See a Social Security Number? Say Something!
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Or call the IRS Identity Theft Hotline at 1-800-908-4490

CHANGE OF ACCOUNTING PERIOD

Form 990 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

2015

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2015 calendar year, or tax year beginning OCT 1, 2015 and ending JUN 30, 2016

B Check if applicable:
- ☐ Address change
- ☒ Name change
- ☐ Initial return
- ☐ Final return/ terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
SALEM HEALTH
Doing business as

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

City or town, state or province, country, and ZIP or foreign postal code
SALEM, OR 97301

F Name and address of principal officer. JAMES PARR
SAME AS C ABOVE

D Employer identification number
93-0579722

E Telephone number
(503) 814-1938

G Gross receipts $ 571,147,431.

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW.SALEMHEALTH.ORG

K Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation: 1970 M State of legal domicile: OR

Part I Summary

1 Briefly describe the organization's mission or most significant activities: TO IMPROVE THE HEALTH AND WELL BEING OF THE PEOPLE IN THE COMMUNITIES WE SERVE.

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	10
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	9
5	Total number of individuals employed in calendar year 2015 (Part V, line 2a)	5	4955
6	Total number of volunteers (estimate if necessary)	6	528
7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	2,313,033.
b	Net unrelated business taxable income from Form 990-T, line 34	7b	198,223.

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	971,792.	1,078,718.
9	Program service revenue (Part VIII, line 2g)	682,835,718.	541,672,117.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	18,432,624.	27,090,113.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,970,549.	271,919.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	704,210,683.	570,112,867.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	511,839.	359,286.
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)	340,295,913.	276,554,506.
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)	294,336,205.	235,467,985.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	635,143,957.	512,381,777.
19	Revenue less expenses. Subtract line 18 from line 12	69,066,726.	57,731,090.

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	1,058,780,244.	1,128,037,416.
21	Total liabilities (Part X, line 26)	395,145,843.	416,109,738.
22	Net assets or fund balances. Subtract line 21 from line 20	663,634,401.	711,927,678.

SCANNED JUN 15 2017

RECEIVED MAY 17 2017 IRS-OSC OGDEN, UT

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: 5-11-17

▶ JAMES PARR, CHIEF FINANCIAL OFFICER
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name: JOYLYN M. ANKENEY, CPA	Preparer's signature	Date: 05/07/17	Check ☐ if self-employed	PTIN: P00366587
Firm's name ▶ ALDRICH CPAS AND ADVISORS, LLP			Firm's EIN ▶	93-0623286
Firm's address ▶ 680 HAWTHORNE AVE. SE #140 SALEM, OR 97301			Phone no.	(503) 585-7774

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

9.00 14 A

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:
TO IMPROVE THE HEALTH AND WELL-BEING OF THE PEOPLE AND COMMUNITIES WE SERVE.

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 $ 89,024,568. including grants of $ _____) (Revenue $ 249,546,148.)
SALEM HEALTH IS ONE OF THE LARGEST OF OREGON'S 59 ACUTE CARE HOSPITALS AND OPERATES THE BUSIEST EMERGENCY DEPARTMENT IN OREGON. THERE ARE 452 PRACTITIONERS, REPRESENTING 51 DIFFERENT SPECIALTIES. MORE THAN 528 VOLUNTEERS PROVIDE NON-MEDICAL SUPPORT FOR THE HOSPITAL. STATISTICS FOR THE 9 MONTH PERIOD ENDED 6/30/16: BIRTHS - 2,571, DIAGNOSTIC IMAGING PROCEDURES - 135,072, ED VISITS - 82,550, INPATIENT ADMISSIONS - 18,706, LABORATORY PROCEDURES - 1,013,657, SURGERIES - 9,964. THE PRIMARY SERVICE AREA IS MARION AND POLK COUNTIES WITH APPROXIMATELY 500,000 RESIDENTS.

4b (Code _____) (Expenses $ 349,054,673. including grants of $ _____) (Revenue $ 278,864,274.)
SALEM HEALTH PROVIDES HEALTHCARE TO PEOPLE IN OUR COMMUNITY REGARDLESS OF THEIR ABILITY TO PAY. IN THE 9 MONTH PERIOD ENDED 6/30/16, THE COST OF SERVICES PROVIDED AS A COMMUNITY BENEFIT TOTALED $70.2 MILLION. THIS FIGURE CONSISTED OF $7.4 MILLION IN COSTS TO PROVIDE CHARITY CARE TO INDIVIDUALS WHO CANNOT AFFORD TO PAY; $30.3 MILLION IN UNDERPAYMENT BY MEDICAID AS THE AMOUNT PAID WAS LESS THAN THE COST TO PROVIDE THE SERVICES; AND $32.5 MILLION IN UNDERPAYMENT BY MEDICARE AS THE AMOUNT PAID WAS LESS THAN THE COST TO PROVIDE THE SERVICES. SALEM HEALTH DOES NOT PURSUE LEGAL ACTION FOR NON-PAYMENT OF BILLS AGAINST CHARITY CARE PATIENTS WHO HAVE DEMONSTRATED THAT THEY HAVE NEITHER SUFFICIENT INCOME NOR ASSETS TO MEET THEIR FINANCIAL OBLIGATIONS.

4c (Code _____) (Expenses $ 24,275,504. including grants of $ 359,286.) (Revenue $ 11,855,551.)
SALEM HEALTH ACTIVELY PARTICIPATES IN COMMUNITY HEALTH IMPROVEMENT SERVICES. IN THE 9 MONTH PERIOD ENDED 6/30/16, SALEM HEALTH GAVE $11.9 MILLION FOR UNFUNDED OR UNDERFUNDED HEALTH SERVICES, INCLUDING IMPROVING ACCESS TO CARE THROUGH PHYSICIAN RECRUITING, COMMUNITY HEALTH EDUCATION AND PREVENTION PROGRAMS. THE HOSPITAL HAS AN ACTIVE SPEAKERS BUREAU PROVIDING FREE HEALTH LECTURES TO COMMUNITY GROUPS. HEALTH SCREENINGS, SUPPORT GROUPS AND EDUCATION CLASSES ARE OFFERED ON AN ON-GOING BASIS. IN FY 2015, SALEM HEALTH PROVIDED MORE THAN $505 THOUSAND IN CASH AND IN-KIND DONATIONS TO COMMUNITY HEALTH PROGRAMS SUCH AS MEDASSIST AND PROJECT ACCESS, PSYCHIATRIC CRISIS CENTER AND THE SALEM FREE CLINIC.

4d Other program services (Describe in Schedule O)
(Expenses $ _____ including grants of $ _____) (Revenue $ _____)

4e Total program service expenses ▶ 462,354,745.

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	X	
2	Is the organization required to complete *Schedule B, Schedule of Contributors*?	2	X	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		X
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	X	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		X
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		X
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		X
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		X
9	Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		X
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		X
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI*	11a	X	
b	Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		X
c	Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		X
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		X
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	X	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	X	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		X
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	X	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		X
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		X
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		X
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		X
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		X
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		X
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		X
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		X

Part IV Checklist of Required Schedules *(continued)*

			Yes	No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	X	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	X	
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? *If "Yes," complete Schedule I, Parts I and II*	21	X	
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? *If "Yes," complete Schedule I, Parts I and III*	22	X	
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	23	X	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K If "No", go to line 25a*	24a	X	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		X
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		X
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		X
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? *If "Yes," complete Schedule L, Part I*	25a		X
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	25b		X
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If "Yes," complete Schedule L, Part II*	26		X
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	27		X
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28a		X
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	28b		X
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	28c		X
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	29		X
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	30		X
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	31		X
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	32		X
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301.7701-3? *If "Yes," complete Schedule R, Part I*	33		X
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	34	X	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	X	
b	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	35b		X
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	36		X
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	37		X
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	X	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	364		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	4955		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?		2b	X	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to *e-file* (see instructions)				
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?		3a	X	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," to line 3b, provide an explanation in Schedule O*		3b	X	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a		X
b	If "Yes," enter the name of the foreign country. ▶ _____ See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		5c		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?		7a		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		7h		
8	**Sponsoring organizations maintaining donor advised funds.** Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		8		
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the sponsoring organization make any taxable distributions under section 4966?		9a		
b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		9b		
10	**Section 501(c)(7) organizations.** Enter.				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter:				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state?		13a		
	Note. See the instructions for additional information the organization must report on Schedule O.				
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?		14a		X
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O*		14b		

Part VI Governance, Management, and Disclosure *For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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 . . . X

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.	1a	10		
b	Enter the number of voting members included in line 1a, above, who are independent . . .	1b	9		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee? . . .	2			X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person? . . .	3			X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . .	4			X
5	Did the organization become aware during the year of a significant diversion of the organization's assets? . . .	5			X
6	Did the organization have members or stockholders? . . .	6			X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . .	7a			X
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . .	7b			X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a	The governing body? . . .	8a		X	
b	Each committee with authority to act on behalf of the governing body? . . .	8b		X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9			X

Section B. Policies *(This Section B requests information about policies not required by the Internal Revenue Code.)*

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates? . . .	10a		X
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? . . .	10b		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	11a	X	
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13* . . .	12a	X	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done* . . .	12c	X	
13	Did the organization have a written whistleblower policy? . . .	13	X	
14	Did the organization have a written document retention and destruction policy? . . .	14	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official . . .	15a	X	
b	Other officers or key employees of the organization . . .	15b	X	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . .	16a		X
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . .	16b		

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed ▶ OR

18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 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: ▶

SALEM HEALTH - (503) 814-1938
890 OAK STREET SE, SALEM, OR 97301

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, and 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 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) KATHERINE L. KEENE TRUSTEE	10.00	X						0.	0.	0.
(2) KENNETH SHERMAN, JR TRUSTEE	5.00	X						0.	0.	0.
(3) BONNIE DRIGGERS, R.N. VICE CHAIR	6.30	X						0.	0.	0.
(4) THERESA HASKINS TRUSTEE	2.50	X						0.	0.	0.
(5) ALAN WYNN SECRETARY/TREASURER	4.00	X		X				0.	0.	0.
(6) ROB KELLY, M.D. TRUSTEE	6.00	X						0.	0.	0.
(7) LANE SHETTERLY TRUSTEE	7.00	X						0.	0.	0.
(8) ROBERT WELLS CHAIRPERSON	10.00	X		X				0.	0.	0.
(9) NANCY REYES-MOLYNEUX, M.D. TRUSTEE	3.00	X						0.	0.	0.
(10) JOHN COMBES TRUSTEE	3.00	X						0.	0.	0.
(11) NORMAN GRUBER CEO (THRU 11/14/15)	30.00 10.00			X				1,027,014.	0.	257,165.
(12) JAMES PARR CHIEF FINANCIAL OFFICER	32.00 8.00			X				429,733.	0.	75,166.
(13) CHERYL NESTER WOLFE PRESIDENT AND CEO (AS OF 11/15/15)	30.00 10.00			X				683,370.	0.	83,904.
(14) LAURIE BARR VP HUMAN RESOURCES	30.00 10.00				X			421,069.	0.	66,744.
(15) BRENDA BUBLITZ VP SURGICAL SERVICES (THRU 2/3/16)	30.00 10.00				X			260,869.	0.	61,474.
(16) MARTHA ENRIQUEZ CHIEF NURSING OFFICER (THRU 2/3/16)	30.00 10.00				X			489,792.	0.	23,045.
(17) MARTIN MORRIS VP/CHIEF DEVELOP. OFF (THRU 2/5/16)	5.00 35.00				X			418,001.	0.	19,493.

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 line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) CORT GARRISON	30.00									
CHIEF INFORMATION OFF (THRU 12/31/15	10.00				X			649,814.	0.	85,454.
(19) SARAH HORN	40.00									
CHIEF NURSING OFFICER					X			248,207.	0.	65,820.
(20) LEAH MITCHELL	39.00									
VP KAIZEN QUALITY & SAFETY	1.00				X			417,014.	0.	58,883.
(21) LORI JAMES-NIELSEN	30.00									
VP CHIEF STRATEGY OFFICER	10.00				X			379,098.	0.	77,430.
(22) JAMES SAPIENZA	30.00									
CHIEF ADMIN OFF SHWV (THRU 2/7/2016)	10.00				X			216,944.	0.	41,153.
(23) RALPH YATES	30.00									
CMO SALEM HEALTH AND SHMG	10.00				X			355,164.	0.	27,477.
(24) NANCY BOUTIN, M.D.	40.00									
MEDICAL DIRECTOR CANCER INSTITUTE						X		465,454.	0.	69,084.
(25) NICOLE VANDERHEYDEN, M.D.	40.00									
TRAUMA DIRECTOR						X		641,389.	0.	83,029.
(26) JUAN OYARZUN	40.00									
CARDIOTHORACIC SURGEON						X		473,109.	0.	31,399.
1b Sub-total ▶								7,576,041.	0.	1,126,720.
c Total from continuation sheets to Part VII, Section A ▶								843,382.	0.	69,475.
d Total (add lines 1b and 1c) ▶								8,419,423.	0.	1,196,195.

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 ▶ 359

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

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
AMN LOS ANGELES PO BOX 56157, LOS ANGELS, CA 90074-6157	CONTRACT LABOR	2,858,468.
OHSU PO BOX 3595, PORTLAND, OR 97208	CONTRACT LABOR	2,802,836.
EPIC SYSTEMS CORP. PO BOX 88314, MILWAUKEE, WI 53288-0314	CONSULTING SERVICES	2,244,958.
PEACEHEALTH LABORATORIES PO BOX 77003, SPRINGFIELD, OR 97475	LABORATORY SERVICES	2,023,591.
SALEM PULMONARY ASSOCIATES PC 801 MISSION ST SE, SALEM, OR 97302	CONTRACT LABOR	1,562,012.

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 ▶ 103

SEE PART VII, SECTION A CONTINUATION SHEETS

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 line)	(C) Position (check all that apply)						(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			
(27) LISA RICE OBGYN MEDICAL DIRECTOR	40.00					X		427,292.	0.	56,095.
(28) SARAT VELIVELA ADULT HOSPITALIST PHYSICIAN	40.00					X		416,090.	0.	13,380.
Total to Part VII, Section A, line 1c								843,382.		69,475.

