Information. Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a and 3b; Part V, line 1; Part V, Section B, line 1e; Part V Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test

Return Reference	Explanation

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No 1545-0047

2014

Open to Public Inspection

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.

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

Department of the Treasury Internal Revenue Service

Name of the organization SWEDISH EDMONDS

Employer identification number 27-2305304

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.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate value of contributions to (during year), 3 Aggregate value of grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors...?, 6 Did the organization inform all grantees...?

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

Table with 2 columns: Description, Held at the End of the Year. Rows include: 1 Purpose(s) of conservation easements..., 2 Complete lines 2a through 2d..., 3 Number of conservation easements..., 4 Number of states..., 5 Does the organization have a written policy..., 6 Staff and volunteer hours..., 7 Amount of expenses..., 8 Does each conservation easement..., 9 In Part XIII, describe how the organization reports...

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.

Table with 2 columns: Description, Amount. Rows include: 1a If the organization elected, as permitted under SFAS 116..., 1b If the organization elected, as permitted under SFAS 116..., 2 If the organization received or held works of art, historical treasures, or other similar assets...

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
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? 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	(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				
b Buildings		15,779,273	655,480	15,123,793
c Leasehold improvements		1,469,020	476,617	992,403
d Equipment		46,876,802	21,629,367	25,247,435
e Other		8,012,770		8,012,770
Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				49,376,401

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

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

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

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

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

(a) Description	(b) Book value
(1) Other AR	1,161,069
(2) Due from Affiliates	15,862,333
(3) Third Party Settlements	78,712
(4) Trustee Held Funds	38,065,175
(5) Unamortized Bond Financing Costs	556,445
Total. (Column (b) must equal Form 990, Part X, col.(B) line 15.)	55,723,734

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	
FIN 47 - LT Asset Retirement Obligation	1,742,094
Capital Lease	6,803,099
Due to Affiliates	16,946,717
Third Party Settlements	1,089,359
Bond Premium Discounts	3,633,377
Total. (Column (b) must equal Form 990, Part X, col (B) line 25.)	30,214,646

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

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

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

Part XIII Supplemental Information

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

Return Reference	Explanation
Part X, Line 2	The Health System recognizes the effect of income tax positions only if those positions are more likely than not of being sustained upon an audit by the taxing authority Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized Changes in recognition or measurement are reflected in the period in which the change in judgment occurs

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2014

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

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Name of the organization SWEDISH EDMONDS

Employer identification number 27-2305304

Part I Financial Assistance and Certain Other Community Benefits at Cost

- 1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a
1b If "Yes," was it a written policy?
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
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
3a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care?
3b Did the organization use FPG as a factor in determining eligibility for providing 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"?
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?
5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?
5c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?
6a Did the organization prepare a community benefit report during the tax year?
6b If "Yes," did the organization make it available to the public?

Table with 3 columns: Question ID, Yes, No. Rows correspond to questions 1a through 6b.

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs and Other Benefits.

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy	0	0	9,643	0	9,643	0.010 %
8 Workforce development						
9 Other						
10 Total			9,643		9,643	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 Healthcare 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		6,591,643
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.	3		0
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.			

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME).	5	66,451,865
6 Enter Medicare allowable costs of care relating to payments on line 5.	6	80,103,910
7 Subtract line 6 from line 5. This is the surplus (or shortfall).	7	-13,652,045
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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> 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 (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

	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)
 Swedish Edmonds

Name of hospital facility or letter of facility reporting group _____

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

		Yes	No
Community Health Needs Assessment			
1	Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?		No
2	Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C		No
3	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 12 If "Yes," indicate what the CHNA report describes (check all that apply)	Yes	
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The significant health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Section C)		
4	Indicate the tax year the hospital facility last conducted a CHNA <u>20 13</u>		
5	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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	Yes	
6a	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	Yes	
b	Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C		No
7	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	Yes	
a	<input checked="" type="checkbox"/> Hospital facility's website (list url) <u>www.swedish.org</u>		
b	<input type="checkbox"/> Other website (list url) _____		
c	<input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d	<input type="checkbox"/> Other (describe in Section C)		
8	Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	Yes	
9	Indicate the tax year the hospital facility last adopted an implementation strategy <u>20 13</u>		
10	Is the hospital facility's most recently adopted implementation strategy posted on a website?		No
a	If "Yes" (list url) _____		
b	If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	Yes	
11	Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed		
12a	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)?		No
b	If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
c	If "Yes" to line 12b, 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)*

Swedish Edmonds

Name of hospital facility or letter of facility reporting group _____

	Yes	No
Financial Assistance Policy (FAP)		
13 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 included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP	13 Yes	
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>100 000000000000</u> % and FPG family income limit for eligibility for discounted care of <u>400 000000000000</u> %		
b <input type="checkbox"/> Income level other than FPG (describe in Section C)		
c <input checked="" type="checkbox"/> Asset level		
d <input checked="" type="checkbox"/> Medical indigency		
e <input checked="" type="checkbox"/> Insurance status		
f <input checked="" type="checkbox"/> Underinsurance discount		
g <input checked="" type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
14 Explained the basis for calculating amounts charged to patients?	14 Yes	
15 Explained the method for applying for financial assistance?	15 Yes	
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply)		
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input type="checkbox"/> Other (describe in Section C)		
16 Included measures to publicize the policy within the community served by the hospital facility?	16 Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)		
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url) _____		
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url) _____		
c <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url) _____		
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g <input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h <input type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i <input type="checkbox"/> Other (describe in Section C)		

Billing and Collections

17 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 all of the actions the hospital facility or other authorized party may take upon non-payment?	17 Yes	
18 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Actions that require a legal or judicial process		
d <input type="checkbox"/> Other similar actions (describe in Section C)		
e <input type="checkbox"/> None of these actions or other similar actions were permitted		

Part V Facility Information *(continued)*

Swedish Edmonds

Name of hospital facility or letter of facility reporting group _____

		Yes	No
19	Did the hospital facility or other authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? If "Yes," check all actions in which the hospital facility or a third party engaged		No
a	<input type="checkbox"/> Reporting to credit agency(ies)		
b	<input type="checkbox"/> Selling an individual's debt to another party		
c	<input type="checkbox"/> Actions that require a legal or judicial process		
d	<input type="checkbox"/> Other similar actions (describe in Section C)		
20	Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 18 (check all that apply)		
a	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy on admission		
b	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy prior to discharge		
c	<input checked="" type="checkbox"/> Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills		
d	<input checked="" type="checkbox"/> Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy		
e	<input type="checkbox"/> Other (describe in Section C)		
f	<input type="checkbox"/> None of these efforts were made		

Policy Relating to Emergency Medical Care

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

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

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

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? 4

Name and address	Type of Facility (describe)
1 Pavilion Pharmacy 7320 216th Street SW Suite 100 Edmonds, WA 98026	Retail Pharmacy & Pavilion Pharmacy
2 Swedish Edmonds Internal Medicine 7320 216th Street SW Suite 200 Edmonds, WA 98026	Outpatient Physician Clinic
3 Wound Healing & Hyperbarics 21911 76th Avenue W Suite 204 Edmonds, WA 98026	Outpatient Physician Clinic
4 Swedish Edmonds Specialty Clinic 21616 76th Avenue W Suite 212 Edmonds, WA 98026	Outpatient Physician Clinic
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

Provide the following information

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

Form and Line Reference	Explanation
Part I, Line 3c	The sliding fee scale will be used to determine the amount to be written off as charity care for guarantors with income between 101% and 400% of the current federal poverty level after all funding possibilities available to the guarantor have been exhausted or denied and personal financial resources and assets have been reviewed for possible funding to pay for billing charges

Form and Line Reference	Explanation
Part I, Line 6a	Swedish Edmonds' community benefit information is included in the consolidated reports of both Swedish Health Services and Providence Health & Services

Form and Line Reference	Explanation
Part I, Line 7	Costs for table 7 are from actual expenses incurred

Form and Line Reference	Explanation
Part I, Line 7, Column (f)	The Bad Debt expense included on Form 990, Part IX, Line 25, Column (A), but subtracted for purposes of calculating the percentage in this column is \$ 6,591,643

Form and Line Reference	Explanation
Part II, Community Building Activities	Educating the community regarding healthy living by representing Swedish Edmonds on the Edmonds School District Creating Community Connections Committee

Form and Line Reference	Explanation
Part III, Line 2	Bad debt expense represents the amount of gross charges for patients who do not have insurance and which we were unable to qualify for assistance under either government programs or our internal charity care policy

Form and Line Reference	Explanation
Part III, Line 4	<p>The Health System provides for an allowance against patient accounts receivable for amounts that could become uncollectible. The Health System estimates this allowance based on the aging of accounts receivable, historical collection experience by payor, and other relevant factors. There are various factors that can impact the collection trends, such as changes in the economy, which in turn have an impact on unemployment rates and the number of uninsured and underinsured patients, the increased burden of copayments to be made by patients with insurance coverage and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process used by the Health System. The Health System records a provision for bad debts in the period of services on the basis of past experience, which has historically indicated that many patients are unresponsive or are otherwise unwilling to pay the portion of their bill for which they are financially responsible.</p>

Form and Line Reference	Explanation
Part III, Line 8	Costing methodology is based upon Medicare cost report and Medicare PS&R report

Form and Line Reference	Explanation
Part III, Line 9b	The debt collection policy applies to self-pay individuals who have been evaluated and determined not to be eligible for financial assistance

Form and Line Reference	Explanation
Part VI, Line 2	<p>The needs assessment was completed on a consolidated basis with Swedish Health Services Working with a community advisory committee made up of key community partners, Swedish developed a community needs assessment tool. This instrument defined, among other things, underserved patient access to care and access for specialty health care needs. The methodology was derived from the leading health indicators for King County and was cross referenced with research done by the Washington Health Foundation, United Way of King County and Healthy People 2010. Based on this information, Swedish has developed partnerships with community agencies where we have combined our resources to impact the negative health trends in the community. To date, we have developed partnerships with the American Diabetes Association, the American Heart Association, Senior Services of King County, March of Dimes, United Way, Lifelong Aids Alliance, National Multiple Sclerosis Society and the Washington Health Foundation. Some current trends affecting the community include poverty and access to affordable healthcare, diabetes, obesity and lack of access to behavioral health. Negative local trends affecting the community assessment include prevalence of low birth weight babies, breast cancer, diabetes, HIV/AIDS, hypertension, high blood cholesterol, heavy drinking and multiple sclerosis. Areas seeing improvement in King County, but still needing improvement, include incidence of stroke, colorectal cancer death, lung cancer death, suicide, smoking cessation, vaccinations, AIDS incidence and seatbelt use. Swedish customized and expanded its community needs assessment to each hospital within Swedish Health Services. As of January 2012, each hospital has an individualized assessment geared to the specific community it serves. In 2013 Swedish has identified 4 system wide priorities that will be our focus for the next 3 years. In addition, each Swedish campus has an implementation strategy which addresses site specific priorities. These system priorities were chosen based on public health data, recommendations from the CHNA champions at each site (using community feedback) and the Swedish CHNA Advisory Council. Our goal will be to strengthen our existing programs, create new programs and collaborate with numerous community partners to improve the health in our community. 2013-2016 priorities include * Diabetes and Obesity* Access to Care* Behavioral Health* Community Needs Advisory Council</p>

Form and Line Reference	Explanation
Part VI, Line 3	Swedish Edmonds is committed to providing health care services to all persons in need of medical attention, regardless of their ability to pay. The Hospital posts notice of its financial assistance program, including who may be eligible and how to apply. During the pre-registration, registration and/or financial counseling process, the hospital will attempt to identify those individuals who may need financial assistance and notify them that financial assistance is available for qualified individuals. The Hospital will screen patients for potential coverage through government programs. If it appears the patient may be eligible, the patient must comply with these application processes.

Form and Line Reference	Explanation
Part VI, Line 4	<p>The Hospital's community is defined as individuals, organizations and the public in locations including Edmonds, Lynnwood, Brier, Mountlake Terrace and Woodway * There are 741,000 residents in Snohomish County Key demographic features of Snohomish County include * A population that has grown rapidly and become more diverse Snohomish County has grown 16.2 percent since 2000 and is expected to increase to 862,000 by 2020 Hispanics were the fastest growing ethnic group * An aging population, with middle-aged adults (45-64 years) increasing by 48 percent since 1990 * A growing population of vulnerable residents (as measured by the percent of births paid for by Medicaid and percentage of residents without health insurance) is increasing as well</p>

Form and Line Reference	Explanation
Part VI, Line 5	<p>Swedish Edmonds integrates community benefits into its ongoing planning processes, budgeting and reporting. The Hospital uses its resources at both the local and Swedish Health System-wide levels to benefit citizens in need and to promote healing and health in its communities. Senior management ensures that resources are allocated to assess, develop and implement community benefit programs and initiatives that respond to the unmet health priorities. The Hospital participates in the assurance of community health assets and needs with special attention to geographical areas and populations with disproportionate unmet health-related needs. The Hospital budget includes financial resources to assess, plan, develop, implement, manage and report on community benefit initiatives. The Hospital's community benefit programs are developed in response to health issues identified in various assessments of the service area and disease status identified, focused on disproportionate unmet health-related needs, with emphasis on prevention and access to continuing care. The Hospital determines measurable goals, including the number of people reached, disproportionate populations visited, and education provided and gained access to care.</p>

Form and Line Reference	Explanation
Part VI, Line 6	Swedish Edmonds is an Affiliated Member with Providence Health & Services. The Health System owns or operates 34 general acute care hospitals, three ambulatory care centers, six medical groups, six long term care facilities, seven homecare and hospice entities, five assisted living facilities, a high school, a university, 13 low income housing projects, the Health Plan, a health services contractor, two programs of all inclusive care for the elderly, and 23 controlled fundraising foundations. The Health System provides inpatient, outpatient, primary care, and home care services in Alaska, Washington, Montana, Oregon, and Southern California. The Health System operates these businesses primarily in the greater metropolitan areas of Anchorage, Alaska, Seattle, Spokane, Kennewick, and Olympia, Washington, Missoula, Montana, Portland and Medford, Oregon, and Los Angeles, California.

Form and Line Reference	Explanation
Part VI, Line 7, Reports Filed With States	WA

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2014

Open to Public Inspection

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.

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

Department of the Treasury
Internal Revenue Service

Name of the organization
SWEDISH EDMONDS

Employer identification number

27-2305304

Part I Questions Regarding Compensation

- 1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.
- | | |
|---|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax idemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> 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.
- 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?

- 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.
- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> 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?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?
- 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), 501(c)(4), and 501(c)(29) organizations 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?
- b** Any related organization?
- 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?
- b** Any related organization?
- 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.
- 8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.
- 9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
1b		
2		
4a	Yes	
4b	Yes	
4c		No
5a		No
5b		No
6a		No
6b		No
7		No
8		No
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 in column(B) reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

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

Also complete this part for any additional information

Return Reference	Explanation
Part I, Line 1a	The reporting organization did not provide any of the benefits listed in Part I, Line 1a. However, as part of Providence's philosophy of transparency, the narrative that follows relates to the compensation and benefits provided by the related organization. Swedish executives adhere to the Providence Expense Reimbursement Procedures which include the following policies: First Class Travel or Charter Travel or Travel of Companions Air travel is reimbursable for tourist or economy class and should be at the least expensive airfare, which permits departures and arrivals at reasonable times and reasonable distance traveled. Employees are encouraged to plan in advance to get available discounts. Airline frequent flyer upgrades will never be reimbursed. First class air travel will only be reimbursed when tourist or economy class air travel is not available and business travel is mandated by a supervisor. In the rare circumstance that an executive must fly on a first class full fare ticket, their senior level supervisor must approve this expense. Companion travel will only be reimbursed by the organization for travel related to relocation, and should not exceed two relocation-related visits, unless approved by the Executive Vice President/Chief People and Experience Officer. Spouse or Companion Travel Travel expenses incurred by a Swedish Health Services employee's spouse or companion will not be reimbursed by Swedish unless the spouse or companion is required to, or invited to attend a System-sponsored meeting. These expenses may be considered a taxable benefit by the IRS and if so, will be included on the employee's W-2. During 2014, there were two First Class tickets utilized by Officers, Directors or Key Employees listed on Form 990, Part VII Tax Indemnifications or Gross-Up Payments. Providence Health & Services follows the federal and state taxation laws related to relocation expenses paid to the employee or to a third party on the employee's behalf. They are considered income and are therefore subject to payroll taxes. Based on the way Swedish has chosen to pay the relocation expenses, Swedish reports reimbursements and payments to vendors as income and these expense payments are reflected on the executive's Form W-2. Swedish will gross-up the relocation benefits to offset the personal tax burden to the employee for IRS allowable expenses. During 2014, the following Listed Persons received gross-up payments: Debra Canales, Anthony Armada, Lisa Vance, Craig Wright, MD, Cindra Syverson, Arnie Schaffer. Housing Allowance or Residence for Personal Use. Swedish Health Services provides housing allowances for purposes of relocation assistance only. Swedish may pay temporary living expenses for the employee up to a maximum of 90 calendar days. Covered expenses are rent (excluding "rent" which may be paid in order to occupy a new permanent residence until the title clears) and utilities, including heat, electricity, gas, water, local internet and local telephone and garbage services. The Executive Vice President/Chief People and Experience Officer may approve temporary housing assistance for up to six months when family relocation is delayed to accommodate the school year or equivalent circumstances. Only in extenuating circumstances is housing extended beyond this six month period. During 2014, the following Listed Persons received relocation/housing program payments: Debra Canales, Anthony Armada, Lisa Vance, Craig Wright, MD, Cindra Syverson, Arnie Schaffer. The amounts reported for these relocation/housing payments are included on Schedule J, Part II, Column B (iii) - Other Reportable Compensation.
Part I, Lines 4a-b	NONQUALIFIED RETIREMENT PLANS A) SERP = Supplemental Executive Retirement Plan B) CBRP = Cash Balance Restoration Plan C) ESP = Elective Survivor Plan 1) Rod Hochman, MD a) SERP Earned but not Vested - \$423,527 b) SERP Interest Credit - \$32,014 2) Todd Hofheins a) SERP Earned but not Vested - \$61,763 3) Cindy Strauss a) SERP Earned but not Vested - \$173,177 b) SERP Interest Credit - \$20,200 4) Mike Butler a) SERP Earned but not Vested - \$375,980 b) SERP Interest Credit - \$55,936 5) Lisa Vance a) Taxable SERP Earned but not Paid - \$246,744 c) SERP Interest Credit - \$5,405 6) Randy Axelrod a) SERP Earned but not Vested - \$210,806 7) Jack Friedman a) Taxable SERP Earned but not Paid - \$47,539 b) SERP Interest Credit - \$100,696 8) Craig Wright, MD a) SERP Earned but not Vested - \$172,424 b) SERP Interest Credit - \$91,172 9) Janice Newell a) SERP Earned but not Vested - \$185,427 b) SERP Interest Credit - \$4,758 10) Deborah Burton a) Taxable SERP Earned but not Paid - \$156,114 b) SERP Interest Credit - \$4,843 11) Robert Hellrigel a) SERP Earned but not Vested - \$38,135 b) SERP Interest Credit - \$6,970 12) David Brown a) SERP Earned but not Vested - \$74,010 b) SERP Interest Credit - \$19,770 13) Orest Holubec a) SERP Earned but not Vested - \$18,642 b) SERP Interest Credit - \$1,332 14) Mark Gargett a) Taxable SERP Earned but not Paid - \$111,973 b) Taxable CBRP Paid - \$3,879 c) SERP Interest Credit - \$22,957 15) Joel Gilbertson a) SERP Earned but not Vested - \$48,936 b) SERP Interest Credit - \$13,976 16) Gary Flaming a) Taxable SERP Earned but not Paid - \$127,565 b) Taxable CBRP Paid - \$6,338 c) SERP Interest Credit - \$1,640 17) Teresa Spalding a) Taxable SERP Earned but not Paid - \$84,574 b) Taxable CBRP Paid - \$227 18) Mike Waters a) SERP Earned but not Vested - \$9,742 b) SER Interest Credit - \$243 19) Dave Hunter a) Taxable SERP Earned but not Paid - \$33,139 b) Taxable CBRP Paid - \$566 c) SERP Interest Credit - \$19,890 20) Dana White a) SERP Earned but not Vested - \$14,595 21) Cindra Syverson a) Taxable SERP Paid - \$1,154,015 b) Taxable CBRP Paid - \$8,482 c) SERP Interest Credit - \$7,244 22) Ray Williams a) Taxable SERP Paid - \$424,467 23) John Fletcher a) Taxable SERP Paid - \$213,729 b) Non-Taxable SERP Paid - \$374,151 c) Taxable CBRP Paid - \$1,346 24) John Koster, MD a) Taxable SERP Paid - \$624,015 b) Non-Taxable SERP Paid - \$538,914 c) SERP Interest Credit - \$196,163 25) Jan Jones a) Taxable SERP Paid - \$153,823 b) Taxable CBRP Paid - \$45 c) Non-Taxable SERP Paid - \$282,092 26) Arnie Schaffer a) Taxable SERP Paid - \$95,241 b) Non-Taxable SERP Paid - \$234,734 27) Jeff Rogers a) Taxable CBRP Paid - \$12,493 b) Non-Taxable CBRP Earned but not Paid - \$10,159 c) SERP Earned but not Paid - \$242,193 d) ESP Paid - \$218,619 28) Terry Smith a) Taxable SERP Paid - \$22,869 b) Taxable CBRP Paid - \$17,090 c) Non-Taxable CBRP Paid - \$44 d) Non-Taxable SERP Paid - \$297,419 29) David E. Jaffe a) SERP Interest Credit - \$9,925 30) Dan Harris a) Taxable CBRP Earned but Not Paid - \$1,363 b) Taxable SERP Earned but Not Paid - \$145,789 c) SERP Interest Credit - \$5,721 31) Jeff Veilleux a) Taxable SERP Paid - \$482,025
Part I, Lines 4a-b	SEVERANCE 1) Cindra Syverson - \$813,696 2) Ray Williams - \$624,988 3) John Fletcher - \$555,934 4) Jan Jones - \$592,802 5) Arnie Schaffer - \$193,271 6) Jeff Veilleux - \$108,412
FORM 990, SCHEDULE J, PART II - EXECUTIVE PERFORMANCE AWARDS PROGRAM	Swedish executives participate in the Providence Executive Incentive Program which provides a lump sum award annually as a percent of the executive's base pay. Percent opportunities are aligned with our total compensation philosophy as outlined in Part VI, Section B, Line 15 (Process for determining compensation of top management, officers & key employees). The performance award is based on the level of accomplishment of annual system objectives and personal objectives. In 2014, 100 percent of the participant awards were based on pre-determined organizational goals consistent with Providence's six strategic priorities of: creating healthier communities together, inspire and develop our people, building enduring relationships with consumers, create alignment with clinicians & care teams, develop and thrive under new care delivery & economic models, and grow by optimizing expert-to-expert capabilities. For 2014, the percent allocation for each of these strategic priorities is outlined below: * Creating Healthier Communities, Together Community Benefit - 10% System Leadership Council - 10% System Role including Providence Senior & Community Services (PSCS) - 10% Region Role Regional Chief Executives (RCEs) and Reports * Inspire and Develop Our People Core Leader Engagement - 10% System Leadership Council - 10% Providence Strategic and Management Services (PSMS) System Role including PSCS - 10% Region Role RCEs and Reports Employee Health Index - 5% System Leadership Council - 5% System Role including PSCS - 5% System Region Role RCEs and Reports * Building Enduring Relationships with Consumers MyChart Activations - 5% System Leadership Council - 5% System Role including PSCS - 5% Region Role RCEs and Reports Patient Loyalty Index - 5% System Leadership Council - 5% System Role including PSCS - 5% Region Role RCEs and Reports * Create Alignment with Clinicians & Care Teams Clinical Excellence Index - 10% System Leadership Council - 10% System Role including PSCS - 10% Region Role RCEs and Reports * Develop and Thrive Under New Care Delivery & Economic Models Salary Expense as % of Net Service Revenue - 10% System Leadership Council - 10% PSMS System Role including PSCS - 10% Region Role RCEs and Reports Supply Expense as % of Net Service Revenue - 5% System Leadership Council - 5% System Role including PSCS - 5% Region Role RCEs and Reports Primary Care Panel Size - 5% System Leadership Council - 5% System Role including PSCS - 5% Region Role RCEs and Reports Clinical Network Performance - 10% System Leadership Council - 10% System Role including PSCS - 10% System Region Role RCEs and Reports * Grow by Optimizing Expert-to-Expert Capabilities Free Cash Flow - 15% System Leadership Council - 15% System Role including PSCS - 15% Region Role RCEs and Reports Unduplicated Patient Count - 10% System Leadership Council - 10% System Role including PSCS - 10% Region Role RCEs and Reports TOTAL ALLOCATION - 100% Leadership Council - 100% System Role including PSCS - 100% Region Role RCEs and Reports

