MIDDLESEX HOSPITAL

Financial Statements

September 30, 2011 and 2010

(With Independent Auditors' Report Thereon)

MIDDLESEX HOSPITAL

Financial Statements

September 30, 2011 and 2010

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KPMG LLP
One Financial Plaza
755 Main Street
Hartford, CT 06103

Independent Auditors' Report

The Board of Directors
Middlesex Hospital:

We have audited the accompanying balance sheets of Middlesex Hospital (the Hospital) as of September 30, 2011 and 2010, and the related statements of operations, changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the Hospital's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hospital's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Middlesex Hospital as of September 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

KPMG LLP

January 23, 2012

MIDDLESEX HOSPITAL

Balance Sheets

September 30, 2011 and 2010

(In thousands)

Assets		2011	2010
Current assets:			
Cash and cash equivalents	$	56,459	50,099
Short-term investments (note 5)		10,647	27,573
Patient accounts receivable, less reserve for uncollectible amounts of $11,945 and $9,808 in 2011 and 2010, respectively		42,961	38,248
Estimated third-party payor settlements		—	334
Prepaid and other		6,317	3,871
Current portion of investments limited as to use (note 5)		4,082	4,213
Total current assets		120,466	124,338
Investments limited as to use (note 5)		102,404	102,049
Other assets:			
Due from related parties (note 14)		110	908
Other		4,904	6,295
Total other assets		5,014	7,203
Property and equipment, net (note 6)		174,742	158,718
Total assets	$	402,626	392,308
Liabilities and Net Assets			
Current liabilities:			
Current portion of long-term debt (note 7)	$	3,123	2,827
Accounts payable		18,782	12,669
Accrued payroll and related liabilities		29,606	27,456
Estimated third-party payor settlements		207	—
Other accrued liabilities		2,166	2,946
Current portion of estimated self-insurance liability (note 10)		7,168	6,360
Current portion of accrued retirement liabilities (note 8)		65	3,889
Total current liabilities		61,117	56,147
Long-term liabilities:			
Long-term debt, net of current portion (note 7)		66,531	69,102
Estimated self-insurance liability, net of current portion (note 10)		5,632	5,540
Accrued retirement liabilities, net of current portion (note 8)		117,232	103,987
Other		14,042	12,722
Total long-term liabilities		203,437	191,351
Commitments and contingencies (notes 2, 3, 6, 7, 8, 9 and 10)			
Net assets:			
Unrestricted		124,933	131,224
Temporarily restricted (notes 11 and 12)		6,259	6,782
Permanently restricted (notes 11 and 12)		6,880	6,804
Total net assets		138,072	144,810
Total liabilities and net assets	$	402,626	392,308

See accompanying notes to financial statements.

MIDDLESEX HOSPITAL

Statements of Operations

Years ended September 30, 2011 and 2010

(In thousands)

		2011	2010
Unrestricted revenues:			
Net patient service revenue (notes 2 and 3)	$	336,113	326,682
Other revenue (note 4)		9,544	8,003
Total unrestricted revenues		345,657	334,685
Operating expenses:			
Salaries and wages		155,569	149,974
Fringe benefits		42,527	36,419
Purchased services		23,514	22,116
Supplies		33,144	31,046
Depreciation and amortization		21,737	21,232
Provision for bad debts, net of recoveries of $3,423 and $3,665 in 2011 and 2010, respectively		13,571	11,858
Interest		3,242	3,719
Other operating expenses		35,212	36,158
Total operating expenses		328,516	312,522
Income from operations		17,141	22,163
Other income (expense):			
Unrestricted gifts and bequests		471	491
Net investment income		4,986	3,799
Other nonoperating expenses		(874)	(861)
Equity in joint venture income (loss)		912	(650)
Loss from extinguishment of debt (note 7)		(1,117)	—
Total other income, net		4,378	2,779
Excess of revenues over expenses	$	21,519	24,942

See accompanying notes to financial statements.

MIDDLESEX HOSPITAL

Statements of Changes in Net Assets

Years ended September 30, 2011 and 2010

(In thousands)

		2011	2010
Unrestricted net assets:			
Excess of revenues over expenses	$	21,519	24,942
Change in net unrealized (losses) gains on other than trading securities		(5,780)	3,307
Change in accumulated pension charges to unrestricted net assets (note 8)		(19,038)	(20,229)
Transfer to parent		(3,398)	(2,466)
Net assets released from restrictions for purchase of property and equipment		406	754
Change in unrestricted net assets		(6,291)	6,308
Temporarily restricted net assets:			
Contributions		1,037	929
Net realized investment gains		267	206
Change in net unrealized (losses) gains		(334)	362
Net assets released from restrictions for purchase of property and equipment		(406)	(754)
Expenditures for intended purposes		(1,087)	(567)
Change in temporarily restricted net assets		(523)	176
Permanently restricted net assets:			
Contributions		85	208
Net realized investment (losses) gains		(9)	1
Change in net unrealized gains		—	7
Change in permanently restricted net assets		76	216
Change in net assets		(6,738)	6,700
Net assets, beginning of year		144,810	138,110
Net assets, end of year	$	138,072	144,810

See accompanying notes to financial statements.

MIDDLESEX HOSPITAL

Statements of Cash Flows

Years ended September 30, 2011 and 2010

(In thousands)

		2011	2010
Cash flows from operating activities:			
Change in net assets	$	(6,738)	6,700
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Depreciation and amortization		21,737	21,232
Provision for bad debts, net of recoveries		13,571	11,858
Loss from extinguishment of debt		1,117	—
Change in accumulated pension charges to unrestricted net assets		19,038	20,229
Restricted contributions, net of expenditures		(35)	(570)
Transfers to parent		3,398	2,466
Change in net unrealized losses (gains) and net realized gains on investments and investment income		870	(7,682)
Change in operating assets and liabilities:			
Patient accounts receivable		(18,284)	(11,025)
Due from related parties		798	(907)
Prepaid and other assets		(1,884)	505
Accounts payable, accrued payroll and related liabilities, and other liabilities		8,803	2,195
Accrued retirement liabilities		(9,617)	(4,875)
Estimated self-insurance liability		900	643
Estimated third-party payor settlements		541	(400)
Net cash provided by operating activities		34,215	40,369
Cash flows from investing activities:			
Purchases of property and equipment, net		(37,791)	(22,763)
Short-term investments, net		16,926	(8,392)
Proceeds from sales of investments limited as to use		10,909	11,336
Purchases of investments limited as to use		(18,141)	(13,489)
Distributions from joint venture		250	—
Investment income		6,138	4,060
Net cash used in investing activities		(21,709)	(29,248)
Cash flows from financing activities:			
Transfers to parent		(3,398)	(2,466)
Proceeds from issuance of long-term debt		33,803	—
Payments for refinancing of long-term debt		(32,641)	—
Repayment of long-term debt		(3,407)	(6,907)
Deferred financing costs		(538)	—
Restricted contributions, net of expenditures		35	570
Net cash used in financing activities		(6,146)	(8,803)
Net increase in cash and cash equivalents		6,360	2,318
Cash and cash equivalents, beginning of year		50,099	47,781
Cash and cash equivalents, end of year	$	56,459	50,099
Supplemental disclosure of cash flow information:			
Cash paid for interest	$	3,432	3,734
Cash paid for taxes		615	309

See accompanying notes to financial statements.

(1) Organization and Significant Accounting Policies

(a) Organization

Middlesex Hospital (the Hospital) is a not-for-profit acute care hospital. The Hospital is a wholly owned subsidiary of Middlesex Health System, Inc. (System). The Hospital is also a 50% joint owner of the Middlesex Center for Advanced Orthopedic Surgery, LLC. In addition to the Hospital, System's subsidiaries include Middlesex Health Services, Inc. (Services), Middlesex Health Resources, Inc. (Resources) and MHS Primary Care, Inc. (MHSPC). Services operates an assisted living facility. Resources owns and manages certain real estate and also owns an interest in a collection agency. MHSPC owns and operates physician practices.

(b) Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with U.S. generally accepted accounting principles.

(c) Cash Equivalents and Short-Term Investments

Cash equivalents represent highly liquid investments with maturities of less than three months. Short-term investments are primarily corporate bonds and commercial paper, with maturities of three to twelve months. Both exclude amounts limited as to use by board of directors (Board) designation or other restrictive arrangements.

(d) Investments and Investment Income

Investment income includes unrestricted realized gains and losses and unrestricted interest and dividends from board-designated funds and donor restricted funds included in investments limited as to use on the balance sheets. Income on short-term investment funds held by a trustee and assets deposited in the Hospital's self-insurance trust fund are reported as other revenue.

If donor restricted, the realized investment income and losses from donor restricted investments are added to the appropriate restricted net assets. Unrealized gains and losses on all investments are excluded from the excess of revenues over expenses and recorded as a component of net assets, except when certain declines represent an "other than temporary" impairment in accordance with the Hospital's policy. Other-than-temporary impairments of $868 and $53 were recorded in net investment income in the statements of operations for the fiscal years ended September 30, 2011 and 2010, respectively.