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	980,851.			
	e Government grants (contributions)	1e				
	f All other contributions, gifts, grants, and similar amounts not included above	1f	97,867.			
	g Noncash contributions included in lines 1a-1f: $					
	h **Total.** Add lines 1a-1f		1,078,718.			
Program Service Revenue		**Business Code**				
	2a NET PATIENT REVENUE	621110	520,000,520.	520,000,520.		
	b OTHER HOSPITAL SERVICES	900099	14,691,588.	14,683,663.	7,925.	
	c PHARMACY	446110	5,832,418.	4,535,729.	1,296,689.	
	d REGIONAL LAB	621500	1,124,048.	126,073.	997,975.	
	e NUTRITION SERVICES	722210	23,543.	23,543.		
	f All other program service revenue					
	g **Total.** Add lines 2a-2f		541,672,117.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		27,084,546.			27,084,546.
	4 Income from investment of tax-exempt bond proceeds					
	5 Royalties					
		(i) Real	(ii) Personal			
	6a Gross rents	399,040.				
	b Less. rental expenses	1,034,010.				
	c Rental income or (loss)	-634,970.				
	d Net rental income or (loss)			-634,970.		-634,970.
		(i) Securities	(ii) Other			
	7a Gross amount from sales of assets other than inventory		6,121.			
	b Less: cost or other basis and sales expenses	554.	0.			
	c Gain or (loss)	-554.	6,121.			
	d Net gain or (loss)			5,567.		5,567.
	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c). See Part IV, line 18 a					
	b Less: direct expenses b					
	c Net income or (loss) from fundraising events					
	9a Gross income from gaming activities. See Part IV, line 19 a					
	b Less. direct expenses b					
	c Net income or (loss) from gaming activities					
	10a Gross sales of inventory, less returns and allowances a					
	b Less. cost of goods sold b					
	c Net income or (loss) from sales of inventory					
	Miscellaneous Revenue	**Business Code**				
	11a PASSTHROUGH INCOME	541900	906,889.	896,445.	10,444.	
	b					
	c					
	d All other revenue					
	e **Total.** Add lines 11a-11d		906,889.			
	12 **Total revenue.** See instructions.		570,112,867.	540,265,973.	2,313,033.	26,455,143.

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	303,447.	303,447.		
2 Grants and other assistance to domestic individuals See Part IV, line 22	55,839.	55,839.		
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	3,635,271.		3,635,271.	
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	213,016,042.	193,909,377.	19,106,665.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	44,520,947.	40,459,926.	4,061,021.	
10 Payroll taxes	15,382,246.	13,803,630.	1,578,616.	
11 Fees for services (non-employees).				
a Management	2,559,784.	533,419.	2,026,365.	
b Legal	1,858,849.	92,349.	1,766,500.	
c Accounting	352,650.	323,156.	29,494.	
d Lobbying	66,150.		66,150.	
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 Sch O.)	21,196,568.	17,635,346.	3,561,222.	
12 Advertising and promotion	142,357.	3,467.	138,890.	
13 Office expenses	5,652,609.	3,305,118.	2,347,491.	
14 Information technology	7,286,342.	2,815,991.	4,470,351.	
15 Royalties				
16 Occupancy	9,809,219.	8,552,607.	1,256,612.	
17 Travel	864,121.	466,585.	397,536.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	844,149.	633,819.	210,330.	
20 Interest	9,250,685.	9,250,685.		
21 Payments to affiliates	8,260,350.	8,260,350.		
22 Depreciation, depletion, and amortization	30,228,734.	30,228,734.		
23 Insurance	3,191,911.	3,191,911.		
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 PATIENT SUPPLIES	75,005,484.	74,745,442.	260,042.	
b PROVIDER TAX	27,092,425.	27,092,425.		
c BAD DEBTS	17,901,882.	17,901,882.		
d OTHER PURCHASED SERVICE	9,161,539.	7,638,890.	1,522,649.	
e All other expenses	4,742,177.	1,150,350.	3,591,827.	
25 **Total functional expenses.** Add lines 1 through 24e	512,381,777.	462,354,745.	50,027,032.	0.
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

			(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	23,955.	1	612,061.
	2	Savings and temporary cash investments	6,279,813.	2	2,822,703.
	3	Pledges and grants receivable, net		3	
	4	Accounts receivable, net	71,162,119.	4	76,207,991.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7	Notes and loans receivable, net	2,561,826.	7	1,412,894.
	8	Inventories for sale or use	6,153,634.	8	6,493,822.
	9	Prepaid expenses and deferred charges	7,618,392.	9	6,277,236.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D — 10a: 963,782,547.			
	b	Less. accumulated depreciation — 10b: 488,684,919.	454,530,895.	10c	475,097,628.
	11	Investments - publicly traded securities	474,160,005.	11	515,710,038.
	12	Investments - other securities. See Part IV, line 11		12	
	13	Investments - program-related. See Part IV, line 11	14,694,650.	13	16,176,021.
	14	Intangible assets		14	
	15	Other assets See Part IV, line 11	21,594,955.	15	27,227,022.
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)	1,058,780,244.	16	1,128,037,416.
Liabilities	17	Accounts payable and accrued expenses	71,339,123.	17	88,404,120.
	18	Grants payable		18	
	19	Deferred revenue		19	
	20	Tax-exempt bond liabilities	296,555,251.	20	296,414,854.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties	339,797.	23	295,192.
	24	Unsecured notes and loans payable to unrelated third parties		24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D	26,911,672.	25	30,995,572.
	26	**Total liabilities.** Add lines 17 through 25	395,145,843.	26	416,109,738.
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ [X] and complete lines 27 through 29, and lines 33 and 34.**			
	27	Unrestricted net assets	661,015,081.	27	708,582,568.
	28	Temporarily restricted net assets	2,619,320.	28	3,345,110.
	29	Permanently restricted net assets		29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
	33	Total net assets or fund balances	663,634,401.	33	711,927,678.
	34	Total liabilities and net assets/fund balances	1,058,780,244.	34	1,128,037,416.

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	570,112,867.
2	Total expenses (must equal Part IX, column (A), line 25)	2	512,381,777.
3	Revenue less expenses Subtract line 2 from line 1	3	57,731,090.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	663,634,401.
5	Net unrealized gains (losses) on investments	5	-6,393,472.
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	-3,044,341.
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	711,927,678.

Part XII Financial Statements and Reporting

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

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

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ Attach to Form 990 or Form 990-EZ.

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

OMB No 1545-0047

2015

Open to Public Inspection

Name of the organization	Employer identification number
SALEM HEALTH	93-0579722

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 (Form 990 or 990-EZ).)

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 (see instructions))	(iv) Is the organization listed in your governing document? Yes	(iv) No	(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
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) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(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) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(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** . . . . . ▶ ☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2015 (line 6, column (f) divided by line 11, column (f)) . . . . . 14 %

15 Public support percentage from 2014 Schedule A, Part II, line 14 . . . . . 15 %

16a **33 1/3% support test - 2015.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . . ▶ ☐

b **33 1/3% support test - 2014.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization . . . . . ▶ ☐

17a **10% -facts-and-circumstances test - 2015.** 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 . . . . . ▶ ☐

b **10% -facts-and-circumstances test - 2014.** 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 . . . . . ▶ ☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . . ▶ ☐

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(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) 2011	(b) 2012	(c) 2013	(d) 2014	(e) 2015	(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 2015 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2014 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2015** (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from **2014** Schedule A, Part III, line 17	18	%

19a **33 1/3% support tests - 2015.** 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 - 2014.** 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 in line 11 on 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.*	1		
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).*	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*	3a		
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.*	3b		
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.*	3c		
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.*	4a		
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.*	4b		
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.*	4c		
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).*	5a		
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?	5b		
c	**Substitutions only.** Was the substitution the result of an event beyond the organization's control?	5c		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) 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.***	6		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? *If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).*	7		
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 I of Schedule L (Form 990 or 990-EZ).*	8		
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.***	9a		
b	Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? *If "Yes," provide detail in* ***Part VI.***	9b		
c	Did a disqualified person (as defined in line 9a) 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.***	9c		
10a	Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? *If "Yes," answer 10b below.*	10a		
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.)*	10b		

Part IV Supporting Organizations *(continued)*

			Yes	No
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?	11a		
b	A family member of a person described in (a) above?	11b		
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.*	11c		

Section B. Type I Supporting Organizations

			Yes	No
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.*	1		
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*	2		

Section C. Type II Supporting Organizations

			Yes	No
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).*	1		

Section D. All Type III Supporting Organizations

			Yes	No
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, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	1		
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).*	2		
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.*	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 yea(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).*

			Yes	No
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*	2a		
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.*	2b		
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.***	3a		
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*	3b		

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

1 ☐ 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):			
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 ☐ Check here if the current year is the organization's first as a non-functionally-integrated Type III supporting organization (see instructions).

Schedule A (Form 990 or 990-EZ) 2015

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

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 2015 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-2015	(iii) Distributable Amount for 2015
1	Distributable amount for 2015 from Section C, line 6			
2	Underdistributions, if any, for years prior to 2015 (reasonable cause required-see instructions)			
3	Excess distributions carryover, if any, to 2015:			
a				
b				
c				
d	From 2013			
e	From 2014			
f	**Total** of lines 3a through e			
g	Applied to underdistributions of prior years			
h	Applied to 2015 distributable amount			
i	Carryover from 2010 not applied (see instructions)			
j	Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4	Distributions for 2015 from Section D, line 7: $			
a	Applied to underdistributions of prior years			
b	Applied to 2015 distributable amount			
c	Remainder. Subtract lines 4a and 4b from 4			
5	Remaining underdistributions for years prior to 2015, if any. Subtract lines 3g and 4a from line 2 (if amount greater than zero, see instructions)			
6	Remaining underdistributions for 2015 Subtract lines 3h and 4b from line 1 (if amount greater than zero, see instructions).			
7	**Excess distributions carryover to 2016.** Add lines 3j and 4c.			
8	Breakdown of line 7:			
a				
b				
c	Excess from 2013			
d	Excess from 2014			
e	Excess from 2015			

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.)

SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

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

OMB No 1545-0047

2015

Open to Public Inspection

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

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

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

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

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

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

Name of organization	Employer identification number
SALEM HEALTH	93-0579722

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.

2 Political expenditures ▶ $

3 Volunteer hours

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

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ $

3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ $

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV

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

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

A Check ▶ ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ▶ ☐ if the filing organization checked box A and "limited control" provisions apply.

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)	97,242.	
c Total lobbying expenditures (add lines 1a and 1b)	97,242.	
d Other exempt purpose expenditures	512,315,627.	
e Total exempt purpose expenditures (add lines 1c and 1d)	512,412,869.	
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.	1,000,000.	

If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:
Not over $500,000	20% of the amount on line 1e.
Over $500,000 but not over $1,000,000	$100,000 plus 15% of the excess over $500,000.
Over $1,000,000 but not over $1,500,000	$175,000 plus 10% of the excess over $1,000,000.
Over $1,500,000 but not over $17,000,000	$225,000 plus 5% of the excess over $1,500,000.
Over $17,000,000	$1,000,000

g Grassroots nontaxable amount (enter 25% of line 1f)	250,000.	
h Subtract line 1g from line 1a. If zero or less, enter -0-	0.	
i Subtract line 1f from line 1c. If zero or less, enter -0-	0.	

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ Yes ☐ No

4-Year Averaging Period Under section 501(h)

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) Total
2a Lobbying nontaxable amount	1,000,000.	1,000,000.	1,000,000.	1,000,000.	4,000,000.
b Lobbying ceiling amount (150% of line 2a, column(e))					6,000,000.
c Total lobbying expenditures	126,332.	121,166.	173,324.	97,242.	518,064.
d Grassroots nontaxable amount	250,000.	250,000.	250,000.	250,000.	1,000,000.
e Grassroots ceiling amount (150% of line 2d, column (e))					1,500,000.
f Grassroots lobbying expenditures			50,000.		50,000.

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

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

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

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

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

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

Part IV Supplemental Information

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

SCHEDULE C, PART II-A

SALEM HEALTH CONTRACTED WITH PUBLIC AFFAIRS COUNSEL TO KEEP THE HOSPITAL APPRISED OF BILLS IN THE STATE LEGISLATURE AND TO ENGAGE THE LEGISLATORS ON BEHALF OF THE HOSPITAL WHEN NECESSARY TO PROVIDE INFORMATION TO LEGISLATORS REGARDING THE IMPACT OF LEGISLATION ON THE HOSPITAL. ADDITIONALLY, THE HOSPITAL PAYS MEMBERSHIP DUES TO OAHHS AND AHA. A

Part IV **Supplemental Information** *(continued)*

PORTION OF THE DUES TO THESE ORGANIZATIONS IS ALLOCATED TO LOBBYING ACTIVITY IN RELATION TO STATE AND NATIONAL HEALTHCARE ISSUES.

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes" on 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.

OMB No. 1545-0047

2015

Open to Public Inspection

Name of the organization: SALEM HEALTH

Employer identification number: 93-0579722

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" on Form 990, Part IV, line 6

		(a) Donor advised funds	(b) Funds and other accounts
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 and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply).
- ☐ Preservation of land for public use (e g , recreation or education)
- ☐ Preservation of a historically important land area
- ☐ Protection of natural habitat
- ☐ Preservation of a certified historic structure
- ☐ Preservation of open space

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

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

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

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

(i) Revenue included on Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenue included on Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

a ☐ Public exhibition
b ☐ Scholarly research
c ☐ Preservation for future generations
d ☐ Loan or exchange programs
e ☐ Other _____

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

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

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

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

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

2a Did the organization include an amount on Form 990, Part X, line 21, 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 on Part XIII ☐

Part V Endowment Funds. Complete if the organization answered "Yes" on 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	2,619,320.	2,560,192.	2,073,328.	2,120,674.	1,785,208.
b Contributions	683,999.	318,689.	674,913.	160,956.	332,125.
c Net investment earnings, gains, and losses	655,272.	-66,873.	154,704.	379,362.	494,527.
d Grants or scholarships					
e Other expenditures for facilities and programs	613,481.	192,688.	342,753.	587,664.	491,186.
f Administrative expenses					
g End of year balance	3,345,110.	2,619,320.	2,560,192.	2,073,328.	2,120,674.

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 on 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
3a(i) (i) unrelated organizations		X
3a(ii) (ii) related organizations	X	
3b b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?	X	

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" on 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	9,915,235.	23,124,460.		33,039,695.
b Buildings	5,929,822.	558,701,342.	233,341,896.	331,289,268.
c Leasehold improvements				
d Equipment	988,861.	332,047,936.	255,343,023.	77,693,774.
e Other		33,074,891.		33,074,891.
Total. Add lines 1a through 1e. *(Column (d) must equal Form 990, Part X, column (B), line 10c.)* ▶				475,097,628.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on 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		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on 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
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. *(Column (b) must equal Form 990, Part X, col (B) line 15.)* ▶	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) FAIR VALUE INTEREST RATE SWAP	
(3) AGREEMENT	18,827,662.
(4) ACCRUED POST RETIREMENT HEALTHCARE	
(5) BENEFITS	6,150,058.
(6) ACCRUED MALPRACTICE INSURANCE	2,271,201.
(7) ESTIMATED LIABILITY TO MEDICARE	1,628,176.
(8) DUE TO SALEM HEALTH	2,107,742.
(9) OTHER LONG-TERM LIABILITIES	10,733.
Total. *(Column (b) must equal Form 990, Part X, col. (B) line 25.)* ▶	30,995,572.