Additional Data

Software ID:
Software Version:
EIN: 27-2305304
Name: SWEDISH EDMONDS

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

(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 in column (B) reported as deferred in prior Form 990
	(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 Rod F Hochman MD, President / CEO	(i)	0	0	0	0	0	0
	(ii)	1,184,387	750,000	17,500	473,741	28,619	2,454,247
1 Todd Hofheins, EVP/CFO	(i)	0	0	0	0	0	0
	(ii)	589,662	0	17,500	89,039	24,620	720,821
2 Cindy Strauss, SVP/Chief Legal Officer	(i)	0	0	0	0	0	0
	(ii)	470,542	0	17,500	212,878	22,908	723,828
3 David Jaffe, CEO/Swedish Edmonds	(i)	0	0	0	0	0	0
	(ii)	320,812	0	0	20,131	6,521	347,464
4 Dan Harris, CFO/Swedish	(i)	0	0	0	0	0	0
	(ii)	429,749	147,152	0	37,904	11,772	626,577
5 Anthony Armada, CEO/Swedish	(i)	0	0	0	0	0	0
	(ii)	658,365	100,000	66,202	11,700	26,093	862,360
6 Michael L Butler, President/Operations & Services	(i)	0	0	0	0	0	0
	(ii)	983,000	540,000	17,500	466,289	32,527	2,039,316
7 Debra Canales, EVP/Chief People & Experience Ofc	(i)	0	0	0	0	0	0
	(ii)	706,646	265,000	104,573	11,700	15,769	1,103,688
8 Lisa Vance, SVP/Clinical Program Services	(i)	0	0	0	0	0	0
	(ii)	434,708	246,809	28,198	38,628	20,878	769,221
9 Randy Axelrod MD, EVP/Clinical & Patient Svcs	(i)	0	0	0	0	0	0
	(ii)	681,191	0	20,315	222,505	26,129	950,140
10 Jack Friedman, SVP/Account Care & Payor Rel	(i)	0	0	0	0	0	0
	(ii)	531,342	47,539	17,500	151,650	27,687	775,718
11 Aaron Martin, SVP/Strategy & Innovation	(i)	0	0	0	0	0	0
	(ii)	463,108	100,000	0	11,700	7,892	582,700
12 Craig L Wright MD, SVP/Physician Svcs	(i)	0	0	0	0	0	0
	(ii)	519,920	0	30,032	293,065	20,388	863,405
13 Janice Newell, SVP/Chief Information Officer	(i)	0	0	0	0	0	0
	(ii)	511,942	0	17,500	208,385	12,663	750,490
14 Deborah Burton, SVP/Chief Nrsng Officer	(i)	0	0	0	0	0	0
	(ii)	346,075	156,114	17,500	31,767	24,265	575,721
15 Robert Hellngel, CE/Senior & Community Services	(i)	0	0	0	0	0	0
	(ii)	373,982	144,954	0	73,345	23,271	615,552
16 David Brown, VP/Strategy & Business Development	(i)	0	0	0	0	0	0
	(ii)	354,112	139,500	0	121,500	22,129	637,241
17 Orest Holubec, SVP/Marketing & Communications	(i)	0	0	0	0	0	0
	(ii)	348,449	120,258	17,500	31,673	22,725	540,605
18 Mark Gargett, VP/Digital Integration	(i)	0	0	0	0	0	0
	(ii)	360,689	115,852	0	57,037	23,963	557,541
19 Joel S Gilbertson, SVP/Comm Ptnrshp / Ext Affairs	(i)	0	0	0	0	0	0
	(ii)	402,181	0	17,500	81,301	22,802	523,784

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees									
(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 in column (B) reported as deferred in prior Form 990		
	(i) Base Compensation	(ii) Bonus & Incentive compensation	(iii) Other reportable compensation						
21 Gary Flaming, SVP/Chief Risk Officer	(i)	0	0	0	0	0	0		
	(ii)	264,317	133,903	17,500	70,770	19,035	505,525		
1 Teresa Spalding, VP/Revenue Cycle	(i)	0	0	0	0	0	0		
	(ii)	312,558	84,801	17,500	32,445	13,467	460,771		
2 Mike Waters, VP,CAO/Physician Services	(i)	0	0	0	0	0	0		
	(ii)	324,643	30,000	0	28,185	10,621	393,449		
3 Dave Hunter, VP/Supply Chain Management	(i)	0	0	0	0	0	0		
	(ii)	300,714	33,705	17,500	49,466	19,069	420,454		
4 Dana White, VP/Real Estate & Construction	(i)	0	0	0	0	0	0		
	(ii)	270,802	0	16,840	43,097	22,084	352,823		
5 Adam Balkany, Physician	(i)	328,612	65,848	17,500	17,550	28,403	457,913		
	(ii)	0	0	0	0	0	0		
6 Peter Ro, Physician/Hyperbaric Medicine	(i)	379,593	0	17,500	12,429	28,143	437,665		
	(ii)	0	0	0	0	0	0		
7 Valorie Wilkins, Physician	(i)	155,907	10,748	122,813	9,858	10,172	309,498		
	(ii)	0	0	0	0	0	0		
8 Todd Baumeister, Physician/Pain Mgmt	(i)	280,794	4,766	0	14,402	20,220	320,182		
	(ii)	0	0	0	0	0	0		
9 Bich Khanh Nguyen, Physician - Internal Medicine	(i)	186,823	66,348	29,000	14,729	19,597	316,497		
	(ii)	0	0	0	0	0	0		
10 John F Koster MD, Former President & CEO	(i)	0	0	0	0	0	0		
	(ii)	49,738	624,015	222,502	762,492	4,737	1,663,484		
11 Jeff W Rogers, Former Corporate Secretary	(i)	0	0	0	0	0	0		
	(ii)	0	12,493	218,619	390,991	0	622,103		
12 Cindra R Syverson, Former SVP/CHRO	(i)	0	0	0	0	0	0		
	(ii)	23,967	1,162,497	881,829	10,140	7,720	2,086,153		
13 Jeff Veilleux, Former Treasurer - Swedish	(i)	0	0	0	0	0	0		
	(ii)	1,699	1,250,762	108,412	0	8,082	1,368,955		
14 Ray Williams, Former SVP/Physicians Svcs	(i)	0	0	0	0	0	0		
	(ii)	1,424	434,467	624,988	0	5,094	1,065,973		
15 John Fletcher, Former VP/Operations Support	(i)	0	0	0	0	0	0		
	(ii)	32,671	215,075	795,197	408,292	21,132	1,472,367		
16 Jan J Jones, Former SVP/CAO	(i)	0	0	0	0	0	0		
	(ii)	30,294	153,867	694,943	303,683	25,226	1,208,013		
17 Arnie Schaffer, Former EVP/W WA Region	(i)	0	0	0	0	0	0		
	(ii)	281	95,241	214,184	239,449	5,714	554,869		
18 Terry L Smith, Former SVP/Management Svcs	(i)	0	0	0	0	0	0		
	(ii)	35,751	39,958	104,718	309,097	2,132	491,656		

**Schedule K
(Form 990)**

Supplemental Information on Tax Exempt Bonds

OMB No 1545-0047

2014

▶ 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.

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

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization
SWEDISH EDMONDS

Employer identification number

27-2305304

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 Washington Health Care Facilities Authority	91-1108929	93978HKL8	09-10-2014	49,546,745	Construction of ambulatory services at Swedish Edmonds		X		X		X

Part II Proceeds

	A	B	C	D
1 Amount of bonds retired				
2 Amount of bonds legally defeased				
3 Total proceeds of issue	49,546,745			
4 Gross proceeds in reserve funds				
5 Capitalized interest from proceeds				
6 Proceeds in refunding escrows				
7 Issuance costs from proceeds	559,858			
8 Credit enhancement from proceeds				
9 Working capital expenditures from proceeds				
10 Capital expenditures from proceeds	30,051,901			
11 Other spent proceeds				
12 Other unspent proceeds	18,934,985			
13 Year of substantial completion	2015			
	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X		
15 Were the bonds issued as part of an advance refunding issue?		X		
16 Has the final allocation of proceeds been made?		X		
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	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						
2 Are there any lease arrangements that may result in private business use of bond-financed property?		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							
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							
c Are there any research agreements that may result in private business use of bond-financed property?		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 %							
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 %							
6 Total of lines 4 and 5	0 %							
7 Does the bond issue meet the private security or payment test?		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						
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						

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		X						
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?	X							
b Exception to rebate?		X						
c No rebate due?		X						
If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?		X						
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		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						
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						
7 Has the organization established written procedures to monitor the requirements of section 148?	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							

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

Return Reference	Explanation
PART III, LINE 7 - BOND ISSUE A	As provided in Treasury Regulation Section 1.141-4(c)(2)(i)(B), the amount of private payments taken into account under the private payment test may not exceed the amount of private business use and/or unrelated trade or business use. Accordingly, the amount of private payments for the reporting period does not exceed the amount stated in Part III, Line 6. The organization has not undertaken an analysis of the private security test with respect to the bonds, as the level of private business use and/or unrelated trade or business use reported in Part III, Line 6 is not in excess of amounts permitted under Section 145 of the Code.

Return Reference	Explanation
SCHEDULE K, PART I & II - BOND ISSUE A	The 2014C Series issued by the Washington Health Care Facilities Authority was issued to cover both the construction of ambulatory services at Swedish Edmonds as well as to partially refinance a taxable financing of Providence Health & Services - Washington dba Providence Regional Medical Center Everett. Since this bond issue is spread across two separate legal entities, the amounts shown only reflect the portion directly related to the new construction at Swedish Edmonds.

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 990-EZ 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.**

2014

**Open to Public
Inspection**

Name of the organization
SWEDISH EDMONDS

Employer identification number

27-2305304

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	Western HealthConnect is the sole member of Swedish Edmonds

Return Reference	Explanation
Form 990, Part VI, Section A, line 7b	The following powers are reserved to and exercised exclusively by the Member A) To amend or repeal the Articles of Incorporation or Bylaws B) To approve the acquisition of assets, the incurrence of indebtedness or the lease, sale, transfer, assignment or encumbering of assets C) To approve the dissolution, liquidation, consolidation or merger with another corporation or entity D) To approve the annual operating and capital budgets of the Corporation on a consolidated region-wide basis and recommend approval of the Corporation's budget E) To appoint certified public accountants after receiving the recommendation of the Board of Directors, and to receive the annual audit report from such accountants

Return Reference	Explanation
Form 990, Part VI, Section B, line 11	The Form 990 is prepared internally by experienced accounting staff and reviewed by the Director of Taxes of Providence Health & Services and external tax advisors. The Board and signing Officer reviewed the Form 990 in detail. Once approved, an electronic copy of the Form 990 is emailed to the Board prior to filing with the IRS.

Return Reference	Explanation
Form 990, Part VI, Section B, line 12c	<p>The Board of Trustees has adopted a conflict of interest policy. Management employees are covered by the Swedish Health Services conflict of interest policy. Both policies are substantially similar and are jointly referred to herein as "the policy." Board members and covered persons are required to complete a conflict of interest questionnaire annually and disclose any affiliations, interest or relationships and/or any transactions the individual and/or his or her family members have engaged in that might give rise to an actual, apparent, or potential conflict of interest. The policy defines family members and describes what constitutes conflicts of interest. It requires individuals to report to the appropriate committee chair any further financial interest, situation, activity, interest or conduct that may develop before completion of the next annual questionnaire. Potential conflicts of interest with physician board members with financial interests in businesses that compete with Swedish Edmonds are addressed, as well as appropriate disclosures, evaluation and resolution of said conflicts. The conflict of interest questionnaire includes an annual statement that board members and covered persons (a) have received a copy of the policy, (b) have read and understood the policy, (c) agree to comply with the policy, (d) understand that the policy applies to committees and subcommittees, (e) understand that the organization is a charitable organization that must engage primarily in exempt activities, (f) agree to report to the appropriate manager or committee chair any change to matters previously disclosed on the conflict of interest questionnaire, (g) state that the information provided in the conflict of interest questionnaire is true and accurate to the best of his or her knowledge and belief. The purpose of the policy is to ensure board members and covered persons are independent and able to perform their duties in an impartial manner, free from any bias created by personal interests, to protect the interests of Swedish Edmonds, to clarify the duties and obligations of the board members and covered persons in the context of a potential conflict (and to provide a method for disclosing and resolving said conflict) and to supplement (not replace) any applicable state laws governing conflicts of interest applicable to charitable, nonprofit corporations. Swedish Edmonds will not engage in any contract, transaction or arrangement involving a potential conflict of interest unless it is determined that appropriate safeguards to protect the charitable mission of the organization have been implemented. The executive committee will review all conflict of interest questionnaires for board members. The executive committee will make a finding as to whether an actual, apparent or potential conflict of interest exists and will take actions as it deems appropriate. The conflict of interest committee governs the policy and questionnaire related to all other covered persons. The minutes of meetings will identify any person attending the meeting who has a conflict of interest with respect to any matter before the board or committee and the action taken to address the conflict of interest (e.g., the individual left the room during the discussion of the matter giving rise to the conflict of interest and the individual did not vote on such matter).</p>

Return Reference	Explanation
Form 990, Part VI, Section B, line 15	<p>The Board has delegated authority to the Swedish Health Services compensation and HR committees to review and approve compensation arrangements for the CAO of Swedish Edmonds. All members of the compensation and HR committees are independent. Compensation for executives (including the CAO) is reasonable and consistent with the executive total compensation philosophy approved by the Board of Trustees. Potential conflicts of interest are addressed in accordance with the corporation's conflict of interest policy. The Board of Trustees selects and retains an independent consultant to conduct an annual review of the compensation package, including salaries, incentives and benefits and recommend appropriate adjustments to ensure that each remains competitive and responsive to changing laws and in keeping with the organization's mission. The Board, as part of its analysis, obtains from the independent consultant appropriate comparability data, including total compensation paid by similarly situated for profit and not for profit healthcare organizations for positions that are functionally comparable. The consultant provides documentation that total compensation is at fair market value. The consultants' recommendations are reviewed and approved (or not approved) by the compensation and HR committees, which document the basis for their decision. Following approval of the annual review by the compensation and HR committees, the CEO of Swedish Health Services will approve changes in the compensation package for the CAO of Swedish Edmonds consistent with the annual review and recommendations approved by the compensation and HR committees. Salaries for non-executive employees are reviewed and approved by HR.</p>

Return Reference	Explanation
Form 990, Part VI, Section C, line 19	Copies of Swedish Edmonds' governing documents, conflict of interest policy and financial statements are available upon request

Return Reference	Explanation
Form 990, Part VII	<p>Michael Holcomb - 1801 Lind Avenue SW, Renton, WA 98057 Chauncey Boyle, SP - 1801 Lind Avenue SW, Renton, WA 98057 Marian Schubert, CSJ - Eff 9/14 - 1801 Lind Avenue SW, Renton, WA 98057 Phyllis Hughes, RSM - 1801 Lind Avenue SW, Renton, WA 98057 Carolina Reyes, MD - 1801 Lind Avenue SW, Renton, WA 98057 Michael A Stein - 1801 Lind Avenue SW, Renton, WA 98057 Eugene "Al" Parrish - 1801 Lind Avenue SW, Renton, WA 98057 Peter J Snow - 1801 Lind Avenue SW, Renton, WA 98057 Bob Wilson - 1801 Lind Avenue SW, Renton, WA 98057 Sallye Liner - 1801 Lind Avenue SW, Renton, WA 98057 Elen L Wolf - 1801 Lind Avenue SW, Renton, WA 98057 Isiaah Crawford - 1801 Lind Avenue SW, Renton, WA 98057 Martha Diaz Aszkenazy - 1801 Lind Avenue SW, Renton, WA 98057 Kirby McDonald - 1801 Lind Avenue SW, Renton, WA 98057 Dave Olsen - 1801 Lind Avenue SW, Renton, WA 98057 Charles (Chuck) Watts - 1801 Lind Avenue SW, Renton, WA 98057 Rod F Hochman, MD - 1801 Lind Avenue SW, Renton, WA 98057 Todd Hofheims - 1801 Lind Avenue SW, Renton, WA 98057 Cindy Strauss - 1801 Lind Avenue SW, Renton, WA 98057 Michael L Butler - 1801 Lind Avenue SW, Renton, WA 98057 Debra Canales - 1801 Lind Avenue SW, Renton, WA 98057 Lisa Vance - 1801 Lind Avenue SW, Renton, WA 98057 Randy Axelrod, MD - 1801 Lind Avenue SW, Renton, WA 98057 Jack Friedman - 1801 Lind Avenue SW, Renton, WA 98057 Aaron Martin - 1801 Lind Avenue SW, Renton, WA 98057 Craig L Wright, MD - 1801 Lind Avenue SW, Renton, WA 98057 Janice Newell - 1801 Lind Avenue SW, Renton, WA 98057 Deborah Burton - 1801 Lind Avenue SW, Renton, WA 98057 Robert Hellrigel - 1801 Lind Avenue SW, Renton, WA 98057 David Brown - 1801 Lind Avenue SW, Renton, WA 98057 Orest Holubec - 1801 Lind Avenue SW, Renton, WA 98057 Mark Gargett - 1801 Lind Avenue SW, Renton, WA 98057 Joel S Gilbertson - 1801 Lind Avenue SW, Renton, WA 98057 Gary Flaming - 1801 Lind Avenue SW, Renton, WA 98057 Teresa Spalding - 1801 Lind Avenue SW, Renton, WA 98057 Mike Waters - 1801 Lind Avenue SW, Renton, WA 98057 Dave Hunter - 1801 Lind Avenue SW, Renton, WA 98057 Dana White - 1801 Lind Avenue SW, Renton, WA 98057</p>

Return Reference	Explanation
Form 990, Part IX, line 11g	Agency/Contract Labor Program service expenses 4,794,725 Management and general expenses 69,666 Fundraising expenses 0 Total expenses 4,864,391 Medical Director & Med Physician Fees Program service expenses 1,946,629 Management and general expenses 168,766 Fundraising expenses 0 Total expenses 2,115,395 Repairs & Maintenance Program service expenses 1,380,271 Management and general expenses 2,824,628 Fundraising expenses 0 Total expenses 4,204,899 Billing & Collections Program service expenses 0 Management and general expenses 299,341 Fundraising expenses 0 Total expenses 299,341 Other Patient Services Program service expenses 5,961,360 Management and general expenses 2,577,072 Fundraising expenses 0 Total expenses 8,538,432 General Consulting Fees Program service expenses 17,966 Management and general expenses 1,208,921 Fundraising expenses 0 Total expenses 1,226,887

Return Reference	Explanation
Form 990, Part XI, line 9	Recipient Organization Adjustment 121,209 Rounding 1

Return Reference	Explanation
FORM 990, PART XII, LINE 2C - AUDIT & COMPLIANCE	The Audit and Compliance Committee assists the Board of Directors with the oversight of the integrity of the financial statements and reporting, the audit process and the internal financial controls and policies, compliance with ethical, legal and regulatory standards and requirements, the independence, qualifications and performance of the internal and external auditors, the investment committee, and informs the Board of Directors of critical risk areas and recommended mitigation

Return Reference	Explanation
FORM 990, PART I, LINE 6 - VOLUNTEERS	<p>The volunteers at Swedish Edmonds provide assistance to the staff in many areas from clerical support to patient care areas. They are an extension of the staff in Edmonds striving to uphold our mission, vision and values. We offer different volunteer opportunities based on interest, education requirements and community outreach.</p> <p>ED (Emergency Department) Volunteer Program Our pre-nursing/pre-med volunteers help out in the ED. This program is for students going into the medical field to fulfill specific course requirements and also supports the staff in ways that allow them to focus on patient care and not restocking supplies. This gives students valuable insight into the medical field that they are training to one day be a part of.</p> <p>ACV (Advanced Care Volunteer) Program Our senior project program or ACV is for high school seniors ages 17-18 that are interested in the medical field. This program offers students the opportunity to volunteer on the nursing floors providing assistance to the nursing staff while experiencing the healthcare environment to support their career goals of going into healthcare.</p> <p>Courtesy Desk Volunteers Our courtesy desk volunteers provide support to the surgical families, visitors, staff and anyone that may need direction when coming to visit Swedish Edmonds. They are trained on Epic in order to deliver status updates to waiting families, as well as provide information for visitors on where to find loved ones or where to find their appointment location. They deliver gifts and flowers to patients and also discharge patients from several different floors to assist the nursing staff.</p> <p>Breast Center Volunteers in the breast imaging center assist staff in getting patients ready for their exams by showing them to the dressing area and explaining the dressing instructions. Volunteers also assist staff by resetting the dressing area for the next patient. They inform the technologist that the patient is ready and waiting also noting the time in the log. The volunteers make reminder calls for patients' appointments and help restock the supply areas.</p> <p>Clerical Support Volunteers assist staff with filing paperwork, scanning, copying, data entry projects, archiving information and any other support projects as needed. This position can be done in any area that has a need.</p> <p>Companionship Care Program Volunteers in this program provide comfort, support and companionship to patients by playing games, reading to the patient, delivering books or magazines for the patient to read on their own, playing a musical instrument or by just being a good listener. Volunteers are trained to identify patient problems and report them to the charge nurse immediately.</p> <p>Center for Wound Healing & Hyperbaric Volunteers assist the staff by reviewing charts and entering data into excel spreadsheets, processing files for discharged patients, revising clinical forms, filing paperwork, and any administrative projects and needed and directed by staff.</p> <p>Employee Health Volunteers assist the staff with data entry, archiving information and filing. They must be detail oriented and have good computer skills.</p> <p>Gift Shop Volunteers provide customer service to patients, visitors and staff of the hospital. They must have cash handling experience, ability to accurately run the cash register and credit card machines, take phone orders accurately, restock shelves as needed, and any additional duties as directed by staff.</p> <p>Health Information Management Assist staff in preparing folders for permanent filing, alphabetizing accurately, purging records, copying and sorting files by data and alpha order. Must be able to work independently and have good accuracy.</p> <p>Patient Access ER and Outpatient Admitting Assist staff with greeting walk-ins and visitors in a timely and professional manner. Able to use all computer functions to assist staff in locating patient information. Locates and retrieves wheelchairs for patient use as needed, walking charts to and from triage as needed.</p> <p>Print Center Assist staff with assembling printing projects or other projects as needed. Assist with mail delivery around the hospital campus. Stocking shelves and any other projects or tasks as assigned.</p> <p>Rehab/Occupational & Physical Therapy Assist staff with filing charts, making copies, assembling handout packets, changing out rooms between patients, restocking supplies and general straightening of waiting area.</p> <p>Volunteer Services Assist staff with data entry, filing and other administrative office duties as well as gift shop office duties including labeling and processing product for the gift shop.</p>

Return Reference	Explanation
FORM 990, SCHEDULE R - RELATED ORGANIZATIONS	<p>AFFILIATION AGREEMENTS Effective March 1, 2014, Providence Health System entered into an affiliation agreement with Sisters of Charity of Leavenworth Health System (SCL) to transfer sponsorship of Saint John's Health Center (Saint John's) to the Health System Saint John's operates a nonprofit medical center, a cancer institute, and physician clinics to serve the Santa Monica, California community and surrounding area Effective May 1, 2014, the Health System entered into an affiliation agreement with PacMed Clinics (PacMed) PacMed is a private, nonprofit, multi-specialty medical group with nine clinics in the Puget Sound area and more than 150 primary care and specialty providers at the date of affiliation Pursuant to the affiliation agreement, Western HealthConnect became PacMed's sole corporate Member No cash or other purchase consideration was transferred to effect the affiliation Effective June 13, 2014, the Health System entered into an affiliation agreement with Kadlec Health System (Kadlec) Kadlec operates a nonprofit medical center, a neurological resource center, a supporting foundation, and physician clinics to serve the tri-cities area of Kennewick, Pasco, and Richland, Washington Pursuant to the affiliation agreement, Western HealthConnect became the sole member of Kadlec No cash or other purchase consideration was transferred to effect the affiliation</p>