Investments are reported at fair value based on readily determinable fair market values or estimated fair value. Donated investments are reported at fair value at the date of receipt, which is then treated as cost.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, establishes a formal hierarchy and framework for measuring fair value, and expanded disclosure about fair value measurements and the reliability of valuation inputs. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described below:

- **Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Hospital has the ability to access.

- **Level 2** – Inputs to the valuation methodology include:

  – Quoted prices for similar assets or liabilities in active markets;

  – Quoted prices for identical or similar assets or liabilities in inactive markets;

  – Inputs other than quoted prices that are observable for the asset or liability;

  – Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

  If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- **Level 3** – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Investment securities, in general, are exposed to various risks. Recent market conditions have resulted in an unusually high degree of volatility and increased the risks and short term liquidity of certain investments held by the Hospital which could impact the value of investments after the date of these financial statements.

(e) Investments Limited as to Use

Investments limited as to use include assets set aside by the Board for future unspecified uses and to support education and other programs. The Board retains control over these funds and may at its discretion subsequently authorize the use of these funds for any purpose. Investments limited as to use also include donor restricted assets, assets held by trustees under revenue bond agreements, and a self-insurance trust arrangement.

(f) Property and Equipment, Net

Property and equipment acquisitions are recorded at cost. Property and equipment donated to the Hospital are recorded at fair value at the date of receipt. Improvements and major renewals are capitalized, and maintenance and repairs are charged to expense as incurred.

Depreciation is provided over the estimated useful life of each class of asset and is computed on the straight-line method. Estimated useful lives range from 3 to 10 years for equipment and 20 to 40 years for buildings and land improvements.

(g) Long-Lived Assets

The Hospital reviews long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset exceeds its fair value and may not be recoverable. At September 30, 2011 and 2010, no impairment was recorded.

(h) Estimated Self-Insurance Liability

The Hospital has adopted a policy of self-insuring the deductible portion of its medical malpractice and general liability insurance coverage. The deductible limits were $1,000 per claim and $3,000 in aggregate annually during fiscal 2011 and 2010. In addition, the Hospital self-insures its workers' compensation program and has purchased excess insurance for those losses exceeding $400 per occurrence (see note 10).

(i) Net Asset Categories

To ensure observance of limitations and restrictions placed on the use of resources available to the Hospital, the accounts of the Hospital are maintained in the following net asset categories:

Unrestricted

Unrestricted net assets represent available resources other than donor restricted contributions. Included in unrestricted net assets are assets set aside by the Board for future unspecified uses and to support education and other programs over which the Board retains control and may, at its discretion, subsequently use for other purposes.

Temporarily Restricted

Temporarily restricted net assets represent contributions that are restricted by the donor either as to purpose and/or as to time of expenditure.

Permanently Restricted

Permanently restricted net assets represent contributions received with the donor stipulation that the principal be invested in perpetuity and that only the income earned thereon be available for specific or general purposes.

(j) Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

(k) Income Taxes

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is generally exempt from Federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. Effective October 1, 2009, the Hospital adopted FASB Interpretation No. 48 (FIN 48), *Accounting for Uncertainty in Income Taxes*, included in ASC Topic 740, *Income Taxes*, which clarifies the accounting for uncertainty in income taxes recognized in a company's financial statements and prescribes a threshold of more-likely than-not for recognition of tax benefits of uncertain tax positions taken or expected to be taken in a tax return. FIN 48 also provides related guidance on measurement, derecognition, classification, interest and penalties, and disclosure. The adoption of this standard did not have a material impact on the Hospital's financial statements.

The Hospital's unrelated trade or business activities are generally limited to income from the laboratory and linen services provided to unrelated entities.

(l) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates. Financial statement areas where management applies the use of assumptions and estimates consist primarily of investments, the allowance for uncollectible accounts, net patient service revenue, third-party reimbursement matters, accrued retirement liabilities, and estimated self-insurance liability.

(2) Healthcare Regulatory Environment

Federal Regulatory Environment

The healthcare industry is subject to numerous laws and regulations of Federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare and Medicaid fraud and abuse and security and privacy of health information. Government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed.

Management believes that the Hospital is in compliance with fraud and abuse regulations as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

The State of Connecticut recently enacted Public Act No. 11-6, An Act Concerning the Budget for the Biennium Ending June 30, 2013 and Other Provisions Relating to Revenue, which included a tax on the net patient revenues of hospitals and changes to the Disproportionate Share Hospital (DSH) payments to hospitals effective for the State's fiscal year beginning July 1, 2011 that impacts all Connecticut hospitals. Other operating expenses includes approximately $800 for the initial quarter and the Hospital estimates a $3,200 annual reduction on its income from operations.

(3) Net Patient Service Revenue

The following table summarizes revenues from services to patients:

		2011	2010
Patient service revenue:			
Inpatient	$	466,210	406,629
Outpatient		567,462	531,514
		1,033,672	938,143
Deductions:			
Allowances		(690,703)	(601,941)
Charity care		(6,856)	(9,520)
		(697,559)	(611,461)
Net patient service revenue	$	336,113	326,682

The Hospital has agreements with third-party payors that provide reimbursement to the Hospital at amounts different from the Hospital's established billing rates. These differences, including self-insured portion of health care benefits provided at its facilities for its employees and their dependents, are accounted for as allowances in determining net patient service revenue.

Middlesex Hospital has a longstanding commitment to providing healthcare to all those in need, regardless of their ability to pay. The Hospital provides both free care and care at reduced rates. The charges written off for patients that qualified for free care under the Hospital's Charity Care Program totaled $6,856 and $9,520 in 2011 and 2010, respectively. The estimated costs for these services were $2,042 and $2,970 in 2011 and 2010, respectively.

During 2011 and 2010 approximately 34% of net patient service revenue was received under the Medicare program, 9% and 8%, respectively, under the state Medicaid and city welfare programs, 48% was received from contracts with private health payors and 9% and 10%, respectively, from patients and others. During the years ended September 30, 2011 and 2010, changes in estimates related to settlements with third-party payors for prior years increased net patient service revenue by $481 and $118, respectively.

(4) Other Revenue

Other revenue consists of revenue from grants, cafeteria sales, purchase discount rebates and rental income. In addition, included in other revenue is interest income on the following assets: funds held in trust under revenue bond agreements, funds held in the Hospital's self-insurance trust and notes receivable from related parties.

(5) Investments Limited as to Use and Short-Term Investments

Cost and market values for investments included in investments limited as to use as of September 30, 2011 and 2010 are summarized as follows:

	2011		2010	
	Total		Total	
	Market	Cost	Market	Cost
Mutual funds:				
Equity	$ 47,388	47,854	47,095	43,993
Fixed income	42,411	40,336	40,481	37,200
Common/collective trust	—	—	4,484	2,040
Common stock:				
U.S. equity	3,586	3,017	3,741	3,519
Non-U.S. equity	597	602	503	376
Corporate debt securities	203	203	214	203
U.S. Government and Agency obligations	921	922	416	418
Money market funds	6,059	6,092	7,400	7,418
Cash	5,321	5,321	1,928	1,928
Total	$ 106,486	104,347	106,262	97,095

At September 30, 2011, investments with a market value below cost for less than 12 months included certain common stock and U.S. government and Agency obligations with a market value of $454 and $236, respectively, and an unrealized loss of $31 and $1, respectively. Investments with market value below cost for more than 12 months included certain mutual funds, common stock and U.S. government and Agency obligations with a market value of $15,708, $792, and $685, respectively, and an unrealized loss of $1,450, $81 and $1, respectively.

At September 30, 2010, there were no investments with a market value below cost for less than 12 months. Investments with market value below cost for more than 12 months included certain mutual funds, common stock and U.S. government and Agency obligations with a market value of $10,637, $971 and $416, respectively, and an unrealized loss of $216, $156 and $2, respectively.

Investments limited as to use consisted of the following as of September 30, 2011 and 2010:

	2011		2010	
	Market	**Cost**	**Market**	**Cost**
Funds held in trust under revenue bond agreements	$ 4,431	4,433	4,309	4,311
Funds held in trust for estimated self-insurance liability	7,771	7,564	8,598	7,954
Board-designated funds	80,737	79,087	79,978	72,674
Donor-restricted funds	13,547	13,263	13,377	12,156
Total	$ 106,486	104,347	106,262	97,095

Included in net investment income for the years ended September 30, 2011 and 2010 were realized gains on sales of investments of $3,500 and $1,766, respectively.