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 [X]

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a

1	Total revenue, gains, and other support per audited financial statements			1	572,251,683.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains (losses) on investments	2a	-6,393,472.		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	9,399,726.		
e	Add lines 2a through 2d			2e	3,006,254.
3	Subtract line 2e from line 1			3	569,245,429.
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	867,438.		
c	Add lines 4a and 4b			4c	867,438.
5	Total revenue. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 12.)*			5	570,112,867.

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

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a

1	Total expenses and losses per audited financial statements			1	524,200,376.
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	12,235,642.		
e	Add lines 2a through 2d			2e	12,235,642.
3	Subtract line 2e from line 1			3	511,964,734.
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	417,043.		
c	Add lines 4a and 4b			4c	417,043.
5	Total expenses. Add lines 3 and 4c. *(This must equal Form 990, Part I, line 18.)*			5	512,381,777.

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.

PART V, LINE 4:

ENDOWMENT FUNDS ARE HELD BY SALEM HEALTH FOUNDATION FOR SALEM HEALTH SUPPORT.

PART X, LINE 2:

UNCERTAIN TAX POSITIONS FROM THE NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ISSUED FOR SALEM HEALTH AND RELATED COMPANIES:

THE CORPORATION (SALEM HEALTH HOSPITALS & CLINICS), SALEM HEALTH, SALEM HEALTH WEST VALLEY, SHF, WVHF, SHPS, AND WVIC ARE TAX-EXEMPT ORGANIZATIONS PURSUANT TO INTERNAL REVENUE CODE (IRC) SECTION 501(C)(3). AS SUCH, ONLY UNRELATED BUSINESS INCOME IS SUBJECT TO FEDERAL OR STATE INCOME TAXES. THE

Part XIII Supplemental Information (continued)

CORPORATION ACCOUNTS FOR UNCERTAINTY IN INCOME TAXES IN ACCORDANCE WITH FASB ASC 740-10, INCOME TAXES-IMPLEMENTATION GUIDANCE ON ACCOUNTING FOR UNCERTAINTY IN INCOME TAXES AND DISCLOSURE AMENDMENTS FOR NONPUBLIC ENTITIES. MANAGEMENT HAS NOT RECORDED A PROVISION AS UNRELATED BUSINESS INCOME, IF ANY, IS IMMATERIAL TO THE CONSOLIDATED FINANCIAL STATEMENTS. ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE THE CORPORATION TO EVALUATE TAX POSITIONS TAKEN BY THE CORPORATION AND RECOGNIZE A TAX LIABILITY (OR ASSET) IF THE CORPORATION HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY THE IRS. MANAGEMENT HAS ANALYZED TAX POSITIONS TAKEN BY THE CORPORATION AND HAS CONCLUDED THAT AS OF JUNE 30,2016 THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY (OR ASSET) OR DISCLOSURE IN THE CONSOLIDATED FINANCIAL STATEMENTS. THE CORPORATION IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS; HOWEVER THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS. THE CORPORATION MANAGEMENT BELIEVES IT IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO FISCAL YEAR 2009.

PART XI, LINE 2D - OTHER ADJUSTMENTS:

REVENUE NETTED WITH EXPENSES	1,741,289.
EXPENSE NETTED WITH REVENUE	7,658,437.
TOTAL TO SCHEDULE D, PART XI, LINE 2D	9,399,726.

PART XI, LINE 4B - OTHER ADJUSTMENTS:

OTHER RELATED ORGANIZATION REVENUE NOT INCLUDED ON FINANCIAL STATEMENTS	867,438.

PART XII, LINE 2D - OTHER ADJUSTMENTS:

Part XIII Supplemental Information *(continued)*

REVENUE NETTED WITH EXPENSES	1,741,289.
EXPENSES NETTED WITH REVENUE	7,658,437.
CUMULATIVE EFFECT OF ADOPTION OF FAIR VALUE OPTION	2,835,916.
TOTAL TO SCHEDULE D, PART XII, LINE 2D	12,235,642.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

CHANGE IN BENEFICIAL INTEREST IN FOUNDATION	725,788.
CHANGE IN POSTRETIREMENT BENEFIT OBLIGATION	-308,745.
TOTAL TO SCHEDULE D, PART XII, LINE 4B	417,043.

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" on 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*.

OMB No 1545-0047

2015

Open to Public Inspection

Name of the organization
SALEM HEALTH

Employer identification number
93-0579722

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	X	
b	If "Yes," was it a written policy?	1b	X	
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 [X] Applied uniformly to all hospital facilities [ ] Applied uniformly to most hospital facilities [ ] Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care. [ ] 100% [ ] 150% [X] 200% [ ] Other _____ %	3a	X	
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care [ ] 200% [ ] 250% [ ] 300% [ ] 350% [X] 400% [ ] Other _____ %	3b	X	
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4	X	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	X	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b	X	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?	5c		X
6a	Did the organization prepare a community benefit report during the tax year?	6a	X	
b	If "Yes," did the organization make it available to the public?	6b	X	

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		26,503	7,371,981.		7,371,981.	1.49%
b Medicaid (from Worksheet 3, column a)		108,610	127,828,986.	97,532,015.	30,296,971.	6.13%
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs		135,113	135,200,967.	97,532,015.	37,668,952.	7.62%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		102,579	2,728,844.	49,922.	2,678,922.	.54%
f Health professions education (from Worksheet 5)		864	1,390,416.		1,390,416.	.28%
g Subsidized health services (from Worksheet 6)			19,441,866.	11,805,629.	7,636,237.	1.54%
h Research (from Worksheet 7)			209,807.		209,807.	.04%
i Cash and in-kind contributions for community benefit (from Worksheet 8)		8,470	504,571.		504,571.	.10%
j **Total.** Other Benefits		111,913	24,275,504.	11,855,551.	12,419,953.	2.50%
k **Total.** Add lines 7d and 7j		247,026	159,476,471.	109,387,566.	50,088,905.	10.12%

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			12,604.		12,604.	.00%
4	Environmental improvements						
5	Leadership development and training for community members						
6	Coalition building						
7	Community health improvement advocacy			26,780.		26,780.	.01%
8	Workforce development			2,085,394.		2,085,394.	.42%
9	Other						
10	Total			2,124,778.		2,124,778.	.43%

Part III Bad Debt, Medicare, & Collection Practices

				Yes	No
Section A. Bad Debt Expense					
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1			X
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	17,901,882.		
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	10,440,783.		
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	72,761,565.		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	83,354,719.		
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-10,593,154.		
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. [X] Cost accounting system [ ] Cost to charge ratio [ ] Other				
Section C. Collection Practices					
9a	Did the organization have a written debt collection policy during the tax year?	9a		X	
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		X	

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 %

Part V Facility Information

Section A Hospital Facilities (list in order of size, from largest to smallest) 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	Gen. medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 SALEM HEALTH 890 OAK STREET SE SALEM, OR 97301	X	X					X			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or letter of facility reporting group SALEM HEALTH

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?	1		X
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	2		X
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	3	X	
If "Yes," indicate what the CHNA report describes (check all that apply):			
a [X] A definition of the community served by the hospital facility			
b [X] Demographics of the community			
c [X] Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d [X] How data was obtained			
e [X] The significant health needs of the community			
f [X] Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g [X] The process for identifying and prioritizing community health needs and services to meet the community health needs			
h [X] The process for consulting with persons representing the community's interests			
i [X] Information gaps that limit the hospital facility's ability to assess the community's health needs			
j [ ] Other (describe in Section C)			
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 15			
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	5	X	
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	6a	X	
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	6b	X	
7 Did the hospital facility make its CHNA report widely available to the public?	7	X	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
a [X] Hospital facility's website (list url): WWW.SALEMHEALTH.ORG			
b [ ] Other website (list url):			
c [X] Made a paper copy available for public inspection without charge at the hospital facility			
d [X] 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	8	X	
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 15			
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	X	
a If "Yes," (list url): WWW.SALEMHEALTH.ORG/ABOUT/COMMUNITY/COMMUNITY-HEALTH			
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b		X
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)?	12a		X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b		
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)*

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group SALEM HEALTH

			Yes	No
	Did the hospital facility have in place during the tax year a written financial assistance policy that			
13	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?	13	X	
	If "Yes," indicate the eligibility criteria explained in the FAP:			
a	[X] Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of 200 % and FPG family income limit for eligibility for discounted care of 400 %			
b	[X] Income level other than FPG (describe in Section C)			
c	[X] Asset level			
d	[X] Medical indigency			
e	[X] Insurance status			
f	[X] Underinsurance status			
g	[ ] Residency			
h	[X] Other (describe in Section C)			
14	Explained the basis for calculating amounts charged to patients?	14	X	
15	Explained the method for applying for financial assistance?	15	X	
	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	[X] Described the information the hospital facility may require an individual to provide as part of his or her application			
b	[X] Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application			
c	[X] Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process			
d	[ ] Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications			
e	[ ] Other (describe in Section C)			
16	Included measures to publicize the policy within the community served by the hospital facility?	16	X	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply).			
a	[X] The FAP was widely available on a website (list url): SEE PART V, PAGE 7			
b	[X] The FAP application form was widely available on a website (list url): SEE PART V, PAGE 7			
c	[X] A plain language summary of the FAP was widely available on a website (list url). SEE PART V, PAGE 7			
d	[X] The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)			
e	[X] The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)			
f	[X] 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	[X] Notice of availability of the FAP was conspicuously displayed throughout the hospital facility			
h	[X] Notified members of the community who are most likely to require financial assistance about availability of the FAP			
i	[ ] 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	X	
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	[ ] Reporting to credit agency(ies)			
b	[ ] Selling an individual's debt to another party			
c	[ ] Actions that require a legal or judicial process			
d	[ ] Other similar actions (describe in Section C)			
e	[ ] None of these actions or other similar actions were permitted			

Part V Facility Information *(continued)*

Name of hospital facility or letter of facility reporting group SALEM HEALTH

		Yes	No
19 Did the hospital facility or other authorized 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:	19		X
a ☐ Reporting to credit agency(ies)			
b ☐ Selling an individual's debt to another party			
c ☐ Actions that require a legal or judicial process			
d ☐ 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 19 (check all that apply).

- a ☒ Notified individuals of the financial assistance policy on admission
- b ☒ Notified individuals of the financial assistance policy prior to discharge
- c ☒ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d ☒ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e ☐ Other (describe in Section C)
- f ☐ 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?	21	X	
If "No," indicate why:			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)			
d ☐ 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 ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☒ Other (describe in 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?	23		X
If "Yes," explain in Section C.			
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?	24		X
If "Yes," explain in Section C.			

Part V | **Facility Information** *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc) and name of hospital facility.

SALEM HEALTH:

PART V, SECTION B, LINE 5: IN THE SUMMER OF 2014, MARION AND POLK HEALTH DEPARTMENTS BEGAN TO DISCUSS A VISION FOR A JOINT COMMUNITY HEALTH ASSESSMENT AND IMPROVEMENT PLAN. BOTH COUNTIES ENJOY WORKING WITH SIMILAR PARTNERS INCLUDING SALEM HEALTH, KAISER PERMANENTE, WILLAMETTE VALLEY COMMUNITY HEALTH, OSU EXTENSION, EARLY LEARNING HUB, INC., AND UNITED WAY.

DRIVEN BY SHARED DATA NEEDS, SALEM HEALTH AND SALEM HEALTH WEST VALLEY (WEST VALLEY) JOINED MARION AND POLK COUNTIES AND BEGAN PLANNING FOR A JOINT COMMUNITY HEALTH ASSESSMENT IN SEPTEMBER 2014.

SALEM HEALTH HOSPITALS AND CLINICS' (SHHC) DIRECTOR OF COMMUNITY BENEFITS SERVED ON MARION POLK COMMUNITY HEALTH ASSESSMENT STEERING COMMITTEE, REPRESENTING WEST VALLEY AND SALEM HEALTH. THE STEERING COMMITTEE DEVELOPED A VISION TO ENSURE THE COMMUNITY HEALTH ASSESSMENT REPRESENTS THE WHOLE COMMUNITY BY LOOKING AT THE BROAD DEFINITION OF HEALTH INCLUDING THE COMMUNITY SYSTEM AND THE ENVIRONMENT.

THE STEERING COMMITTEE SELECTED THE NATIONAL MODEL, MOBILIZATION FOR ACTION THROUGH PLANNING AND PARTNERSHIPS OR MAPP AS THE FRAMEWORK FOR THE COMMUNITY HEALTH ASSESSMENT. THE FOUR ASSESSMENTS OF THE MAPP FRAMEWORK INCLUDE: COMMUNITY THEMES AND STRENGTHS, LOCAL PUBLIC HEALTH SYSTEM ASSESSMENT (CONDUCTED IN 2013), COMMUNITY HEALTH STATUS ASSESSMENT AND THE FORCES OF CHANGE ASSESSMENT.

THE COMMUNITY THEMES AND STRENGTHS ASSESSMENT WAS CONDUCTED BY SURVEYING COMMUNITY PARTNERS WORKING IN SOCIAL, HEALTH, COMMUNITY, EDUCATIONAL AND CORRECTIONAL HEALTH SETTINGS AND THE COMMUNITY-AT-LARGE. THE SURVEYS USED IN BOTH MARION AND POLK COUNTIES CONSISTED OF THE SAME QUESTIONS AND USED

Part V **Facility Information** *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc) and name of hospital facility

THE 2011 MARION COUNTY SURVEY AS A TEMPLATE. PAPER AND ELECTRONIC SURVEYS WERE ALLOCATED BASED ON POPULATION DISTRIBUTION THROUGHOUT OUR COMMUNITIES. THE COMMUNITY HEALTH STATUS ASSESSMENT WAS CONDUCTED BY COMPILING DATA FROM NATIONAL SURVEILLANCE SYSTEMS LIKE THE BEHAVIOR RISK FACTOR SURVEILLANCE SURVEY AND OREGON HEALTHY TEENS AS WELL AS STATE AND LOCAL DATA FROM BIRTH AND DEATH CERTIFICATES. IN ADDITION, A SERIES OF COMMUNITY CAF S WERE CONDUCTED ACROSS MARION AND POLK COUNTY TO IDENTIFY HEALTH PRIORITIES.