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2014

**Open to Public
Inspection**

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

Department of the Treasury
Internal Revenue Service

Name of the organization
SWEDISH EDMONDS

Employer identification number

27-2305304

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

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

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

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

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

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

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

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

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

- a** Receipt of **(i)** interest, **(ii)** annuities, **(iii)** royalties, or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c	Yes	
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j	Yes	
1k		No
1l	Yes	
1m		No
1n		No
1o	Yes	
1p		No
1q	Yes	
1r		No
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

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) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		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: 27-2305304
Name: SWEDISH EDMONDS

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) Providence Health & Services - Washington 1801 Lind Avenue SW 9016 Renton, WA 980579016 51-0216586	Healthcare System	WA	501(c)(3)	Line 3	Providence Health & Services		No
(1) Providence Health & Services - Oregon 1801 Lind Avenue SW 9016 Renton, WA 980579016 51-0216587	Healthcare System	OR	501(c)(3)	Line 3	Providence Health & Services		No
(2) Providence Health System - So California 1801 Lind Avenue SW 9016 Renton, WA 980579016 51-0216589	Healthcare System	CA	501(c)(3)	Line 3	Providence Health & Services		No
(3) Everett Transitional Care Services PO Box 5128 Everett, WA 982065128 94-3264605	Transitional Care	WA	501(c)(3)	Line 9	N/A		No
(4) Providence Oregon Management Corporation 1801 Lind Avenue SW 9016 Renton, WA 980579016 93-0813977	Shell Corporation	OR	501(c)(3)	Line 1	PH & S - Oregon		No
(5) Providence Plan Partners 4400 NE Halsey Bldg 2 Portland, OR 97213 91-1861964	Healthcare Services	OR	501(c)(4)	N/A	PH & S - Oregon		No
(6) Providence Health Plan 4400 NE Halsey Bldg 2 Portland, OR 97213 93-0863097	Health Service Contractor	OR	501(c)(4)	N/A	Providence Plan Partners		No
(7) Providence Health Assurance 4400 NE Halsey Bldg 2 Portland, OR 97213 55-0828701	Medicaid Healthcare Provider	OR	501(c)(4)	N/A	Providence Health Plan		No
(8) Providence Medical Institute 4101 Torrance Blvd Torrance, CA 90503 33-0283773	Healthcare	CA	501(c)(3)	Line 11/Type I	PHS - So California		No
(9) Little Company of Mary Ancillary Services Corporation 4101 Torrance Blvd Torrance, CA 90503 33-0844408	Imaging Services	CA	501(c)(3)	Line 9	PHS - So California		No
(10) Providence TrinityCare Hospice 5315 Torrance Blvd Suite B1 Torrance, CA 90503 95-3264139	Hospice	CA	501(c)(3)	Line 9	PHS - So California		No
(11) Providence Blanchet Association 1700 Providence Pl Centralia, WA 98531 91-1789266	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
(12) St Luke Association 350 Washington Ave SE Chehalis, WA 98352 94-3176618	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
(13) Providence Rossi Association 1700 Providence Pl Centralia, WA 98531 31-1584166	Housing	WA	501(c)(3)	Line 9	PH & S - Washington		No
(14) Lundberg Association 5921 E Burnside Portland, OR 97215 91-1562797	Housing	OR	501(c)(3)	Line 7	PH & S - Oregon		No
(15) Providence St Francis Association 3415 12th Avenue NE Olympia, WA 98506 94-3244854	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
(16) Providence Peter Claver Association 7101 38th Avenue South Seattle, WA 98118 31-1629656	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
(17) Providence St Elizabeth House Association 3201 SW Graham St Seattle, WA 98126 91-2171539	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
(18) Providence Gamelin House Association 4515 MLK Jr Way S Ste 200 Seattle, WA 98108 31-1744654	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No
(19) The Gamelin Association 312 North Fourth St Yakima, WA 98901 91-1180824	Housing	WA	501(c)(3)	Line 7	PH & S - Washington		No

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
(21) The Gamelin Oregon Association 5520 NE Glisan Portland, OR 97213 91-1214491	Housing	OR	501(c)(3)	Line 9	PH & S - Oregon	No
(1) The Gamelin California Association 540 23rd St Oakland, CA 94612 91-1293869	Housing	CA	501(c)(3)	Line 9	PHS - So California	No
(2) Gamelin Washington Association 1423 First Avenue Seattle, WA 98101 20-1910170	Housing	WA	501(c)(3)	Line 7	PH & S - Washington	No
(3) Providence Foundation 1801 Lind Avenue SW 9016 Renton, WA 980579016 94-3078543	Support PH&S Institutions	WA	501(c)(3)	Line 11/Type I	PH & S - Washington	No
(4) Providence Alaska Foundation 3300 Providence Drive - B Tower2 Anchorage, AK 99508 92-0093565	Support PHS-Alaska	AK	501(c)(3)	Line 11/Type I	PH & S - Washington	No
(5) Providence St Peter Foundation 413 Lilly Road NE Olympia, WA 985065166 91-1097056	Support Affiliated Tax- Exempt Organization	WA	501(c)(3)	Line 7	PH & S - Washington	No
(6) Providence Health Care Foundation (Centralia) 914 S Scheuber Road Centralia, WA 98531 91-1433382	Support Providence Centralia Hospital	WA	501(c)(3)	Line 7	PH & S - Washington	No
(7) Providence Mount St Vincent Foundation 4831 - 35th Avenue SW Seattle, WA 981262799 91-1188119	Support Providence Mount St Vincent	WA	501(c)(3)	Line 7	PH & S - Washington	No
(8) Providence Marianwood Foundation 3725 Providence Point Drive SE Issaquah, WA 980297219 93-1554288	Support Providence Marianwood	WA	501(c)(3)	Line 11/Type I	PH & S - Washington	No
(9) Providence Newberg Health Foundation 1001 Providence Drive Newberg, OR 97132 93-0889144	Support Providence Newberg Medical Center	OR	501(c)(3)	Line 7	PH & S - Oregon	No
(10) Providence Seaside Hospital Foundation 725 S Wahanna Rd Seaside, OR 97138 93-0927320	Support Providence Seaside Hospital	OR	501(c)(3)	Line 7	PH & S - Oregon	No
(11) Providence Community Health Foundation 1111 Crater Lake Ave Medford, OR 97504 93-0692907	Support Providence Medford Medical Center	OR	501(c)(3)	Line 7	PH & S - Oregon	No
(12) Providence Benedictine Nursing Center Foundation 540 South Main St Mt Angel, OR 973629532 91-1940286	Support Providence Benedictine Nursing Center	OR	501(c)(3)	Line 7	PH & S - Oregon	No
(13) Providence Portland Medical Foundation 4805 NE Glisan St Portland, OR 972132967 93-1231494	Support Providence Portland Medical Center	OR	501(c)(3)	Line 7	PH & S - Oregon	No
(14) Providence St Vincent Medical Foundation 9205 SW Barnes Rd Portland, OR 97225 93-0575982	Support Providence St Vincent Medical Center	OR	501(c)(3)	Line 7	PH & S - Oregon	No
(15) Providence Milwaukie Foundation 10150 SE 32nd Milwaukie, OR 97222 94-3079515	Support Providence Milwaukie Hospital	OR	501(c)(3)	Line 7	PH & S - Oregon	No
(16) Providence Child Center Foundation 830 NE 47th Portland, OR 97213 93-0800140	Support Providence Child Center	OR	501(c)(3)	Line 7	PH & S - Oregon	No
(17) Providence TrinityCare Hospice Foundation 5315 Torrance Blvd Suite B1 Torrance, CA 90503 33-0261016	Support TrinityCare Hospice	CA	501(c)(3)	Line 7	Providence TrinityCare Hospice	No
(18) Providence Little Company of Mary Foundation 4101 Torrance Blvd Torrance, CA 90503 51-0224944	Support Little Company of Mary Service Area	CA	501(c)(3)	Line 7	PHS - So California	No
(19) PH&S FoundationSFVSA & SCVSA 501 S Buena Vista Street Burbank, CA 91505 95-3544877	Support Program & Activities of SFVSA & SCVSA	CA	501(c)(3)	Line 7	PHS - So California	No

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
(41) Providence Hospice of Seattle Foundation 425 Pontius Avenue North 300 Seattle, WA 981095452 91-2077378	Support Hospice of Seattle	WA	501(c)(3)	Line 11/Type I	PH & S - Washington	No
(1) Providence Health & Services - Western Washington 1801 Lind Avenue SW 9016 Renton, WA 980579016 91-1303277	Healthcare	WA	501(c)(3)	Line 3	Providence MinistriesWHC	No
(2) Providence Health & Services 1801 Lind Avenue SW 9016 Renton, WA 980579016 91-1549796	Shell Corporation	WA	501(c)(3)	Line 11/Type II	Providence Ministries	No
(3) Providence Health & Services - Montana 500 W Broadway PO Box 4587 Missoula, MT 598064587 81-0231793	Healthcare	MT	501(c)(3)	Line 3	PH & S - Washington	No
(4) Providence St Joseph Medical Center PO Box 1010 Polson, MT 598601010 81-0463482	Healthcare	MT	501(c)(3)	Line 3	PH & S - Washington	No
(5) St Thomas Child and Family Center 1710 Benefis Court Great Falls, MT 59405 81-0233495	Early Childhood Education	MT	501(c)(3)	Line 9	PH & S - Washington	No
(6) Sisters of Providence of Montana Corporation 1801 Lind Avenue SW 9016 Renton, WA 980579016 26-2612415	Shell Corporation	MT	501(c)(3)	Line 1	PH & S - Washington	No
(7) Providence Health Care Foundation - Eastern Washington 101 W 8th Ave Spokane, WA 99204 32-0014330	Support PH&S-WA Ministries in E WA	WA	501(c)(3)	Line 7	PH & S - Washington	No
(8) St Patrick Hospital Foundation 500 West Broadway PO Box 4587 Missoula, MT 598064587 23-7056976	Support Healthcare in W Montana	MT	501(c)(3)	Line 7	PH & S - Washington	No
(9) University of Great Falls 1301 20th Street South Great Falls, MT 59405 81-0231777	Post Secondary Education	MT	501(c)(3)	Line 2	PH & S - Washington	No
(10) E WA & MT Unemployment Compensation Insurance Trust 1801 Lind Avenue SW 9016 Renton, WA 980579016 91-1082119	Unemployment Benefits	WA	501(c)(3)	Line 11/Type I	PH & S - Washington	No
(11) Providence Willamette Falls Medical Foundation 1500 Division Street Oregon City, OR 97045 93-1003750	Support Willamette Falls Hospital	OR	501(c)(3)	Line 11/Type I	PH & S - Oregon	No
(12) Providence Hood River Memorial Hospital Foundation Inc 811 13th St Hood River, OR 97031 93-0921990	Support Providence Hood River Memorial Hospital	OR	501(c)(3)	Line 7	PH & S - Oregon	No
(13) Providence Hospice and Home Care Foundation 2731 Wetmore Avenue Suite 500 Everett, WA 98201 27-2552749	Support Program & Ministries of PHHC	WA	501(c)(3)	Line 7	PH & S - Washington	No
(14) Providence St Mary Foundation 401 W Poplar St Walla Walla, WA 99362 45-2841492	Support Program & Ministries of SMMC	WA	501(c)(3)	Line 7	PH & S - Washington	No
(15) Facey Medical Foundation 15451 San Fernando Mission Blvd 200 Mission Hills, CA 913451420 95-4322584	Support Facey Medical Group	CA	501(c)(3)	Line 7	PHS - So California	No
(16) Swedish Health Services 747 Broadway Seattle, WA 98122 91-0433740	Healthcare	WA	501(c)(3)	Line 3	Western HealthConnect	No
(17) Swedish Medical Center Foundation 747 Broadway Seattle, WA 98122 91-0983214	Support Swedish Health Services	WA	501(c)(3)	Line 7	Swedish Health Services	No
(18) Global To Local Health Initiative 2800 South 192nd St 104 SeaTac, WA 98188 27-3133200	Healthcare	WA	501(c)(3)	Line 7	Swedish Health Services	No
(19) Swedish MJM Holdings 747 Broadway Seattle, WA 98122 27-3139262	Holding Company	WA	501(c)(3)	Line 11/Type I	Swedish Health Services	No

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
(61) Marsha Rivkin Center for Ovarian Cancer Research 747 Broadway Seattle, WA 98122 91-2054035	Ovarian Cancer Research	WA	501(c)(3)	Line 7	Swedish Health Services	No
(1) Western HealthConnect 747 Broadway Seattle, WA 98122 45-4171900	Shell Corporation	WA	501(c)(3)	Line 11/Type II	PH&S Western Washington	No
(2) Inland Northwest Health Services 601 W 1st Avenue Spokane, WA 99201 91-1307555	Healthcare	WA	501(c)(3)	Line 3	PH&S - Washington	No
(3) Kadlec Regional Medical Center 888 Swift Blvd Richland, WA 99352 91-0655392	Healthcare	WA	501(c)(3)	Line 3	Western HealthConnect	No
(4) Kadlec Neurological Resource Center 1268 Lee Blvd Richland, WA 99352 91-1266345	Healthcare	WA	501(c)(3)	Line 9	Western HealthConnect	No
(5) Kadlec Foundation 888 Swift Blvd Richland, WA 99352 23-7005501	Support Kadlec Regional Medical Center	WA	501(c)(3)	Line 11/Type I	Kadlec Regional Medical Center	No
(6) PacMed Clinics 1200 12th Ave S Seattle, WA 98144 56-2290878	Healthcare	WA	501(c)(3)	Line 9	Western HealthConnect	No
(7) Providence Saint John's Health Center 2121 Santa Monica Blvd Santa Monica, CA 90404 95-1684082	Healthcare	CA	501(c)(3)	Line 3	PHS - So California	No
(8) John Wayne Cancer Institute 2200 Santa Monica Blvd Santa Monica, CA 90404 95-4291515	Cancer Treatment	CA	501(c)(3)	Line 4	Providence Saint John's Health Center	No
(9) Saint John's HospitalHealth Center Foundation 2121 Santa Monica Blvd Santa Monica, CA 90404 95-6100079	Support Saint John Health Center & JWCI	CA	501(c)(3)	Line 7	Providence Saint John's Health Center	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							
Providence Health Ventures Inc 4101 Torrance Blvd Torrance, CA 90503 33-0122216	Investment	CA	N/A	C				No
Caron Health Corporation 510 W Front St Missoula, MT 59802 81-0486082	Medical Physician Service	MT	N/A	C				No
Providence Health Care Ventures Inc 101 W 8th Ave TAF C-9 Spokane, WA 99204 90-0155714	Clinical/Medical Lab	WA	N/A	C				No
Providence Physician Services Co 101 W 8th Ave TAF C-9 Spokane, WA 99204 91-1216033	Clinical/Medical Lab	WA	N/A	C				No
Yakima Medical Arts Inc 611 N Perry 100 Spokane, WA 99202 91-0787963	Rental Real Estate	WA	N/A	C				No
Bourget Health Services Inc PO Box 2687 Spokane, WA 99220 91-1354431	Clinical/Medical Lab	WA	N/A	C				No
1221 Madison Street Owners Assoc 747 Broadway Seattle, WA 98122 20-1954319	Owners' Association	WA	N/A	C				No
Washington Cancer Centers PC 1560 N 115th G-16 Seattle, WA 98133 91-1792791	Cancer Treatment	WA	N/A	C				No
Western HealthConnect Ventures Inc 1801 Lind Ave SW 9016 Renton, WA 98057 80-0953654	Investment	WA	N/A	C				No
PHN Holdings 20555 Earl Street Torrance, CA 90503 46-1814184	Strategic Planning Services	CA	N/A	C				No
Providence Health Network 20555 Earl Street Torrance, CA 90503 80-0886966	Prepaid Healthcare	CA	N/A	C				No

Management's Discussion and Analysis of Financial Condition and Results of Operations

Fiscal Year 2014

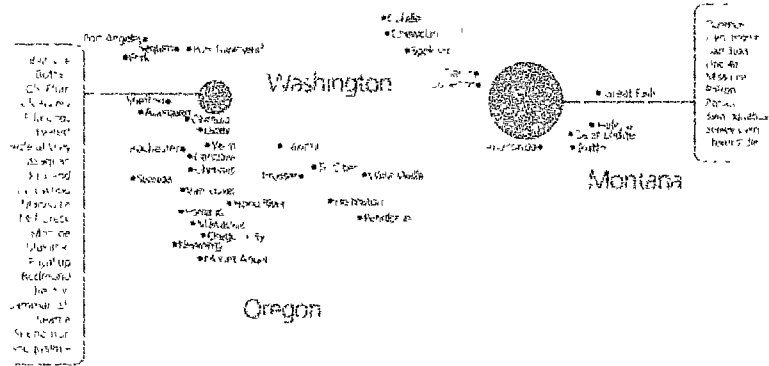
Todd Hofheins, Executive Vice President and Chief Financial Officer



Alaska

- Anchorage
- Fairbanks
- Bethel
- Kodiak
- Sitka
- Wrangell

• Juneau



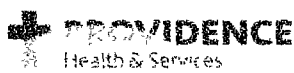
• Redmond

California

• Redding

- Alameda
- Contra Costa
- Fresno
- Kern
- Los Angeles
- Marin
- Merced
- Monterey
- Orange
- Placer
- Santa Clara
- Santa Cruz
- Stanislaus
- Tehama
- Yuba

The care and services Providence delivers spans from birth to hospice - to care for the whole person. Our comprehensive scope of services includes acute care, physical therapy, long-term and assisted living, palliative and hospice care, mental health, education and supportive housing. Our ministries are in Alaska, California, Montana, Oregon and Washington, with our system office located in Renton, Washington.



Introduction to Management's Discussion and Analysis

Management's discussion and analysis provide additional narrative explanation of the financial condition, operational results and cash flow of Providence Health & Services to increase understanding of the health system's combined financial statements

The discussion and analysis, which should be read in conjunction with the accompanying Combined Financial Statements, includes the following sections

- 1 Core strategy
- 2 Mission and community benefit
- 3 Growth and Development
- 4 Financial performance
- 5 Liquidity and capital resources

1. Core strategy: Creating healthier communities, together

As health care evolves, Providence is responding with a vision and core strategy to transform and innovate at scale. Across five states, Providence and its affiliates continue to pioneer how care is delivered by sharing one strategic plan designed to improve the health of entire populations by supporting the well-being of each person we serve. This plan supports our vision, "*Together, we answer the call of every person we serve: Know me, care for me, ease my way*[®]," which is our promise to our patients, customers and communities.

Our core strategy of "*Creating healthier communities, together*" is supported by five specific areas of focus in our strategic plan:

- Inspire. We must first inspire and develop our people.
- Know. To serve our communities effectively, we are building enduring relationships with consumers.
- Partner. Providing the best care requires new alignments with clinicians and care teams.
- Adapt. We'll develop and thrive under new care delivery and economic models.
- Adopt. To serve more people we will grow by optimizing expert-to-expert capabilities.

Through innovation, excellence, good stewardship and working together across Providence, we will continue to lead change to improve the health of our communities.

2. Mission and community benefit

Community benefit spending is one important way Providence lives its Mission, and in the face of rapidly changing health care, our commitment to care for everyone remains unchanged. Through programs and donations, health education, charity care, medical research and more, Providence provided \$848 million in community benefit in 2014.

Providence cares for everyone, regardless of their ability to pay. In 2014, we provided more than \$205 million in free and discounted care. Many people who were previously uninsured now have access to

health care through Medicaid expansion and the insurance exchanges. In the future, this coverage can help people access preventive care and address medical conditions before they are serious enough to need treatment in an emergency department. Because access to insurance is so important, our financial counselors helped 20,200 community members enroll in the coverage that best meets their needs in Alaska, California, Montana, Oregon and Washington.

In 2014, we served 26 percent more Medicaid patients due to insurance coverage expansion. In an environment of decreased reimbursement for government-sponsored medical care, community benefits related to the unpaid costs of Medicaid were \$444 million, compared with \$404 million in the prior year. We also increased the community benefit-related acute care services by 7.7 percent, representing more than 84,000 admissions.

Providence served 1 million more people in 2014 than in 2013, for a total of 3.3 million unique patients. While we expanded patients served, the cost of providing charity care decreased in 2014 compared with the prior year. This cost shift was primarily due to expanded coverage offered under the Affordable Care Act.

As people of Providence, we reveal God's love for all, especially the poor and vulnerable, through our compassionate service.

3. Growth and development

As a thriving organization, we remain focused on and committed to growth through three channels:

- Acquisition and affiliation
- Organic growth within our existing communities
- New products and services

Acquisition and Affiliation Growth

Our growth is based on three key criteria, (1) fit within our contiguous markets, (2) alignment with culture and strategy, and (3) adds complementary competencies.

During 2014, Pacific Medical Centers in Seattle and Kadlec Regional Medical Center in Richland, Wash., affiliated with Providence, and Saint John's Health Center and the John Wayne Cancer Institute in Santa Monica, Calif., joined the health system. The combined transactions added 536 acute care licensed beds, 33,000 adjusted admissions, \$1 billion in annual revenue and \$1.3 billion in assets.

Each of these relationships adds strategic capabilities to the health system:

- Saint John's Health Center's primary service area was complementary to the existing Providence hospital and provider networks. Saint John's and the John Wayne Cancer Institute enhance a contiguous Providence network in Los Angeles County.
- Pacific Medical Centers add population expertise to the Providence Washington network. The 150 providers at PacMed have a reputation for providing high-quality care, high patient satisfaction, and efficient population care management. They are a designated provider of comprehensive health care for military families and retirees in 12 counties.

- Kadlec Regional Medical Center allows Providence to provide a more clinically integrated system of care for southeast Washington and northeast Oregon and allows patients to receive higher levels of care closer to home. The increased economies of scale and local access create a more appealing health care network for payers, employers and providers in the region.

New Products and Services

In addition to traditional areas of growth, Providence is developing new products and services to better serve our patients and communities.

Making specialty medication accessible and affordable: We are actively growing our specialty pharmacy, Cardena Health, to effectively manage care, cost and clinical outcomes of our most vulnerable, complex and expensive patient populations. Our specialty pharmacy has been providing services for 10 years, is licensed in 11 states, and is accredited by both Joint Commission and URAC. In 2014, we realized 22 percent growth in volume, with 54 percent growth in revenue, exceeding \$88 million in net revenues. Significant growth in 2014 can be attributed to transition of Swedish employees from Diplomat Specialty Pharmacy, access to Biogen Idec limited drug distribution channel, addition of Premera MedAdvantage members and introduction of oral tablets for treating Hepatitis C.

Growth in 2015 is expected to continue with the addition of 40,000 covered lives enrolled in Providence Health Plan, inclusion of Cardena to the Pfizer oncology limited distribution network and repositioning operations toward serving all Providence markets across five states.

Finding better solutions faster: We are developing an innovation ecosystem in which technology companies that solve important problems in health care work with Providence to deliver higher quality health care at a lower cost, with a better customer experience for consumers, patients and clinicians.

To achieve this, we've established three groups within Providence:

- Providence Ventures is a \$150 million venture fund that identifies, validates and tests early stage health IT, consumer health and med-tech companies that solve big problems integrated health care systems care about. Our value proposition to early stage companies is the ability to pressure test, co-develop and prove new technologies through a rigorous, data-driven approach that leverages our health system experts in our evaluation. Providence Ventures supports some of these companies through equity investments and co-development partnerships. Providence currently running more than 12 pilot projects with early stage companies and has made four investments.
- The Digital Innovation Group builds new software services for three customer groups: patients/consumers, clinicians and infrastructure (APIs) for technology partners. The group's goal is to create a seamless experience for consumers, patients and clinicians who engage with Providence. The group is composed of software development teams who write and integrate software to support this goal. For example, they have created www.healthexpress.com, a telehealth product available to customers in Washington and Oregon. The group's next-generation technology will deliver care on the patients' terms where, when and how they want their health care and personalized to their needs.
- The Consumer Innovation Group incubates consumer-focused health businesses. This group has three goals: 1) improve the health of our communities, thereby reducing their health care cost.