The following table sets forth by level, within the fair value hierarchy, the Hospital's short-term investments and assets whose use is limited at fair value as of September 30, 2011:

	Fair value as determined by quoted prices in active markets (Level 1)	Valuation techniques based on observable market data (Level 2)	Valuation techniques incorporating information other than observable market data (Level 3)	Total
Mutual funds:				
Equity	$ 47,388	—	—	47,388
Fixed income	42,411	—	—	42,411
Common stock:				
U.S. equity	3,586	—	—	3,586
Non-U.S. equity	597	—	—	597
Corporate debt securities	—	6,823	—	6,823
U.S. Government and Agency obligations	—	4,948	—	4,948
Money market funds	6,059	—	—	6,059
Cash	5,321	—	—	5,321
	$ 105,362	11,771	—	117,133

The following table sets forth by level, within the fair value hierarchy, the Hospital's short-term investments and assets whose use is limited at fair value as of September 30, 2010:

	Fair value as determined by quoted prices in active markets (Level 1)	Valuation techniques based on observable market data (Level 2)	Valuation techniques incorporating information other than observable market data (Level 3)	Total
Mutual funds:				
Equity	$ 47,095	—	—	47,095
Fixed income	40,481	—	—	40,481
Common/collective trust	—	4,484	—	4,484
Common stock:				
U.S. equity	3,741	—	—	3,741
Non-U.S. equity	503	—	—	503
Corporate debt securities	—	13,551	—	13,551
U.S. Government and Agency obligations	—	14,652	—	14,652
Money market funds	7,400	—	—	7,400
Cash	1,928	—	—	1,928
	$ 101,148	32,687	—	133,835

Mutual funds and common stock are traded actively on exchanges and price quotes for these shares are readily available. As such, these are valued at closing values on active exchanges.

For corporate debt securities and U.S. government and agency obligations multiple prices and price types are obtained from pricing vendors whenever possible, which enables cross-provider validations. A primary price source is identified based on asset type, class or issue for each security. The fair values of fixed-income securities are based on evaluated prices that reflect observable market information, such as actual trade information of similar securities, adjusted for observable differences.

In accordance with Accounting Standards Update (ASU) 2009-12, net asset value (NAV) may be used as a practical expedient to estimate the fair value of certain investments, unless it is probable that all or a portion of the investment will be sold for an amount different from NAV. As of September 30, 2011 and 2010, the Hospital had no intentions to sell investments at amounts different than NAV.

Common collective trusts invest in other public or private individual assets as determined and managed by the fund. The Hospital's interest in the common/collective trust fund is primarily based on the fair values of the underlying investments. Investments in collective trust funds are valued at their respective NAV per share/unit on the valuation date. The Hospital can redeem these investments at NAV on a daily basis.

The redemption period for the Hospital's financial instruments ranges from daily to weekly and requires notification of one to thirty days.

(6) Property and Equipment, Net

Property and equipment and the related accumulated depreciation as of September 30, 2011 and 2010 consist of the following:

		2011	2010
Land and land improvements	$	9,196	4,421
Buildings and fixed equipment		236,364	227,633
Land and building under capital leases		—	711
Other equipment		163,590	154,504
Leasehold improvements		2,545	4,212
		411,695	391,481
Less accumulated depreciation		(258,275)	(236,911)
		153,420	154,570
Construction in progress (estimated cost to complete $6,984)		21,322	4,148
Property and equipment, net	$	174,742	158,718

Total rental expense under operating leases for the years ended September 30, 2011 and 2010 was $5,316 and $5,347, respectively.

The following is a schedule of future minimum rentals under non-cancelable operating lease agreements:

Fiscal year ending:		
2012	$	3,998
2013		3,417
2014		2,806
2015		1,626
2016		954
Thereafter		5,846
	$	18,647

Property under capital lease had a net book value of $298 at September 30, 2010. During the year ended September 30, 2011, the Hospital acquired a building previously under a capital lease.

(7) Long-Term Debt

As of September 30, 2011 and 2010, the Hospital's long-term debt consisted primarily of the following State of Connecticut Health and Educational Facilities Authority (CHEFA) Revenue Bonds and certain mortgage notes payable which are secured by certain real estate and other real property:

	2011	2010
Fixed Rate Revenue Bonds, Series N, due July 1, 2027	$ 31,930	—
Fixed Rate Revenue Bonds, Series M, due July 1, 2027	13,530	14,185
Fixed Rate Revenue Bonds, Series L, due July 1, 2036	21,465	21,915
5.0% to 5.125% Revenue Bonds, Series H, due July 1, 2027	—	34,830
Mortgage notes and capital leases, net of interest	152	816
	67,077	71,746
Add bond premium	2,577	740
Less bond discount	—	(557)
Less current portion	(3,123)	(2,827)
	$ 66,531	69,102

CHEFA Series L Revenue Bonds (Series L bonds) and CHEFA Series M Auction Rate Bonds (Series M bonds) were issued on December 7, 2006 for $22,760 and $16,620, respectively. The Series L proceeds were used to finance the construction of a new emergency department facility and the Series M proceeds were used to refinance the Series K bonds. The Series L bonds mature from July 1, 2009 through July 1, 2036 at interest rates between 4.0% and 5.0%. On April 17, 2008, the Series M bonds were converted from their initial auction rate mode to a fixed rate mode. The Series M bonds mature from July 1, 2008 through July 1, 2027 at interest rates between 3.000% and 4.875%. CHEFA Series N Revenue Bonds (Series N bonds) were issued on July 26, 2011 for $31,930. The Series N proceeds were used to refinance the Series H bonds. The Series N bonds mature from July 1, 2012 through July 1, 2027 at interest rates between 3.0% and 5.0%.

The Hospital has entered into a unsecured revolving line of credit agreement with a local bank. The maximum borrowing limit on this line of credit totaled $6,000 as of September 30, 2011 and 2010. Advances under this agreement have an annual interest rate based on the LIBOR rate plus 1.0% as determined for each interest period. The line of credit expires on April 30, 2012. As of September 30, 2011 and 2010 there were no advances.

In fiscal 2011, CHEFA Series N Revenue Bonds (Series N bonds) were issued on behalf of Services to refinance the Series I bonds. The Series N bonds mature from July 1, 2012 through July 1, 2027 at interest rates between 3.0% and 5.0%. As a member of the obligated group, the Hospital is a guarantor of the Series N bonds. The outstanding balance of these bonds was $5,430 at September 30, 2011.

The Hospital is required to maintain certain deposits with a trustee relating to its outstanding CHEFA bonds. Such deposits are included in investments limited as to use in the financial statements and consist of $4,431 in debt service funds. All of the outstanding CHEFA bonds and mortgage notes place limits on the incurrence of additional borrowings and require that the Hospital satisfy certain measures of financial performance as long as the bonds and mortgage notes are outstanding. All of the outstanding CHEFA bonds are secured by the gross receipts of the Hospital.

The fair value of the Hospital's CHEFA bonds, based on market prices, was approximately $70,215 and $71,013 at September 30, 2011 and 2010, respectively.

In 2004, the Hospital entered into a 25 year capital lease of $4,464 with an interest rate of 8.3% for a building. Under the terms of this capital lease, the Hospital exercised its option to purchase the building in 2010 for $4,820.

Aggregate scheduled repayments on long-term debt and capital lease payments are as follows:

	Long-term debt	Mortgage notes/ capital leases
2012	$ 3,060	63
2013	3,045	42
2014	3,135	21
2015	3,255	21
2016	3,410	5
Thereafter	51,020	—
	66,925	152
Add bond premium	2,577	—
	$ 69,502	152

(8) Defined Benefit Retirement Plans

The Hospital sponsors several retirement plans including a noncontributory, defined benefit pension plan (the Plan) covering substantially all of its employees. The Plan's benefits are based on years of credited service and average base pay during the employees' five highest-paid consecutive calendar years of credited service. The Plan is funded in accordance with the Employee Retirement Income Security Act (ERISA) minimum funding requirements.

On July 31, 2009 the Hospital adopted a soft freeze of the Plan, effective January 1, 2010. All pension accruals have ceased under the terms of the Plan, with the limited exception that participants who were actively employed on December 31, 2009 will continue to have eligible compensation earned after December 31, 2009 recognized in the calculation of their accrued benefit beyond December 31, 2009.

As of December 31, 2010, the current Supplemental Executive Retirement Plan (SERP) was frozen and converted from a defined benefit to a defined contribution approach. In doing so, the lump sum value of the current SERP accrued benefit as of December 31, 2010 was established as the opening defined contribution account value as of January 1, 2011. These plan changes triggered curtailment and settlement accounting in fiscal 2011 following board approval of the plan changes. For accounting purposes, the defined benefit element of the current SERP is now terminated. Beginning January 1, 2011, the defined contribution element of the current SERP (including the opening value) will be accounted for as a defined contribution plan.