REPRESENTATIVES FROM MARION AND POLK COUNTY PUBLIC HEALTH PRESENTED CHNA FINDINGS TO THE SALEM HEALTH COMMUNITY BENEFIT COMMITTEE OF THE BOARD OF TRUSTEES IN NOVEMBER 2015. THE MARION AND POLK COUNTY HEALTH REPORTS WAS PUBLISHED IN DECEMBER 2015 AND CAN BE FOUND ON THE SALEM HEALTH WEBSITE WWW.SALEMHEALTH.ORG. THE DOCUMENT INFORMED THE DEVELOPMENT OF THE COMMUNITY BENEFIT IMPLEMENTATION STRATEGY FOR FISCAL YEARS 2016 - 2018 WHICH CORRESPONDS TO REPORTING YEARS 2015, 2016 AND 2017.

SALEM HEALTH:

PART V, SECTION B, LINE 6A: SALEM HEALTH SERVES BOTH MARION AND POLK COUNTIES. THERE ARE FOUR HOSPITALS IN THE TWO COUNTIES, SALEM HEALTH, SALEM HEALTH WEST VALLEY, SANTIAM HOSPITAL AND SILVERTON HEALTH.

SALEM HEALTH:

PART V, SECTION B, LINE 6B: THE HOSPITAL FACILITY'S CHNA WAS CONDUCTED WITH COMMUNITY ACTION AGENCY, THE EARLY LEARNING HUB, INC, MARION COUNTY HEALTH DEPARTMENT, POLK COUNTY HEALTH DEPARTMENT, OREGON STATE UNIVERSITY,

Part V | **Facility Information** *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc) and name of hospital facility

COOPERATIVE EXTENSION, UNITED WAY, WVP HEALTH AUTHORITY, SILVERTON HEALTH AND SANTIAM HOSPITAL, AND WILLAMETTE VALLEY COMMUNITY HEALTH.

SALEM HEALTH:

PART V, SECTION B, LINE 7D: THE MARION AND POLK COUNTY HEALTH REPORTS WERE PUBLISHED IN DECEMBER 2015 AND CAN BE FOUND ON THE SALEM HEALTH WEBSITE WWW.SALEMHEALTH.ORG AND THE MARION AND POLK COUNTY PUBLIC HEALTH WEBSITE HTTP://WWW.CO.POLK.OR.US, HTTP://WWW.CO.MARION.OR.US/

SALEM HEALTH:

PART V, SECTION B, LINE 11: 2015 IS THE FIRST REPORTING FOR THE 2016-2018 COMMUNITY BENEFIT IMPLEMENTATION PLAN.

IN MARION AND POLK COUNTY, COMMUNITY MEMBERS AND REPRESENTATIVES FROM PARTNERING AGENCIES BEGAN WORKING COLLABORATIVELY WITH SALEM HEALTH TO DECREASE THE PREVALENCE OF OBESITY ACROSS ALL AGE RANGES, SCREEN FOR DEPRESSION, PREVENT TOBACCO AND SUBSTANCE USE AND FOCUS ON EARLY CHILDHOOD HEALTH INCLUDING PRENATAL CARE.

MARION AND POLK COUNTY HEALTH DEPARTMENTS LEAD TASK FORCE DRIVEN WORK TO ADDRESS EACH OF THE 4 COMMUNITY NEEDS ASSESSMENT FOCUS AREAS.

REPRESENTATIVES FROM NON-PROFIT AND GOVERNMENT ENTITIES PARTICIPATE AND EACH TASK FORCE EMPLOYS A COLLECTIVE IMPACT MODEL. THE DIRECTOR OF COMMUNITY BENEFITS PARTICIPATES IN THE TASK FORCE MEETINGS, REPRESENTING THE WORK OF SALEM HEALTH IN MARION AND POLK COUNTIES. THE HOSPITAL PRIMARY CARE OFFICES, SERVICE LINE INITIATIVES, COMMUNITY PARTNERSHIP GRANTS AND COMMUNITY HEALTH EDUCATION CENTER AND OUTREACH PROGRAMS PROVIDE

Part V **Facility Information** *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24 If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc) and name of hospital facility.

THE INTERVENTIONS TO ACHIEVE DESIRED OUTCOMES. EXAMPLES OF THIS WORK ADDRESSING IDENTIFIED HEALTH NEEDS INCLUDES, BMI SCREENING IN PRIMARY CARE, DEPRESSION SCREENING IN PRIMARY CARE, PREGNANCY TESTING AND EARLY PRENATAL CARE REFERRAL. EDUCATION AND OUTREACH PROGRAMS INCLUDE OBESITY PREVENTION PROGRAMS LIKE 5210, COOKING CLASSES AND COLLABORATIVE PROGRAMS OFFERED AT THE BOYS AND GIRLS CLUBS AND SALEM KEIZER UNIFIED SCHOOL DISTRICT AFTERSCHOOL PROGRAMS.

SALEM HEALTH OPERATES THE COMMUNITY HEALTH EDUCATION CENTER. THE CENTER IS A MEETING PLACE FOR MORE THAN 20 COMMUNITY SUPPORT GROUPS AND OFFERS APPROXIMATELY 80 CLASSES AND EVENTS EACH MONTH.

IN ADDITION TO THE HEALTH DEPARTMENT TASK FORCE WORK, SALEM HEALTH PROVIDED NEARLY $150,000 IN COMMUNITY PARTNERSHIP GRANTS. THESE GRANTS SUPPORT THE WORK OF COMMUNITY PARTNERS THAT ARE ADDRESSING THE IDENTIFIED HEALTH NEEDS FROM THE 2015 COMMUNITY NEEDS ASSESSMENT. NOTE: $300,000 IN COMMUNITY PARTNERSHIP GRANTS WAS RELEASED IN FY16, BUT DUE TO A CHANGE IN FISCAL YEAR, ONLY HALF IS REPORTED FOR IN THE TRUNCATED 9-MONTH REPORTING PERIOD.

MEDICAL TRANSPORTATION IS AN IDENTIFIED NEED IN BOTH MARION AND POLK COUNTIES. TO ADDRESS THIS NEED THE COMMUNITY BENEFIT PROGRAM COORDINATES FREE OR VERY LOW COST MEDICAL TRANSPORTATION FOR LOW INCOME, MEDICALLY FRAGILE PATIENTS LIVING IN MARION AND POLK COUNTIES.

SALEM HEALTH:

PART V, SECTION B, LINE 13H: SALEM HEALTH PROVIDES A VARIETY OF OPTIONS TO ASSIST PATIENTS/GUARANTORS IN RESOLVING THEIR ACCOUNTS, INCLUDING SCREENING PATIENTS FOR ELIGIBILITY FOR VIABLE FUNDING SOURCES, FINANCIAL

Part V **Facility Information** *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc.) and name of hospital facility.

ASSISTANCE, OTHER DISCOUNTS, AND EXTENDED PAYMENT PLANS.

PATIENTS/GUARANTORS WHO ARE DETERMINED TO BE AT OR BELOW 200% OF THE POVERTY LEVEL BASED ON THE PROCESSES LISTED IN THE PROCEDURE SECTION ARE ELIGIBLE FOR 100% FINANCIAL ASSISTANCE ON ELIGIBLE SERVICES. DISCOUNTS MAY BE AVAILABLE ON THE NET BALANCE FOR PATIENTS/GUARANTORS BETWEEN 200 - 400% OF THE FEDERAL POVERTY LEVEL. PATIENTS ABOVE 400% OF THE FEDERAL POVERTY LEVEL MAY QUALIFY FOR OTHER DISCOUNTS AS PROVIDED FOR IN THE OTHER SELF-PAY DISCOUNTS POLICY.

CRITERIA CONSIDERED IN DETERMINING ELIGIBILITY INCLUDE, BUT ARE NOT LIMITED TO:

THE HOUSEHOLD'S* GROSS INCOME.

HOUSEHOLD'S ASSETS OTHER THAN PRIMARY RESIDENCE

1. EQUITY IN A REAL ESTATE (OTHER THAN THE PATIENT/GUARANTOR'S PRIMARY RESIDENCE), SECURITIES OR OTHER ASSETS ARE CONSIDERED AVAILABLE TO PAY THE PATIENT'S MEDICAL EXPENSES AND SHOULD BE INCLUDED IN THE INCOME CALCULATION

2. THE INCOME FROM INCOME-PRODUCING REAL PROPERTY SHOULD BE USED IN THE CALCULATION RATHER THAN THE EQUITY.

3. INDIVIDUAL RETIREMENT ACCOUNTS (IRAS) OR OTHER RETIREMENT FUNDS WILL NOT BE INCLUDED IN HOUSEHOLD ASSETS; HOWEVER DISTRIBUTIONS FROM THOSE FUNDS WILL BE CONSIDERED INCOME.

FAMILY SIZE (PERSONS LEGALLY RESPONSIBLE FOR THE PATIENT BILL AND THEIR

Part V | **Facility Information** *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc) and name of hospital facility.

DEPENDENTS)

THE FAMILY'S MONTHLY OUT OF POCKET EXPENSES FOR MEDICAL SUPPLIES AND SERVICES.

ELIGIBILITY MAY BE CONTINGENT UPON PATIENT COOPERATION WITH THE APPLICATION PROCESS.

*THE DEFINITION OF 'HOUSEHOLD'S GROSS INCOME' INCLUDES THE COMBINED GROSS MONTHLY INCOME OF ALL PERSONS LEGALLY RESPONSIBLE FOR PATIENT BILL OR BALANCE.

SALEM HEALTH

PART V, LINE 16A, FAP WEBSITE:

HTTP://WWW.SALEMHEALTH.ORG/ABOUT/CHARITY-CARE-AND-FINANCIAL-POLICY

SALEM HEALTH

PART V, LINE 16B, FAP APPLICATION WEBSITE:

HTTP://WWW.SALEMHEALTH.ORG/ABOUT/CHARITY-CARE-AND-FINANCIAL-POLICY

SALEM HEALTH

PART V, LINE 16C, FAP PLAIN LANGUAGE SUMMARY WEBSITE:

HTTP://WWW.SALEMHEALTH.ORG/ABOUT/CHARITY-CARE-AND-FINANCIAL-POLICY

SALEM HEALTH:

Part V **Facility Information** *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 23, and 24 If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2" "B, 3," etc.) and name of hospital facility.

PART V, SECTION B, LINE 22D: SALEM HEALTH USED THE APPROVED LOOK-BACK AGB CALCULATION METHOD FROM THE REGULATIONS THAT INCLUDES MEDICARE AND COMMERCIAL PAYOR RATES.

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? 8

Name and address	Type of Facility (describe)
1 REHABILITATION CENTER 755 MISSION ST SE SALEM, OR 97302	REHABILITATION
2 LABORATORY PHLEBOTOMY SITE - HOPE 1600 STATE ST SALEM, OR 97301	LABORATORY SERVICES
3 COMPREHENSIVE PAIN CENTER 875 OAK STREET SALEM, OR 97302	PAIN MANAGEMENT
4 REGIONAL LABORATORY 3300 STATE ST SALEM, OR 97301	LABORATORY SERVICES
5 SALEM HEALTH MEDICAL CLINIC - KEIZER 550 DEITZ AVE NE KEIZER, OR 97303	CLINIC
6 SALEM HEALTH MEDICAL CLINIC - S. SALEM 2925 RIVER RD S SALEM, OR 97302	CLINIC
7 SALEM HEALTH MEDICAL CLINIC - SALEM 966 12TH STREET SE SALEM, OR 97301	CLINIC
8 SALEM HEALTH MEDICAL CLINIC - W. SALEM 1049 EDGEWATER ST NW, SUITE 150 SALEM, OR 97304	CLINIC

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.

PART I, LINE 3C:

SALEM HEALTH PROVIDES A VARIETY OF OPTIONS TO ASSIST PATIENTS/GUARANTORS IN RESOLVING THEIR ACCOUNTS, INCLUDING SCREENING PATIENTS FOR ELIGIBILITY FOR VIABLE FUNDING SOURCES, FINANCIAL ASSISTANCE, OTHER DISCOUNTS, AND EXTENDED PAYMENT PLANS. PATIENTS/GUARANTORS WHO ARE DETERMINED TO BE AT OR BELOW 200% OF THE POVERTY LEVEL BASED ON THE PROCESSES LISTED IN THE PROCEDURE SECTION ARE ELIGIBLE FOR 100% FINANCIAL ASSISTANCE ON ELIGIBLE SERVICES. DISCOUNTS MAY BE AVAILABLE ON THE NET BALANCE FOR PATIENTS/GUARANTORS BETWEEN 200 - 400% OF THE FEDERAL POVERTY LEVEL. PATIENTS ABOVE 400% OF THE FEDERAL POVERTY LEVEL MAY QUALIFY FOR OTHER DISCOUNTS AS PROVIDED FOR IN THE OTHER SELF-PAY DISCOUNTS POLICY.

CRITERIA CONSIDERED IN DETERMINING ELIGIBILITY INCLUDE, BUT ARE NOT LIMITED TO:

-THE HOUSEHOLD'S* GROSS INCOME.

-HOUSEHOLD'S ASSETS OTHER THAN PRIMARY RESIDENCE

---EQUITY IN A REAL ESTATE (OTHER THAN THE PATIENT/GUARANTOR'S PRIMARY RESIDENCE), SECURITIES OR OTHER ASSETS ARE CONSIDERED AVAILABLE TO PAY THE PATIENT'S MEDICAL EXPENSES AND SHOULD BE INCLUDED IN THE INCOME CALCULATION

---THE INCOME FROM INCOME-PRODUCING REAL PROPERTY SHOULD BE USED IN THE CALCULATION RATHER THAN THE EQUITY.

---INDIVIDUAL RETIREMENT ACCOUNTS (IRAS) OR OTHER RETIREMENT FUNDS WILL NOT BE INCLUDED IN HOUSEHOLD ASSETS; HOWEVER DISTRIBUTIONS FROM THOSE FUNDS WILL BE CONSIDERED INCOME.

-FAMILY SIZE (PERSONS LEGALLY RESPONSIBLE FOR THE PATIENT BILL AND THEIR DEPENDENTS)
-THE FAMILY'S MONTHLY OUT OF POCKET EXPENSES FOR MEDICAL SUPPLIES AND SERVICES.
-ELIGIBILITY MAY BE CONTINGENT UPON PATIENT COOPERATION WITH THE APPLICATION PROCESS.
-THE DEFINITION OF 'HOUSEHOLD'S GROSS INCOME' INCLUDES THE COMBINED GROSS MONTHLY INCOME OF ALL PERSONS LEGALLY RESPONSIBLE FOR PATIENT BILL OR BALANCE.