- burden, 2) diversify our revenue streams from only taking care of the sick to keeping people healthy,
- 3) maintain our relationships with patients between episodes of care

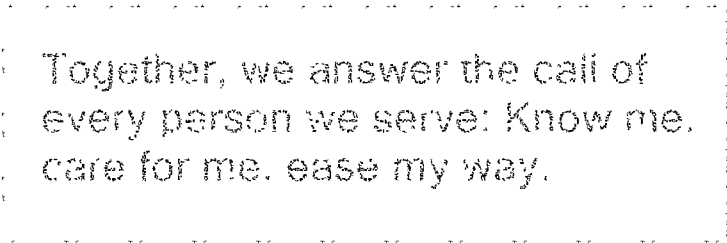
Rewarding quality, not quantity: The Providence-Swedish Health Alliance, an accountable care organization, deploys a new economic model that fundamentally rebalances the health care value equation. Instead of a service contract based on each service, test, procedure or clinical intervention, our providers are held to quality metrics to keep healthy employees healthy, effectively treat illnesses, and help people better manage their chronic conditions. By improving the health of each plan member, we're helping to lower health care costs all around.

Our commercial ACO efforts are focused on two large self-insured employers, Boeing Co. and Intel Corp. These arrangements offer members a number of enhanced services, all at a predictable cost. Extensive work is underway to share clinical best practices and standardize medical management protocols across the provider networks serving our members.

The number of members covered in these types of arrangements grew from 308,000 in 2013 to 459,000 by December 2014, representing growth of 49 percent. Providence realized net gains related to these contracts of \$6.4 million in 2014, primarily related to Medicare Advantage arrangements. We continue to invest in the infrastructure, including care management, data analytics, clinical design and network formation needed to support our transition to alternative payment methods and increased accountability for clinical outcomes, member experience and predictable costs.

An integrated finance and data reporting structure is in development to provide clinicians and ACO

leadership with timely feedback on our performance, as well as identification of actionable opportunities for improvement. This will be supported by modifications to physician compensation plans over time to align incentives with clinical, quality and cost outcomes.



4. Financial performance

Operating income was \$219 million with a 1.8 percent operating margin for the 12 months ended Dec 31, 2014, which was \$89 million ahead of budget. Net income for the same period was \$771 million, which was \$453 million ahead of budget, driven by affiliation contributions and investment performance. Operations benefited from strong revenues that grew 12.1 percent over the prior year compared with expense growth of 10.5 percent. Operations have generated \$1.1 billion of EBIDA (earnings before depreciation, interest and amortization) and affiliation contributions. Cash reserves of \$6 billion as of December 2014 represented 190 days cash on hand. This provided 130.9 percent cash coverage of current debt, which was down from 132.8 percent for the prior year.

Capital spending in 2014 included the completion of the system-wide Epic implementation, inclusive of the newly affiliated Saint John's Health Center in Santa Monica, Calif. This marks the successful end of the three-year Epic implementation, one of the largest and fastest electronic health record

implementations and a significant investment in the quality of care. The results of the health system do not include the managed care portions of the Washington and California provider tax programs, estimated at \$50 million, due to the delay in CMS approvals.

The table below presents consolidated key financial indicators:

Key Financial Indicators	YTD December 2014			
	Actual	Budget	Organic Growth Actual*	2013
Net Operating Income	\$219.2m	\$130.1m	\$167.0m	\$37.7m
Operating Margin %	1.8%	1.1%	1.4%	0.3%
Net Income	\$771.4m	\$318.2m	\$255.9m	\$253.3m
EBIDA	\$1.13b	\$1.15b	\$1.06b	\$984.4m
Total Community Benefit	\$848.4m	\$949.9m	\$811.5m	\$950.7m
Accounts Receivable Days	50	49	51	54
Days of Cash on Hand	190	159	194	181
Long-term Debt to Total Capitalization	33.8%	32.6%	33.3%	33.5%
Cash to Debt	130.9%	120.2%	139.9%	132.8%

*Excludes Saint John's, PacMed and Kadlec

Volume

2014 acute care admissions of 333,263 were 4 percent behind budget and slightly higher than prior year. Observation visits of 57,965 were 21.6 percent behind budget on a year-to-date basis and slightly lower than prior year. Surgeries of 320,631 were better than budget by 5.4 percent. Inpatient surgeries were below budget by 2 percent, offset by outpatient surgeries that were better than budget by 11.5 percent, demonstrating the transition of care from acute to ambulatory settings. Outpatient emergency visits were 7.9 percent ahead of budget, with 1,152,536 visits compared with 1,062,787 in the prior year. The expanded coverage through Medicaid expansion was a significant driver of the increased emergency visits.

Physician visits of 7.2 million were 17.8 percent greater than prior year. Continuum services, which include long-term care, hospice, supportive housing, assisted living and home health, provided 2,271,517 visits and were 0.9 percent higher than prior year. The net impact of the volumes above resulted in gross revenues that were slightly above budget, but with a change in the mix of services provided. Inpatient gross revenue was below budget by \$278 million. This amount was offset by a favorable variance in outpatient gross revenue.

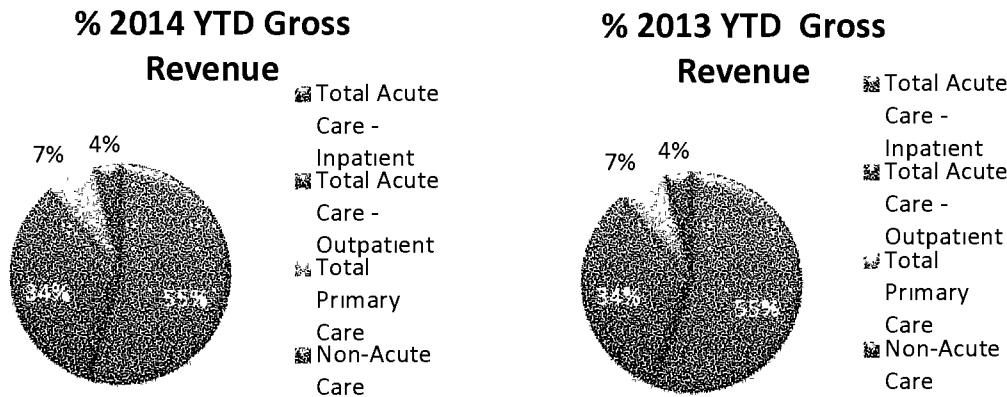
The table below presents consolidated key volume indicators:

Key Volume Indicators	YTD December 2014
-----------------------	-------------------

	<u>Actual</u>	<u>Budget</u>	<u>Organic Growth Actual*</u>	<u>2013</u>
Inpatient Activity - Inpatient Admissions	333,263	347,212	314,968	319,785
Outpatient Activity - Outpatient Revenue	\$10,847m	\$10,166m	\$10,306m	\$9,748m
Non-Acute Patient Visits	2,271,517	2,316,268	2,271,517	2,250,386
Physician Care Visits	7,239,520	7,264,355	6,802,788	6,146,744
Connected Lives - Member Months	5,147,335	5,117,343	5,147,234	4,757,236
CMI Adjusted Length of Stay (Days)	2.9	2.9	2.9	2.9
Rate - Net Service Revenue/CMAA	\$11,505	\$11,610	\$11,491	\$11,182
Observations	57,965	73,896	56,601	59,966

*Excludes Saint John's, PacMed and Kadlec

The following charts show comparisons of the source of YTD gross revenue for December 2014 and December 2013

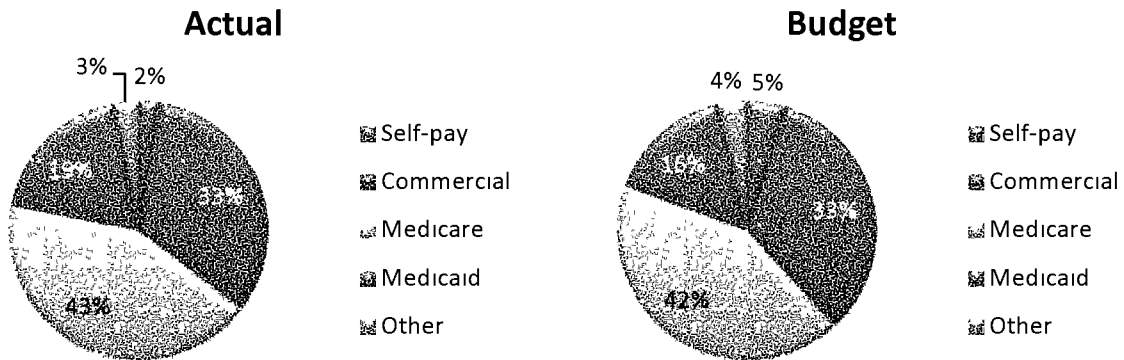


Revenue

2014 operating revenue was \$190 million ahead of budget and 12.1 percent greater than prior year. Net service revenue accounted for \$105 million of the favorable variance, driven largely by the impact of Medicaid expansion. Capitated and premium revenue of \$1.7 billion was \$79 million ahead of budget and \$238 million greater than prior year. The PacMed affiliation represented \$96 million of new capitated revenue growth over prior year. Capitated and premium revenue represented 13 percent of the health system's total operating revenue through December. Meaningful use funding of \$54.6 million was recognized in other operating revenue. All hospitals in the health system finished the CMS fiscal year 2014 reporting period (Oct 2013-Sep 2014) with passing report cards for meaningful use and 93 percent of total providers are currently passing the incentive program requirements.

December Operating Revenue	Month to Date		Year to Date		Prior Year
	<i>(in millions)</i> Actual	Budget	Actual	Budget	Actual
IP Net Service Revenue	\$437.2	\$529.6	\$5,305.5	\$5,400.7	\$4,713.0
OP Net Service Revenue	290.7	305.7	3,145.0	3,514.2	3,033.3
Medical Group	112.9	99.5	1,232.4	1,141.4	1,025.1
Continuum Services	24.4	26.1	611.7	307.0	586.0
Bad Debt	(32.3)	(31.9)	(193)	(367.1)	(299.8)
Capitated & Premium Revenue	146.4	138.8	1,683	1,603.5	1,445.1
Other Revenue	67.1	64.9	696.4	691.6	633.8
Total Operating Revenue	\$1,046.5	\$1,132.7	\$12,481.0	\$12,291.4	\$11,136.7

The following tables show comparisons of the source of actual and budgeted payer mix based on gross revenue through December 2014



As a result of Medicaid expansion programs and Providence's initiatives to assist patients in their Medicaid enrollment, 2014 self-pay volumes as reflected by gross revenues decreased by 46 percent, or \$656 million from prior year, and Medicaid gross revenues have increased 29 percent, or \$1.3 billion. The year-to-date impact of this payer shift was an increase in net patient revenue of \$138 million.

Operating Expenses

2014 operating expenses were \$101 million unfavorable to budget, driven by purchased medical services related to capitated and premium contracts. These claims and medical expenses representing medical services purchased outside of the health system were \$53 million greater than budget due to growth in enrollment and capitated revenue, as discussed above. Operating expenses, excluding these purchased medical expenses, were \$48 million unfavorable to budget. Labor, employee benefits and purchased services combined were \$92 million favorable to budget. FTEs of 65,378 were 1.8 percent, or 1,186 FTEs, favorable to budget. FTEs increased 6,073 over prior year, 5,267 of the increase were due to the impact of the recent affiliations with Inland Northwest Health Services, Saint John's Health Center, Pacific Medical Centers and Kadlec Regional Medical Center. Employee benefits were \$74 million favorable to budget. The combined pension, workers' compensation and employee medical and dental costs have been managed to result in no increase over the prior year. Per member per month (PMPM) employee medical costs were down 10.7 percent over the prior year.

Purchased services were \$7 million better than budget. This performance reflects the continued improvement of the shared administrative services for the health system and completion of the Epic implementation. Supply expenses were \$192 million, or 12 percent, behind budget through December. While year-to-date performance was strong with supplies as a percentage of revenue at 16.9 percent, growth in specialty and oncology drugs and in specialized surgeries are driving up supply costs.

The table below presents consolidated key efficiency indicators.

Key Efficiency Indicators	YTD December 2014			
	Actual	Budget	Organic Growth Actual*	2013
FTEs	65,378	66,565	61,025	59,306
Productivity - Labor % Net Service Rev	51.1%	53.0%	51.2%	52.0%
Supplies % Net Service Revenue	16.9%	16.1%	16.8%	16.6%
Efficiency - Expense per CMAA	\$11,267	\$11,470	\$11,252	\$11,139

*Excludes Saint John's, PacMed and Kadlec

Non-Operating Gain (Loss)

There was a non-operating loss in December of \$16 million compared with a budgeted gain of \$16 million. Year-to-date non-operating gains were \$552 million which was \$364 million ahead of budget, driven by affiliation contributions and investment performance. Non-operating income associated with these gains from affiliations was \$476 million. Investment income on a year-to-date basis was \$178 million.

New Store Growth

During 2014, the health system completed several affiliations with other organizations that complement our clinical network and contribute additional competencies to better serve our patients and communities. The key indicators of the new-store growth are reported below. As part of the affiliations process, the financial positions of the new partners were adjusted to reflect the current market value. On a year-to-date basis, \$476 million has been recorded in non-operating income associated with these affiliations.

	Affiliation date	St John's March 1, 2014	PacMed May 1, 2014	Kadlec June 14, 2014	Total
Key Statistics					
Acute admissions		10,266	0	8,029	18,295
Acute outpatient & physician visits		193,947	204,927	295,037	693,911
FTEs		1,324	648	2,381	4,353
Financial Information					
		10 months ended	8 months ended	6.5 months ended	
Revenue (000's)		277,863	134,367	236,404	648,634
Expense (000's)		222,331	139,062	235,090	596,483
Operating income (000's)		55,532	(4,695)	1,314	52,151
Assets (000's)		464,508	121,362	502,839	1,088,709
Liabilities (000's)		189,722	41,134	303,933	534,789
Net assets (000's)		274,786	80,228	198,906	553,920



**Consolidated Financial Performance
December 2014**

Debt Supported by Self-Liquidity

PH&S has authorized \$200 million in taxable commercial paper that is supported by self-liquidity. As of December 31, 2014, none of the commercial paper was outstanding.

The System reports monthly on its cash and investment balances available to retire maturing short-term debt in the event notes cannot be remarketed. The table below summarizes the information provided to the rating agencies at the end of the December describing cash and investments that could be available for liquidation.

Standard & Poor's Liquidity Assessment Coverage Calculation Spreadsheet (Last Revised January 2010)

Liquidity Assessment Provider Name Providence Health & Services
Portfolio As of Date December 31, 2014

Asset Allocation (Security Type)	Assets (\$ millions) with same day liquidity (T+0)	Assets (\$ millions) with next day liquidity (T+1)	Assets (\$ millions) with > same day liquidity (T+2, T+3, T+n)	\$ in Millions	Discount Factor	Discounted Assets
Cash & Cash Equivalents *	\$ 1,012.70	\$ -	\$ -	\$ 1,012.70	1.00	\$ 1,012.70
S&P rated money market funds (> A1m)	\$ 132.77	\$ -	\$ -	\$ 132.77	1.00	\$ 132.77
Highly rated (A-1 or A-1+) dealer-pled bank line	\$ -	\$ -	\$ -	\$ -	1.00	\$ -
Highly rated (A-1 or A-1+) money market instruments (< 1yr)	\$ -	\$ -	\$ -	\$ -	0.91	\$ -
U.S. Treasury Debt Obligations (> 1 year)	\$ -	\$ -	\$ 519.00	\$ 519.00	0.91	\$ 471.82
U.S. TFPs	\$ -	\$ -	\$ 41.14	\$ 41.14	0.87	\$ 35.77
U.S. Agencies (> 1 year)	\$ -	\$ -	\$ 7.44	\$ 7.44	0.83	\$ 6.20
Investment Grade Debt (initial term included above)	\$ -	\$ -	\$ -	\$ -	0.67	\$ -
Equities**	\$ -	\$ -	\$ 458.22	\$ 458.22	0.50	\$ 229.11
Non Investment Grade Debt	\$ -	\$ -	\$ 55.23	\$ 55.23	0.40	\$ 22.09
Total	\$ 1,145.47	\$ -	\$ 1,081.02	\$ 2,226.49		\$ 1,910.46
Discounted Total	\$ 1,145.47	\$ -	\$ 764.99			\$ 1,910.46

	Enter amount of Self-Liquidity Backed Debt with		
	Same Day Notice	Next Day Notice	> Next Day Notice
Commercial Paper		\$ 100.00	\$ 100.00
Variable Rate Demand Note or Obligation	\$ -		\$ -
Fixed Rate Debt			
Other Securities			
Total	\$ -	\$ 100.00	\$ 100.00
Remaining Discounted Assets	\$ 1,145.47	\$ 1,045.47	\$ 1,710.46
	Same Day	Next Day	> Next Day
	1,145.47	1,045.47	1,710.46

TOTAL DEBT SUPPORTED BY SELF LIQUIDITY	TOTAL REMAINING DISCOUNTED ASSETS
\$ 200.00	\$ 1,710.46

Fourth Quarter 2014 Metrics

In November 2008, the System issued \$289,195,000 through the California Health Facilities Authority to refinance a portion of outstanding indebtedness incurred to benefit the System's California hospitals. During the sale, investors requested additional performance data to assist in ongoing analysis. The following pages provide the requested performance metrics.

Performance Metrics**December 31, 2014 Year-To-Date**

	Actual	Budget	Prior Year
<u>Volume:</u>			
Acute Adjusted Admissions	602,468	607,170	567,186
Total Acute Admissions	333,263	347,212	319,785
Total Acute Patient Days	1,495,451	1,517,380	1,406,857
Acute Outpatient Visits	7,905,337	6,856,724	6,469,525
Total Observations	57,965	73,896	59,966
Primary Care Visits	6,881,113	7,264,355	6,146,744
Long-Term Care Patient Days	411,517	435,221	426,025
Home Health Visits	667,708	642,813	622,364
Hospice Days	628,182	712,046	640,409
Housing and Assisted Living Days	564,110	526,188	561,588
Health Plan Members	5,147,335	5,117,343	4,757,236
Total Occupancy %	59.5%	61.0%	61.7%
Total Average Daily Census	4,097	4,157	3,854
<u>Surgeries:</u>			
Inpatient	106,414	137,410	129,117
Outpatient	120,890	166,759	164,699
Total Surgeries	227,304	304,169	293,816
<u>Emergency Room Visits:</u>			
Inpatient	179,129	187,461	165,793
Outpatient	1,152,536	1,068,014	1,062,787
Total Emergency Room Visits	1,331,665	1,255,475	1,228,580
<u>Outpatient Visits:</u>			
Outpatient Surgery	185,986	164,699	164,699
Emergency Visits	1,152,536	1,062,787	1,062,787
Primary Care	7,239,520	6,146,744	6,146,744
Homecare Visits	667,708	622,364	622,364
Observations	57,965	59,966	59,966
All Other	6,091,016	5,242,039	5,242,039
Total Outpatient Visits	15,394,730	13,298,599	13,298,599

Performance Metrics**December 31, 2014 Year-To-Date**

	Actual	Budget	Prior Year
<u>Efficiency:</u>			
FTEs	63,869	64,858	59,306
YTD Overall Case-Mix Index	1.5699	1.5240	1.5350
YTD Case-Mix Adj Admissions	945,794	925,345	870,656
YTD Acute Care LOS (CMAA)	2.9	2.9	2.9
YTD Net Svc Rev/CMAA	11,499	11,610	11,182
YTD Net Expense/CMAA	11,267	11,470	11,139
YTD Paid Hours/CMAA	140	146	142
YTD Productive Hours/CMAA	124	130	125
FTE's Per Adjusted Occupied Bed	8.62	8.92	8.68
<u>Financial Performance:</u>			
Operating Margin	1.8%	1.1%	0.3%
Total Margin	5.9%	2.5%	2.2%
EBIDA ('000)	1,608,794	1,146,330	984,381
EBIDA Margin	12.9%	9.3%	8.8%
R12 Days of Total Cash on Hand	190	159	181
Net Patient AR Days 3 mo rolling	50	49	54
Ave Yearly Salary/FTE w/o benefits	82,171	81,093	80,075
Employee Benefits as a % of Salaries	23.2%	24.6%	24.5%
Salaries Wages as a % of Net Svc Rev	52.0%	52.6%	52.4%
Supplies as a % of Net Svc Rev	17.7%	16.0%	16.9%
YTD Supplies Expense/CMAA	1,895	1,730	1,761
Debt to Total Net Asset Ratio	33.8	32.6	33.5
Cash to Debt Ratio	130.9	120.2	132.8
Current Ratio	1.5	2.1	1.6
Bad Debt and Charity as a % Grs Rev	2.4%	4.5%	4.7%
<u>Community Benefit: ('000)</u>			
Cost of Charity Care Provided	205,555	290,742	312,839
Medicaid Charity	443,623	438,991	404,138
Education and Research Programs	96,988	107,448	115,554
Unpaid Cost of Other Govt Programs	1,157	2,346	1,915
Negative Margin Services and Other	57,355	78,405	77,565
Non-Billed Services	43,806	32,017	38,656
Total Community Benefit Costs	848,484	949,949	950,667



PROVIDENCE HEALTH & SERVICES
Combined Financial Statements
December 31, 2014 and 2013
(With Independent Auditors' Report Thereon)



KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report

The Board of Directors
Providence Health & Services:

We have audited the accompanying combined financial statements of Providence Health & Services, which comprise the combined balance sheets as of December 31, 2014 and 2013, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined 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 combined 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 audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined 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 combined financial statements referred to above present fairly in all material respects, the financial position of Providence Health & Services as of December 31, 2014 and 2013, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.



Other Matter

Our audits were conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplemental information, included on pages 42 and 43 is presented for the purpose of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

KPMG LLP

Seattle, Washington
March 16, 2015

PROVIDENCE HEALTH & SERVICES

Combined Balance Sheets

December 31, 2014 and 2013

(In thousands of dollars)

Assets	2014	2013
Current assets:		
Cash and cash equivalents	\$ 1,237,337	852,965
Short-term management-designated investments	199,338	189,545
Accounts receivable, less allowance for bad debts of \$289,908 in 2014 and \$358,966 in 2013	1,419,495	1,336,803
Other receivables, net	375,185	293,737
Supplies inventory	185,821	171,833
Other current assets	203,337	96,960
Current portion of funds held by trustee	76,365	93,473
Total current assets	<u>3,696,878</u>	<u>3,035,316</u>
Assets whose use is limited:		
Management-designated cash and investments	4,601,153	4,173,407
Gift annuities, trusts, and other	53,954	53,836
Funds held by trustee	179,473	119,510
Assets whose use is limited, net of current portion	<u>4,834,580</u>	<u>4,346,753</u>
Property, plant, and equipment, net	6,622,566	6,204,617
Other assets	568,884	382,711
Total assets	<u>\$ 15,722,908</u>	<u>13,969,397</u>

PROVIDENCE HEALTH & SERVICES

Combined Balance Sheets

December 31, 2014 and 2013

(In thousands of dollars)

Liabilities and Net Assets	2014	2013
Current liabilities:		
Current portion of long-term debt	\$ 202,287	160,383
Master trust debt classified as short-term	12,500	32,075
Accounts payable	521,942	436,622
Accrued compensation	738,075	620,029
Payable to contractual agencies	151,778	127,882
Retirement plan obligations	185,517	184,065
Current portion of self-insurance liability	108,943	100,834
Other current liabilities	465,865	266,551
Total current liabilities	<u>2,386,907</u>	<u>1,928,441</u>
Long-term debt, net of current portion	3,844,262	3,498,246
Other long-term liabilities:		
Self-insurance liability, net of current portion	274,541	261,317
Pension benefit obligation	1,040,939	812,528
Other liabilities	227,099	151,380
Total other long-term liabilities	<u>1,542,579</u>	<u>1,225,225</u>
Total liabilities	<u>7,773,748</u>	<u>6,651,912</u>
Net assets:		
Unrestricted:		
Controlling interest	7,492,324	6,964,906
Noncontrolling interest	45,302	44,718
Temporarily restricted	305,277	223,548
Permanently restricted	106,257	84,313
Total net assets	<u>7,949,160</u>	<u>7,317,485</u>
Total liabilities and net assets	<u>\$ 15,722,908</u>	<u>13,969,397</u>

See accompanying notes to combined financial statements.

