

SCHEDULE H
(Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

OMB No. 1545-0047

2011

Open to Public
Inspection

Name of the organization

DAY KIMBALL HEALTHCARE, INC.

Employer identification number
06-0646599

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a
 b If "Yes," was it a written policy? If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year.
 Applied uniformly to all hospital facilities Applied uniformly to most hospital facilities
 Generally tailored to individual hospital facilities

2 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.

a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:
 100% 150% 200% Other 250 %

b Did the organization use FPG to determine eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care:
 200% 250% 300% 350% 400% Other %

c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.

4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?

5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?

b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?

c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?

6a Did the organization prepare a community benefit report during the tax year?

b If "Yes," did the organization make it available to the public?

	Yes	No
1a	X	
1b	X	
3a	X	
3b	X	
4	X	
5a	X	
5b		X
5c		
6a	X	
6b	X	

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		389	386,932.	0.	386,932.	.30%
b Medicaid (from Worksheet 3, column a)		34,426	23434730.	0.	23434730.	17.95%
c Costs of other means-tested government programs (from Worksheet 3, column b)			231,424.	222,290.	9,134.	.01%
d Total Financial Assistance and Means-Tested Government Programs	34,815	24053086.	222,290.	23830796.	18.26%	
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	19	7,241	57,021.	9,770.	47,251.	.04%
f Health professions education (from Worksheet 5)	3	166	95,139.	0.	95,139.	.07%
g Subsidized health services (from Worksheet 6)	1		74,476.	0.	74,476.	.06%
h Research (from Worksheet 7)	0		0.			
i Cash and in-kind contributions for community benefit (from Worksheet 8)	1	0	5,000.	0.	5,000.	.00%
j Total. Other Benefits	24	7,407	231,636.	9,770.	221,866.	.17%
k Total. Add lines 7d and 7j	24	42,222	24284722.	232,060.	24052662.	18.43%

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building	2		3,113.		3,113.	.00%
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total	2		3,113.		3,113.	

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

2 Enter the amount of the organization's bad debt expense 2 2,8

3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy 3 9

4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	29,787,090.
6	Enter Medicare allowable costs of care relating to payments on line 5	6	39,641,178.
7	Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-9,854,088.
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit.		

Also describe in Part VI the costing methodology

Check the box that describes the method used:

Cost accounting system

9a Did the organization have a written debt collection policy during the tax year?

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

Part IV Management Companies and Joint Ventures (see instructions)

Part V Facility Information

Section A. Hospital Facilities

(list in order of size, from largest to smallest)

How many hospital facilities did the organization operate

1

Part V Facility Information (continued)**Section B. Facility Policies and Practices**

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

Name of Hospital Facility: DAY KIMBALL HEALTHCARE**Line Number of Hospital Facility (from Schedule H, Part V, Section A):** 1

	Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for tax year 2011)		
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8	1	<input checked="" type="checkbox"/>
If "Yes," indicate what the Needs Assessment describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j <input type="checkbox"/> Other (describe in Part VI)		
2 Indicate the tax year the hospital facility last conducted a Needs Assessment: 20 <u>11</u>		
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3	<input checked="" type="checkbox"/>
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	<input checked="" type="checkbox"/>
5 Did the hospital facility make its Needs Assessment widely available to the public?	5	<input checked="" type="checkbox"/>
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website		
b <input checked="" type="checkbox"/> Available upon request from the hospital facility		
c <input type="checkbox"/> Other (describe in Part VI)		
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):		
a <input checked="" type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b <input checked="" type="checkbox"/> Execution of the implementation strategy		
c <input checked="" type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d <input checked="" type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e <input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g <input checked="" type="checkbox"/> Prioritization of health needs in its community		
h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i <input type="checkbox"/> Other (describe in Part VI)		
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	<input checked="" type="checkbox"/>
Financial Assistance Policy		
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
8 Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	<input checked="" type="checkbox"/>
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?		
If "Yes," indicate the FPG family income limit for eligibility for free care: <u>250</u> %		
If "No," explain in Part VI the criteria the hospital facility used.		

Part V Facility Information (continued) DAY KIMBALL HEALTHCARE

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care?	10	X
	If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>400</u> %		
	If "No," explain in Part VI the criteria the hospital facility used.		
11	Explained the basis for calculating amounts charged to patients?	11	X
	If "Yes," indicate the factors used in determining such amounts (check all that apply):		
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Other (describe in Part VI)		
12	Explained the method for applying for financial assistance?	12	X
13	Included measures to publicize the policy within the community served by the hospital facility?	13	X
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input type="checkbox"/> Other (describe in Part VI)		
Billing and Collections			
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	X
15	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine patient's eligibility under the facility's FAP:		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input checked="" type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16	X
	If "Yes," check all actions in which the hospital facility or a third party engaged:		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in line 16 (check all that apply):		
a	<input type="checkbox"/> Notified patients of the financial assistance policy on admission		
b	<input type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c	<input type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d	<input type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy		
e	<input type="checkbox"/> Other (describe in Part VI)		

Part V Facility Information (continued) DAY KIMBALL HEALTHCARE

Policy Relating to Emergency Medical Care

18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?

	Yes	No
18	X	

If "No," indicate why:

- a The hospital facility did not provide care for any emergency medical conditions
- b The hospital facility's policy was not in writing
- c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d Other (describe in Part VI)

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d Other (describe in Part VI)

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?

If "Yes," explain in Part VI.

21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for any service provided to that patient?

If "Yes," explain in Part VI.