PART I, LINE 7:
FINANCIAL ASSISTANCE, MEDICAID AND COSTS OF OTHER MEANS-TESTED GOVERNMENT PROGRAMS ACCOUNT FOR A LARGE PORTION OF SALEM HEALTH COMMUNITY BENEFIT CONTRIBUTION. ENSURING THAT COMMUNITY MEMBERS HAVE ACCESS TO EMERGENCY, PRIMARY CARE AND OTHER HEALTH SERVICES REGARDLESS OF ABILITY TO PAY, ALIGNS WITH THE HOSPITAL MISSION AND COMMITMENT TO SERVE THOSE LIVING IN

MARION AND POLK COUNTIES.

SALEM HEALTH IS DEEPLY EMBEDDED IN THE COMMUNITY AND HOSPITAL LEADERS WORK HAND IN HAND WITH REPRESENTATIVES FROM GOVERNMENT AGENCIES AND OTHER NON-PROFITS TO ASSESS AND ADDRESS COMMUNITY NEEDS. FOUR COMMUNITY WIDE TASK FORCES ARE IN PLACE TO ADDRESS THE FOUR HEALTH NEEDS DEEMED MOST CRITICAL IN MARION AND POLK COUNTY. THOSE ARE EARLY CHILDHOOD HEALTH INCLUDING PRENATAL CARE, TOBACCO AND SUBSTANCE ABUSE, DEPRESSION SCREENING AND OBESITY PREVENTION. THE HOSPITAL'S DIRECTOR OF COMMUNITY BENEFIT ATTENDS TASK FORCE MEETINGS AND LOOKS FOR WAYS TO LEVERAGE HOSPITAL RESOURCES TO IMPACT HEALTH OUTCOMES. HOSPITAL LEADERS VOLUNTEER TIME TO SERVE ON COMMUNITY NON-PROFIT BOARDS AND ATTEND REGIONAL COLLABORATIVE WORKGROUPS THAT ADDRESS SOCIAL DETERMINANTS OF HEALTH. EXAMPLES INCLUDE, BOARD POSITIONS ON THE EARLY LEARNING HUB, WITH A FOCUS ON KINDERGARTEN READINESS; THE MID-WILLAMETTE VALLEY HOMELESS INITIATIVE; AND SALEM KEIZER SPECIAL TRANSPORTATION ADVISORY GROUP.

THE HOSPITAL PROVIDES COMMUNITY BASED HEALTH IMPROVEMENT SERVICES AS REQUESTED IN MARION AND POLK COUNTIES. IN 2015-2016 THESE INCLUDING HEALTH SCREENINGS, EDUCATION AND OUTREACH. THE EDUCATION CENTER OFFERS A LENDING LIBRARY, DROP IN NURSING CONSULTATION SERVICES, HEALTH SCREENINGS AND GROUP INSTRUCTION. IN ADDITION, THE CENTER PROVIDES SPACE FREE OF CHARGE TO COMMUNITY PARTNERS SEEKING TO IMPROVE HEALTH OUTCOMES. THE ROOMS HOST CLASSES, LECTURES, HEALTH FAIRS AND SUPPORT GROUPS THAT ARE COORDINATED IN PARTNERSHIP WITH COMMUNITY AGENCIES.

SALEM HEALTH PROVIDED NEARLY $150,000 IN COMMUNITY PARTNERSHIP GRANTS. THESE GRANTS SUPPORT THE WORK OF COMMUNITY PARTNERS THAT ARE ADDRESSING THE IDENTIFIED HEALTH NEEDS FROM THE 2015 COMMUNITY NEEDS ASSESSMENT. NOTE: $300,000 IN COMMUNITY PARTNERSHIP GRANTS WAS RELEASED IN FY16, BUT

DUE TO A CHANGE IN FISCAL YEAR, ONLY HALF IS REPORTED FOR IN THE 9 MONTH REPORTING PERIOD.

LASTLY, THE HOSPITAL PROVIDES TRAINING FOR NURSING STUDENTS AND EMERGING HEALTH CARE PROFESSIONS. IT HEALTH CAREER EXPLORATION PROGRAMS FOR HIGH SCHOOL STUDENTS IN DISTRICTS THAT FALL WITHIN THE HOSPITAL CATCHMENT AREA OF MARION AND POLK COUNTIES.

PART I, LN 7 COL(F):

THE AMOUNT OF BAD DEBT EXPENSE REMOVED FROM TOTAL EXPENSE THAT WAS INCLUDED IN FORM 990, PART IX, LINE 25, COLUMN (A), BUT REMOVED FROM THIS FIGURE FOR THE PURPOSES OF CALCULATING THE PERCENTAGE IN SCHEDULE H, PART I, LINE 7, COLUMN (F) WAS $17,901,882.

PART II, COMMUNITY BUILDING ACTIVITIES:

IN 2015, SALEM HEALTH PROVIDED EXECUTIVE LEADERSHIP TO THE BOARD OF WALTON HOUSE, A RESPITE HOUSING PROVIDER. THE HEALTH EDUCATION DIVISION HOSTED AN ANNUAL UPDATE OF COMMUNITY BENEFIT ACTIVITIES FOR COMMUNITY PARTNERING AGENCIES.

ACCESS TO CARE WAS IDENTIFIED AND PRIORITIZED AS A HEALTH NEED IN BOTH THE MARION AND POLK COUNTY COMMUNITY HEALTH REPORTS AND SALEM AND SALEM HEALTH WEST VALLEY ADDRESS THE NEED AS PART OF THE COMMUNITY BENEFIT IMPLEMENTATION STRATEGIES. MOREOVER, FOCUS GROUPS COORDINATED BY THE SALEM AND SALEM HEALTH WEST VALLEY BOARD OF TRUSTEES IDENTIFIED ACCESS TO CARE AS A SIGNIFICANT HEALTH CONCERN IN BOTH MARION AND POLK COUNTIES. FOCUS GROUP PARTICIPANTS STATED THAT LANGUAGE BARRIERS, LACK OF DENTAL HEALTH FUNDING, TRANSPORTATION, AND LIMITED ACCESS TO MENTAL HEALTH SERVICES ARE SIGNIFICANT ISSUES IN OUR COMMUNITY. A LIMITED NUMBER OF

PROVIDERS WILL TAKE UNINSURED PATIENTS AND THOSE THAT DO, OFTEN CANNOT SEE THESE PATIENTS RIGHT AWAY. ALTHOUGH SOME CLINICS OFFER SAME DAY APPOINTMENTS AND EXTENDED HOURS, THE EMERGENCY DEPARTMENT IS SEEN AS THE SOURCE FOR AFTER-HOURS HEALTH CARE IN OUR COMMUNITY. PARTICIPANT SUGGESTED THAT THE HOSPITALS COULD EASE THE IDENTIFIED BURDENS BY CONTINUING TO RECRUIT MORE PROVIDERS WHO ARE WILLING TO ACCEPT UNINSURED AND UNDER-INSURED PATIENTS.

TO EASE THE BURDEN OF ACCESS TO CARE AND TO ENSURE A WELL TRAINED HEALTH PROFESSIONAL WORKFORCE, SALEM HEALTH CONTINUES TO MAKE A SIGNIFICANT INVESTMENT IN PHYSICIAN RECRUITMENT AND MEDICAL WORK FORCE DEVELOPMENT.

PART II, LINE 8:

SALEM HEALTH HAS BEEN ACTIVELY RECRUITING PRIMARY CARE PROVIDERS TO MARION AND POLK COUNTIES TO IMPROVE ACCESS TO CARE.

PART III, LINE 4:

EFFECTIVE OCTOBER 1,2011, THE HOSPITALS ADOPTED FASB ISSUED ACCOUNTING STANDARDS UPDATE (ASU) NO. 2011-07, HEALTH CARE ENTITIES (TOPIC 954): PRESENTATION AND DISCLOSURE OF PATIENT SERVICE REVENUE, PROVISION FOR BAD DEBTS, AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTH CARE ENTITIES. THE ADOPTION OF THIS ASU RESULTED IN A RECLASSIFICATION OF BAD DEBT EXPENSE FROM AN OPERATING EXPENSE TO BE A REDUCTION IN DERIVING NET PATIENT SERVICE REVENUE.

COST OF BAD DEBT EXPENSE ESTIMATED AS ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE FINANCIAL ASSISTANCE POLICY ON LINE 3 IS CALCULATED BY

SUBTOTALING THE BAD DEBT AMOUNTS BY ZIP CODE. AMOUNTS WRITTEN OFF FOR ZIP CODES WHOSE MEDIAN HOUSEHOLD INCOME FOR A FAMILY OF FOUR FALLS AT OR BELOW 200% OF FEDERAL POVERTY GUIDELINES ARE INCLUDED ON THIS LINE.

PART III, LINE 8:

MEDICARE PAYORS PAY A SIGNIFICANTLY REDUCED AMOUNT FOR MEDICAL SERVICES RENDERED TO THEIR ENROLLEES SUCH THAT THE NET REIMBURSEMENT DOES NOT EVEN COVER THE EXPENSES INCURRED TO PROVIDE THE SERVICE. SALEM HEALTH CONSIDERS THE DIFFERENCE BETWEEN THE COSTS TO PROVIDE CARE FOR MEDICARE ENROLLEES AND THE NET REIMBURSEMENT AS A BENEFIT TO THE COMMUNITY. MEDICARE FEE-FOR-SERVICE COSTS ARE DETERMINED FROM SALEM HEALTHS FILED MEDICARE COST REPORT. THE CALCULATION OF NET BENEFIT IS EQUAL TO TOTAL MEDICARE PAYMENTS LESS MEDICARE COSTS.
IN ADDITION TO TRADITIONAL MEDICARE FEE-FOR-SERVICE, SALEM HEALTH PROVIDES SUBSTANTIAL SERVICES TO OTHER MEDICARE POPULATIONS PARTICIPATING IN MEDICARE ADVANTAGE PLANS AT SIGNIFICANTLY REDUCED REIMBURSEMENT. THE NET REVENUES FOR THESE PLANS ARE LESS THAN THE COST TO PROVIDE CARE AND ARE NOT DISCLOSED IN PART III, LINE 8. SALEM HEALTH ALSO CONSIDERS THE DIFFERENCE BETWEEN THE NET COST TO PROVIDE CARE FOR MEDICARE ADVANTAGE ENROLLEES AND THE NET REIMBURSEMENT AS A BENEFIT TO THE COMMUNITY. THESE NET COSTS HAVE BEEN DETERMINED BY APPLYING THE RATIO OF COSTS TO CHARGES AS DETERMINED IN WORKSHEET 2 TO THE FULL BILLED CHARGES. THE CALCULATION OF NET BENEFIT IS EQUAL TO TOTAL MEDICARE ADVANTAGE PAYMENTS OF $108,570,694 LESS MEDICARE ADVANTAGE COSTS OF $130,498,987 FOR A TOTAL ADDITIONAL COMMUNITY BENEFIT IN THE AMOUNT OF $21,928,293.

PART III, LINE 9B:

IF THERE IS AN INDICATION THAT A PATIENT MAY BE UNABLE TO PAY THEIR BILL,

A FINANCIAL QUESTIONNAIRE IS GIVEN OR SENT TO THE PATIENT. UPON RECEIPT OF THE COMPLETED QUESTIONNAIRE, THE PATIENT FINANCIAL COUNSELOR WILL DETERMINE ELIGIBILITY FOR FINANCIAL ASSISTANCE AND NOTIFY THE PATIENT REGARDING THEIR ELIGIBILITY FOR DISCOUNTS UNDER THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY. ELIGIBILITY IS DETERMINED BASED ON THE QUESTIONNAIRE AND SUPPORTING DOCUMENTATION IN ACCORDANCE TO THE HOSPITAL'S FINANCIAL ASSISTANCE POLICY.

PART VI, LINE 2:

SEE PART V, SECTION B, LINE 5.

THE MARION AND POLK COUNTY HEALTH REPORTS WERE PUBLISHED IN DECEMBER 2015 AND CAN BE FOUND ON THE SALEM HEALTH WEBSITE. WWW.SALEMHEALTH.ORG. THE DOCUMENT INFORMED THE DEVELOPMENT OF THE COMMUNITY BENEFIT IMPLEMENTATION STRATEGY FOR FISCAL YEARS 2016 - 2018 WHICH CORRESPONDS TO REPORTING YEARS 2015, 2016 AND 2017.

PART VI, LINE 3:

PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

SALEM HEALTH SCREENS UNINSURED PATIENTS FOR ELIGIBILITY THROUGH THE OREGON HEALTH PLAN (OHP/MEDICAID), WORKERS COMPENSATION, THIRD PARTY LIABILITIES, CONSOLIDATED OMNIBUS BUDGET RECONCILIATION ACT (COBRA), OR ANY OTHER POTENTIAL FUNDING SOURCE AT THE POINT OF SCHEDULING, PATIENT REGISTRATION OR WHILE INPATIENT. THE HOSPITAL OR ITS REPRESENTATIVE WILL REVIEW THE PATIENT'S CURRENT RESOURCES AND WORK WITH HIM/HER TO GAIN ELIGIBILITY FOR ANY OF THESE PROGRAMS AS APPROPRIATE.

PATIENTS THAT ARE NOT ELIGIBLE FOR OHP OR THE OTHER PROGRAMS LISTED ABOVE, AND HAVE FINANCIAL CONSTRAINTS THAT INHIBIT THEIR ABILITY TO PAY, WILL BE

ASSESSED FOR A FINANCIAL ASSISTANCE.

INFORMATION REGARDING THE HOSPITAL'S FINANCIAL ASSISTANCE IS MADE PUBLICLY AVAILABLE IN THE FOLLOWING MANNER:

1. NOTICES ARE POSTED IN KEY AREAS OF THE HOSPITAL, INCLUDING ADMITTING, THE EMERGENCY DEPARTMENT, OUTPATIENT DEPARTMENT REGISTRATION AREAS, AND PATIENT FINANCIAL SERVICES.

2. THE CONDITIONS OF ADMISSION FORM INFORMS THE PATIENT OF THEIR RIGHT TO APPLY FOR FINANCIAL ASSISTANCE.

3. WRITTEN INFORMATION SHALL BE AVAILABLE IN ENGLISH, SPANISH, RUSSIAN AND VIETNAMESE. THE HOSPITAL WILL PROVIDE THE APPROPRIATE INTERPRETATION SERVICES FOR PATIENTS/GUARANTORS WHO DO NOT SPEAK ENGLISH.