PROVIDENCE HEALTH & SERVICES

Combined Statements of Operations

Years ended December 31, 2014 and 2013

(In thousands of dollars)

	2014	2013
Operating revenues:		
Net patient service revenues	\$ 10,294,637	9,357,529
Provision for bad debts	(193,018)	(299,791)
Net patient service revenues less provision for bad debts	10,101,619	9,057,738
Premium and capitation revenues	1,682,968	1,445,107
Other revenues	696,390	633,835
Total operating revenues	12,480,977	11,136,680
Operating expenses:		
Salaries and wages	5,248,196	4,748,873
Employee benefits	1,220,078	1,161,130
Purchased healthcare	909,154	767,161
Professional fees	514,990	463,838
Supplies	1,792,707	1,533,092
Purchased services	977,247	944,487
Depreciation	676,357	596,623
Interest	155,343	129,289
Amortization	5,671	5,200
Other	762,082	749,316
Total operating expenses	12,261,825	11,099,009
Excess of revenues over expenses from operations	219,152	37,671
Net nonoperating gains:		
Gains from affiliations	476,110	—
Loss on extinguishment of debt	(85,522)	(1,671)
Investment income, net	178,043	247,572
Pension settlement costs and other	(16,361)	(30,302)
Total net nonoperating gains	552,270	215,599
Excess of revenues over expenses	771,422	253,270
Net assets released from restriction for capital	13,646	10,786
Change in noncontrolling interests in consolidated joint ventures	584	(29,139)
Pension related changes	(249,011)	385,702
Contributions, grants, and other	(8,639)	(4,040)
Increase in unrestricted net assets	\$ 528,002	616,579

See accompanying notes to combined financial statements.

PROVIDENCE HEALTH & SERVICES
 Combined Statements of Changes in Net Assets
 Years ended December 31, 2014 and 2013
 (In thousands of dollars)

	<u>Unrestricted: controlling interest</u>	<u>Unrestricted: noncontrolling interest</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total net assets</u>
Balance, December 31, 2012	\$ 6,319,188	73,857	201,961	78,702	6,673,708
Excess of revenues over expenses	253,270	—	—	—	253,270
Contributions, grants, and other	(4,040)	—	78,519	5,611	80,090
Net assets released from restriction	10,786	—	(56,932)	—	(46,146)
Change in noncontrolling interests in consolidated joint ventures	—	(29,139)	—	—	(29,139)
Pension related changes	385,702	—	—	—	385,702
Increase (decrease) in net assets	<u>645,718</u>	<u>(29,139)</u>	<u>21,587</u>	<u>5,611</u>	<u>643,777</u>
Balance, December 31, 2013	6,964,906	44,718	223,548	84,313	7,317,485
Excess of revenues over expenses	771,422	—	—	—	771,422
Restricted contributions from affiliations	—	—	50,401	14,515	64,916
Contributions, grants, and other	(8,639)	—	93,563	7,429	92,353
Net assets released from restriction	13,646	—	(62,235)	—	(48,589)
Change in noncontrolling interests in consolidated joint ventures	—	584	—	—	584
Pension related changes	(249,011)	—	—	—	(249,011)
Increase in net assets	<u>527,418</u>	<u>584</u>	<u>81,729</u>	<u>21,944</u>	<u>631,675</u>
Balance, December 31, 2014	\$ <u>7,492,324</u>	<u>45,302</u>	<u>305,277</u>	<u>106,257</u>	<u>7,949,160</u>

See accompanying notes to combined financial statements

PROVIDENCE HEALTH & SERVICES

Combined Statements of Cash Flows

Years ended December 31, 2014 and 2013

(In thousands of dollars)

	2014	2013
Cash flows from operating activities:		
Increase in net assets	\$ 631,675	643,777
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Gains from affiliations	(541,026)	—
Depreciation and amortization	682,028	601,823
Provision for bad debt	193,018	299,791
Loss on extinguishment of debt	85,522	1,671
Equity income from joint ventures	(39,159)	(37,732)
Restricted contributions and investment income received	(94,024)	(70,953)
Net realized and unrealized gains on investments	(109,622)	(172,629)
Distributions from joint ventures	37,687	27,121
Changes in certain current assets and current liabilities	(21,062)	(306,641)
Change in certain long-term assets and liabilities	266,280	(337,612)
Net cash provided by operating activities	1,091,317	648,616
Cash flows from investing activities:		
Property, plant, and equipment additions	(537,301)	(574,551)
Proceeds from disposal of property, plant, and equipment	6,901	12,387
Purchases of investments	(5,555,329)	(3,703,909)
Proceeds from sales of investments	5,340,773	3,503,741
Change in other long-term assets and other	11,199	33,567
Change in funds held by trustee, net	(35,630)	(471)
Cash paid for affiliations, net of cash acquired	(98,958)	—
Net cash used in investing activities	(868,345)	(729,236)
Cash flows from financing activities:		
Proceeds from restricted contributions and restricted income	94,024	70,953
Debt borrowings	1,193,228	1,464,771
Debt payments	(1,112,836)	(1,262,511)
Other financing activities	(13,016)	(46,292)
Net cash provided by financing activities	161,400	226,921
Increase in cash and cash equivalents	384,372	146,301
Cash and cash equivalents, beginning of year	852,965	706,664
Cash and cash equivalents, end of year	\$ 1,237,337	852,965
Supplemental disclosure of cash flow information:		
Cash paid for interest (net of amounts capitalized)	\$ 136,066	117,540

See accompanying notes to combined financial statements.

PROVIDENCE HEALTH & SERVICES

Notes to Combined Financial Statements

December 31, 2014 and 2013

(1) Organization

(a) *Sisters of Providence*

Sisters of Providence (the Congregation), a religious congregation of Roman Catholic women, was founded in 1843. The religious congregation's central headquarters is in Montreal, Quebec, Canada. Sisters of Providence – Mother Joseph Province (the Province) was formed in 2000 through the combination of the Sacred Heart Province (founded in 1856) and the St. Ignatius Province (founded in 1891). The activities of the Province include apostolic works in healthcare, social services, and education. Members of the Province serve in these works through related and unrelated organizations. The Province is compensated for the services of its members. The Province has 136 professed members and maintains provincial administration offices in Renton, Washington. The members of the Province represent the Congregation in the following:

- Archdiocese of Los Angeles, California
- Archdiocese of Portland, Oregon
- Archdiocese of Seattle, Washington
- Archdiocese of San Antonio, Texas
- Diocese of Baker, Oregon
- Diocese of Cubao, Philippines
- Diocese of Orlando, Florida
- Diocese of Spokane, Washington
- Diocese of Yakima, Washington
- Diocese of Montreal, Canada
- Diocesis Santiago de Maria, El Salvador

(b) *Providence Health & Services*

The Public Juridic Person, Providence Ministries, is the sole Member of Providence Health & Services and controls certain aspects of the various corporations comprising Providence Health & Services through certain reserved rights.

Providence Ministries sponsors various corporations comprising Providence Health & Services including:

- Providence Health & Services – Washington
- Providence Health & Services – Oregon
- Providence Health System – Southern California (cosponsored by the Congregation and the American Province of the Little Company of Mary Sisters)
- Providence Health & Services – Montana

PROVIDENCE HEALTH & SERVICES

Notes to Combined Financial Statements

December 31, 2014 and 2013

- Providence St. Joseph Medical Center
- St. Thomas Child and Family Center Corporation
- University of Great Falls
- Providence Plan Partners
- Providence Health Plan (the Health Plan)
- Providence Health Assurance
- Providence Health System Housing; The St. Luke Association; The Lundberg Association; Providence St. Francis Association; Providence Blanchet Association; Providence Rossi Association; Providence Peter Claver Association; The Gamelin Association; The Gamelin Oregon Association; The Gamelin California Association; Providence St. Elizabeth House Association; Gamelin Washington Association; Providence Gamelin House Association
- Providence Oregon Management Corporation
- Providence Ventures, Inc.
- Providence Assurance, Inc.
- Inland Northwest Health Services

Providence Ministries and Western HealthConnect are co-Members of Providence Health & Services – Western Washington.

Western HealthConnect, a secular Washington nonprofit corporation, is the sole corporate member of the following organizations:

- Swedish Health Services
- Swedish Edmonds
- Kadlec Regional Medical Center
- PacMed Clinics D/B/A Pacific Medical Centers
- Western HealthConnect Ventures, Inc.
- Health Connect Partners

Providence Health & Services and Western HealthConnect, inclusive of all sponsored and corporate members, are collectively referred to as the Health System.

The Health System owns or operates 34 general acute care hospitals, three ambulatory care centers, six medical groups, six long-term care facilities, seven homecare and hospice entities, five assisted living facilities, a high school, a university, 13 low-income housing projects, the Health Plan, a health services contractor, two programs of all inclusive care for the elderly, and 23 controlled fundraising foundations.

PROVIDENCE HEALTH & SERVICES

Notes to Combined Financial Statements

December 31, 2014 and 2013

The Health System provides inpatient, outpatient, primary care, and home care services in Alaska, Washington, Montana, Oregon, and Southern California. The Health System operates these businesses primarily in the greater metropolitan areas of Anchorage, Alaska; Seattle, Spokane, Kennewick, and Olympia, Washington; Missoula, Montana; Portland and Medford, Oregon; and Los Angeles, California.

(c) Tax Exempt Status

The Health System and substantially all of the various corporations within the Health System have been recognized as exempt from federal income taxes, except on unrelated business income, under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3) of the IRC.

Providence Plan Partners, Providence Health Plan, and Providence Health Assurance are not-for-profit entities and have been recognized as exempt from federal income taxes, except on unrelated business income, as social welfare organizations under Section 501(c)(4) of the IRC.

(d) Organizational Changes

Affiliation Activity

Effective March 1, 2014, the Health System entered into an affiliation agreement with Sisters of Charity of Leavenworth Health System (SCL) to transfer sponsorship of Saint John's Health Center (Saint John's) to the Health System. Saint John's operates a nonprofit medical center, a cancer institute, and physician clinics to serve the Santa Monica, California community and surrounding area. The fair value of the net assets acquired was \$430,728,000, which included \$64,487,000 in restricted net assets. Unrestricted net assets of \$366,241,000 exceeded total cash consideration of \$186,217,000. The Health System recognized a gain from affiliation in the amount of \$180,024,000 as the excess of the fair value of the unrestricted net assets over total consideration. The \$64,487,000 of restricted net assets is recorded in restricted net assets in the combined statement of changes in net assets. The results of operations of Saint John's entities have been included in the combined statements of operations of the Health System effective as of the date of affiliation.

Effective May 1, 2014, the Health System entered into an affiliation agreement with PacMed Clinics (PacMed). PacMed is a private, nonprofit, multi-specialty medical group with nine clinics in the Puget Sound area and more than 150 primary care and specialty providers at the date of affiliation. Pursuant to the affiliation agreement, Western HealthConnect became PacMed's sole corporate Member. No cash or other purchase consideration was transferred to effect the affiliation. The results of operations of PacMed entities have been included in the combined statements of operations of the Health System effective as of the date of affiliation. The affiliation resulted in an excess of assets acquired over liabilities assumed, or a contribution from PacMed to the Health System of \$84,717,000, which is included in gain from affiliation.

Effective June 13, 2014, the Health System entered into an affiliation agreement with Kadlec Health System (Kadlec). Kadlec operates a nonprofit medical center, a neurological resource center, a supporting foundation, and physician clinics to serve the tri-cities area of Kennewick, Pasco, and Richland, Washington. Pursuant to the affiliation agreement, Western HealthConnect became the sole

PROVIDENCE HEALTH & SERVICES

Notes to Combined Financial Statements

December 31, 2014 and 2013

member of Kadlec. No cash or other purchase consideration was transferred to effect the affiliation. The results of operations of Kadlec have been included in the combined statements of operations of the Health System effective as of the date of affiliation. The affiliation resulted in an excess of assets acquired over liabilities assumed, or a contribution from Kadlec to the Health System of \$211,798,000. The unrestricted portion of the contribution of \$211,369,000 is included in gain from affiliation in the accompanying combined statement of operations. The remaining \$429,000 of the contribution is recorded in restricted net assets in the combined statement of changes in net assets.

The financial results of the affiliated entities discussed above are included in the Health System's 2014 combined statement of operations from the effective date of each respective affiliation through December 31, 2014. The following table summarizes the aggregate amounts included in the 2014 combined statement of operations (in thousands of dollars) related to the affiliated entities, excluding gain from affiliations:

Total operating revenues	\$	648,634
Excess of revenues over expenses from operations		52,151
Excess of revenues over expenses		39,369

The following table summarizes the aggregate amounts included in the December 31, 2014 combined balance sheets related to the affiliated entities discussed above (in thousands of dollars):

Cash and investments	\$	201,534
Accounts receivable, net of allowances		103,444
Property, plant, and equipment, net		594,323
Other assets		189,408
Total assets	\$	<u>1,088,709</u>
Accounts payable and accrued compensation	\$	93,604
Long-term debt, net of current portion		343,614
Other liabilities		97,571
Total liabilities		<u>534,789</u>
Net assets		<u>553,920</u>
Total liabilities and net assets	\$	<u>1,088,709</u>

(e) ***Affiliated Transactions***

Inter-affiliate Borrowings

The Health System has a policy to loan funds among its affiliates at various interest rates. These transactions eliminate upon consolidation.

PROVIDENCE HEALTH & SERVICES

Notes to Combined Financial Statements

December 31, 2014 and 2013

(2) Summary of Significant Accounting Policies

(a) *Basis of Presentation*

The financial statements of the Health System are presented on a combined basis due to the operational interdependence of the organization and because the respective Boards of Directors and corporate officers of Providence Health & Services and Western HealthConnect are comprised of the same individuals. All significant transactions and accounts between divisions and combined affiliates of the Health System have been eliminated. The Health System has performed an evaluation of subsequent events through March 16, 2015, which is the date these combined financial statements were issued.

(b) *Use of Estimates*

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

(c) *Cash and Cash Equivalents*

Cash and cash equivalents include investments in highly liquid debt instruments with an original or remaining maturity of three months or less when acquired.

(d) *Supplies Inventory*

Supplies inventory is stated at the lower of cost (first-in, first-out) or market.

(e) *Property, Plant, and Equipment*

Property, plant, and equipment are stated at cost. Improvements and replacements of plant and equipment are capitalized. Maintenance and repairs are expensed. The cost of the property, plant, and equipment sold or retired and the related accumulated depreciation are removed from the accounts, and the resulting gain or loss is recognized at the time of disposal.

The Health System assesses potential impairment to their long-lived assets when there is evidence that events or changes in circumstances have made recovery of the carrying value of the assets unlikely. An impairment loss, equal to the excess, if any, of the carrying value over the fair value less disposal costs, is recognized when the sum of the expected future undiscounted net cash flows from the use and disposal of the asset is less than the carrying amount of the asset.

(f) *Depreciation*

The provision for depreciation is determined by the straight-line method, which allocates the cost of tangible property equally over its estimated useful life or lease term.

(g) *Capitalized Interest*

Interest capitalized on amounts expended during construction is a component of the cost of additions to be allocated to future periods through the provision for depreciation. Capitalization of interest ceases

PROVIDENCE HEALTH & SERVICES

Notes to Combined Financial Statements

December 31, 2014 and 2013

when the addition is substantially complete and ready for intended use. The Health System capitalized \$4,044,000 and \$13,073,000 of interest costs during the years ended December 31, 2014 and 2013, respectively.

(h) *Financing Costs*

Financing costs are recorded in other assets and are amortized using the effective-interest method over the term of the related debt, or to the earliest date at which a creditor can demand payment.

(i) *Goodwill and Indefinite Lived Intangible Assets*

Goodwill and indefinite lived intangible assets, which are not amortized as they are considered to have an indefinite life, are recorded in other assets as the excess of cost over fair value of the acquired net assets. Goodwill and indefinite lived intangible assets are tested at least annually for impairment.

(j) *Intangible Assets with a Finite Life*

Intangible assets that are determined to have a finite life are recorded in other assets. Such assets are amortized by the straight-line method, which allocates the cost of tangible property equally over the asset's estimated useful life or agreement term.

(k) *Assets Whose Use Is Limited*

The Health System has designated all of its investments in debt and equity securities as trading. All investments in debt, equity securities, hedge funds, and collective investment funds are reported on the combined balance sheets at fair value.

Assets whose use is limited primarily include assets held by trustees under indenture agreements, self-insurance funds, funds held for the payment of health plan medical claims, assets held by related foundations, and designated assets set aside by the management of Providence Health & Services for future capital improvements and other purposes, over which management retains control.

(l) *Net Assets*

Unrestricted net assets are those that are not subject to donor imposed stipulations. Amounts related to the Health System's noncontrolling interests in certain joint ventures are included in unrestricted net assets. Temporarily restricted net assets are those whose use by the Health System has been limited by donors to a specific time period and/or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Health System in perpetuity. Unless specifically stated by donors, gains and losses on temporarily and permanently restricted net assets are recorded as temporarily restricted.

(m) *Donor-Restricted Gifts*

Unconditional promises to give cash and other assets to the Health System are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted contributions if they are received with donor stipulations that limit the use of the donated assets. When the terms of a donor restriction are met, temporarily restricted net assets are

PROVIDENCE HEALTH & SERVICES

Notes to Combined Financial Statements

December 31, 2014 and 2013

reclassified as unrestricted net assets and reported as other revenues in the combined statements of operations or changes in net assets as net assets released from restriction.

(n) Net Patient Service Revenues

The divisions of the Health System have agreements with governmental and other third-party payors that provide for payments to the divisions at amounts different from the Health System's established charges. Payment arrangements for major third-party payors may be based on prospectively determined rates, reimbursed cost, discounted charges, per diem payments, predetermined rates per HMO enrollee per month, or other methods.

Net patient service revenues are reported at the estimated net realizable amounts due from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with governmental payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as appropriate. Adjustments from finalization of prior years' cost reports and other third-party settlement estimates resulted in an increase in net patient service revenues of \$31,098,000 and \$8,176,000 for the years ended December 31, 2014 and 2013, respectively.

The composition of significant third-party payors for the years ended December 31, 2014 and 2013, as a percentage of net patient service revenues, is as follows:

	<u>2014</u>	<u>2013</u>
Commercial and other insurance	52%	52%
Medicare	33	33
Medicaid	14	12
Self-pay	1	3
	<u>100%</u>	<u>100%</u>

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(o) Provision for Bad Debts

The Health System provides for an allowance against patient accounts receivable for amounts that could become uncollectible. The Health System estimates this allowance based on the aging of accounts receivable, historical collection experience by payor, and other relevant factors. There are various factors that can impact the collection trends, such as changes in the economy, which in turn have an impact on unemployment rates and the number of uninsured and underinsured patients, the increased burden of copayments to be made by patients with insurance coverage and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process used by the Health System. The provision for bad debts in 2014 has decreased from 2013 as a result of the expansion of Medicaid programs and initiatives to assist patients in their Medicaid enrollment. The Health System records a provision for bad debts in the period of services on the basis of past experience, which has historically indicated that many patients are unresponsive or are otherwise unwilling to pay the portion of their bill for which they are financially responsible. The estimates made and changes affecting those estimates for the years ended December 31, 2014 and 2013 are summarized below:

	2014	2013
	(In thousands of dollars)	
Changes in allowance for doubtful accounts:		
Allowance for doubtful accounts at beginning of year	\$ 358,966	371,097
Write-off of uncollectible accounts, net of recoveries	(262,076)	(311,922)
Provision for bad debts	193,018	299,791
Allowance for doubtful accounts at end of year	\$ 289,908	358,966

(p) Premium Revenues, Premiums Receivable, Unearned Premiums, and Capitation Revenues

Health plan revenues consist of premiums paid by employers, individuals, and agencies of the federal and state governments for healthcare services. Health plan revenues are received on a prepaid basis and are recognized as revenue during the month for which the enrolled member is entitled to healthcare services. Premiums received for future months are recorded as unearned premiums. Capitation revenues consist of payments made at the beginning of the period and obligate the Health System to render covered services during the period.

(q) Meaningful Use

The Health Information Technology for Economic and Clinical Health Act, part of the American Recovery and Reinvestment Act of 2009, created an incentive program, beginning in 2011, to promote the “meaningful use” of Electronic Health Records (EHR). To qualify, providers must attest that they are using certified EHR in a “meaningful” way by meeting objectives at established thresholds, as defined by CMS. Meaningful use revenues are recognized as grant revenue. Grant revenue is recognized when there is reasonable assurance that the grant will be received and that the organization will comply with the conditions attached to the grant. \$54,583,000 and \$60,560,000 in meaningful use revenues were recognized for the years ended December 31, 2014 and 2013, respectively, and are included in other operating revenues in the accompanying combined statements of operations. The

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amount recognized is based on management's best estimate and is subject to audit and potential retrospective adjustments.

(r) Other Operating Revenues

Other operating revenues include rental revenue, equity earnings from joint ventures, contributions released from restrictions, cafeteria revenue, and other miscellaneous revenue.

(s) Charity and Un-sponsored Community Benefit Costs

The divisions of the Health System have policies that provide for serving those without the ability to pay. The policies also provide for discounted sliding scale payments based on the income and assets of the person responsible for the bill. In addition to uncompensated care, the Health System's divisions also provide services that benefit the poor and others in the communities they serve.

Information for the Health System for the years ended December 31, 2014 and 2013 is summarized below:

	<u>2014</u>	<u>2013</u>
	(In thousands of dollars)	
Cost of charity care provided	\$ 205,555	312,839
Unpaid cost of Medicaid services	443,623	404,138
Un-sponsored community benefit costs	<u>\$ 649,178</u>	<u>716,977</u>

The cost of charity care provided is calculated based on each division's aggregate relationship of costs to charges. The unpaid cost of Medicaid services is the cost of treating Medicaid patients in excess of government payments. Unpaid cost of Medicaid services are net of revenues of \$1,377,866,000 and \$906,117,000 for the years ended December 31, 2014 and 2013, respectively.

(t) Net Nonoperating Gains

Net nonoperating gains primarily include investment income from trading securities, income from recipient organizations, pension settlement costs, and other income. Additionally, contributions from affiliations with Saint John's, PacMed, and Kadlec are included in net nonoperating gains in 2014.

(u) Excess of Revenues over Expenses

Excess of revenues over expenses includes all changes in unrestricted net assets, except for net assets released from restriction for the purchase of property, certain changes in funded status of postretirement benefit plans, net changes in noncontrolling interests in combined joint ventures, and other.

(v) Income and Other Taxes

The Health System recognizes the effect of income tax positions only if those positions are more likely than not of being sustained upon an audit by the taxing authority. Recognized income tax positions are

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measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in the period in which the change in judgment occurs.

Various states in which the Health System operates have instituted a provider tax on certain patient service revenues at qualifying hospitals to increase funding from other sources and obtain additional Federal funds to support increased payments to providers for Medicaid services. These taxes are included in other expenses in the accompanying combined statements of operations. These programs resulted in enhanced payments from these states in the way of lump sum payments and per claim increases. These enhanced payments are included in net patient service revenues in the accompanying combined statements of operations.

(w) Recently Issued or Adopted Accounting Standards

In May 2014, the FASB issued ASU 2014-09, a comprehensive new revenue recognition model that requires an entity to recognize revenue to depict the transfer of goods or services to customers at an amount that reflects the consideration it expects to receive in exchange for those goods or services. The amendments in the ASU can be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the update recognized at the date of the initial application along with additional disclosures. The Health System is currently evaluating the impact of ASU 2014-09, including the methods of implementation, which is effective for the fiscal year beginning on January 1, 2017.

(x) Reclassifications

Certain reclassifications have been made to prior year amounts to conform to the current year presentation.

(3) Fair Value of Financial Instruments

ASC Topic 820 (Topic 820), *Fair Value Measurements and Disclosures*, establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Valuation for certain investments is based on the net asset value (NAV) or its equivalent provided by fund administrators.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The fair value of management-designated cash and investments, funds held for long-term purposes, and funds held by trustee, which are the amounts reported in the combined balance sheets, are estimated based

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on quoted market prices. For long-term debt, the fair value is based on Level 2 inputs, such as the discounted value of the future cash flows using current rates for debt with the same remaining maturities, considering the existing call premium and protection. The carrying value and fair value of long-term debt, including accrued interest, was \$4,097,789,000 and \$4,421,616,000, respectively, as of December 31, 2014, and \$3,725,358,000 and \$3,789,289,000, respectively, as of December 31, 2013.