The funded status at September 30, 2011 and 2010 for the plans are as follows:

		2011	2010
Accumulated benefit obligation	$	216,037	202,423
Change in projected benefit obligation:			
Projected benefit obligation, beginning of year		248,047	216,172
Service cost		42	2,576
Interest cost		12,319	12,482
Actuarial loss		12,393	22,074
Benefits paid		(12,062)	(5,257)
Curtailments		(1,191)	—
Settlements		905	—
Projected benefit obligation, end of year		260,453	248,047
Change in plan assets:			
Fair value of plan assets, beginning of year		140,171	123,650
Actual return on plan assets		144	10,853
Employer contributions		16,978	10,925
Benefits paid		(12,062)	(5,257)
Fair value of plan assets, end of year		145,231	140,171
Funded status	$	(115,222)	(107,876)
Amounts recognized in balance sheets consist of:			
Current liability		(65)	(3,889)
Noncurrent liability		(115,157)	(103,987)
Net amount recognized	$	(115,222)	(107,876)
Amounts recognized as accumulated charges to unrestricted net assets consist of:			
Net actuarial loss		107,292	87,260
Prior service cost		—	994
	$	107,292	88,254

Following is a summary of net periodic benefit cost for the years ended September 30, 2011 and 2010:

		2011	2010
Components of net periodic benefit cost:			
Service cost	$	42	2,576
Interest cost		12,319	12,482
Expected return on plan assets		(10,917)	(10,276)
Net amortization and deferral		1,561	1,268
Curtailment loss		458	—
Settlement loss		1,823	—
Net periodic benefit cost	$	5,286	6,050

The prior service cost that will be amortized from accumulated charges to unrestricted net assets into net periodic benefit cost over the next fiscal year is $2,099.

	2011	2010
Weighted average assumptions as of September 30:		
Discount rate (obligation)	4.65%	5.20%
Discount rate (service cost – see below)	5.20	5.60
Expected long-term return on plan assets	7.00	7.00
Rate of compensation increase	4.00	4.00

The discount rate is based on high-grade bond yield curve under which benefits were projected and discounted at spot rates along the curve. The discount rate was then determined as a single rate yielding the same present value. The expected long-term rate of return on plan assets is 7%.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2011:

	Fair value as determined by quoted prices in active markets (Level 1)	Valuation techniques based on observable market data (Level 2)	Valuation techniques incorporating information other than observable market data (Level 3)	Total
Mutual funds:				
Equity	$ 72,412	—	—	72,412
Fixed income	50,568	—	—	50,568
Common/collective trust	—	9,504	—	9,504
Common stock:				
U.S. equity	4,543	—	—	4,543
Non-U.S. equity	1,004	—	—	1,004
Money market funds	7,200	—	—	7,200
	$ 135,727	9,504	—	145,231

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of September 30, 2010:

	Fair value as determined by quoted prices in active markets (Level 1)	Valuation techniques based on observable market data (Level 2)	Valuation techniques incorporating information other than observable market data (Level 3)	Total
Mutual funds:				
Equity	$ 77,097	—	—	77,097
Fixed income	47,484	—	—	47,484
Common/collective trust	—	8,974	—	8,974
Common stock:				
U.S. equity	4,675	—	—	4,675
Non-U.S. equity	871	—	—	871
Money market funds	1,070	—	—	1,070
	$ 131,197	8,974	—	140,171

Mutual funds and common stock are traded actively on exchanges and price quotes for these shares are readily available.

Common collective trusts invest in other public or private individual assets as determined and managed by the fund. The Plan's interest in the common/collective trust fund is based on the fair values of the underlying investments. Investments in collective trust funds are valued at their respective NAV per share/unit on the valuation date. The Plan can redeem these investments at NAV on a daily basis.

The redemption period for the Plan's financial instruments ranges from daily to weekly and requires notification of one to thirty days.

The Plan's weighted average asset allocations at September 30, 2011 and 2010 by asset category are as follows:

	Target	2011	2010
Equity securities	60%	60%	59%
Debt securities	40	40	41
Total	100%	100%	100%

The investment policy, as established by the Investment Committee, is to earn a total return in any 5-year period that will have exceeded the interest assumption in the actuarial plan valuation for that five-year period. For performance evaluation purposes, all rates of return will be examined on a net-of-fee basis. The pension assets are to be broadly diversified so as to limit the impact of large losses in individual investments on the total portfolio. The asset allocation is reviewed on a quarterly basis.

Contributions of $10,800 are expected to be paid to the Plan in 2012.

The following benefit payments, which reflect expected future service for the retirement plans, are expected to be paid:

2012	$ 6,830
2013	7,503
2014	8,223
2015	8,926
2016	9,746
2017 – 2021	61,790
	$ 103,018

The Hospital does not provide post-retirement medical or health insurance benefits.

(9) Defined Contribution Plans

Effective January 1, 2010 the Hospital implemented a new retirement program called the Middlesex Retirement Savings and Investment Plan which provides an automatic core contribution and a matching contribution when participants choose to make pre-tax contributions. The Hospital matches 50% of the first 4% that an employee contributes. In addition, employees become eligible for a core contribution upon completion of 12 months service provided they earn at least 1,000 hours of service in a calendar year and are actively employed on December 31, unless they retire or become disabled. The core contribution, which ranges from 2-6% of eligible pay, is based on the employee's age and years of services on December 31. The Hospital's contributions to the plan totaled $2,717 and $1,998 in 2011 and 2010, respectively. In addition, a core contribution of $3,870, which is scheduled to be paid in 2012, is included in accrued payroll and related liabilities.

In addition, the Hospital sponsors other defined contribution plans for eligible employees. The Hospital's contributions to these plans totaled approximately $1,603 and $240 in 2011 and 2010, respectively.

(10) Estimated Self-Insurance Liability and Other Contingencies

There have been malpractice, general liability, and workers' compensation claims that fall within the Hospital's partially self-insured program (see note 1) which have been asserted against the Hospital. In addition, there are known incidents that have occurred through September 30, 2011 that may result in the assertion of claims.

The Hospital has established an irrevocable trust, funded based upon actuarially determined funding levels, to provide for the payment of malpractice and general liability claims and related expenses.

In addition, the Hospital is involved in litigation arising in the ordinary course of business. In the opinion of Hospital management, the ultimate resolution of these claims will not have a material impact on the Hospital's results of operations or financial position.

(11) Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Hospital has been limited by the donors for a specific purpose. Temporarily restricted net assets are available for the following purposes as of September 30, 2011 and 2010:

		2011	2010
Education	$	1,750	1,760
Health services		1,397	1,429
Capital and other		3,112	3,593
	$	6,259	6,782

Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity. Permanently restricted net assets as of September 30, 2011 and 2010 are as follows:

		2011	2010
Free beds	$	1,562	1,571
Support of hospital operations		4,620	4,412
Other		698	821
	$	6,880	6,804

(12) Endowments

Effective October 1, 2008, the Hospital adopted FASB Staff Position No. 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures for All Endowment Funds (FSP 117-1), now part of FASB ASC 958-205, *Not-for-Profit Entities –Presentation of Financial Statements*. On October 1, 2007 the Uniform Prudent Management of Institutional Funds Act (UPMIFA) was adopted by the State of Connecticut (Act). The new law updated existing fundamental investment principles providing standards to guide investing in a prudent manner and eliminating the restriction that endowment funds could not be spent below its historical dollar value. The Hospital considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the Hospital and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Hospital and (7) the investment policies of the Hospital.

The Hospital's endowments consist of approximately thirteen individual funds established for a variety of purposes including both donor-restricted endowment funds and funds designated by the Board of Directors to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Hospital has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. The Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard of prudence prescribed by the Act.

Endowment funds consist of the following at September 30, 2011:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	3,092	6,880	9,972
Board-designated endowment funds	77,417	—	—	77,417
Total endowed net assets	$ 77,417	3,092	6,880	87,389

Endowment funds consist of the following at September 30, 2010:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ —	3,133	6,804	9,937
Board-designated endowment funds	77,811	—	—	77,811
Total endowed net assets	$ 77,811	3,133	6,804	87,748

Changes in endowment funds for the year ended September 30, 2011 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, October 1, 2010	$ 77,811	3,133	6,804	87,748
Investment return:				
Investment income	4,986	111	—	5,097
Net depreciation	(5,342)	(100)	(9)	(5,451)
Total investment return	(356)	11	(9)	(354)
Contributions, gifts and bequests	—	—	85	85
Transfers	—	(32)	—	(32)
Appropriation of endowment assets for expenditure	(38)	(20)	—	(58)
Endowment net assets, September 30, 2011	$ 77,417	3,092	6,880	87,389

Changes in endowment funds for the year ended September 30, 2010 are as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, October 1, 2009	$ 71,222	3,018	6,588	80,828
Investment return:				
Investment income	3,799	86	1	3,886
Net appreciation	2,899	64	7	2,970
Total investment return	6,698	150	8	6,856
Contributions, gifts and bequests	—	—	208	208
Transfers	—	(10)	—	(10)
Appropriation of endowment assets for expenditure	(109)	(25)	—	(134)
Endowment net assets, September 30, 2010	$ 77,811	3,133	6,804	87,748

The Hospital has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Hospital must hold in perpetuity or for a donor-specified period as well as board-designated funds.