4. FRONT-LINE STAFF WILL BE TRAINED TO ANSWER FINANCIAL ASSISTANCE QUESTIONS EFFECTIVELY AND WILL DIRECT ANY THAT CANNOT BE ANSWERED TO FINANCIAL COUNSELOR'S IN A TIMELY MANNER.

5. THIS POLICY WILL BE POSTED ON SALEM HEALTH'S WEB SITE. WRITTEN INFORMATION ABOUT THIS POLICY WILL BE MADE AVAILABLE UPON REQUEST.

6. ALL PATIENT BILLING STATEMENTS WILL INCLUDE A NOTICE THAT FINANCIAL ASSISTANCE IS AVAILABLE AND CONTACT INFORMATION IF THEY WANT TO LEARN MORE.

PART VI, LINE 4:

SALEM HEALTH SERVES MARION AND POLK COUNTIES.

IN 2016, THERE WERE 79,291 PEOPLE AND 28,458 HOUSEHOLDS RESIDING IN THE POLK COUNTY. THE RURAL COMMUNITY HAD A POPULATION DENSITY OF 101.8 INHABITANTS PER SQUARE MILE (39.3/KM2). THERE WERE 31,166 HOUSING UNITS. THE RACIAL MAKEUP OF THE COUNTY WAS 90.7% WHITE, 2.6% AMERICAN INDIAN, 2.0% ASIAN, 0.9% BLACK OR AFRICAN AMERICAN, 0.4% PACIFIC ISLANDER AND 3.5% FROM TWO OR MORE RACES. THOSE OF HISPANIC OR LATINO ORIGIN MADE UP 13% OF THE POPULATION. 7.5% OF THE POPULATION IS FOREIGN BORN. THE AVERAGE HOUSEHOLD SIZE WAS 2.62. 5.9% OF THE POPULATION ARE UNDER THE AGE OF 5 YEARS, 23.5% ARE UNDER THE AGE OF 18 AND 16.4% ARE OVER THE AGE OF 65 YEARS. THE MEDIAN INCOME FOR A HOUSEHOLD IN POLK COUNTY IS $52,821. THE PER CAPITA INCOME FOR THE COUNTY WAS $23,967. ABOUT 13.7% OF THE POPULATION LIVE BELOW THE POVERTY LINE.

IN 2016 THERE WERE 330,700 PEOPLE AND 113,996 HOUSEHOLDS RESIDING IN THE MARION COUNTY. THE COUNTY IS A BLEND OF URBAN AND RURAL WITH A POPULATION DENSITY OF 266.7 INHABITANTS PER SQUARE MILE (39.3/KM2). THERE WERE 123,467 HOUSING UNITS. THE RACIAL MAKEUP OF THE COUNTY WAS 89.4% WHITE, 2.6% AMERICAN INDIAN, 2.3% ASIAN, 1.4% BLACK OR AFRICAN AMERICAN, 1.0% PACIFIC ISLANDER AND 3.3% FROM TWO OR MORE RACES. THOSE OF HISPANIC OR LATINO ORIGIN MADE UP 26% OF THE POPULATION. 7.5% OF THE POPULATION IS FOREIGN BORN. THE AVERAGE HOUSEHOLD SIZE WAS 2.62. 5.9% OF THE POPULATION ARE UNDER THE AGE OF 5 YEARS, 23.5% ARE UNDER THE AGE OF 18 AND 16.4% ARE OVER THE AGE OF 65 YEARS. THE MEDIAN INCOME FOR A HOUSEHOLD IN MARION COUNTY IS $48,832. THE PER CAPITA INCOME FOR THE COUNTY WAS $22,490. ABOUT 16.8% OF THE POPULATION LIVE BELOW THE POVERTY LINE.

PART VI, LINE 5:

SALEM HEALTH IS GOVERNED BY AN ALL-VOLUNTEER COMMUNITY-BASED BOARD OF

TRUSTEES (BOARD). HOSPITAL LEADERSHIP AND EXECUTIVE STAFF SERVE ON COMMUNITY NON-PROFIT ADVISORY BOARDS AND PROFESSIONAL ASSOCIATIONS. THE ORGANIZATION EXTENDS MEDICAL STAFF PRIVILEGES TO QUALIFIED PHYSICIANS IN ITS COMMUNITY AND PROVIDES FREE OFFICE SPACE AND OTHER IN-KIND SUPPORT SERVICES TO NON-PROFIT ORGANIZATIONS.

SALEM HEALTH FUNDS A COMMUNITY HEALTH EDUCATION AND OUTREACH PROGRAM. THE CENTER IS STAFFED BY HEALTH EDUCATORS AND REGISTERED NURSES THAT PROVIDE EDUCATION SERVICES TO COMMUNITY MEMBERS ON A DROP IN BASIS. A MEDICAL PROFESSIONAL AND HEALTH CONSUMER LIBRARY ALLOWS PATRONS TO CHECK OUT HEALTH MATERIALS FREE OF CHARGE. MORE THAN 1500 CLASSES AND EVENTS ARE HELD AT THE CENTER AND IN THE COMMUNITY EACH YEAR TO PROMOTE HEALTH AND PREVENT CHRONIC CONDITIONS. THESE RANGE FROM PREVENTION AND EARLY DETECTION/SCREENING SERVICES TO CHRONIC DISEASE MANAGEMENT AND END OF LIFE DECISION SUPPORT. THE OUTREACH PRIORITIES SUPPORT THE CHNA AND STAFF WORK IN COLLABORATION WITH COMMUNITY PARTNERING AGENCIES TO IMPROVE THE HEALTH AND WELL-BEING OF THE COMMUNITIES AND INDIVIDUALS WITHIN MARION AND POLK COUNTIES.

SALEM HEALTH PROVIDES FINANCIAL SUPPORT AND SPONSORSHIP TO NONPROFIT ORGANIZATIONS. BY LEVERAGING HOSPITAL RESOURCES AND WORKING IN COLLABORATIVE PARTNERSHIPS, SALEM HEALTH IS ABLE TO PROVIDE BENEFITS THAT REACH BEYOND HEALTHCARE DELIVERY AND POSITIVELY IMPACT THE SOCIAL DETERMINANTS OF HEALTH.

PART VI, LINE 6:

SALEM HEALTH IS AN OREGON NONPROFIT CORPORATION AND A TAX-EXEMPT ORGANIZATION DESCRIBED IN SECTION 501(C)(3) OF THE CODE. SALEM HEALTH, HOSPITALS AND CLINICS IS THE "PARENT" CORPORATION AND SOLE CORPORATE

MEMBER OF SALEM HEALTH, SALEM HEALTH FOUNDATION, SALEM HEALTH WEST VALLEY, WEST VALLEY HOSPITAL FOUNDATION, WILLAMETTE VALLEY INSURANCE CORPORATION, AND WILLAMETTE VALLEY PROFESSIONAL SERVICES. ALL ENTITIES WITHIN THE PARENT CORPORATION ARE SEPARATE NONPROFIT CORPORATIONS.

SALEM HEALTH IS AN OREGON NONPROFIT CORPORATION AND A TAX-EXEMPT ORGANIZATION. THE CORPORATION ALSO DOES BUSINESS UNDER THE NAME "SALEM HEALTH, A PART OF SALEM HEALTH HOSPITALS AND CLINICS." SALEM HEALTH IS ONE OF THE LARGEST ACUTE CARE HOSPITALS IN OREGON. LICENSED FOR 454 BEDS, SALEM HEALTH OFFERS A BROAD RANGE OF INPATIENT AND OUTPATIENT SERVICES AN AREA OF OVER 500,000 PEOPLE, INCLUDING ALL OF MARION AND POLK AND PORTIONS OF LINN AND YAMHILL COUNTIES INCLUDING THE RESIDENTS OF THE CITY OF SALEM, THE STATE CAPITAL OF OREGON.

SALEM HEALTH IS THE LARGEST PRIVATE EMPLOYER IN SALEM, OREGON, WITH APPROXIMATELY 4,189 FULL AND PART-TIME EMPLOYEES (AS OF JUNE 30, 2016). THE MEDICAL STAFF IS COMPRISED OF APPROXIMATELY 482 PHYSICIANS REPRESENTING MORE THAN 50 SPECIALTIES AND SUBSPECIALTIES, AND MORE THAN 300 VOLUNTEERS PROVIDE NON-MEDICAL SUPPORT FOR SALEM HEALTH.

SALEM HEALTH, AS PART OF SALEM HEALTH HOSPITALS AND CLINICS IS GOVERNED BY AN ALL-VOLUNTEER COMMUNITY-BASED BOARD OF TRUSTEES (BOARD). THE BOARD HAS THE RESPONSIBILITY FOR THE DEVELOPMENT AND OVERSIGHT OF SALEM HEALTH VALUES, VISION, PURPOSE AND LONG-TERM STRATEGY. THROUGH THESE DOCUMENTS, THE COMMUNITY BENEFIT STEERING COMMITTEE ASSESSES AND REAFFIRMS SALEM HEALTH'S COMMUNITY BENEFIT COMMITMENTS AND CONNECTIONS WITH COMMUNITY NEEDS AND PRIMARY CONSTITUENCIES. THE COMMUNITY BENEFIT PLAN ASSURES MEASUREMENT AND COMPARISON OF SALEM HEALTH'S COMMUNITY ACTIVITIES TO

EVOLVING NORMS AND OVERSEES THE CLEAR AND ACCURATE COMMUNICATION OF THESE ACTIVITIES TO KEY CONSTITUENCIES.

PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT:

OR

PART VI, LINE 6:

AFFILIATED HEALTH CARE SYSTEM

SALEM HEALTH, AS PART OF SALEM HEALTH HOSPITALS AND CLINICS, IS AFFILIATED WITH OREGON HEALTH SCIENCE UNIVERSITY (OHSU). AT THIS TIME, THE HOSPITALS' COMMUNITY BENEFIT PROGRAMS REMAIN INDEPENDENT AND REGIONAL. AFFILIATED HOSPITALS ASSESS LOCAL COMMUNITY HEALTH NEEDS, DEVELOP AND IMPLEMENT PLANS AND MAKE LOCAL INVESTMENTS.

SCHEDULE I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ Attach to Form 990.

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

OMB No 1545-0047

2015

Open to Public Inspection

Name of the organization

SALEM HEALTH

Employer identification number

93-0579722

Part I General Information on Grants and Assistance

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

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

Part II **Grants and Other Assistance to Domestic Organizations and Domestic Governments.** Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
MEDICAL FOUNDATION OF MARION & POLK COUNTIES - 2995 RYAN DRIVE STE 100 - SALEM, OR 97301	93-1261633	501(C)(3)	15,000.	0.			SPONSORSHIP OF ANNUAL BENEFIT FUNDRAISER/IMPROVE ACCESS TO HEALTHCARE
AMERICAN CANCER SOCIETY 2120 1ST AV N SEATTLE, WA 98121	84-1316555	501(C)(3)	5,000.	0.			RELAY FOR LIFE SPONSORSHIP/IMPROVE SOCIAL DETERMINATE OF HEALTH
MARCH OF DIMES 1220 SW MORRISON SUITE 510 PORTLAND, OR 97205	13-1846366	501(C)(3)	10,000.	0.			SPONSOR FOR SALEM MARCH FOR BABIES/IMPROVE SOCIAL DETERMINATE OF HEALTH
SALEM HEALTH FOUNDATION PO BOX 14001 SALEM, OR 97309	23-7002687	501(C)(3)	5,000.	0.			CHARITABLE CONTRIBUTION GOLF TOURNAMENT
SALEM KEIZER EDUCATION FOUNDATION 233 COMMERCIAL STREET NE SALEM, OR 97301	93-0831467	501(C)(3)	5,000.	0.			AWESOME 3000 SPONSORSHIP/DISEASE PREVENTION
LINDA L VLADYKA BREAST WELLNESS FOUNDATION - 4742 LIBERTY RD S, PMB 270 - SALEM, OR 97302	93-1328274	501(C)(3)	6,000.	0.			SPONSOR SOFTBALL TOURNAMENT/IMPROVE SOCIAL DETERMINATE OF HEALTH

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 21.

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

LHA **For Paperwork Reduction Act Notice, see the Instructions for Form 990.** **Schedule I (Form 990) (2015)**

SEE PART IV FOR COLUMN (H) DESCRIPTIONS

532101
10-28-15

Part II Continuation of Grants and Other Assistance to Governments and Organizations in the United States (Schedule I (Form 990), Part II.)

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
SALEM MULTICULTURAL INST PO BOX 4611 SALEM, OR 97302	91-1780361	501(C)(3)	5,750.	0.			SPONSOR MULTICULTURAL BALL & WORLD BEAT FESTIVAL/IMPROVE SOCIAL DETERMINATE OF HEALTH
BOYS & GIRLS CLUB 1395 SUMMER ST NE SALEM, OR 97301	93-0581470	501(C)(3)	15,000.	0.			SPONSOR TRI4KIDS /COMMUNITY PARTNER GRANT/IMPROVE SOCIAL DETERMINATE OF HEALTH
COMMUNITY ACTION AGENCY HOME YOUTH & RESOURCE CENTER - 625 UNION ST NE - SALEM, OR 97301	23-7056987	501(C)(3)	12,500.	0.			COMMUNITY PARTNER GRANT
LIBERTY HOUSE 2685 4TH ST NE SALEM, OR 97301	93-1236936	501(C)(3)	6,000.	0.			BUSINESS & CORPORATE SUSTAINER GROUP MEMBERSHIP/DISEASE PREVENTION
OREGON STATE UNIVERSITY EXTENSION PROGRAM - 218 KERR ADMINISTRATION BUILDING - CORVALLIS, OR 97331	93-6001786	170(C)(1)	12,500.	0.			COMMUNITY PARTNER GRANT
SALVATION ARMY 1901 FRONT ST SALEM, OR 97301	94-1156347	501(C)(3)	12,500.	0.			COMMUNITY PARTNER GRANT
UNITED WAY OF MID WILLAMETTE VALLEY - 455 BLILER AVE NE - SALEM, OR 97303	93-0395586	501(C)(3)	10,000.	0.			SPONSOR KINDERGARTEN CALENDAR/PRESIDENT'S LEADERSHIP CIRCLE/IMPROVE SOCIAL DETERMINATE OF
SALEM FREE MEDICAL CLINIC 1300 BROADWAY ST NE STE 104 SALEM, OR 97301	20-3549992	501(C)(3)	75,000.	0.			ACCESS TO CARE (SALEM & DALLAS)
TRACK TOWN USA PO BOX 11141 EUGENE, OR 97440	46-1562797	501(C)(3)	5,000.	0.			SPONSORSHIP 2016 IAAF WORLD INDOOR CHAMPIONSHIPS

Part II **Continuation of Grants and Other Assistance to Governments and Organizations in the United States** (Schedule I (Form 990), Part II)

(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
OREGON SYMPHONY ASSOCIATION IN SALEM - 707 13TH STREET SE SUITE 275 - SALEM, OR 97308	93-6031819	501(C)(3)	5,000.	0.			FULL SPONSORSHIP
SALEM FIRE FOUNDATION PO BOX 2920 SALEM, OR 97308	47-2328706	501(C)(3)	15,000.	0.			CPR CLASSES FOR SALEM-KEIZER 8TH GRADERS
SALEM INTERFAITH HOSPITALITY NETWORK - 1055 EDGEWATER ST NW - SALEM, OR 97304	93-1234367	501(C)(3)	18,250.	0.			COMMUNITY PARTNER GRANT
POLK CO FAMILY & COMMUNITY OUTREACH - 182 SW ACADEMY STREET #220 - DALLAS, OR 97338	93-6002310	MUNICIPAL	25,000.	0.			COMMUNITY PARTNER GRANT
MANO A MANO FAMILY CENTER 2921 SADDLE CLUB SE # 1009 SALEM, OR 97317	93-0992858	501(C)(3)	25,000.	0.			COMMUNITY PARTNER GRANT
NORTHWEST HUMAN SERVICES 681 CENTER ST NE SALEM, OR 97301	93-0605570	501(C)(3)	50,000.	0.			COMMUNITY PARTNER GRANT

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
CASH ASSISTANCE TO PATIENTS IN NEED FOR PRESCRIPTIONS, LIFELINE SUPPORT, REHABILITATION AND OTHER URGENT NEEDS.	147	30,418.	0.		
SCHOLARSHIPS FOR HEALTH PROFESSIONS EDUCATION	65	171,550.	0.		