Other financial instruments of the Health System include cash and cash equivalents and other current assets and liabilities. The carrying amount of these instruments approximates fair value because these items mature in less than one year.

The Health System participates in various funds that are not actively marketed on an open exchange. These investments are classified in Levels 2 and 3 and consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Because the NAV, or its equivalent, reported by each fund manager is used as a practical expedient to estimate the fair value of the Health System's interest therein, its classification in Level 2 or 3 is based on the Health System's ability to redeem its interest at or near the balance sheet date. If the interest can be redeemed in the near term, the investment is classified as Level 2. The classification in the fair value hierarchy is not necessarily an indication of the risks, liquidity or degree of difficulty in estimating the fair value of each investments underlying assets and liabilities. Management believes that the carrying amounts of these financial instruments, provided by the fund managers, are reasonable estimates of fair value.

The following table presents information for investments where the NAV, or its equivalent, was used as a practical expedient to measure fair value at December 31, 2014.

	Fair value (in thousands of dollars)	Redemption frequency	Redemption notice period
Hedge Fund – Relative value	\$ 159,753	Quarterly	60 – 90 days
Hedge Fund – Risk parity	148,543	Monthly	5 – 15 days
Hedge Fund – Growth	265,095	Monthly	10 – 60 days
Hedge Fund – Diversified	123,229	Monthly	2 – 90 days
Hedge Fund – Other	151,936	Monthly or Quarterly	30 – 90 days
Collective Investment			
Funds – Fixed income	219,397	Daily, Monthly or Quarterly	6 – 30 days
Collective Investment			
Funds – Equities	81,417	Daily	3 days

Hedge funds are portfolios of investments that use advanced investment strategies such as leveraged, long, short and derivative positions in both domestic and international markets with the goal of diversifying portfolio risk and generating return. The Health System's investments in hedge funds include \$131,163,000 subject to lockup provisions that limit the Health System's ability to access cash for one year from the initial investment.

Collective investment funds are funds that pursue diversification of domestic and foreign equity and fixed income securities. The Health System's investments in collective investment funds have no lockup provisions or other restrictions, other than outlined in the table above, that limit its ability to access cash.

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The following table presents assets (other than management-designated cash and investments and funds held by trustee) and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at December 31, 2014:

	<u>December 31,</u> <u>2014</u>	<u>Fair value measurements at</u> <u>reporting date using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
		(In thousands of dollars)		
Assets:				
Gift annuities, trusts and other	\$ 53,954	20,454	9,118	24,382

The following table presents assets (other than management-designated cash and investments and funds held by trustee) and liabilities that are measured at fair value on a recurring basis (including items that are required to be measured at fair value) at December 31, 2013:

	<u>December 31,</u> <u>2013</u>	<u>Fair value measurements at</u> <u>reporting date using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
		(In thousands of dollars)		
Assets:				
Gift annuities, trusts and other	\$ 53,836	25,996	6,493	21,347

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The following table presents the Health System's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in Topic 820 for the years ended December 31, 2014 and 2013 (in thousands of dollars):

	Gift annuities, trusts, and other	Management designated cash and investments (note 4)
	<u> </u>	<u> </u>
Balance at December 31, 2012	\$ 20,769	4,525
Total realized and unrealized gains (losses), net	(862)	81
Total purchases	2,932	—
Total sales	(1,745)	(3)
Transfers into Level 3	253	—
	<u>21,347</u>	<u>4,603</u>
Balance at December 31, 2013	21,347	4,603
Total realized and unrealized gains (losses), net	(308)	(1,286)
Total purchases	1,418	130,500
Total sales	(1,072)	—
Transfers into Level 3	2,997	—
	<u>24,382</u>	<u>133,817</u>
Balance at December 31, 2014	\$ <u>24,382</u>	<u>133,817</u>

There were no significant transfers between assets classified as Level 1 and Level 2 during the years ended December 31, 2014 and 2013.

Level 3 assets include hedge funds, charitable remainder trusts, and real property. Fair values of hedge funds were estimated using a market approach. Fair values of charitable remainder trusts were estimated using an income approach. Fair values of real property were estimated using a market approach.

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(4) Investments

(a) Management-Designated Cash and Investments and Funds Held by Trustee

The composition of management-designated cash and investments and funds held by trustee at December 31, 2014 is set forth in the following tables. Investments are stated at fair value.

	December 31, 2014	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Management-designated cash and investments				
Cash and cash equivalents	\$ 401,728	401,728	—	—
Domestic equity securities				
Mutual funds				
Large capitalization	139,544	139,544	—	—
Medium-small capitalization and other	143,501	143,501	—	—
Consumer services	269,565	269,565	—	—
Financial services	129,676	129,676	—	—
Technology	105,950	105,950	—	—
Other industries	120,761	120,761	—	—
Foreign equity securities				
Mutual funds				
Large capitalization	177,185	177,185	—	—
Medium-small capitalization and other	39,315	39,315	—	—
Other industries	83,455	83,455	—	—
Debt securities – U S Treasury	1,211,814	1,054,362	157,452	—
Debt securities – State Treasury	21,926	81	21,845	—
Domestic corporate debt securities	532,840	—	532,840	—
Foreign corporate debt securities	96,487	—	96,487	—
Hedge Funds				
Relative value	159,753	—	115,057	44,696
Risk parity	148,543	—	148,543	—
Growth	265,095	—	265,095	—
Diversified	123,229	—	123,229	—
Other	151,936	—	65,469	86,467
Collective Investment Funds				
Equities	219,397	—	219,397	—
Fixed Income	81,417	—	81,417	—
Other	177,374	12,216	162,504	2,654
Total	\$ 4,800,491	2,677,339	1,989,335	133,817

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	December 31, 2014	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Funds held by trustee				
Cash and cash equivalents	\$ 85,038	85,038	—	—
Domestic equity securities				
Mutual funds	21,991	21,991	—	—
Other industries	168	168	—	—
Foreign equity securities				
Mutual funds	1,889	1,889	—	—
Other industries	11	11	—	—
Debt securities – U S Treasury	84,725	82,125	2,600	—
Domestic corporate debt securities	32,017	—	32,017	—
Foreign corporate debt securities	19,953	—	19,953	—
Mortgage-backed securities	5,956	—	5,956	—
Other	4,090	—	4,090	—
Total	\$ 255,838	191,222	64,616	—

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The composition of management-designated cash and investments and funds held by trustee at December 31, 2013 is set forth in the following tables. Investments are stated at fair value.

	December 31, 2013	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Management-designated cash and investments				
Cash and cash equivalents	\$ 263,085	263,085	—	—
Domestic equity securities				
Mutual funds				
Large capitalization	464,348	464,348	—	—
Med-small capitalization	116,927	116,927	—	—
Other	313,526	313,526	—	—
Capital goods	54,126	54,126	—	—
Consumer services	83,169	83,169	—	—
Energy	35,019	35,019	—	—
Financial services	62,818	62,818	—	—
Technology	55,948	55,948	—	—
Healthcare and other	57,132	57,132	—	—
Foreign equity securities				
Mutual funds	359,341	359,341	—	—
Other industries	42,341	42,341	—	—
Collective investment funds	401,059	—	401,059	—
Debt securities – U S Treasury and agency	983,841	773,463	210,378	—
Debt securities – State Treasury	29,477	—	29,477	—
Domestic corporate debt securities	603,186	—	603,186	—
Foreign corporate debt securities	196,347	—	196,347	—
Mortgage-backed securities				
Commercial	57,147	—	57,147	—
Residential	87,219	—	87,219	—
Collateralized debt obligations	74,087	—	74,087	—
Other	22,809	464	17,742	4,603
Total	\$ 4,362,952	2,681,707	1,676,642	4,603

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	<u>December 31, 2013</u>	<u>Fair value measurements at reporting date using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
		(In thousands of dollars)		
Funds held by trustee				
Cash and cash equivalents	\$ 44,835	44,835	—	—
Domestic equity securities				
Mutual funds	33,346	33,346	—	—
Other industries	170	170	—	—
Foreign equity securities				
Mutual funds	2,894	2,894	—	—
Other industries	9	9	—	—
Debt securities – U S Treasury	67,955	67,955	—	—
Domestic corporate debt securities	33,503	—	33,503	—
Foreign corporate debt securities	15,508	—	15,508	—
Mortgage-backed securities	7,728	—	7,728	—
Other	7,035	94	6,941	—
	<u>\$ 212,983</u>	<u>149,303</u>	<u>63,680</u>	<u>—</u>

The Health System's funds held by trustee are segregated from other cash and investments for various purposes, including compliance with regulatory requirements. Included in funds held by trustee as of December 31, 2014 and 2013, respectively, are \$51,433,000 and \$4,177,000 obtained from borrowings under the Health System's master trust indenture for construction and other ongoing projects. The Health System also includes in funds held by trustee \$190,819,000 and \$189,075,000 at December 31, 2014 and 2013, respectively, related to the self-insurance and pension trusts. Within the self-insured trusts, the balance is based on management's assessment of annual need. Any additional investments are considered management-designated.

Investment income from management-designated cash and investments and funds held by trustee are included in net nonoperating gains and are comprised of the following for the years ended December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
	(In thousands of dollars)	
Interest income	\$ 71,108	82,921
Net realized gains on sale of investments	365,413	117,062
Change in net unrealized (losses) gains on trading securities	(258,478)	47,589
Total	<u>\$ 178,043</u>	<u>247,572</u>

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(5) Property, Plant, and Equipment

Property, plant, and equipment and the total accumulated depreciation at December 31, 2014 and 2013 are shown below:

	<u>Approximate useful life (years)</u>	<u>2014</u>	<u>2013</u>
(In thousands of dollars)			
Land	—	\$ 756,304	586,659
Buildings and improvements	5–60	5,643,827	5,061,647
Equipment:			
Fixed	5–25	1,041,956	932,531
Major movable and minor	3–20	4,138,703	3,662,617
Rental property	15–40	898,609	875,310
Construction in progress	—	216,549	552,211
		<u>12,695,948</u>	<u>11,670,975</u>
Less accumulated depreciation		<u>6,073,382</u>	<u>5,466,358</u>
Property, plant, and equipment, net		<u>\$ 6,622,566</u>	<u>6,204,617</u>

Construction in progress primarily represents renewal and replacement of various facilities in the Health System's operating divisions, as well as costs capitalized related to software development.

(6) Other Assets

Other assets at December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
(In thousands of dollars)		
Unamortized financing costs, net	\$ 35,744	34,035
Investment in nonconsolidated joint ventures	116,747	102,508
Interest in noncontrolled foundations	136,597	21,779
Notes receivable	37,989	51,473
Long-term reinsurance receivable	39,530	40,325
Goodwill and intangibles	163,540	118,367
Other	38,737	14,224
Total other assets	<u>\$ 568,884</u>	<u>382,711</u>

The Health System participates in various joint ventures for the purpose of furthering its healthcare mission. These joint ventures exist in all geographic locations in which the Health System operates. The primary purposes of the ventures are to provide outpatient services such as laboratory, outpatient surgery, and medical imaging. Various joint ventures, throughout the Health System, are controlled and consequently are

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combined in the financial statements of the Health System. All other joint ventures are accounted for under the equity method of accounting. The Health System recorded earnings from equity method investees of \$39,159,000 and \$37,732,000 for the years ended December 31, 2014 and 2013, respectively, the majority of which are included in other operating revenues in the accompanying combined statements of operations.

(7) Short-Term and Long-Term Debt

The Health System has borrowed Master Trust debt issued through the following:

- California Health Facilities Financing Authority (CHFFA)
- Alaska Industrial Development and Export Authority (AIDEA)
- Hospital Facilities Authority of Multnomah County (HFAMC)
- Washington Health Care Facilities Authority (WHCFA)
- Montana Facility Finance Authority (MFFA)
- Oregon Facilities Authority (OFA)

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Short-term and long-term unpaid principal at December 31, 2014 and 2013 consists of the following:

	<u>Maturing through</u>	<u>Coupon rates</u>	<u>Unpaid principal</u>	
			<u>2014</u>	<u>2013</u>
			(In thousands of dollars)	
Master trust debt:				
Fixed:				
Series 1996, CHFFA Revenue Bonds	2016	4 00 – 6 00% \$	2,035	2,975
Series 1997, Direct Obligation Notes	2017	7 70%	2,090	2,690
Series 2003H, AIDEA Revenue Bonds	2015	4 63 – 5 25%	4,600	8,500
Series 2005, Direct Obligation Notes	2030	4 31 – 5 39%	46,295	48,120
Series 2006A, WHCFA Revenue Bonds	2036	4 50 – 5 00%	210,555	210,555
Series 2006B, MFFA Revenue Bonds	2026	4 00 – 5 00%	58,170	62,380
Series 2006C, WHCFA Revenue Bonds	2033	5 25%	69,425	69,425
Series 2006D, WHCFA Revenue Bonds	2033	5 25%	69,275	69,275
Series 2006E, WHCFA Revenue Bonds	2033	5 25%	26,350	26,350
Series 2006H, AIDEA Revenue Bonds	2036	5 00%	54,355	54,355
Series 2008C, CHFFA Revenue Bonds	2038	3 00 – 6 50%	17,715	272,725
Series 2009A, Direct Obligation Notes	2019	5 05 – 6 25%	165,000	250,000
Series 2009B, CHFFA Revenue Bonds	2039	5 50%	150,000	150,000
Series 2010A, WHCFA Revenue Bonds	2039	4 88 – 5 25%	174,240	174,240
Series 2011A, AIDEA Revenue Bonds	2041	5 00 – 5 50%	122,720	122,720
Series 2011B, WHCFA Revenue Bonds	2021	2 00 – 5 00%	67,390	75,785
Series 2011C, OFA Revenue Bonds	2026	3 50 – 5 00%	20,405	22,355
Series 2012A, WHCFA Revenue Bonds	2042	2 00 – 5 00%	503,955	509,165
Series 2012B, WHCFA Revenue Bonds	2042	4 00 – 5 00%	100,000	100,000
Series 2013A, OFA Revenue Bonds	2024	2 00 – 5 00%	72,515	78,190
Series 2013D, Direct Obligation Notes	2023	4 38%	252,285	252,285
Series 2014A, CHFFA Revenue Bonds	2038	2 00 – 5 00%	275,850	—
Series 2014B, CHFFA Revenue Bonds	2044	4 25 – 5 00%	118,740	—
Series 2014C, WHCFA Revenue Bonds	2044	4 00 – 5 00%	92,245	—
Series 2014D, WHCFA Revenue Bonds	2041	5 00%	178,770	—
			<u>2,854,980</u>	<u>2,562,090</u>
Variable:				
Series 2012C, WHCFA Revenue Bonds	2042	0 07%	80,000	80,000
Series 2012D, WHCFA Revenue Bonds	2042	0 07%	80,000	80,000
Series 2012E, Direct Obligation Notes	2042	0 12%	235,705	237,785
Series 2013C, OFA Revenue Bonds	2022	0 83%	148,750	161,675
Series 2013E, Direct Obligation Notes	2017	1 08%	322,250	322,250
			<u>866,705</u>	<u>881,710</u>
U S Bank Credit Facility	2015	0 52%	<u>12,500</u>	<u>—</u>
Unpaid principal, master trust debt			<u>3,734,185</u>	<u>3,443,800</u>
Premiums and discounts, net			<u>123,941</u>	<u>59,455</u>
Master trust debt, including premiums and discounts, net			3,858,126	3,503,255
Other long-term debt			<u>200,923</u>	<u>187,449</u>
Total debt			<u>\$ 4,059,049</u>	<u>3,690,704</u>

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	<u>2014</u>	<u>2013</u>
	(In thousands of dollars)	
Current portion of long-term debt	\$ 202,287	160,383
Short-term master trust debt	12,500	32,075
Long-term debt, classified as a long-term liability	<u>3,844,262</u>	<u>3,498,246</u>
Total debt	<u>\$ 4,059,049</u>	<u>3,690,704</u>

An Obligated Group was formed for issuing debt under a master trust indenture. Members of the Obligated Group are jointly and severally responsible for all borrowings under the master trust indenture of the Obligated Group. The master trust indenture and bond trust indentures for each debt issue require the Obligated Group to meet certain financial covenants. The members of the Obligated Group include the following:

- Providence Health & Services – Washington (exclusive of Inland Northwest Health Services)
- Western HealthConnect
- Providence Health & Services – Oregon (exclusive of Providence Plan Partners)
- Providence Health System – Southern California (exclusive of Medical Institute of Little Company of Mary, Lifecare Ventures, Inc., TrinityCare Hospice, and Facey)
- Providence St. Joseph Medical Center, and Providence Health & Services – Montana

The Obligated Group excludes related housing projects financed by the U.S. Department of Housing and Urban Development and foundations.

In June 2014, the Health System issued \$275,850,000 of Series 2014A CHFFA fixed rate revenue bonds. The proceeds were used for the partial redemption of Series 2008C CHFFA bonds.

In August 2014, the Health System issued \$118,740,000 of Series 2014B CHFFA fixed rate revenue bonds. The proceeds were used to redeem Series 2013F Commercial Paper, which was issued to finance the purchase of Saint John's. In connection with the Series 2014B issuance, Saint John's became a member of the Obligated Group.

In September 2014, the Health System issued \$92,245,000 of Series 2014C WHCFA fixed rate revenue bonds. The proceeds were used for the partial redemption of Series 2009A PHS Direct Obligation bonds. In connection with the Series 2014C issuance, Swedish Edmonds and PacMed became members of the Obligated Group.

In November 2014, the Health System issued \$178,770,000 of Series 2014D WHCFA fixed rate revenue bonds. The proceeds were used to redeem Series 2006B WHCFA revenue bonds, Series 2006A WHCFA revenue bonds, Series 2010 WHCFA revenue bonds, and Series 2012 WHCFA revenue bonds, which were issued by Kadlec prior to the affiliation. In connection with the Series 2014D issuance, Kadlec became a member of the Obligated Group.

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December 31, 2014 and 2013

In September 2013, the Health System issued \$239,865,000 of OFA comprised of fixed rate bonds and variable rate bonds; and \$574,535,000 direct obligation notes comprised of a fixed rate issue and a variable rate issue. The proceeds were used to redeem Series 2003D-G HFACC bonds, advance refund the Series 2004 HFAMC bonds, redeem and cancel the outstanding Series 2008A Commercial Paper Notes and repay the outstanding US Bank Revolving Credit Facility. The Series 2013C bonds were initially issued in Index Floating Rate Mode which will be subject to mandatory purchase on the day following the end of the Initial Index Floating Rate Period as more fully described in the respective Official Statement. The Obligated Group is unconditionally obligated to pay the purchase price of the Series 2013C bonds if remarketing proceeds are insufficient to make such payment. The remarketing provision is not supported by a stand-by bond purchase agreement and accordingly the amount subject to the mandatory tender provision has resulted in short-term classification on the accompanying combined balance sheets.

In connection with the Series 2014A-D issuances and the Series 2013A-E issuances, the Health System recorded losses due to extinguishment of debt of \$85,522,000 and \$1,671,000 in 2014 and 2013, respectively, which were recorded in net nonoperating gains in the accompanying combined statement of operations.

(a) Master Trust Debt Classified as Short-Term

Oregon Facilities Authority (OFA) Revenue Bonds, Series 2013C

The Series 2013C bonds were issued in September 2013 as variable rate debt with a mandatory tender provision that requires the Health System to fund any shortfall upon remarketing of bonds at intervals defined by the offering statement. As a result \$32,075,000 subject to the mandatory tender was classified as short-term debt at December 31, 2013 as the balance could have become due and payable in 2014. In 2014 the Series 2013C bonds were remarketed under the terms defined by the offering statement, resulting in the mandatory tender provision being extended to 2017. Accordingly, the related short-term debt was reclassified as long-term debt at December 31, 2014.

Commercial Paper, Series 2008A

The Health System participated in a commercial paper program through September 2013. The commercial paper program was redeemed through the issuance of the Series 2013 E direct obligation bonds.

U.S. Bank Credit Facility

The Health System has a \$150,000,000 Credit Facility with U.S. Bank, of which \$12,500,000 in borrowings was outstanding at December 31, 2014.

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Notes to Combined Financial Statements

December 31, 2014 and 2013

(b) Other Long-Term Debt

Other long-term debt primarily includes capital leases, notes payable, and bonds that are not under the master trust indenture. Other long-term debt at December 31, 2014 and 2013 consists of the following:

	2014	2013
	(In thousands of dollars)	
Capital leases	\$ 114,963	124,237
Notes payable	74,381	52,335
Bonds not under master trust indenture and other	11,579	10,877
Total other long-term debt	\$ 200,923	187,449

Scheduled principal payments of long-term debt, considering all obligations under the master trust indenture as due according to their long-term amortization schedule, for the next five years and thereafter are as follows:

	Master trust	Other	Total
	(In thousands of dollars)		
2015	\$ 177,460	24,827	202,287
2016	222,580	27,371	249,951
2017	160,175	15,422	175,597
2018	60,890	10,388	71,278
2019	165,895	9,494	175,389
Thereafter	2,934,685	113,421	3,048,106
Scheduled principal payments of long-term debt	3,721,685	\$ 200,923	3,922,608
Short-term master trust debt	12,500		
Total master trust debt	\$ 3,734,185		

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Notes to Combined Financial Statements

December 31, 2014 and 2013

Leases

The Health System leases various medical and office equipment and buildings under operating leases. Future minimum lease commitments under noncancelable operating leases for the next five years and thereafter are as follows (in thousands of dollars):

2015	\$	115,899
2016		97,451
2017		82,936
2018		72,777
2019		58,082
Thereafter		<u>546,052</u>
	\$	<u>973,197</u>

Rental expense was \$193,875,000 and \$181,239,000 for the years ended December 31, 2014 and 2013, respectively, and is included in other expenses in the accompanying combined statements of operations.

(8) Retirement Plans

(a) *Defined Benefit Plans*

Cash Balance Retirement Plan

The Health System had a noncontributory cash balance plan covering substantially all Providence employees called the Providence Health & Services Cash Balance Retirement Plan Trust (the Cash Balance Plan). The plan was frozen effective December 31, 2009. The plan benefits are based on defined average compensation and years of service. The plan has a five year cliff vesting schedule. The Health System's funding policy is based on the actuarially determined cost method, and includes normal service cost and prior service costs amortized over a 20-year period. Under the Cash Balance Plan, each employee carries an individual account balance. The Health System makes an annual contribution and provides an annual interest credit to each employee's account.

Supplemental Executive Retirement Plan

The Health System has a noncontributory supplemental executive retirement plan (the SERP) covering certain employees who were employed in certain key positions or pay grades or that have been designated by the Health System. The plan was frozen effective December 31, 2009. The plan benefits were based on defined average compensation and years of service. The vesting period for the plan requires an executive attain age 55 with at least five years of eligible service. The Health System's funding policy is based on the actuarially determined cost method, and includes normal service cost and prior service costs amortized over a 20-year period. Under the SERP, each employee carries an individual account balance. The Health System makes an annual contribution and provides an annual interest credit to each employee's account.

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December 31, 2014 and 2013

Swedish Health Services Pension Plan

The Swedish Health Services Pension Plan (the Pension Plan) is a noncontributory plan covering a majority of Swedish employees, and provides benefits based on number of years of credited service and compensation earned during the participation in the Pension Plan. The Pension Plan is frozen to all former and existing nonrepresented employees and to all new participants. Only represented employees that were active in the plan on December 31, 2009 remain in the plan actively accruing benefits. The Health System makes annual contributions to the Pension Plan.

Willamette Falls Pension Plan

The Willamette Falls Pension Plan is also a noncontributory plan covering a majority of employees at Providence Willamette Falls. The plan was frozen effective February 2008. The plan benefits are based on years of service and compensation during an employee's period of employment. The funding policy is based on the actuarially determined cost method, and includes normal service cost and prior service costs amortized over a 20-year period. Under the Willamette Falls Pension Plan, each employee carries an individual monthly annuity benefit.

The Cash Balance Plan, the SERP, the Pension Plan, and the Willamette Falls Pension Plan are collectively "the defined benefit plans."

The Health System's contributions to these defined benefit plans for the years ended December 31, 2014 and 2013 were \$100,380,000 and \$87,647,000, respectively.