To satisfy its long term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation that places emphasis on investments in equities, fixed income and alternative investments to achieve its long-term return objectives with prudent risk constraints.

The Hospital follows a policy of spending an amount that approximates the investment income earned, in addition to specific purchases of capital equipment. Accordingly, the Hospital expects its spending policy will allow its endowment funds to be maintained in perpetuity by growing at a rate at least equal to the planned payouts. Additional real endowment growth will be provided through new gifts and any excess investment return.

(13) Functional Expenses.

The Hospital provides health care services primarily to residents within its geographic location. Expenses to provide these services for the years ended September 30, 2011 and 2010 are as follows:

		2011	2010
Health care services	$	282,285	264,564
Administrative and general		46,231	47,958
	$	328,516	312,522

(14) Related Party Transactions

As of September 30, 2011 and 2010, the Hospital had the following receivables from related parties:

		2011	2010
Middlesex Health Resources, Inc.	$	19	3
Middlesex Health Services, Inc.		33	6
MHS Primary Care, Inc.		58	899
Total due from related parties	$	110	908

Certain general and administrative supplies and services and other miscellaneous costs are paid by the Hospital on behalf of certain affiliates. Amounts due for these services are reflected as other receivables in the preceding table.

The Hospital paid Resources approximately $418 and $383, respectively, during 2011 and 2010 for rent.

In addition, the Hospital had promissory notes due from MHS Primary Care, Inc. for lines of credit totaling $166 at a rate of 7% to be paid in 120 monthly installments. The balances due on these notes were $48 and $67 at September 30, 2011 and 2010, respectively.

The Hospital made a cash transfer to the System of $3,398 and $2,466 for 2011 and 2010, respectively. The Hospital, in support of the System's mission, transfers funds annually to the System in conjunction with supporting activities within the integrated network. As of September 30, 2011, the Hospital has committed to transfer $2,998 to the System in fiscal 2012.

(15) Subsequent Events

The Hospital has evaluated events through January 23, 2012, which represents the date the financial statements were available to be issued and noted no subsequent events that would have impacted the Hospital's financial statements.

(16) Community Benefit (Unaudited)

(statistical information in whole numbers)

As a medium-sized community hospital within a health system, providing extensive Community Benefit programs and services has always been the cornerstone of our organization. Continuous dedication to the communities we serve remains the hallmark of our vision, mission, and strategic planning. These objectives are inherent in the Health System and Hospital's vision and mission statements. The System's mission is to *improve the health and well-being of our community by providing quality health care services with caring, compassion and skill* with a vision designed to *create a new standard for community health care* by contributing *materially to the health and well being of the communities it serves*. The pledge to Community Benefit is strengthened by the Hospital's inclusion of the term *Community Benefit* in its mission statement: *the Hospital recognizes community benefit, transparency and integrity as fundamental responsibilities and strives to meet community health needs to the fullest extent possible within its ability and resources*. Middlesex Hospital's Community Benefit program was formalized in 2006 as a natural outgrowth for housing our long-standing community services under one roof. Since then, strengthening our Community Benefit program with targeted programs to meet community health and well-being needs and promoting community-wide health improvement services has been an annual priority initiative for our Hospital's leadership and remains a core institutional program. Our comprehensive Community Benefit model encompasses the following domains: executive involvement and commitment; a defined reporting structure; dedicated staffing resources; governance engagement; staff participation; annual goals; inclusion in annual organizational planning; internal and external communications; and inclusion of community members and agency partners. This footnote provides an overview of Middlesex Hospital's community benefit activities, organized by the categorical accounting standards as determined by the Catholic Health Association/VHA structure *(Catholic Health Association, "A Guide For Planning and Reporting Community Benefit", 2006, revised 2008).*

(a) Community Health Improvement Services

The Hospital subsidizes a vast range of community health education and health improvement programs, none of which are developed for marketing purposes, all of which are supported as a means of fulfilling the Hospital's mission to serve its community. Almost 100% of the time these services are offered free of charge; in the rare instance where a nominal fee is assessed, the cost of providing the service is not covered. Community health education is provided to the community at large, including (but not limited to) local schools, colleges, assisted living and skilled nursing facilities, small businesses and chamber of commerce, local health care provider agencies, non-Hospital affiliated healthcare providers, and social services. Some of the programs represent one time events, however most are ongoing and over the years have become entrenched in the community as a source of support and continued education for a healthful future. Community health education is provided by the Hospital in many formats including lectures, written materials, interactive presentations and other group programs/activities. Examples of health educational programming include (but are not limited to):

- *Community Education Presentations*: including hand washing; H1N1 virus containment and vaccination; cancer prevention, integrative medicine, caregiver resources, chronic pulmonary obstructive disease/respiratory care, arthritis, diabetes, asthma (adult and pediatric), chronic heart failure, childhood obesity, smoking cessation, nutrition, stroke education, fall prevention. With geriatric services uncovered as a priority area in the Hospital's health assessment, the increased focus on health education for the elderly and local non-Hospital affiliated healthcare practitioners in geriatric services is exemplified by the Hospital's conducting targeted presentations to both sectors including the topics of fall prevention; the signs and symptoms of stroke; warning signs the elderly should not ignore; and 10 common healthcare errors seniors make.
- *Health and Wellness Events/Health Fairs*: it is common practice for the Hospital's staff members to answer the call of the community any time a request is made for educational support – one example is the annual request by Connecticut Valley Hospital, the state's department of mental health and addiction services, for the Hospital to participate in its employee and patient day-long health fair – the Hospital provides staffing to share information on multiple health topics to 400+ attendees, which includes a vulnerable general patient population as well as those held in the forensic division. The Hospital regularly participates in area health fairs/wellness events to share critical health information on topics and services including: diabetes; asthma; chronic obstructive pulmonary disease; slips and fall prevention and safety; blood pressure screenings; cancer awareness including breast, prostate and skin; smoking cessation data and information; bone density screening; maternal child health education; rehabilitation therapy; and youth behavioral health issues.
- *Support Groups*: The Hospital provides, at no charge, many support groups for patients and their families in response to the community's need for additional support in addressing the social, psychological or emotional issues that often occur in connection with disease, disability and grief. The support and skills of trained professionals offer self-help techniques and wellness/health-promotion. Support groups include: bereavement; caregivers; diabetes;

meditation; prostate cancer; leukemia, lymphoma, and multiple myeloma; cancer's survivors; breastfeeding; first foods; and fit for kids.

- *Cancer Center Health Awareness*: as facing cancer can be one of life's most challenging experiences for patients, the Hospital's Cancer Center provides extensive free-of-charge services in an educational and supportive environment. An emphasis is placed on including family members in all support services. In addition to the substantial number of cancer-related support groups, the Cancer Center offers – at no cost – an annual Breast Cancer Awareness event; annual Cancer Survivor's Day; annual prostate event; annual Healthy Living Through Prevention wellness event; an art therapy program; movement through dance; nutrition and exercise class for breast cancer patients; wig room; and a comprehensive educational series with a multi-dimensional approach to defining cancer – including dealing with side effects, the importance of nutrition and exercise, coping with emotions and spirituality, alternative and integrative medicine therapies, and methods for communication.
- *Maternal Child Support*: To reach out to the community's vulnerable population, the Hospital's Pregnancy and Birth Center (PBC) waives all fees for participants from the Hospital's Family Advocacy Maternal Child Health Program – a comprehensive service within the Behavioral Health Department that outreaches to low-income families lacking necessary resources. Tuition waiver allows access for Family Advocacy members to PBC's Newborn & Infant classes, Breastfeeding classes, and Prepared Childbirth classes.
- *Health Literature*: providing no-cost access to health care literature and resources to the public is possible through the Hospital's libraries and publications. The Hospital's main campus and Cancer Center libraries encourage community use of health and medicine resource information. The community, including students, patients, nonemployed nurses and physicians routinely utilizes the library's extensive collection of books and periodicals and depends on librarian support as a part of information gathering. The Cancer Center library is an active participant of the CT Library On Request System, which is available in public libraries as a resource to locate and borrow books, videos and tapes – with the assistance of the Hospital's librarian, patients and families are able to obtain desired cancer health information by use of this service. In addition, the Cancer Center issues a quarterly newsletter (2,500 household mailing) that reviews cancer-related and health living topics.

Throughout the year the Hospital provides a number of community-based clinical services, including clinics and screenings offered on a reoccurring basis or as a special event. The Hospital views screenings and clinics as valuable secondary prevention measures that enable the detection of early illness/disease onset, bring awareness to the screened individual regarding the importance of detection and early treatment intervention, and provide referral when appropriate and necessary. These services are offered to meet identified community needs and/or improve community health. Examples of the Hospital's community based clinical services offered to the community at large throughout the year include (but are not limited to): diabetes care free A1C screenings; annual flu shots and free blood pressure and cholesterol clinics provided by the Hospital's Homecare department, a subsidized service, to local seniors; free flu immunizations and TB testing offered to those who are unable to pay; and community-wide free screenings for blood pressure.