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

PART I, LINE 2:

GRANTS ARE ONLY MADE TO QUALIFIED EXEMPT ORGANIZATIONS. NO MONITORING IS REQUIRED.

PART II, LINE 1, COLUMN (H):

NAME OF ORGANIZATION OR GOVERNMENT: UNITED WAY OF MID WILLAMETTE VALLEY

(H) PURPOSE OF GRANT OR ASSISTANCE: SPONSOR KINDERGARTEN CALENDAR/PRESIDENT'S LEADERSHIP CIRCLE/IMPROVE SOCIAL DETERMINATE OF HEALTH

SCHEDULE J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

▶ Complete if the organization answered "Yes" on 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.*

OMB No 1545-0047

2015

Open to Public Inspection

Name of the organization

SALEM HEALTH

Employer identification number

93-0579722

Part I Questions Regarding Compensation

		Yes	No
1a	Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.		
	☐ First-class or charter travel ☐ Travel for companions ☐ Tax indemnification and gross-up payments ☐ Discretionary spending account ☐ Housing allowance or residence for personal use ☐ Payments for business use of personal residence ☐ Health or social club dues or initiation fees ☐ Personal services (e.g., maid, chauffeur, chef)		
b	If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain		
1b			
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?		
2			
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III		
	☒ Compensation committee ☒ Independent compensation consultant ☐ Form 990 of other organizations ☒ Written employment contract ☒ Compensation survey or study ☒ Approval by the board or compensation committee		
4	During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:		
a	Receive a severance payment or change-of-control payment?		
4a		X	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?		
4b		X	
c	Participate in, or receive payment from, an equity-based compensation arrangement?		
4c			X
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.		
	Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.		
5	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:		
a	The organization?		
5a			X
b	Any related organization?		
5b			X
	If "Yes" to line 5a or 5b, describe in Part III		
6	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:		
a	The organization?		
6a		X	
b	Any related organization?		
6b		X	
	If "Yes" on line 6a or 6b, describe in Part III.		
7	For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described on lines 5 and 6? If "Yes," describe in Part III		
7		X	
8	Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III		
8			X
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?		
9			

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

For each individual whose compensation must be reported on 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 on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) NORMAN GRUBER	(i)	809,664.	201,092.	16,258.	219,875.	37,290.	1,284,179.	0.
CEO (THRU 11/14/15)	(ii)	0.	0.	0.	0.	0.	0.	0.
(2) JAMES PARR	(i)	325,869.	102,752.	1,112.	40,366.	34,800.	504,899.	0.
CHIEF FINANCIAL OFFICER	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) CHERYL NESTER WOLFE	(i)	488,829.	187,200.	7,341.	51,778.	32,126.	767,274.	0.
PRESIDENT AND CEO (AS OF 11/15/15)	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) LAURIE BARR	(i)	313,396.	106,005.	1,668.	39,121.	27,623.	487,813.	0.
VP HUMAN RESOURCES	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) BRENDA BUBLITZ	(i)	225,686.	28,613.	6,570.	31,031.	30,443.	322,343.	0.
VP SURGICAL SERVICES (THRU 2/3/16)	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) MARTHA ENRIQUEZ	(i)	83,234.	97,617.	308,941.	5,258.	17,787.	512,837.	0.
CHIEF NURSING OFFICER (THRU 2/3/16)	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) MARTIN MORRIS	(i)	69,062.	103,671.	245,268.	4,863.	14,630.	437,494.	0.
VP/CHIEF DEVELOP. OFF (THRU 2/5/16)	(ii)	0.	0.	0.	0.	0.	0.	0.
(8) CORT GARRISON	(i)	500,397.	144,722.	4,695.	48,102.	37,352.	735,268.	0.
CHIEF INFORMATION OFF (THRU 12/31/15	(ii)	0.	0.	0.	0.	0.	0.	0.
(9) SARAH HORN	(i)	219,954.	27,451.	802.	34,310.	31,510.	314,027.	0.
CHIEF NURSING OFFICER	(ii)	0.	0.	0.	0.	0.	0.	0.
(10) LEAH MITCHELL	(i)	334,356.	81,571.	1,087.	41,997.	16,886.	475,897.	0.
VP KAIZEN QUALITY & SAFETY	(ii)	0.	0.	0.	0.	0.	0.	0.
(11) LORI JAMES-NIELSEN	(i)	296,822.	80,623.	1,653.	43,603.	33,827.	456,528.	0.
VP CHIEF STRATEGY OFFICER	(ii)	0.	0.	0.	0.	0.	0.	0.
(12) JAMES SAPIENZA	(i)	198,249.	16,771.	1,924.	13,964.	27,189.	258,097.	0.
CHIEF ADMIN OFF SHWV (THRU 2/7/2016)	(ii)	0.	0.	0.	0.	0.	0.	0.
(13) RALPH YATES	(i)	308,803.	38,417.	7,944.	10,974.	16,503.	382,641.	0.
CMO SALEM HEALTH AND SHMG	(ii)	0.	0.	0.	0.	0.	0.	0.
(14) NANCY BOUTIN, M.D.	(i)	359,773.	101,192.	4,489.	40,890.	28,194.	534,538.	0.
MEDICAL DIRECTOR CANCER INSTITUTE	(ii)	0.	0.	0.	0.	0.	0.	0.
(15) NICOLE VANDERHEYDEN, M.D.	(i)	604,925.	30,602.	5,862.	44,869.	38,160.	724,418.	0.
TRAUMA DIRECTOR	(ii)	0.	0.	0.	0.	0.	0.	0.
(16) JUAN OYARZUN	(i)	471,075.	0.	2,034.	10,841.	20,558.	504,508.	0.
CARDIOTHORACIC SURGEON	(ii)	0.	0.	0.	0.	0.	0.	0.

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 on 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 on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(17) LISA RICE	(i)	411,250.	14,995.	1,047.	33,333.	22,762.	483,387.	0.
OBGYN MEDICAL DIRECTOR	(ii)	0.	0.	0.	0.	0.	0.	0.
(18) SARAT VELIVELA	(i)	416,090.	0.	0.	0.	13,380.	429,470.	0.
ADULT HOSPITALIST PHYSICIAN	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
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	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

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

PART I, LINES 4A-B:

MARTHA ENRIQUEZ AND MARTIN MORRIS EACH RECEIVED SEVERANCE PAY UPON TERMINATION OF THEIR EMPLOYMENT. THE TOTAL OF THEIR SEVERANCE PAY WAS $307,717 AND $244,045 RESPECTIVELY. THESE AMOUNTS WERE INCLUDED IN 'OTHER REPORTABLE COMPENSATION' IN COLUMN (B)(III) FOR EACH OF THEM.

SOME OF THE HOSPITAL'S EMPLOYEES RECEIVE DEFERRED COMPENSATION UNDER A 457(F) NONQUALIFIED PLAN. THIS COMPENSATION IS INCLUDED IN COMPENSATION REPORTED IN PART II. THE TOTAL NONQUALIFIED PORTION OF EACH PERSONS DEFERRED COMPENSATION IS:

NORMAN GRUBER $301,092 ($101,092 INCLUDED IN BONUS & INCENTIVE COMPENSATION AND $200,000 INCLUDED IN DEFERRED COMPENSATION)

CHERYL NESTER WOLFE $73,162 ($38,610 INCLUDED IN BONUS & INCENTIVE COMPENSATION AND $34,553 INCLUDED IN DEFERRED COMPENSATION)

JAMES PARR $23,141 (INCLUDED IN DEFERRED COMPENSATION)

LAURIE BARR $37,784 ($15,889 INCLUDED IN BONUS & INCENTIVE

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.

COMPENSATION AND $21,895 INCLUDED IN DEFERRED COMPENSATION)

BRENDA BUBLITZ $16,659 (INCLUDED IN DEFERRED COMPENSATION)

MARTHA ENRIQUEZ $100,794 ($97,617 INCLUDED IN BONUS & INCENTIVE COMPENSATION AND $3,177 INCLUDED IN DEFERRED COMPENSATION)

MARTIN MORRIS $106,368 ($103,671 INCLUDED IN BONUS & INCENTIVE COMPENSATION AND $2,697 INCLUDED IN DEFERRED COMPENSATION)

CORT GARRISON $52,075 ($21,197 INCLUDED IN BONUS & INCENTIVE COMPENSATION AND $30,877 INCLUDED IN DEFERRED COMPENSATION)

SARA HORN $15,211 (INCLUDED IN DEFERRED COMPENSATION)

LEAH MITCHELL $22,122 (INCLUDED IN DEFERRED COMPENSATION)

LORI JAMES-NEILSEN $21,078 (INCLUDED IN DEFERRED COMPENSATION)

JAMES SAPIENZA $13,964 (INCLUDED IN DEFERRED COMPENSATION)

NANCY BOUTIN $28,064 ($13,692 INCLUDED IN BONUS & INCENTIVE COMPENSATION AND $14,372 INCLUDED IN DEFERRED COMPENSATION)

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

NICOLE VANDERHEYDEN $58,246 ($30,602 INCLUDED IN BONUS & INCENTIVE COMPENSATION AND $27,644 INCLUDED IN DEFERRED COMPENSATION)

JUAN OYARZUN $10,841 (INCLUDED IN DEFERRED COMPENSATION)

LISA RICE $31,103 ($14,995 INCLUDED IN BONUS & INCENTIVE COMPENSATION AND $16,108 INCLUDED IN DEFERRED COMPENSATION)

PART I, LINE 6:

CERTAIN PHYSICIANS RECEIVE INCENTIVE COMPENSATION IN ACCORDANCE WITH THEIR EMPLOYMENT AGREEMENTS WITH SALEM HEALTH. AMOUNTS NOTED ON SCHEDULE J PART II COLUMN (II) REFLECT PAYMENTS EARNED BY THESE PHYSICIAN EMPLOYEES IN SUCH AGREEMENTS. ADDITIONALLY, FOR KEY EMPLOYEES AND MANAGEMENT OF SALEM HEALTH THE BOARD OF TRUSTEES HAS APPROVED AN ANNUAL LEADERSHIP INCENTIVE PROGRAM THAT PROVIDES FOR INCENTIVE PAYMENTS BASED ON OBJECTIVE CRITERIA RELATED TO QUALITY AND SAFETY, ENGAGEMENT, PATIENT SATISFACTION AND FINANCIAL PERFORMANCE. JAMES SAPIENZA'S INCENTIVE PAYMENTS ARE BASED ON SALEM HEALTH WEST VALLEY'S BOARD APPROVED LEADERSHIP INCENTIVE PLAN. AMOUNTS NOTED ON SCHEDULE J PART II COLUMN (II) REFLECT PAYMENTS EARNED UNDER THE LEADERSHIP

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.

INCENTIVE PLAN.

PART I, LINE 7:

THE GOVERNANCE COMMITTEE OF THE BOARD OF TRUSTEES, IN CONSULTATION WITH INDEPENDENT COMPENSATION CONSULTANTS, REVIEWS CEO TOTAL COMPENSATION AND PERFORMANCE ANNUALLY. AS PART OF THE COMMITTEE'S ACTIONS, A NON-FIXED BONUS MAY BE AWARDED TO THE CEO. IN THIS YEAR THE NON-FIXED PAYMENT WAS PAID UNDER THE 457(F) NONQUALIFIED PLAN AND IS INCLUDED IN DEFERRED COMPENSATION REPORTED IN PART II.

SCHEDULE K (Form 990)
Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

▶ Complete if the organization answered "Yes" on 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.