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Notes to Combined Financial Statements

December 31, 2014 and 2013

The measurement dates for the defined benefit plans are December 31, 2014 and 2013. A rollforward of the change in benefit obligation and change in the fair value of plan assets for the defined benefit plans is as follows:

	2014	2013
	(In thousands of dollars)	
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 2,592,617	2,896,017
Service cost	22,851	32,042
Interest cost	124,911	114,765
Plan amendments	—	(1,310)
Actuarial loss (gain)	289,225	(247,903)
Benefits paid and other	(202,279)	(200,994)
	<u>2,827,325</u>	<u>2,592,617</u>
Change in fair value of plan assets:		
Fair value of plan assets at beginning of year	1,773,628	1,696,137
Actual return on plan assets	110,521	190,838
Employer contributions	100,380	87,647
Benefits paid and other	(202,279)	(200,994)
	<u>1,782,250</u>	<u>1,773,628</u>
Funded status	(1,045,075)	(818,989)
Unrecognized net actuarial loss	441,783	191,541
Unrecognized prior service cost	6,299	7,530
	<u>6,299</u>	<u>7,530</u>
Net amount recognized	<u>\$ (596,993)</u>	<u>(619,918)</u>
Amounts recognized in the consolidated balance sheets consist of:		
Current liabilities	\$ (4,136)	(6,461)
Noncurrent liabilities	(1,040,939)	(812,528)
Unrestricted net assets	448,082	199,071
	<u>448,082</u>	<u>199,071</u>
Net amount recognized	<u>\$ (596,993)</u>	<u>(619,918)</u>
Weighted average assumptions:		
Discount rate	4.20%	5.00%
Rate of increase in compensation levels	3.50	4.00
Long-term rate of return on assets	7.00	7.00

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Notes to Combined Financial Statements

December 31, 2014 and 2013

Net periodic pension cost for the defined benefit plans for 2014 and 2013 includes the following components:

	2014	2013
	(In thousands of dollars)	
Components of net periodic pension cost:		
Service cost	\$ 22,851	32,042
Interest cost	124,911	114,765
Expected return on plan assets	(118,676)	(114,501)
Amortization of prior service cost	1,231	1,231
Recognized net actuarial loss	14,340	33,094
Settlement expense	32,798	25,826
Net periodic pension cost	\$ 77,455	92,457

Total expense for all of the Health System's defined benefit plans for the years ended December 31, 2014 and 2013 was \$77,455,000 and \$92,457,000, respectively. Included in the total expense is \$32,798,000 and \$25,826,000 of settlement costs that were incurred in 2014 and 2013, respectively, related to settlements that were greater than the sum of the service cost and interest cost components of net periodic pension cost. This settlement expense is included in net nonoperating gains in the accompanying combined statements of operations. The remaining expense is included in employee benefits in the accompanying combined statements of operations.

The accumulated benefit obligation was \$2,771,511,300 and \$2,543,426,000 at December 31, 2014 and 2013, respectively.

The following pension benefit payments reflect expected future service. Payments expected to be paid over the next 10 years are as follows (in thousands of dollars):

2015	\$ 186,304
2016	189,748
2017	195,753
2018	201,417
2019 – 2024	1,141,027
	\$ 1,914,249

The Health System expects to contribute approximately \$68,207,000 to the defined benefit plans in 2015.

The expected long-term rate of return on plan assets is the expected average rate of return on the funds invested currently and on funds to be invested in the future in order to provide for the benefits included in the projected benefit obligation. The Health System used 7.0% in calculating the 2014 and 2013 expense amounts. This assumption is based on capital market assumptions and the plan's target asset allocation.

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The Health System continues to monitor the expected long-term rate of return. If changes in those parameters cause 7.0% to be outside of a reasonable range of expected returns, or if actual plan returns over an extended period of time, suggest that general market assumptions are not representative of expected plan results, the Health System may revise this estimate prospectively.

Target asset allocation and expected long-term rate of return on assets (ELTRA) for the years ended December 31, 2014 and 2013, respectively, were as follows:

	2014 and 2013 Target	2014 ELTRA	2013 ELTRA
Cash and cash equivalents	5%	1%–4%	0.5%–2%
Equity securities	35	5%–8%	5%–8%
Debt securities	50	3%–5%	3%–4%
Other securities	10	6%–9%	7%–10%
Total	100%	7.00%	7.00%

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Notes to Combined Financial Statements

December 31, 2014 and 2013

The following table presents the Health System's defined benefit plan assets measured at fair value at December 31, 2014:

	December 31, 2014	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Assets				
Cash and cash equivalents	\$ 44,670	44,670	—	—
Domestic equity securities				
Mutual funds				
Medium-small cap and other	2,252	2,252	—	—
Consumer services	184,842	184,842	—	—
Financial services	68,769	68,769	—	—
Technology	45,304	45,304	—	—
Other	62,558	62,558	—	—
Foreign equity securities				
Mutual funds				
Large capitalization	44,450	44,450	—	—
Consumer services	15,809	15,809	—	—
Technology	11,777	11,777	—	—
Other	19,809	19,809	—	—
Debt securities – state and government	281,432	208,804	72,628	—
Foreign securities – state and government	14,596	—	14,596	—
Domestic corporate debt securities	129,564	—	129,564	—
Foreign corporate debt securities	22,291	—	22,291	—
Hedge Funds				
Risk Parity	138,886	—	138,886	—
Growth	175,031	—	175,031	—
Other	143,286	—	64,474	78,812
Collective Investment Funds				
Equities	174,631	—	174,631	—
Fixed Income	189,185	—	189,185	—
Other	13,108	3,246	9,862	—
Total	\$ 1,782,250	712,290	991,148	78,812

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Notes to Combined Financial Statements

December 31, 2014 and 2013

The following table presents the Health System's defined benefit plan assets measured at fair value at December 31, 2013:

	December 31, 2013	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
		(In thousands of dollars)		
Assets				
Cash and cash equivalents	\$ 142,092	142,092	—	—
Domestic equity securities				
Mutual funds				
Large capitalization	250,076	250,076	—	—
Medium-small cap and other	2,148	2,148	—	—
Capital goods	37,169	37,169	—	—
Consumer services	29,281	29,281	—	—
Technology	69,407	69,407	—	—
Other	95,266	95,266	—	—
Foreign equity securities				
Mutual funds				
Large capitalization	120,681	120,681	—	—
Capital goods	7,839	7,839	—	—
Consumer services	39,702	39,702	—	—
Energy	18,928	18,928	—	—
Financial services	23,402	23,402	—	—
Healthcare	12,691	12,691	—	—
Technology and other	15,571	15,571	—	—
Debt securities – state and government	240,654	—	240,654	—
Foreign securities – state and government	56,180	—	56,180	—
Domestic corporate debt securities	135,806	—	135,806	—
Foreign corporate debt securities	22,572	—	22,572	—
Mortgage-backed securities				
Commercial	11,963	—	11,963	—
Residential	93,660	—	93,660	—
Asset-backed securities	9,463	—	9,463	—
Hedge funds	158,681	—	158,681	—
Collective investment funds	180,396	—	180,396	—
Total	\$ 1,773,628	864,253	909,375	—

The fair value estimates of certain funds are estimates determined by management using various information sources, including information provided by the fund managers. Certain funds classified in

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December 31, 2014 and 2013

Level 2 consist of shares or units in the investment funds as opposed to direct interests in the fund's underlying holdings, which are marketable securities. Because the NAV reported by each fund is used as a practical expedient to estimate the fair value of the Health System's interest therein, its classification in Level 2 is based on the Health System's ability to redeem its interest at or near the balance sheet date. The classification in the fair value hierarchy is not necessarily an indication of the risks, liquidity, or degree of difficulty in estimating the fair value of each investment's underlying assets and liabilities.

The following table presents the Health System's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in Topic 820 for the years ended December 31, 2014 and 2013 (in thousands of dollars):

	Defined benefit plan assets
Balance at December 31, 2013	\$ —
Total realized and unrealized gains (losses), net	(788)
Total purchases	79,600
Total sales	—
Transfers into Level 3	—
Balance at December 31, 2014	<u>\$ 78,812</u>

There were no significant transfers between assets classified as Level 1 and Level 2 during the years ended December 31, 2014 and 2013.

Level 3 assets include various hedge funds. Fair values of hedge funds were estimated using a market approach.

(b) Defined Contribution Plans

401(a) Service Plan

The Health System sponsors the Providence Health & Services 401(a) Service Plan (the Service Plan). The Service Plan covers substantially all Providence employees, with contributions based on defined eligible compensation and years of service. The plan has a five year cliff vesting schedule. The Health System contributed \$147,524,000 to the Service Plan in 2014 related to prior years, and has accrued a liability of \$155,480,000 as of December 31, 2014 related to contributions, which has been included in the current portion of retirement plan obligations on the accompanying combined balance sheets.

403(b) Value Plan

The Health System also sponsors the Providence Health & Services 403(b) Value Plan (the Value Plan). The plan is a defined contribution plan, which includes a qualified cash or deferred arrangement, for the benefit of eligible employees. Vesting is immediate. Total Value Plan expense, primarily

PROVIDENCE HEALTH & SERVICES

Notes to Combined Financial Statements

December 31, 2014 and 2013

related to contributions, was \$74,760,000 and \$63,290,000 in 2014 and 2013, respectively, and is included in employee benefits expense in the accompanying combined statements of operations.

Providence, Swedish, PAML Multiple Employer 401(k) Plan

The Health System sponsors the Providence, Swedish, PAML Multiple Employer 401(k) Plan which covers certain Providence affiliates unable to participate in the Service Plan and the Value Plan. The plan is a defined contribution plan with contributions based on defined eligible compensation. The plan has a four year cliff vesting schedule. Total plan expense, primarily related to contributions, was \$42,781,000 and \$37,164,000 in 2014 and 2013, respectively, and is included in employee benefits expense in the accompanying combined statements of operations.

(9) Self-Insurance Liability

The Health System has established self-insurance programs for professional and general liability and workers' compensation insurance coverage. These programs provide insurance coverage for healthcare institutions associated with the Health System. The Health System also operates an insurance captive, Providence Assurance, Inc., to self-insure or re insure certain layers of professional and general liability risk.

The Health System accrues estimated self-insured professional and general liability and workers' compensation insurance claims based on management's estimate of the ultimate costs for both reported claims and actuarially determined estimates of claims incurred-but-not-reported. Insurance coverage in excess of the per occurrence self-insured retention, has been secured with insurers or reinsurers for specified amounts for professional, general and workers' compensation liabilities. Decisions relating to the limit and scope of the self-insured layer and the amounts of excess insurance purchased are reviewed each year, subject to management's analysis of actuarial loss projections and the price and availability of acceptable commercial insurance.

At December 31, 2014 and 2013, the estimated liability for future costs of professional and general liability claims was \$232,639,000 and \$214,881,000, respectively. At December 31, 2014 and 2013, the estimated workers' compensation obligation was \$150,845,000 and \$147,270,000, respectively, in the accompanying combined balance sheets. At December 31, 2014 and 2013, \$274,541,000 and \$261,317,000, respectively, of these amounts were included as self-insurance liability, net of current portion, with the remainder included within current portion of self-insurance liability, in the accompanying combined balance sheets.

(10) Commitments

Firm purchase commitments, primarily related to construction, software, and supplies, at December 31, 2014, are approximately \$94,314,000.

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Notes to Combined Financial Statements

December 31, 2014 and 2013

(11) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at December 31, 2014 and 2013:

	<u>2014</u>	<u>2013</u>
	(In thousands of dollars)	
Program support	\$ 160,842	145,291
Low-income housing	34,036	35,050
Capital acquisition and other	110,399	43,207
Total temporarily restricted net assets	<u>\$ 305,277</u>	<u>223,548</u>

The Health System's fundraising foundations have obtained contributions to support the various programs offered by the Health System. Many of these contributions remain temporarily restricted as of December 31, 2014 and 2013 because the time or purpose restrictions stipulated by the donor have not been met. Total fundraising expenses were \$9,281,404 and \$10,523,000 for the years ended December 31, 2014 and 2013, respectively. Generally, program support consists of items that will defray the cost of operating certain patient care activities of the Health System.

Other revenues included \$48,589,000 and \$46,146,000 of assets released from restriction for operations for the years ended December 31, 2014 and 2013, respectively.

Permanently restricted net assets are restricted to investments in perpetuity, the income of which is expendable primarily for program support.

(12) Litigation and Contingencies

The healthcare industry is subject to numerous laws and regulations from federal, state, and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government monitoring and enforcement activity continues with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of patient services previously billed. Institutions within the Health System are subject to similar regulatory reviews.

Management is aware of certain asserted and unasserted legal claims and regulatory matters arising in the course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Health System's combined financial statements.

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Notes to Combined Financial Statements

December 31, 2014 and 2013

(13) Functional Expenses

The Health System provides healthcare services to residents within its geographic service areas. Expenses related to providing these services for the years ended December 31, 2014 and 2013 are as follows:

	<u>2014</u>	<u>2013</u>
	(In thousands of dollars)	
Healthcare expenses	\$ 9,199,881	8,425,223
Purchased healthcare expenses	909,154	767,161
General and administrative expenses	<u>2,152,790</u>	<u>1,906,625</u>
Total operating expenses	<u>\$ 12,261,825</u>	<u>11,099,009</u>

PROVIDENCE HEALTH & SERVICES
Supplemental Schedule – Balance Sheet Information
December 31, 2014 (with combined totals for 2013)
(In thousands of dollars)

Assets	Alaska	Washington	Montana	Oregon	Providence Plan Partners	Southern California	System office, eliminations, and other	2014 Total Health System	2013 Total Health System
Current assets									
Cash and cash equivalents	\$ 169,977	290,063	6,008	446,794	52,204	(12,711)	285,002	1,237,337	852,965
Short-term management-designated investments	—	4,890	—	—	—	18,951	175,497	199,338	189,545
Accounts receivable, net	156,322	722,566	46,804	282,754	—	298,210	(87,161)	1,419,495	1,336,803
Other receivables, net	20,598	667,870	82,614	101,577	40,372	69,429	(607,275)	375,185	293,737
Supplies inventory	15,584	74,064	6,578	36,753	—	27,016	25,826	185,821	171,833
Other current assets	743	129,965	378	16,283	3,448	11,813	40,707	203,337	96,960
Current portion of funds held by trustee	105	2,807	2	1,512	—	82	71,857	76,365	93,473
Total current assets	<u>363,329</u>	<u>1,892,225</u>	<u>142,384</u>	<u>885,673</u>	<u>96,024</u>	<u>412,790</u>	<u>(95,547)</u>	<u>3,696,878</u>	<u>3,035,316</u>
Assets whose use is limited									
Management-designated cash and investments	462,943	1,389,266	49,016	1,000,274	615,496	213,147	871,011	4,601,153	4,173,407
Gift annuities, trusts, and other	411	8,470	2,554	28,067	—	11,522	2,930	53,954	53,836
Funds held by trustee	—	41,605	—	1,501	15,792	350	120,225	179,473	119,510
Assets whose use is limited, net	<u>463,354</u>	<u>1,439,341</u>	<u>51,570</u>	<u>1,029,842</u>	<u>631,288</u>	<u>225,019</u>	<u>994,166</u>	<u>4,834,580</u>	<u>4,346,753</u>
Property, plant, and equipment, net	591,603	3,031,643	89,758	1,058,554	70,507	1,056,487	724,014	6,622,566	6,204,617
Other assets	37,321	223,188	19,710	70,322	1,192	229,273	(12,122)	568,884	382,711
Total assets	<u>\$ 1,455,607</u>	<u>6,586,397</u>	<u>303,422</u>	<u>3,044,391</u>	<u>799,011</u>	<u>1,923,569</u>	<u>1,610,511</u>	<u>15,722,908</u>	<u>13,969,397</u>
Liabilities and Net Assets									
Current liabilities									
Current portion of long-term debt	\$ 21,548	65,210	4,369	39,480	—	21,110	50,570	202,287	160,383
Master trust debt classified as short-term	—	—	—	—	—	—	12,500	—	32,075
Accounts payable	22,222	235,376	13,476	76,343	4,146	107,392	62,987	521,942	436,622
Accrued compensation	34,358	278,447	13,289	140,454	—	94,100	177,427	738,075	620,029
Payable to contractual agencies	17,214	82,667	1,175	17,848	7,820	15,177	9,877	151,778	127,882
Retirement plan obligations	—	—	—	—	—	—	185,517	185,517	184,065
Current portion of self-insurance liability	—	11,718	—	—	—	—	97,225	108,943	100,834
Other current liabilities	7,868	807,552	64,815	55,399	223,181	51,185	(744,135)	465,865	266,551
Total current liabilities	<u>103,210</u>	<u>1,480,970</u>	<u>97,124</u>	<u>329,524</u>	<u>235,147</u>	<u>288,964</u>	<u>(148,032)</u>	<u>2,386,907</u>	<u>1,928,441</u>
Long-term debt, net of current portion (1)	283,210	2,202,890	56,327	261,619	—	714,395	325,821	3,844,262	3,498,246
Other long-term liabilities	21,897	460,136	6,367	41,332	1,191	65,063	946,593	1,542,579	1,225,225
Total liabilities	<u>408,317</u>	<u>4,143,996</u>	<u>159,818</u>	<u>632,475</u>	<u>236,338</u>	<u>1,068,422</u>	<u>1,124,382</u>	<u>7,773,748</u>	<u>6,651,912</u>
Net assets									
Unrestricted	1,035,146	2,333,963	137,838	2,311,028	562,673	717,335	439,643	7,537,626	7,009,624
Temporarily restricted	9,324	82,787	4,707	69,183	—	100,089	39,187	305,277	223,548
Permanently restricted	2,820	25,651	1,059	31,705	—	37,723	7,299	106,257	84,313
Total net assets	<u>1,047,290</u>	<u>2,442,401</u>	<u>143,604</u>	<u>2,411,916</u>	<u>562,673</u>	<u>855,147</u>	<u>486,129</u>	<u>7,949,160</u>	<u>7,317,485</u>
Total liabilities and net assets	<u>\$ 1,455,607</u>	<u>6,586,397</u>	<u>303,422</u>	<u>3,044,391</u>	<u>799,011</u>	<u>1,923,569</u>	<u>1,610,511</u>	<u>15,722,908</u>	<u>13,969,397</u>

(1) The Obligated Group debt is joint and several for the Obligated Group members; however, the balance sheets of the individual entities only include their allocated portions.

See accompanying independent auditor's report.

PROVIDENCE HEALTH & SERVICES
Supplemental Schedule – Statement of Operations Information
December 31, 2014 (with combined totals for 2013)
(In thousands of dollars)

	Alaska	Washington	Montana	Oregon	Providence Plan Partners	Southern California	System office, eliminations, and other	2014 Total Health System	2013 Total Health System
Operating revenues									
Net patient service revenues	\$ 772,719	5,242,204	318,181	2,566,279	—	1,840,535	(445,281)	10,294,637	9,357,529
Provision for bad debts	(15,168)	(73,718)	(5,202)	(23,169)	—	(71,889)	(3,872)	(193,018)	(299,791)
Net patient service revenues less provision for bad debts	757,551	5,168,486	312,979	2,543,110	—	1,768,646	(449,153)	10,101,619	9,057,738
Premium and capitation revenues	—	129,753	—	90,151	1,221,361	243,103	(1,400)	1,682,968	1,445,107
Other revenues	58,317	268,661	26,532	223,263	60,861	92,240	(33,484)	696,390	633,835
Total operating revenues	815,868	5,566,900	339,511	2,856,524	1,282,222	2,103,989	(484,037)	12,480,977	11,136,680
Operating expenses									
Salaries and wages	264,506	2,273,268	110,000	1,092,001	1,313	792,798	714,310	5,248,196	4,748,873
Employee benefits	24,440	319,296	10,616	108,960	7	86,796	669,963	1,220,078	1,161,130
Purchased healthcare	—	66,450	—	28,386	1,086,031	79,462	(351,175)	909,154	767,161
Professional fees	17,566	142,515	14,368	69,257	19,059	213,768	38,457	514,990	463,838
Supplies	110,702	847,688	65,698	440,664	496	284,480	42,979	1,792,707	1,533,092
Purchased services	50,665	340,992	36,589	150,709	130,342	153,017	114,933	977,247	944,487
Depreciation	59,769	266,002	11,712	108,955	1,875	102,861	125,183	676,357	596,623
Interest	13,992	83,787	3,014	6,590	—	32,615	15,345	155,343	129,289
Amortization	(10)	(604)	438	(235)	—	5,572	510	5,671	5,200
Other	22,972	269,807	9,003	168,942	30,150	78,346	182,862	762,082	749,316
Total operating expenses	564,602	4,609,201	261,438	2,174,229	1,269,273	1,829,715	1,553,367	12,261,825	11,099,009
Excess (deficit) of revenues over expenses from operations	251,266	957,699	78,073	682,295	12,949	274,274	(2,037,404)	219,152	37,671
Net nonoperating gains	8,581	346,822	2,072	22,258	23,062	143,908	5,567	552,270	215,599
Excess of revenues over expenses	259,847	1,304,521	80,145	704,553	36,011	418,182	(2,031,837)	771,422	253,270
Net assets released from restriction for capital	15	7,980	(19)	648	—	3,924	1,098	13,646	10,786
Change in noncontrolling interests in consolidated joint ventures	43	(37,828)	—	42	—	553	37,774	584	(29,139)
Pension related changes	—	—	—	—	—	—	(249,011)	(249,011)	385,702
Interdivision transfers	(152,306)	(880,504)	(56,560)	(505,288)	(3,000)	(414,211)	2,011,869	—	—
Contributions, grants, and other	3,130	(100,971)	(60)	(7,793)	1	(16,054)	113,108	(8,639)	(4,040)
Increase (decrease) in unrestricted net assets	\$ 110,729	293,198	23,506	192,162	33,012	(7,606)	(116,999)	528,002	616,579

See accompanying independent auditor's report

Swedish Community Health Needs Assessment (CHNA) Implementation Strategies

Swedish has identified 4 system wide priorities that will be our focus for the next 3 years. In addition, each Swedish campus has an implementation strategy which addresses site specific priorities.

These system priorities were chosen based on public health data, recommendations from the CHNA champions at each site (using community feedback) and the Swedish CHNA Advisory Council. Our goal will be to strengthen our existing programs, create new programs and collaborate with numerous community partners to improve the health in our community.

2013-2016 priorities include:

- Diabetes and Obesity
- Access to Care
- Behavioral Health
- Community Needs Advisory Council

Diabetes & Obesity

Diabetes affects 25.8 million people of all ages in the United States or 8.3% of the U.S. Population. This includes 18.8 million diagnosed and 7 million undiagnosed individuals. Diabetes is the leading cause of kidney failure, non-traumatic lower-limb amputation, and new cases of blindness among adults. It is a Major cause of heart disease and stroke and is the seventh leading cause of death.

Further statistics:

- Of the 25.6 million diagnosed in 2010 (11.3%) > 20 years of age.
- Men: 13.0 Million (11.8%)
- Women: 12.6 million (10.8%)
- Non-Hispanic whites: 15.7 million (10.2%)
- Non-Hispanic blacks: 4.9 million (18.7%)
- Over 65 years, 10.9 million (26.9%)

**Prevalence of overweight and obesity Among Adults with Diabetes
Pre-diabetes**

CDC analysis of prevalence of overweight and obesity among U.S. adults= 20 years with previous diagnosed diabetes:

- *Overweight or obesity:85.2%*
- *Obesity: 54.8%*

In 2005-2008, based on fasting glucose or hemoglobin A1C levels, pre-diabetes was detected in:

- 35% of adults ages 20 years and older
- 50% of adults age 65 years and older
- An estimated 79 million adults ages 30 years and older

People with pre-diabetes have an increased risk of developing type 2 diabetes, heart disease, and stroke.