Healthcare support services include all programs offered by the Hospital in order to increase access and quality of care to individuals, especially those living in poverty and/or other vulnerable populations. As these services represent targeted programs and interventions based on need, they are critical for assisting patients in achieving improved health and wellness. Given the intensity and duration of the initiatives, life-long positive impacts are often realized. Examples include (but are not limited to):

- *Center for Chronic Care Management (CCCM) Disease Management*: – Currently over 10 years of age, a combined 10,000+ patients have been served by CCCM's various programs. The impetus for the center was an identified sub-set of repeat users of emergency department and inpatient services for asthma. A multidisciplinary team was tasked with examining notable resource gaps for this ambulatory care sensitive condition (that is, one that should be treated in the outpatient setting). A deficit of available outpatient services and coordination of care for asthmatics resulting in barriers for achievement of self-management was identified and in response, using the Chronic Care Model, an evidence-based, patient-centered outpatient asthma service for adults (AIRMiddlesex) and children (LittleAIR) was designed and implemented, offering a comprehensive and systematic approach to the management of asthma as a chronic illness. The asthma care program became the prototype for identifying and meeting community need for chronic care interventions by adding accessible and oftentimes free-of-charge outpatient services. Added services include diabetes disease management (provided since mid-1990, formalized in 2001) and its component medical nutrition therapy; smoking cessation (1999); chronic heart failure (2005); and childhood weight management (2008). The Center's disease management programs have evolved as a critical part of the health delivery system in Middlesex County by filling unmet chronic care needs. Within the CCCM model, special attention is paid to those unable to access services elsewhere: patients who experience multiple social issues, are often uninsured, are unable to achieve and sustain improved health, and frequently encounter barriers to care. Most programs are offered at no cost to the patient and the program is therefore heavily underwritten by the Hospital. Each of CCCM's initiatives cooperate with community agencies to provide chronic disease management education.

- *Cancer Care Management*: – the Cancer Care Program is a free program offered to patients with a breast, colon, lung, prostate or other cancer diagnosis. With compassion, reassurance and expert knowledge, the Nurse Navigators assist cancer patients in navigating the complex maze from diagnosis through the prescribed treatment and recovery phases of their illness. Additional support is given through education regarding medication and self-care requirements. The Navigators work with the network of specialists and technicians to ensure that the succession of tests and treatments are expedited in the best sequence with full consideration of the patient's needs.

- *Transportation & Prescription Voucher Assistance*: – the Hospital provides a no-cost transportation service for patients requiring radiation oncology treatment who struggle with transportation – with a special emphasis on providing the service for the elderly. Transportation vouchers are supplied to patients in urgent situations and prescription vouchers are given to help to defray costs for patients who are unable to pay for medication.

- *Financial Counseling*: – the Hospital provides information about its financial assistance program to all patients and makes this assistance available to individuals who meet established guidelines. Financial Counselors and social workers are available to answer questions and aid in the application process. In addition, the Hospital has an internal committee that monitors its financial assistance processes, reviews guidelines for appropriateness, and makes adjustments as needed to ensure optimal accessibility to the support.
- *Alternative to Hospitalization Program (ATH)*: – ATH is a collaborative system offered in the Hospital's Emergency Department where staff works with state behavioral health services to identify eligible individuals for linkage to community-based substance abuse treatment programs.
- *Women, Infants and Children (WIC) Program*: – WIC serves to safeguard the health of low-income women, infants, and children up to age five who are at nutritional risk by providing nutritious foods to supplement diets, information on healthy eating, and referrals to health care. Middlesex Hospital recently became the local subcontractor for WIC when the City of Middletown Health Department, after 25 years, was unable to renew the contract. In addition, due to significant city budget cut-backs, the Middletown program had merged with another county, which made accessibility challenging for local WIC clients. When community members suggested the Hospital assume the program, the Hospital agreed with the importance of keeping the program local, improving accessibility of services, and responding to community need. The service currently resides under the Hospital's comprehensive Family Advocacy Maternal Child Health program which provides support and outreach to a segment of the community's at-risk population.

(b) Health Professions Education

Helping to prepare future health care professionals is a long-standing commitment of Middlesex Hospital and distinguishing characteristic that constitutes a significant community benefit. Year round, the Hospital supports health professions education for medical students, nursing students and technicians. The nationally respected *Middlesex Hospital Family Medicine Residency Program* graduates an impressive number of Family Practice physicians, many of whom continue to practice in the Middlesex County area after their training is complete. For more than 35 years the Hospital's Family Medicine Residency Program has trained physicians for a future in family practice. The educational curriculum encompasses a balanced approach in the domains of practical experiences and academics; independent and supervised study; office practice and hospital care; biomedical and psychosocial issues; personal medical care and community health perspectives; and core requirements and self-directed learning. Specialty tracks include: maternal/child; palliative medicine/geriatric; international health; integrative medicine; academic and leadership. To strengthen commitment to community health, each resident is required to participate in a community project as a means of understanding the community's available resources and health needs. Many of the residency projects have developed into on-going support programs for community members.

In addition to its Family Practice residents, the hospital welcomes medical and nursing student interns and provides on-site training during clinical rotations. Nursing students from local colleges and programs receive hands-on mentorship in the majority of clinical service lines year-round. For the nursing students, a good portion of the student-staff interaction is 1:1. The objective of the rotational format is to complement classroom learning with practical application; expose students to the integration of evidence based practice; train students in the care for patients with complex needs; and aid students in developing the organizational, interpersonal, and critical thinking skills needed to enter the field of nursing. Other healthcare professional education includes: the Hospital's Radiology School – a 50+ year old program that graduates radiologic technologists with an associates degree, prepares them to pass the national certification test for radiographers and quality for state licensure, and operates at a loss for the Hospital; and clinical educational student training in the fields of pharmacy, social work, hospice, behavioral health, nuclear medicine, rehabilitation and physical therapy, infection prevention, phlebotomy, emergency responders, surgical services, among other areas of healthcare. In addition to teaching within the walls of the hospital, staff members continuously work with non-Hospital employed health care providers and agencies in the community – topics have included (but are not limited to): stroke education, smoking cessation, chronic obstructive pulmonary disease, nutritional counseling, asthma, diabetes, chronic heart failure, childhood obesity, stress management, fall prevention, mammography, pain management, H1N1, elder care, health literacy, nurturing parenting training, child and adolescent behavioral health, and psychological testing. The Hospital's paramedics share their knowledge with health providers in the community on an on-going basis by providing regular EMS in-service training to volunteer emergency medical service organizations such as fire departments and ambulance associations.

(c) Subsidized Health Services

The Hospital's subsidized health services represent a significant portion of Middlesex Hospital's annual community benefit aggregate financials and numbers served. Subsidized services are particular clinical programs provided to the community despite a financial loss, with negative margins remaining after specific dollars (charity care and bad debt) and shortfalls (Medicaid) are removed. In order to qualify as a subsidized service, the program must meet certain health delivery criteria; meet an identified need in the community; and would become unavailable or the responsibility of a governmental or another not-for-profit agency to provide if the Hospital discontinued the service. Middlesex Hospital's subsidized services for include Family Practice Group, Behavioral Health (inpatient and outpatient), Homecare, Cardiac Rehabilitation, Paramedics, Hospice, Wound Care and Pulmonary Rehabilitation.

- *Family Practice Group*: – The Family Practice Group of Middlesex Hospital is made up of twelve faculty physicians and twenty-four resident physicians who are completing their four-year training in the specialty of Family Medicine (note: faculty and residency costs are captured under Health Professions Education). The group has been providing high-quality medical care to Middlesex County's community members since 1974. The practice serves patients of all ages with health care often coordinated for the entire family. Referrals to specialists are made when needed, with the Family Practice physician following patient care jointly with the specialist. In addition to caring for patients in the office, the Family Practice

physicians follow the care of their patients when they in Middlesex Hospital and some local nursing and convalescent homes. If the need arises and patients are confined to their homes, house calls can also be arranged. The Family Practice Group is comprised of three locations: Middletown, East Hampton and Portland. Nurse health educators are available in the three family practice offices to provide counseling on health-related topics that promote a healthy lifestyle. The offices are equipped for comprehensive preventive health care procedures such as Pap smears, vision and hearing testing, pulmonary function testing, and electrocardiograms. Minor surgical procedures can also be performed in all three offices. As the Family Practice group is within the Middlesex Hospital Health System, it relies on the broad services offered by the system. Services include access to multiple laboratory facilities for routine tests, counseling among many other outpatient service lines. In addition, all faculty physicians and resident physicians are on the staff of Middlesex Hospital. Middlesex Hospital's Family Practice group is a critically important subsidized outpatient service as it fills a gap in primary care services and addresses access to care challenges. Middlesex County has been designated by the Health Resources and Services Administration (HRSA) to be a Medically Underserved Area experiencing a shortage of select health services which include too few primary care providers. In addition, HRSA reports that Middlesex County is a Health Professional Shortage Area (HPSA) for primary medical care.