OMB No. 1545-0047
2015
Open to Public Inspection

Name of the organization
SALEM HEALTH

Employer identification number
93-0579722

Part I Bond Issues SEE PART VI FOR COLUMNS (A) AND (F) CONTINUATIONS

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased Yes	(g) Defeased No	(h) On behalf of issuer Yes	(h) On behalf of issuer No	(i) Pooled financing Yes	(i) Pooled financing No
A	THE HOSPITAL FACILITY AUTHORITY OF THE CITY OF	52-1542796	794458CL1	11/15/06	123,122,698.	CONSTRUCTION AND RENOVATION OF VAR		X		X		X
B	THE HOSPITAL FACILITY AUTHORITY OF THE CITY OF	52-1542796	794458CX5	10/08/08	60,487,711.	REFUND SERIES 2004A; CONSTRUCTI		X		X		X
C	THE HOSPITAL FACILITY AUTHORITY OF THE CITY OF	52-1542796	794458CY3	11/13/08	125,000,000.	REFUND SERIES 2004AB AND 2006B.		X		X		X
D	THE HOSPITAL FACILITY AUTHORITY OF THE CITY OF	52-1542796	NONEAVAIL	06/27/13	69,965,000.	CURRENT REFUNDING; FINANCE VARIOUS		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	8,070,000.	20,525,000.	50,000,000.	1,685,000.
2	Amount of bonds legally defeased				
3	Total proceeds of issue	128,355,347.	60,600,453.	125,021,764.	70,183,718.
4	Gross proceeds in reserve funds		6,162,018.		
5	Capitalized interest from proceeds				192,532.
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	1,105,000.	837,965.	633,004.	290,834.
8	Credit enhancement from proceeds			1,153,492.	
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds	127,250,347.	6,160,859.	9,260,268.	19,697,016.
11	Other spent proceeds		47,630,629.	113,975,000.	50,003,336.
12	Other unspent proceeds				
13	Year of substantial completion	2009	2009	2009	

		A Yes	A No	B Yes	B No	C Yes	C No	D Yes	D No
14	Were the bonds issued as part of a current refunding issue?		X	X		X		X	
15	Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16	Has the final allocation of proceeds been made?	X		X		X			X
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?	X		X		X		X	
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?	X		X		X		X	
c Are there any research agreements that may result in private business use of bond-financed property?	X		X		X		X	
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?	X		X		X		X	
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	1.30 %		.40 %		.40 %		.20 %	
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 ▶	.20 %		.10 %		.10 %		.00 %	
6 Total of lines 4 and 5	1.50 %		.50 %		.50 %		.20 %	
7 Does the bond issue meet the private security or payment test?		X		X		X		X
8a Has there been a sale or disposition of any of the bond-financed property to a non-governmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of	%		%		%		%	
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X		X		X		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		X		X		X
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?		X		X		X	X	
b Exception to rebate?	X		X		X		X	
c No rebate due?	X		X		X		X	
If "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		X	X			X
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X	X			X
b Name of provider					UBS AG			
c Term of hedge					25.8000000			
d Was the hedge superintegrated?						X		
e Was the hedge terminated?						X		

Part IV Arbitrage *(Continued)*

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5a Were gross proceeds invested in a guaranteed investment contract (GIC)?	X			X		X		X
b Name of provider	WELLS FARGO BANK N.A							
c Term of GIC	2.0000000							
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?	X							
6 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7 Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V Procedures To Undertake Corrective Action

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

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

SCHEDULE K, PART I, BOND ISSUES:
(A) ISSUER NAME:
THE HOSPITAL FACILITY AUTHORITY OF THE CITY OF SALEM, OREGON REVENUE BONDS
(F) DESCRIPTION OF PURPOSE:
CONSTRUCTION AND RENOVATION OF VARIOUS CAMPUS FACILITIES

(A) ISSUER NAME:
THE HOSPITAL FACILITY AUTHORITY OF THE CITY OF SALEM, OREGON REVENUE BONDS
(F) DESCRIPTION OF PURPOSE:
REFUND SERIES 2004A; CONSTRUCTION AND RENOVATION OF VARIOUS BUILDINGS.

(A) ISSUER NAME:
THE HOSPITAL FACILITY AUTHORITY OF THE CITY OF SALEM, OREGON REVENUE BONDS
(F) DESCRIPTION OF PURPOSE:
REFUND SERIES 2004AB AND 2006B. PATIENT TOWER CONSTRUCTION AND OTHER IMP.

(A) ISSUER NAME:
THE HOSPITAL FACILITY AUTHORITY OF THE CITY OF SALEM, OREGON REVENUE BONDS
(F) DESCRIPTION OF PURPOSE:
CURRENT REFUNDING; FINANCE VARIOUS IMPROVEMENTS TO HEALTH CARE FACILITIES.

SUPPLEMENTAL INFORMATION:
COLUMN A:
DIFFERENCE BETWEEN PART I(E) AND PART II, LINE 3 IS DUE TO INTEREST

SEE PART VI SUPPLEMENTAL INFORMATION SHEET

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

EARNINGS IN THE CONSTRUCTION FUND.
PART IV, LINE 2(B): BONDS MET THE 2-YEAR SPENDING EXCEPTION TO REBATE.
PART IV, LINE 2(C): PROCEEDS OF THE BONDS MET A SPENDING EXCEPTION TO REBATE AND, THEREFORE, NO PAYMENT WILL EVER BE DUE ON THE BONDS.
COLUMN B:
DIFFERENCE BETWEEN PART I(E) AND PART II, LINE 3 IS DUE TO INTEREST EARNINGS IN THE PROJECT, COSTS OF ISSUANCE, AND DEBT SERVICE RESERVE FUNDS.
PART I (F): BONDS REFUNDED BY SERIES 2008A: SERIES 2004A (ISSUED NOVEMBER 23, 2004).
PART IV, LINE 2(B): THE REFUNDING PORTION OF THE BONDS HAS MET THE 6-MONTH EXCEPTION TO REBATE.
PART IV, LINE 2(C): THE 5TH YEAR ANNIVERSARY REBATE COMPUTATION WAS PERFORMED AS OF OCTOBER 1, 2013, AND DATED OCTOBER 18, 2013.
COLUMN C:
DIFFERENCE BETWEEN PART I(E) AND PART II, LINE 3 IS DUE TO INTEREST EARNINGS IN THE PROJECT FUND.
PART I (F): PROCEEDS WERE USED TO REFUND SERIES 2004AB AND SERIES 2006B BONDS, FINANCE THE CONTRUCTION OF THE PATIENT TOWER AND OTHER IMPROVEMENTS.
PART II, LINE 1: BONDS REFUNDING SERIES 2008C: SERIES 2013AB (ISSUED JUNE 27, 2013).
PART IV, LINE 2(B): THE REFUNDING AND NEW MONEY PORTIONS OF THE BONDS HAVE MET THE 6-MONTH EXCEPTION TO REBATE.
PART IV, LINE 2(C): PROCEEDS OF THE BONDS MET A SPENDING EXCEPTION TO REBATE AND, THEREFORE, NO PAYMENT WILL EVER BE DUE ON THE BONDS.
COLUMN D:
DIFFERENCE BETWEEN PART I(E) AND PART II, LINE 3 IS DUE TO INTEREST EARNINGS IN THE PROJECT AND COSTS OF ISSUANCE FUNDS.
PART I (F): PROCEEDS WERE USED TO REFUND 2008C BONDS, TO FINANCE THE RENOVATIONS OF FACILITIES, AND TO PAY THE COSTS OF ISSUANCE RELATING TO THE BONDS.
PART IV, LINE 2(B): THE REFUNDING AND NEW MONEY PORTIONS OF THE BONDS HAVE MET THE 6-MONTH EXCEPTION TO REBATE AND 2-YEAR EXCEPTION TO REBATE, RESPECTIVELY.
PART IV, LINE 2(C): PROCEEDS OF THE BONDS MET SPENDING EXCEPTIONS TO REBATE AND, THEREFORE, NO PAYMENT WILL EVER BE DUE ON THE BONDS.
COLUMN A-D:
PART III, LINE 7: 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

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

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 REPORTED IN PART III, LINE 6, IS NOT IN EXCESS OF AMOUNTS PERMITTED UNDER SECTION 145 OF THE CODE.

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.

OMB No 1545-0047

2015

Open to Public Inspection

Name of the organization

SALEM HEALTH

Employer identification number

93-0579722

FORM 990, PART VI, SECTION B, LINE 11:

THE GOVERNANCE COMMITTEE OF THE BOARD OF TRUSTEES REVIEWS THE 990. IT IS THEN FORWARDED TO THE ENTIRE BOARD OF TRUSTEES.

FORM 990, PART VI, SECTION B, LINE 12C:

ON AN ANNUAL BASIS THE SECRETARY OF THE HOSPITAL SHALL SEND TO EACH PERSON WHO IS A TRUSTEE, OFFICER, OR MEMBER OF A COMMITTEE, AND TO THOSE EMPLOYEES OF THE HOSPITAL AS THE BOARD MAY DETERMINE, A COPY OF THE POLICY REGARDING CONFLICTS OF INTEREST, TOGETHER WITH A QUESTIONNAIRE INQUIRING AS TO CONFLICTS, TO BE COMPLETED A AND RETURNED TO THE SECRETARY BY THE TRUSTEE, OFFICER, COMMITTEE MEMBER OR EMPLOYEE PRIOR TO THE BEGINNING OF EACH CALENDAR YEAR.

FORM 990, PART VI, SECTION B, LINE 15:

EXECUTIVE COMPENSATION AT SALEM HEALTH IS DESIGNED TO ALLOW THE ORGANIZATION TO RECRUIT AND RETAIN QUALIFIED SENIOR LEADERS. THE GOVERNANCE COMMITTEE OF THE SALEM HEALTH BOARD OF TRUSTEES, NONE OF WHOM IS A SALEM HEALTH EMPLOYEE, ENGAGES ONE OR MORE INDEPENDENT CONSULTANTS TO PROVIDE A MARKET DATA ON EXECUTIVE COMPENSATION, INCLUDING BENEFITS, FOR THE CEO AND OTHER EXECUTIVES IN SIMILAR ROLES AT COMPARABLE ORGANIZATIONS. THIS INFORMATION IS USED BY THE GOVERNANCE COMMITTEE IN ITS DISCUSSIONS AND DECISIONS ON CEO COMPENSATION. THE CEO, IN CONJUNCTION WITH OTHER SALARY SURVEY OR PUBLIC INFORMATION AND THE INDEPENDENT CONSULTANT, ENSURES THAT EACH EXECUTIVE'S COMPENSATION IS COMPETITIVE IN THE MARKET FOR SIMILAR POSITIONS AT COMPARABLE ORGANIZATIONS.

Name of the organization: SALEM HEALTH

Employer identification number: 93-0579722

FORM 990, PART VI, SECTION C, LINE 19:

THE CONFLICT OF INTEREST POLICY AND GOVERNING DOCUMENTS ARE AVAILABLE ON THE HOSPITAL WEBSITE.

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

CHANGE IN FAIR VALUE OF INTEREST RATE SWAP AGREEMENT	-2,835,916.
CHANGE IN NET BENEFIT COST	-308,745.
CHANGE IN BENEFICIAL INTEREST IN FOUNDATION	725,790.
EQUITY TRANSFER BETWEEN RELATED ENTITIES	-625,470.
TOTAL TO FORM 990, PART XI, LINE 9	-3,044,341.

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

▶ Attach to Form 990.

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

OMB No 1545-0047

2015

Open to Public Inspection

Name of the organization

SALEM HEALTH

Employer identification number

93-0579722

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
MWVP, INC. - 12-3456789 570 LIBERTY ST SE, STE 200 SALEM, OR 97301	HOLDS LAND	OREGON			SALEM HEALTH HOSPITALS AND CLINICS

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
SALEM HEALTH FOUNDATION - 23-7002687 890 OAK STREET SE SALEM, OR 97301	SUPPORTS SALEM HEALTH	OREGON	501(C)(3)	7	SALEM HEALTH HOSPITALS AND CLINICS		X
SALEM HEALTH AUXILIARY - 93-1081113 890 OAK STREET SE SALEM, OR 97301	SUPPORTS SALEM HEALTH	OREGON	501(C)(3)	9	N/A		X
SALEM HEALTH - 93-0823471 890 OAK STREET SE SALEM, OR 97301	LEASES LAND TO SALEM HEALTH	OREGON	501(C)(3)	11 TYPE 1	N/A		X
SALEM HEALTH WEST VALLEY - 43-1960221 525 SOUTHEAST WASHINGTON STREET DALLAS, OR 97338	HOSPITAL	OREGON	501(C)(3)	3	SALEM HEALTH HOSPITALS AND CLINICS		X

Part II Continuation of 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 organization? Yes	(g) Section 512(b)(13) controlled organization? No
WEST VALLEY HOSPITAL FOUNDATION - 93-1298564 525 SOUTHEAST WASHINGTON STREET DALLAS, OR 97338	SUPPORTS SALEM HEALTH WEST VALLEY	OREGON	501(C)(3)	11 TYPE 1	SALEM HEALTH HOSPITALS AND CLINICS		X
WILLAMETTE VALLEY INSURANCE COMPANY - 20-1836190, 745 FORT STREET, HONOLULU, HI 96813	CAPTIVE INSURANCE	HAWAII	501(C)(3)	11 TYPE 1	SALEM HEALTH HOSPITALS AND CLINICS		X
SALEM HEALTH PROFESSIONAL SERVICES - 75-3175249, 890 OAK STREET SE, SALEM, OR 97301	BILLING SERVICE FOR PROFESSIONAL FEES	OREGON	501(C)(3)	3	SALEM HEALTH HOSPITALS AND CLINICS		X

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? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
OREGON COMMUNITY IMAGING, LLC - 20-2683062, 2925 RYAN DR SE, SALEM, OR 97301	MEDICAL IMAGING COOPERATIVE	OR	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
OHSU PARTNERS - 47-5584608 3303 SW BOND AVE STE 6100 PORTLAND, OR 97239	HEALTHCARE SYSTEM MANAGEMENT	OR	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
POPULATION HEALTH ALLIANCE - 47-1546023, 601 SW 2ND AVE STE 1940, PORTLAND, OR 97204	POPULATION HEALTH DATA MANAGEMENT	OR	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
WILLAMETTE VALLEY COMMUNITY HEALTH - 45-5540852, 2995 RYAN DRIVE SE STE 200, SALEM, OR 97301	COORDINATED CARE ORGANIZATION	OR	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

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

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

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

			Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.				
1	During the tax year, did the 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	1a	X	
b	Gift, grant, or capital contribution to related organization(s)	1b	X	
c	Gift, grant, or capital contribution from related organization(s)	1c	X	
d	Loans or loan guarantees to or for related organization(s)	1d	X	
e	Loans or loan guarantees by related organization(s)	1e		X
f	Dividends from related organization(s)	1f		X
g	Sale of assets to related organization(s)	1g		X
h	Purchase of assets from related organization(s)	1h		X
i	Exchange of assets with related organization(s)	1i		X
j	Lease of facilities, equipment, or other assets to related organization(s)	1j		X
k	Lease of facilities, equipment, or other assets from related organization(s)	1k	X	
l	Performance of services or membership or fundraising solicitations for related organization(s)	1l		X
m	Performance of services or membership or fundraising solicitations by related organization(s)	1m		X
n	Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	X	
o	Sharing of paid employees with related organization(s)	1o	X	
p	Reimbursement paid to related organization(s) for expenses	1p	X	
q	Reimbursement paid by related organization(s) for expenses	1q	X	
r	Other transfer of cash or property to related organization(s)	1r	X	
s	Other transfer of cash or property from related organization(s)	1s	X	

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

	(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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 sec 501(c)(3) orgs? Yes	(e) No	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

Part VII Supplemental Information

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