Type 2 Diabetes in Children and Adolescents

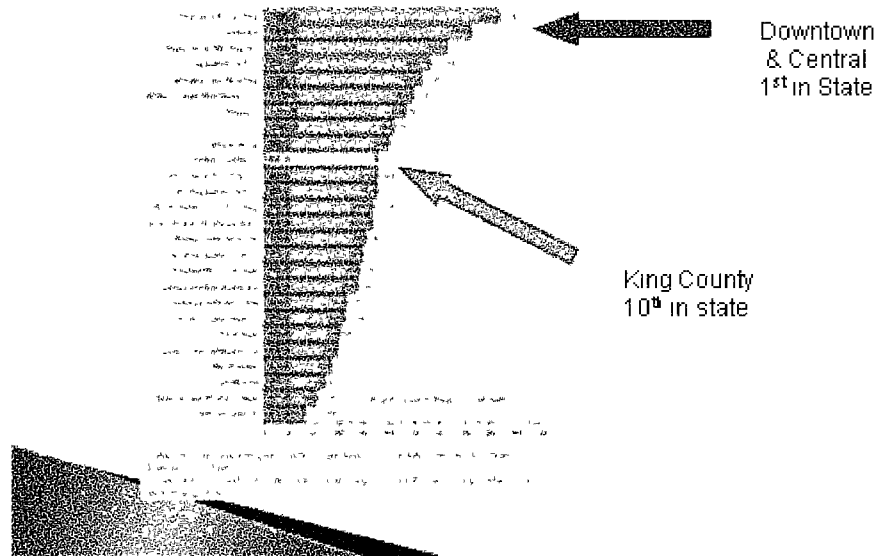
- Obesity Has Tripled in Children since 1980
- Nearly 1 in 4 Children Aged 12-19 years old. (note: A decade ago it was 1 in 10)
- The percentage of teens with diabetes in 2007-2008 was 9% in 1999-2000 it tripled to 23%

Complications of Diabetes and Costs

- Heart disease and stroke
- Hypertension
- Blindness, eye problems
- Renal disease
- Nervous system disease
- Amputations
- Dental disease
- Complications of pregnancy
- Other complications.

Data for King County:

Hospitalization for Diabetes , King County 1999-2003



In the Swedish system, we have collected the following information:

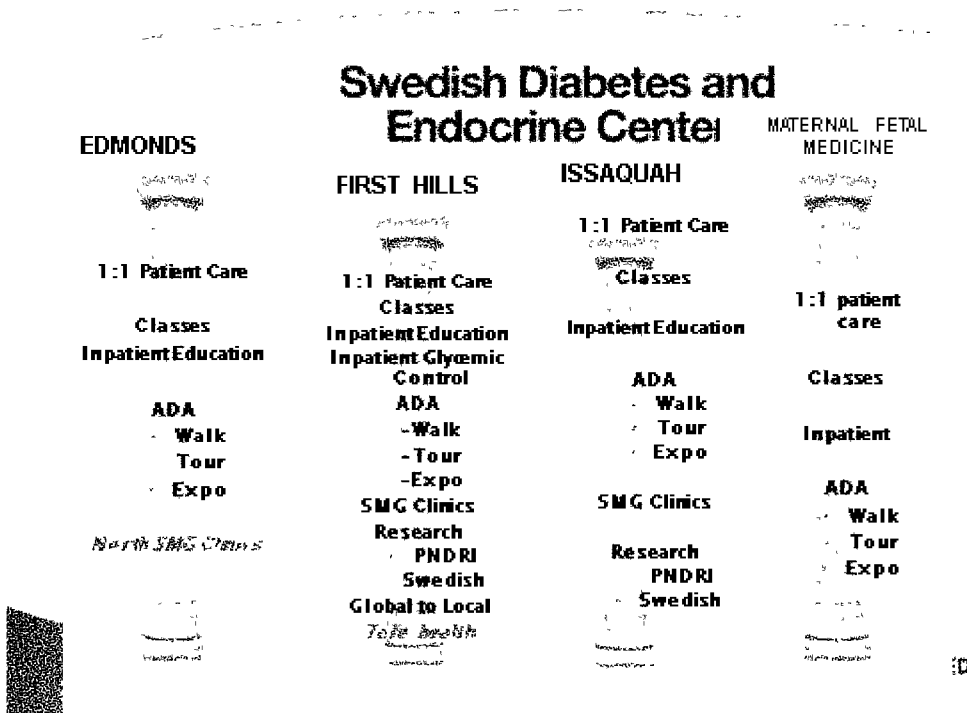
Diabetes is a serious chronic illness that affects a growing number of people in the United States every year. 389,000 adults in Washington State have a diagnosis of Diabetes. Swedish Hospital had 378 Diabetic patients admitted in 2011. In June of 2012, >800 SMG clinic patients were not optimally controlled.

Diagnosis	Number of Patients
Diabetes	85
Diabetes Mellitus	108
Diabetes Mellitus Type 1	76
Diabetes Mellitus Type 2	60
Diabetes Mellitus Type 3	79
Diabetes Mellitus Type 4	80
Diabetes Mellitus Type 5	26
Diabetes Mellitus Type 6	65
Diabetes Mellitus Type 7	23
Diabetes Mellitus Type 8	16
Diabetes Mellitus Type 9	54
Diabetes Mellitus Type 10	14
Diabetes Mellitus Type 11	4
Diabetes Mellitus Type 12	120
Diabetes Mellitus Type 13	820

Diabetes is the sixth most expensive condition nationally due to various long-term complications associated with the disease which include:

- Heart disease, hypertension, heart attacks, and stroke
- Nerve damage
- Ulcers and lower limb amputation
- Eye problems and blindness
- Kidney disease and kidney failure

To that end, Swedish currently identifies these services and activities at its current locations.



Next Steps to Creating a comprehensive Program

Over the next few years, the diabetes team will expand its services and has identified the following components that will constitute our comprehensive program:

- Work with clinics in creating a Medical Neighborhood.
- SMG is creating Medical Homes
- RN Specialist
- Auto Drop Orders
- BMI >30 auto referral to nutrition
- A1C > 7 auto referral to CDE
- Care Pathways
- Work with Bariatrics to create program
- Diabetes Education
- Opening Hubs at each campus
- Support services
- Add Endocrine services
- Social Work
- Expert education
- Diabetes Education
- Tele-Health
- Services on Peninsula (ACO)
- Services in Yakima (ACO)
- Bariatrics/Diabetes Adolescence program
- Pediatric Endocrine-
- Train all RD's in one model
- Research
- Islet Cell Transplant
- Type One Research

Access to Care

According to Communities Count King County 2008 the following four indicators lead us to choose *Access to Care* as our number 1 priority over the next 3 years:

- *Living in poverty is increasing*
- *People who could not get healthcare due to cost are increasing*
- *People having no usual source of care are increasing*
- *Percent of uninsured is increasing*

In 2012 over 180,000 – or over 10 percent of residents – have no health insurance and can't pay for health services. Hospitals and health systems in King County feel the burden of this, paying more than \$500 million in uncompensated care each year. People without health insurance are also less likely to get preventive care, which results in more expensive chronic illnesses and unnecessary emergency room visits.

With the advent of the Affordable Care Act (ACA), many of these residents will be enrolled in new insurance plans, but access to specialty care will continue to be a concern.

In response, the Swedish goal is to develop programs and processes that bridge the gaps in access to care through the following strategies and activities:

1. *ACA Enrollment Initiative*
2. *Development of Innovative programs to provide services to the underserved.*

1. ACA Enrollment Initiative:

The purpose of the Affordable Care Act Initiative is to develop and implement a robust program at Swedish that will facilitate enrollment in the Washington State Healthcare Exchange. Special focus will be on Medicaid enrollment for the underserved. The components of this initiative include:

- Enrollment strategy
- Physician access strategy
- A toolkit for our patients and staff.
- Communication strategy.

Enrollment

Our goal over the next 3 years a primary focus will be to help enroll new patients through Medicaid expansion/the exchanges

- A plan is in place for the SMC Financial Patient Navigators to be trained and certified to enroll patients admitted in any Swedish hospital. Still to be discussed is the availability of resources to assist with enrolling patients in our Emergency Departments.
- The goal will be that all 100% of eligible patients will be contacted and assisted with enrollment.

Physician Strategy

The focus of the physician strategy is to understand the impact of Medicaid expansion on the physician network and develop a strategy to support the potential influx of new patients

- The team is developing a clinic-by-clinic enrollment strategy. Partnerships with Federally Qualified Health Centers (FQHCs) and other community clinics are also being explored to help manage the influx of new patients and their enrollment needs.

Toolkit

The goal is to develop a suite of materials to educate and inform both internal audiences and patients about the upcoming changes in health care.

- Swedish is identifying the materials needed for both internal audiences and patients. Swedish will look to leverage current, approved content from the state and Public Health – Seattle & King County once those materials become available. Materials will be offered in a variety of languages to best meet the needs of our patients.
- As the ACA evolves, our toolkit will be updated to ensure that the latest information is available.

Communications

The communication of this complex information will take on many forms. We want to ensure that all stakeholders remain informed of key activities and progress

- Internal: The team will continue to use a variety of communications tools such this update, the Swedish Intranet and Mini-Memo, and appropriate meetings to share progress reports.
- External: Our communications team will lead all external communication efforts, including media relations, staff and patient websites, social/digital media outreach, and event coordination (as appropriate).

Initial Results:

The following website was developed for our patients and staff:

<http://www.swedish.org/patient-visitor-info/billing/insurance-plan-information/new-insurance-exchange-information>

Ongoing Plan:

As enrollment continues into 2015, Swedish plans to be a thought leader in the community and share its best practices for enrollment. We will continue to be a part of the Dow Constantine King County Leadership Circle to keep abreast of all trends, new best practices and these will be reported back to the enrollment advisory council for implementation.

2. Development of Innovative programs to provide services to the underserved.

In response to the disparity in access to care, Swedish has implemented two nationally recognized programs that address access to care for the underserved. The programs will be refined, expanded and replicated across the next 3 years. The two programs are:

- *Global to Local Initiative*
- *Swedish Community Specialty Clinic (SCSC).*

Global to Local Initiative:



The Global to Local initiative is a new approach in applying global solutions to local healthcare challenges in underserved populations. Numerous organizations within the Washington Global Health Alliance are working to improve lives of millions of people worldwide. Global to Local seeks to utilize expertise and experience from these organizations to discover ways in which successful global health strategies can be applied in our county, state and country.

Global to Local is collaborating with neighboring cities in Tukwila and SeaTac, Wash., to provide innovative, holistic and community-driven solutions to providing healthcare and economic development strategies in diverse, low-income populations.

Click here for a video about Global to Local:

<http://www.swedish.org/About/Overview/Mission-Outreach/Community-Engagement/Community-Programs/Global-to-Local#axzz2SclgwpYT>

Swedish Community Specialty Clinic:

To further Swedish Medical Center's commitment to serve the uninsured, we opened SCSC's First Hill clinic in September 2010. The former Mother Joseph and Glaser specialty clinics combined and partnered with King County Project Access (KCPA) to provide expanded specialty care services to our community. SCSC provides a workable solution to one of the most pressing health care problems facing low-income and uninsured people in our community – access to specialty care services. This program builds on the safety net of primary care provided by the community health and public health clinics in King County. Through KCPA and a volunteer staff of over 300 Swedish specialty physicians, low-income uninsured patients have access to needed specialty health care and donated ancillary, in- and out-patient hospital services.

In 2011 a Specialty Dental Clinic with more than 30 volunteer oral surgeons and dentists was added. This program was developed and funded through a unique collaboration between Swedish, Project Access Northwest, Seattle-King County Dental Society/Foundation and the Washington Dental Services Foundation. Our goal is to set a new standard in community health and demonstrate the importance of charity care to our nonprofit mission even in tough economic times.

Behavioral Health Initiative

Improving gaps in access to behavioral healthcare at all of our clinics and campuses was identified as a key focus in the next 3 years. A strategic plan for implementing Behavioral Health (MH/SA) **outpatient** and **inpatient** services at Swedish is a priority. What follows are strategic plans for Inpatient and Outpatient Mental Health services:

Outpatient initiative:

Elements of the outpatient strategic plan are:

- To coordinate design and implementation across delivery system that is financially sustainable over time with valid metrics and outcome measures
- Integrate with current community based services that provides continuity of care

Process

- Develop a Steering Committee to oversee implementation of strategic initiatives related to outpatient BH/SA services. Coordinate with other groups and constituencies in an open and transparent fashion. Inform and coordinate activities with governance (SMG/PEC), ASC department, operations and SMC. Initial MH/SA service implementation designed for at risk populations that can be scaled up to new populations at risk. Coordinate with ACO contracting requirements and contracting efforts for reimbursement of BH services.

Goals

- Identify the behavioral health need at clinic level, evaluate Primary Care Mental Health implementation (MH/SA scope); develop gap in care analysis
- Identify and evaluate community resources currently available to meet gaps in care
- Identify and coordinate with current services offered within Swedish Health Services for seamless, continuity of treatment for patients
- Evaluate model(s) for strategic, operational and financial criteria before implementation

- Promote model with constituencies; coordinate and guide implementation of preferred approach
- Coordinate model to effectively integrate with but not replace public funding for “chronic, severe, acute” state defined populations.
- Determine and implement processes & structure that will support long term sustainability of the services.
- Ensure actions are consistent with regulatory requirements.
- Develop separate community inpatient bed initiative with hospitals in King County.

Milestones:

- Determine Gaps in care and identify and evaluate community resources
- Steering Committee is formed with charter, regular meetings and attendance, tasks, accountabilities, timeline
- Evaluate models and determine preferred model with metrics and resources
- Preferred model agreed to by SMG/PEC leadership with metrics
- Coordinate and message implementation across SHS and with community

Measures:

- Increased enrollee engagement (PAM survey)
- Decreased symptoms
- Increased quality
- Increased patient satisfaction
- Increased provider satisfaction
- Productivity/FFS for BH services
- Reduced total cost of care for cohort after BH treatment
- Increased access to care

Community Resources:

- Asian Counseling & Referral Service
- Catholic Community Services of Western Washington (youth / families)
Community House Mental Health Center (adults)
- Community Psychiatric Clinic (adults / youth)
- Consejo Counseling & Referral Services (adults / youth)
- Downtown Emergency Service Center (adults)
- EvergreenHealth (adults)
- Navos (adults / youth)
- SeaMar Community Health Centers

- Seattle Children's (youth)
- Sound Mental Health (adult / youth)
- Therapeutic Health Services (adults / youth)
- Valley Cities Counseling & Consultation (adults / youth)
- YMCA of Greater Seattle (youth)
- Residential Mental Health Care Plan Providers
- Cascade Hall (Community Psychiatric Clinic)
- Chartley House (Sound Mental Health)
- El Rey Treatment Facility (Community Psychiatric Clinic)
- Highwest Residence (Navos)
- Keystone (Community Psychiatric Clinic)
- Spring Manor (Community House Mental Health)
- Stillwater Residence (Sound Mental Health) Transitional Resources 2970 SW Avalon Way Seattle, WA 98126 Phone: 206-883-2051
- Specialized Mental Health Care Plan Providers
- Crisis Clinic
- Domestic Abuse Women's Network (DAWN)
- Guided Pathways
- Interchange Northwest - Mental Health Ombuds Service of King County
Muckleshoot Indian Tribe
- National Alliance on Mental Illness (NAMI)
- Snoqualmie Tribe

Inpatient Initiative:

Program description:

Swedish proposes an inpatient psychiatric unit for persons 18-64 years old. It will include both voluntary and involuntary (“ITA”) patients. Co-located at Swedish/Ballard, it will have available robust medical ancillary care, including hospitalists, sub-specialists, imaging, and surgical services. Swedish/Ballard proposes to operate 25 inpatient beds.

Primary focus will be to provide care for adult patients who suffer from a mental disorder (as defined in RCW 71.05.020), are under voluntary or involuntary status, and whose medical condition requires that the patient receive services in an acute care setting of a hospital licensed under RCW 70.41.

Secondary focus will be adult patients who suffer from a mental disorder and are involuntarily detained under RCW 71.05. These patients meet ITA criteria but are boarded because there are no inpatient beds available.

The unit will be configured and staffed such that all bed spaces can serve both voluntary and involuntary inpatients.

For purposes of evaluating patient status regarding ITA determination, Swedish proposes having such court-determined evaluations on-site. Swedish will provide necessary space and facilities for this legal evaluation.

Admission criteria:

The inpatient psychiatric unit will admit persons 18-64 years old who are within the Primary and Secondary focus, as defined above. It will include both voluntary and involuntary ("ITA") patients.

This unit will exclude the following:

- Persons < 18 years of age or 65 years of age and older.
- Traumatic brain injured patients
- Dementia patients

The Swedish admissions process will include a triage mechanism, used by unit-admission coordinators, built in conjunction with our collaboration which is transparent and fair to Swedish and other collaboration members. Initial intake is available 24 hours a day, 7 days a week. The intake is used to gather information about the patient in order to understand what the underlying problem is, assess and respond to the urgency of the patient's current condition, and to match the patient with appropriate treatment resources. This information includes, but is not limited to: the patient's description of his or her problem, psychosocial history, mental status, medical history and comorbidities, current medication(s), substance use/abuse, previous mental health treatment, and basic demographic information.

Admissions will be based on clinical acuity and order of presentation by Swedish and other participating collaborating hospitals, not by physical location. As is currently the case with its Cherry Hill unit; Swedish, on a daily basis, will evaluate inpatient census, expected discharges, and available capacity. Based on this daily assessment, it will establish capacity for additional inpatient admits. In the event the daily capacity assessment demonstrates no current capacity, requested admissions will be placed on a waiting list and given a waitlist number. As capacity is created, additional admissions will be drawn from the waitlist based on the criteria stated above.

In the case of individuals who meet involuntary commitment criteria, a Designated Mental Health Practitioner (DMHP) will be contacted to conduct an evaluation. If it is determined that the patient poses a substantial risk to himself, to others, or is gravely disabled and there is current capacity within the unit, then the patient will be admitted.

Process for accepting transfers from other hospitals.

Swedish will use a standard, transparent admissions process as outlined above to evaluate and accept other hospital transfers. When capacity is available, the unit admission coordinator will notify the hospital with the identified waitlist patient, that space is available and a transfer can be made. The admission coordinator will work with the transferring hospital to provide ambulance transport. This includes necessary patient transfer records with appropriate medical documentation and orders. Once the patient arrives at Swedish, Swedish will use its standard admission and intake process. As follow up, Swedish will notify the transferring hospital when admission has been completed and the patient's primary service provider as appropriate.

Management of transfers out of unit:

Swedish has comprehensive utilization management and discharge planning policies. These policies ensure active oversight of patient care consistent with each patient's treatment plan. They also ensure active discharge planning throughout the inpatient stay. Consistent with the treatment plan, planning for discharge either to home or to other facilities is initiated and followed throughout the inpatient stay. This ensures discharge or transfers are relatively seamless, well planned and best suited to patient recovery.

This requires care coordination and involvement by other mental health providers over the course of patient treatment, beginning with patient admission. Well before patient discharge or transfer, best follow-up, longer-term treatment resources are identified and planning is undertaken to facilitate discharge or transfer.

Successful continuity of care requires active community partnerships. Swedish has a number of these in place and will establish additional resources during unit development and operation. This may include such organizations as Sound Mental Health, Navos, and Fairfax Behavioral Health, among others. In summary, Swedish will work with collaboration partners and other providers to best coordinate inpatient and outpatient care delivery, with the goal of transparency and integrated care, best suited to improve patient outcomes.

Availability of medical/ancillary services:

Swedish proposes establishing its psychiatric/medical service at Swedish/Ballard. The plan would be to take an existing licensed bed unit currently not used and reconfigure it. These newly configured beds would meet necessary licensure standards for inpatient psychiatric care, and be operated within Swedish/Ballard.

Swedish/Ballard, as a community hospital with strong linkages to Swedish's First Hill and Cherry Hill campuses, has all necessary medical/surgical ancillary service support. This includes complete imaging capabilities, pharmacy, lab, and nutrition services. It also has 24/7 hospitalists service available to med/psych patients. In addition, a full complement of surgical and medical subspecialists are on its medical staff and key specialties are on-call 24/7. In addition, Swedish/Ballard has a prominent Emergency Department, providing emergent resource capabilities.

Swedish/Ballard also has surgical services on site, and could provide telemetry and infusion services. In the unlikely event higher level care is required, Swedish/Ballard has First Hill and Cherry Hill resources immediately available.

Unit Configuration

Unit location.

As stated above, the med/psych unit will be located within Swedish/Ballard, utilizing currently unused inpatient space. It will occupy 4 North within Swedish/Ballard.

Number of beds.

Swedish plans to build a 25-bed inpatient unit that would be built in accordance with licensure requirements for both voluntary and involuntary ("ITA") patients.

Semi-private/private rooms.

It is Swedish's intent to make each of these rooms private.

Certificate of need issue.

Swedish plans to operate this unit as a PPS-exempt unit. Thus, while Swedish/Ballard acute care beds are licensed, this unit will require certificate of need approval as a designated, PPS-exempt psychiatric inpatient unit.

As of July 1, 2014, continuing through June 30, 2015, the Department of Health will be modifying its certificate of need approval process for qualifying organizations that wish to convert licensed acute care beds to PPS-exempt beds that offer both voluntary and involuntary psychiatric treatment. A much simplified, lower cost application and approval process will be permitted. Qualifying hospitals would submit a three page request to the Department. The Department has stated it would review such projects within 30 days of submittal.

Such approved projects must “commence” construction within two years of approval.

Quality.

The Medical Director and Unit nurse manager will assume responsibility for all operational quality. Quality measures will include current Joint Commission HBIPS (“Hospital based inpatient psychiatric services”) performance and quality metrics.

Collaboration expectations.

Swedish expectations for Puget Sound Mental Health collaboration partners regarding capital expenditure sharing have been discussed above.

Swedish will collaborate with participating members regarding admissions/transfer of qualifying inpatients in a transparent manner, ensuring all participants are treating equitably. As requested, Swedish will make available its intake and admissions records to demonstrate conformance.

Swedish will commit to providing annual metrics that demonstrate utilization and performance including admissions by location, quality measures, discharges and transfers, and overall financial stewardship.

Timeline for patient occupancy.

Swedish will undertake active design and approval once collaboration members agree its proposal meets expectations. Work will also include Certificate of Need exemption submittal and approval. As stated above, if submitted within July 1, 2014-June 30, 2015, this process will require 30 days for review/approval. Subsequent to such approval, build out would commence, and would likely require 12 months. Assuming the project is moved forward July 2014, a rough timeline for opening the proposed unit would be mid-to-late 2015.

Community Needs Advisory Council Partnership Initiative

After we identified the top tier negative health trends in our communities, Swedish launched an initiative aimed at strengthening partnerships with specific agencies whose missions addressed the particular negative health trends identified in our CHNA. These local, regional and national agencies were committed to reversing negative health trends and we brought them together to form the cornerstone to our Community Benefits program. These evolving partnerships have explored new ways to share resources and encourage teamwork to impact the health of our community. The CEOs and Executive Directors of these agencies sit on an Advisory Council that meets quarterly. We learned quickly that this group could not only help us shape our response to a particular health trend, but collectively we could start working on overlapping health concerns. These partners were offered multiple year partnerships through agreements that focused less on the funds and more about engagement.

To date, the CHNA Advisory Council includes:

- American Cancer Society
- American Diabetes Association
- Lifelong AIDS Alliance
- Senior Services
- March of Dimes
- National Multiple Sclerosis Society
- American Heart Association

Our priority is to continuously define initiatives that will have impact on the negative health trends. Examples of current activities include:

- Swedish has enhanced opportunities to expand CPR training, community presentations of its Life's Simple 7 cardiovascular program
-
- Expanded participation in walking and diet programs offered by the AHA.
- Swedish has partnered with Lifelong AIDS to host conferences focused on prevention, policy and practice, along with forming a Medicaid Expansion work group to understand the upcoming challenges and opportunities with healthcare reform in Washington.

- Swedish staff works closely with March of Dimes to improve education and support for expecting and new parents, along with an active involvement in public and fundraising activities throughout the community. Senior Services
- Swedish has partnered with Senior Services to provide mobile mammography services to aging women of color, along with tailored health and fitness classes.
- Swedish and Senior Services partnered on presentations to 15 senior housing facilities, centers and groups.
- Swedish Multiple Sclerosis Center hosts regular group support meetings with individuals in various stages of the disease.
- All agencies are working with the Global to Local Initiative to identify ways to improve health in South King County.
- All agencies are collaborating to develop a preventive health toolkit that can be offered to employers to inform their employees of ways to stay healthy.

Measurable Goals:

- At the beginning of the year, each agency will submit annual project goals. These goals will identify how Swedish and the agency can partner on projects that will impact the trends in our community. These goals can include other agencies on joint projects.
- At the close of the year, each agency will submit an annual progress report that measures the success of stated goals.
- Quarterly roundtable discussions will be held to discuss progress, new ideas, and share new information/data.
- Public Health will attend all quarterly meetings to advise and identify new initiatives.
- Sponsorship funding will be tied to the success of project goals.