- *Middlesex Hospital's Behavioral Health Program*: – provides a large spectrum of behavioral health services, including inpatient and outpatient therapy and support, child and adolescent services and a maternal child health program – and is heavily subsidized by the Hospital. The Hospital recognizes that the life disruptions caused by mental illness, severe behavioral problems, and addiction especially coupled with medical complexities can be devastating for patients and their families and is committed to providing the highest standard of care for both the physical and behavioral health needs of its psychiatric patients. Treatment is provided regardless of the patient's background and/or ability to pay. The behavioral health system at Middlesex Hospital is premised on guiding principles designed to empower each individual to attain optimal functioning in a compassionate, supportive, professional, collaborative environment. Each care plan is individualized with careful consideration of the patient's physical and mental needs and preferences. The Hospital has a 20 bed psychiatric unit for patients requiring inpatient stays; Day Treatment Program that provides intensive outpatient and partial hospital services for adolescents, adults and geriatric patients with psychiatric and co-occurring substance abuse/ psychiatric disorders; Outpatient Behavioral Health Clinic that offers treatment in individual, family, and group therapy to meet general adult and senior psychiatric needs; Family Advocacy Program (FAP) that offers comprehensive psychiatric services designed to improve the lives of children, adolescents and their families and improve access to critical resources; and FAP Maternal Child Health which provides primary prevention, case management and home-based parenting skill building wrap around and support services for at-risk first time families involved in Department of Children and Families (DCF)

- *Middlesex Hospital Homecare*: – Recognizing the need for medical services for patients who are homebound, the Hospital's Homecare department, founded in 1900, makes over 160,000 visits per year to community residents with services available 7 days/week, 24 hours/day. While the program requires subsidy from the Hospital, it meets a vital need in community health. Staffing includes specialty nurses, home health aides, physical therapists, occupational therapists, speech therapists, medical social workers and nutritionists. The broad array of comprehensive services offered to meet the needs of the homecare patient encompass: 1) behavioral; 2) diabetes care and education; 3) specialized cardiac care; 4) geriatric care which focuses on the special needs of senior patients and includes management of conditions, complex medications and/or long-term illness; 5) infusion therapy; 6) the emergency response Lifeline program; 7) maternal/child health services; 8) hospice and palliative care services; 9) psychiatric nursing for patients with primary psychiatric illness living in the community; 10) medical rehabilitation; 11) respiratory/pulmonary care; 12) wound/ostomy care; and 13) various community health services including flu shots and health fairs.

- *Middlesex Hospital Cardiac Rehabilitation*: – Cardiac Rehabilitation is a service offered by Middlesex Hospital due to community request. In response, the Hospital makes this comprehensive program available to its community members despite a financial loss. The service includes progressive cardiac-monitored exercise plans customized per individual, risk-factor education, and is designed to assist patients who have had a recent heart attack, cardiac bypass, cardiac valve surgery, coronary angioplasty, or newly stabilized angina symptoms in achieving a speedy recovery and a healthy, productive lifestyle. Services for patients (and often their caregivers) include education on diagnosis, plan of care, and the requirements necessary to best manage their condition; discussion regarding appropriate lifestyle modifications given the new diagnosis; support to help diminish the fear of appropriate exercise and guidance on level of exertion and pulse rate monitoring; and symptom management education and recognition.

- *Middlesex Hospital Paramedics Service*: – provides 24 hours/day, 7 days/week skilled emergency care and critical treatment to patients prior to arrival at the hospital. Paramedics work alongside fire and EMS personnel and are an important adjunct to emergency transport services, often administering care and providing advanced life support to the patient in the ambulance en route to the hospital – having care begin at the earliest opportunity is vital for best outcomes, particularly in cases of stroke and cardiac emergencies. Middlesex Hospital's paramedic program is one of three such hospital-based services in the State – its mission is to provide high quality, cost-effective, community focused emergency medical services to those who require immediate response. Patients receive the best possible paramedic level of care, regardless of their ability to pay or condition. Since inception of the service, the Hospital has covered the program's annual financial shortfalls.

- *Middlesex Hospital's Hospice Program*: – is committed to caring for the terminally ill and their families by enhancing quality of life for the patient. Services include comfort care with relief of physical symptoms, the provision of emotional and spiritual support, and the desire to support the patient's right to make choices and remain as autonomous as possible during this phase of life. As terminal illness brings a host of new and difficult challenges for both patient

and family, the Hospital's Hospice program views patient and family as a single unit of care. Care is delivered through an interdisciplinary team that includes physicians, nurses, social workers, physical therapists, occupational therapists, nutritionists, home health aides, spiritual support, pharmacists, bereavement counselors, and specially trained volunteers. The care setting includes home hospice as well as an inpatient unit designed to provide short-term care for patients requiring pain and symptom control as well as respite care during the last days of life. This vital community program functions at a loss for the Hospital. The Hospital also offers outpatient Palliative Care services which assist patients and families with critical decisions while providing maximum physical comfort and emotional support. Outpatient Palliative care services include pain and symptom control, psychosocial support, patient education about self-determination and advance directives, negotiating end-of-life decisions, and helping patients and loved ones understand and cope with the process of dying.

- *Middlesex Hospital Wound Care*: – The Hospital performed a study and found that there was a gap in outpatient services for those experiencing complex and chronic wounds. In response, the Hospital created the Wound Care Center where a full range of services for effective wound treatment is provided. Clinical providers at both of the Hospital's Wound Care Center locations aid in determining what local or systemic factors are impeding the healing process, and assist in developing a specialized and individualized treatment care plan. Using a planned, systematic approach which includes consideration of all factors that affect wound healing, the Center treats four primary wound types: venous stasis ulcers, diabetic foot ulcers, ischemic ulcers and stage III and IV pressure ulcers. The Wound Care Center functions at a loss for the hospital and requires subsidy.

- *Pulmonary Rehabilitation*: – The Hospital's Pulmonary Rehabilitation program was developed in direct response to the health assessment findings which identified half the adult population in Middlesex County to be at risk for COPD (18% are current smokers and 33% are former smokers). The study recommended development of a COPD pathway and program. In response, an inpatient COPD pathway was generated in conjunction with a supporting outpatient pulmonary rehabilitation program. The program is one of both education and exercise classes – it teaches patients about their lungs, how to exercise and do activities with less shortness of breath, and how to live better with a lung condition. Pulmonary Rehabilitation is offered to any patient with impaired pulmonary endurance. The Pulmonary Rehab program offers the Better Breather's Club, an adjunct service formed to help patients with respiratory diseases cope with their difficulties. The free support group is for community members with COPD, asthma and other chronic lung disease and is run by a respiratory therapist and invites pertinent guest speakers to enhance the education of the patient and their families about the respiratory illness from which they suffer. Pulmonary Rehab functions at a loss and requires Hospital subsidy in order to continue to be available to the community.

(d) Research

Middlesex Hospital conducts research in the domains of clinical and community health. Clinical examples include national trials by the Hospital's Cancer Center for breast, lung, prostate, colorectal, among others.

The Hospital's Behavioral Health Department conducts clinical trials for a variety of health diagnoses with its outpatient clinic undergoing a major depressive disorder in adults study and with Family Advocacy continuing its participation in studies for major depression in children and adolescents. The Hospital continues to participate in the 5 year Physician Group Demonstration Project, a national community health initiative with The Centers for Medicare and Medicaid Services (CMS) designed to determine the feasibility of working with physician groups to improve the quality of care, patient outcomes and the cost efficiency of health care services. Middlesex is one of ten groups throughout the U.S. to participate.

(e) Financial and In-Kind Contributions

Middlesex Hospital supports the community in the form of financial and in-kind contributions. The Hospital's in-kind contributions include equipment, food, linens and medical supplies that are donated both locally and globally. The Hospital regularly donates collected medical supplies to an international organization as well as to the Sayaxche Hospital in Guatemala, as part of the Middlesex-Sayaxche Project, an initiative linking Middlesex Community with a sister health system in Guatemala intended to bolster the healthcare infrastructure in one of the poorest regions of the country. Other in-kind donations include absorption of costs of copies of health information records for patients who cannot afford to pay for them, cafeteria discounts for YMCA residents, and staff coordination of community support drives including the United Way, Adopt-A-Family holiday gift program, American Cancer Society Daffodil Days, Families Feeding Families, Lions' Club eyeglasses and hearing aid collection, Cell Phones for Soldiers, Light One Little Candle and Reach Out and Read childhood readership. The Hospital's main campus and satellite locations make meeting space available, free-of-charge and on an on-going basis, for many community groups that would otherwise struggle to pay for space. Examples of community programs that utilize hospital space include (but are not limited to): CT Parkinson's meeting group, CT Unity, Asperger Spouse & Family Support Group, Face Forward Peer to Peer Support Group with Schizophrenia and Schizoaffective Disorder, National Alliance Mentally Ill, and local nursing school programs. In addition, each year the Hospital makes substantial cash donations to carefully selected mission-driven community organizations throughout its service area. Examples include (but are not limited to): transportation for the elderly and continuation of a large annual contribution to the Middlesex Chamber of Commerce AskMe3 health literacy initiative designed to promote awareness and working solutions for low literacy and its direct health impact by providing essential skills for patients and providers during any patient-provider interaction/conversation. Support of the global community is exemplified by the Hospital's annual sponsorship of a delegation from Sayaxche, Guatemala to spend a week of education and training at the Hospital, covering airfare and all related expenses.

(f) Community Building Activities

Middlesex Hospital's participation in Community Building activities has a vital role in continuing to promote health and well-being for residents in its service area and, in some cases, the international community. The Hospital offers its resources and expertise to support and strengthen community assets in a variety of programs that fall under the scope of community building. Staff members are highly participative in community partnerships and coalitions, the success of which are greatly enhanced by Hospital collaboration – many community initiatives would not be as effective without the Hospital's administrative and clinical staff in-kind involvement, support and expertise. The Hospital's participation in all community building activities are solely to benefit the community's health and well-being by improving access to health services and enhancing overall public health and in no case is the motivation for marketing purposes. Examples include (but are not limited to) staff involvement in: the Middlesex Chamber of Commerce's Prevention Committee, Safety Committee and Healthcare Council; United Way School Readiness Community Impact Team; United Way Community Impact Council; Middlesex Community Council; Safe Kids; Interfaith Council of Middletown; Middletown's 10 Year Plan To End Homelessness; Middlesex Elderly Service Providers; St. Luke's Gatekeeper Program; Valley Shore YMCA; State of CT Stoke Committee; State of CT Childhood Obesity Group; Association For Ambulatory Behavioral Healthcare; Middlesex County Children's Coalition; Middlesex Community College Advisory Board For Human Services; CT Council for Child & Adolescent Psychology; Middletown School System Safety Committee; Community Flu Preparation Committee. The following four programs highlight the importance of the Hospital's involvement in community building activities:

- Opportunity Knocks (OK) was formed in 2003 when three Middletown community leaders specializing in early childhood development – Middlesex Hospital's Medical Director of Nurseries & Pediatric Faculty for the Family Practice Residency Program, Middlesex Hospital's Family Advocacy Maternal Child Health Program supervisor and Middletown's School Readiness coordinator – recognized that the health and developmental needs of Middletown's high-need young children could best be met through a coalition that crossed a variety of sectors. The multidisciplinary community coalition comprised of local health and social service agencies, early care and education providers, not-for-profit organizations and parents established goals that focused on the health and well-being of at-risk children ages 0-5. Since the inception of the program, Opportunity Knocks has served approximately 5,000 children ages 0-5 and countless family members. Middlesex Hospital provides OK's program planner, physician champion, grant-writing support and fiscal administration for the funding sources. In addition, staff members from multiple Hospital departments actively participate in the collaborative, including representatives from Family Advocacy Maternal Child Health, Diabetes Management, Asthma Management, Fit For Kids, Family Practice, the Family Medicine Residency program, and the Pregnancy & Birth Center.

- The Middlesex Hospital-Sayaxche Community Partnership extends the Hospital's involvement in community health to the global community. The goal of the project, started in 2008, is to establish a long-term, collaborative, mutually beneficial and ethically sound partnership between Middlesex Hospital and Middletown, CT community with the healthcare infrastructure of the Peten region in Guatemala, including Sayaxche Hospital, the Ministry of

Health and the local health promoters. Based on a needs assessment conducted by Middlesex Hospital employees at the Sayaxche Hospital, the partnership has focused on addressing multiple areas of priority. Annual visits by delegations from Sayaxche to Middlesex Hospital, with the purpose of education and training in key areas, are underwritten by the Hospital. The Hospital contributes funding earmarked for the project; in-kind staff hours; donated supplies; and hosts a local community collaborative committee comprised interested agencies. The committee's objective is to set achievable goals that will improve access to health services by strengthening the health care infrastructure of the target population in the Peten region.

- The Hospital partakes in many good neighbor community activities outside of the scope of the healthcare delivery system; such participation often incurs significant expense to the Hospital. For Disaster Readiness, the Hospital plays a pivotal role by working in collaboration with key community partners to ensure the safety of the community at large during a potential disaster. Hospital employees participate on multiple community boards and initiatives designed specifically to address disaster preparedness, control and address the ongoing overall safety of the community. Only the activities and associated cost which exceed licensure and standard practice requirements are included in the Hospital's community benefit inventory. Disaster readiness requires a comprehensive, community-wide coordinated effort for coping with such emergencies as natural disasters, infectious disease outbreaks, bio terrorism, or acts of civil unrest. Hospital security staff, paramedics, infectious diseases specialists, nursing and medical staff are all involved in the continuing effort to be prepared for whatever community emergencies might arise. Examples include participation in community disaster preparation committees, community education and natural disaster drills; pandemic preparedness and stockpiling of supplies that exceeds regulatory standards; and hosting yearly radiation drills for the staff of a local nuclear power plant where Hospital staff train power plant workers (at no-cost) on protocols for internal contamination.

- Middlesex Hospital's Shoreline Medical Center (SMC) is committed to working with local schools to introduce the concept of a medical career in a full range of medical related professions and reinforce the importance of continuing one's education. Each year SMC hosts a multidisciplinary Career Day, World of Work, and oversees high school student mentorship. In response to a looming nursing shortage a dedicated nurse at SMC created Career Day, an annual event where students from the community can experience an emergency in real time and learn what it's like to be a health professional. An additional benefit of Career Day includes spurring many high school students to intern at SMC throughout the school year – the internship provides a unique opportunity for students to receive direct mentorship from health care professionals and exposure to a variety of health delivery disciplines. As a result, many have chosen to pursue careers in health post high school graduation. Yet another program designed specifically to encourage a career in health is SMC's World of Work where students from a local middle school spend half a day on-site learning about paramedics and emergency medical services, radiology, nursing and laboratory services. The idea is to foster an interest in health as a career at an early age.

(g) Community Benefit Operations

Community Benefit Operations include activities and costs associated with community benefit strategic planning, administration, and health assessment production and execution. Middlesex Hospital has a dedicated manager of community benefit, along with a community benefit steering committee (comprised of hospital leadership) that oversees community benefit planning and operations. Within the past few years the Hospital completed, printed and distributed its Health Assessment to multiple community partners and affiliated medical staff. Three priority areas emerged from the study's findings: 1) access and coordination of geriatric services; 2) coordination of mental health/substance abuse (MH/SA) services with community providers; and, 3) development of an inpatient and outpatient service for chronic obstructive pulmonary disease (COPD). The results of the health assessment were immediately translated into direct changes in community benefit programming priorities – in response, a health assessment 3 year strategic plan was developed and a geriatrics sub-committee, MH/SA sub-committee and COPD workgroup were formed and tasked with developing short – and long-term solutions in partnership with community agencies and with meeting priority area-specific community benefit annual goals. Resulting program impacts include: the development of a Chronic Obstructive Pulmonary Disease

Pathway, development of the Pulmonary Rehabilitation program, and implementation of internal care maps for the priority area behavioral health and geriatric target populations.

(h) Financial Assistance (Charity Care)

Charity care includes free or discounted health services provided to persons who cannot afford to pay and who meet the Hospital's criteria for financial assistance. Great concern is taken to make sure that patients are informed of the availability of patient assistance funding programs. Signs (in English and Spanish) are posted in conspicuous places within the Hospital, including registration, administration, the emergency department, social services, billing, and waiting rooms. A Patient Guide is provided upon registration which outlines patient billing and financial services. The guide answers questions regarding available financial assistance qualifications and application processes. A financial assistance brochure is made widely available throughout the organization. Contact information is provided so that patients can easily reach a financial counselor to assist them. Applicants are screened for financial eligibility and assistance is provided to complete the paperwork. To ensure that the Hospital's generous financial assistance program is accessible, a Financial Assistance Workgroup was formed in 2008 to review all processes related to the financial assistance process, including user-friendliness of the application, expansion of charity care awards, and enhanced communication regarding the financial assistance availability. The Workgroup continues to meet to monitor and update, when needed, protocols related to charity care.

(i) State Sponsored Health Care, Unpaid Costs

Community benefits related to government sponsored programs include the unpaid cost of specific public programs. In FY 2011 payments received for Medicaid services provided by the Hospital did not cover the actual cost of providing these services; these unpaid costs are reported in the financial statement.