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Part V Facility Information (continued)**Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 16

Name and address		Type of Facility (describe)
1	PLAINFIELD HEALTHCARE CENTER 31 DOW ROAD / 12 LATHROP ROAD PLAINFIELD, CT 06374	PRIMARY CARE; PEDIATRICS; WOMEN'S HEALTH; LABORATORY; DIAGNOSTIC IMAGING
2	DANIELSON HEALTHCARE CENTER 55 GREEN HOLLOW ROAD DANIELSON, CT 06239	DIAGNOSTIC IMAGING; LABORATORY; PHYSICAL MEDICINE SERVICES
3	DANIELSON MEDICAL ASSOCIATES 45 GREEN HOLLOW ROAD DANIELSON, CT 06239	PRIMARY CARE SERVICES
4	PUTNAM SURGICAL ASSOCIATES 346 POMFRET STREET PUTNAM, CT 06260	CONSULTATIVE AND SURGICAL SERVICES
5	WOODSTOCK MEDICAL ASSOCIATES 168 ROUTE 171 SOUTH WOODSTOCK, CT 06267	PRIMARY CARE SERVICES
6	NORTHEAST CONNECTICUT DERMATOLOGY 55 GREEN HOLLOW ROAD DANIELSON, CT 06239	DERMATOLOGY SERVICES
7	MRI KENNEDY DRIVE 39 KENNEDY DRIVE PUTNAM, CT 06260	MRI SERVICES
8	BROOKLYN FAMILY MEDICAL ASSOCIATES 63 CANTERBURY ROAD BROOKLYN, CT 06234	PRIMARY CARE SERVICES
9	MEDICAL CENTER OF NORTHEAST CONNECTIC 612 HARTFORD PIKE DAYVILLE, CT 06241	GERIATRICS; INTERNAL MEDICINE; PULMONOLOGY SERVICES
10	POMFRET STREET FAMILY MEDICAL ASSOCIA 235 POMFRET STREET PUTNAM, CT 06260	PRIMARY CARE SERVICES

Part V Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year?

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Part VI Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PART I, LINE 6A: DAY KIMBALL HEALTHCARE COMPLETED A COMMUNITY NEEDS ASSESSMENT AND A COMMUNITY BENEFIT REPORT IN CONJUNCTION WITH THE WINDHAM COUNTY HEALTHCARE CONSORTIUM WHICH IS MADE UP OF WINDHAM HOSPITAL, DAY KIMBALL HEALTHCARE, NATCHAUG HOSPITAL, GENERATIONS FAMILY HEALTH CENTER, UNITED SERVICES, VNA EAST, NORTHEAST DISTRICT DEPARTMENT OF HEALTH AND COMMUNITY HEALTH RESOURCES (CHR).

PART I, LINE 7: THE COSTING METHODOLOGY THAT WAS USED TO CALCULATE THE AMOUNTS REPORTED IN THE TABLE WAS DAY KIMBALL HEALTHCARE'S COST-TO-CHARGE RATIO THAT WAS REPORTED IN THE FY2012 MEDICARE COST REPORT.

PART I, LINE 7G: DAY KIMBALL HEALTHCARE PARTNERS WITH NORTHEASTERN CONNECTICUT COUNCIL OF GOVERNMENTS (NECCOG) TO PROVIDE LOCAL PARAMEDIC INTERCEPT SERVICES. DAY KIMBALL HEALTHCARE AND NECCOG AGREED THAT THE ABSENCE OF PARAMEDIC INTERCEPT SERVICES IN NORTHEASTERN CONNECTICUT, COMPRISED OF MANY RURAL TOWNS, WOULD CREATE A SIGNIFICANT DEFICIENCY IN THE AVAILABILITY AND ACCESSIBILITY OF MEDICAL SERVICES IN THE COMMUNITY. THE HOSPITAL PROVIDES CERTAIN MONETARY AND IN-KIND SERVICES FOR THE PROVISION OF PARAMEDIC INTERCEPT SERVICES.

Part VI Supplemental Information

PART I, LINE 7, COLUMN (F): THE BAD DEBT EXPENSE INCLUDED ON FORM 990, PART IX, LINE 25, COLUMN (A), BUT SUBTRACTED FOR PURPOSES OF CALCULATING THE PERCENTAGE IN THIS COLUMN IS \$ 3705501.

PART II: DAY KIMBALL HEALTHCARE HAS A STRONG COMMITMENT TO THE COMMUNITY IT SERVES. DURING FY2011, A \$1.4 MILLION FACILITY RENOVATION WAS COMPLETED IN THE TOWN OF PUTNAM. THE BOARD OF DIRECTORS WANTED TO ENSURE THAT LOCAL PARTICIPATION WAS MAXIMIZED. THE INTENT OF THIS WAS TO PROVIDE SMALL AND LOCAL BUSINESSES JOB OPPORTUNITIES. DAY KIMBALL HEALTHCARE WORKS IN COLLABORATION WITH HEALTHQUEST NORTHEAST CONNECTICUT. THROUGH PRIVATE AND PUBLIC PARTNERSHIPS AND COMMUNITY COLLABORATIONS THE GOAL IS TO IMPLEMENT POLICY, ENVIRONMENT AND SYSTEM CHANGES THAT WILL ENCOURAGE ALL RESIDENTS TO ADOPT PERSONAL WELLNESS BEHAVIORS AND PROVIDE OPPORTUNITIES TO ACHIEVE HEALTHY LIFESTYLES, INCLUDING HEALTHY EATING AND INCREASED PHYSICAL ACTIVITY.

PART III, LINE 4: THE FOLLOWING ARE EXCERPTS FROM DAY KIMBALL HEALTHCARE'S AUDITED FINANCIAL STATEMENTS:

NOTE 3 - REVENUES FROM SERVICES TO PATIENTS AND CHARITY CARE - PATIENT ACCOUNTS RECEIVABLE AND REVENUES ARE RECORDED WHEN PATIENT SERVICES ARE PERFORMED. AMOUNTS RECEIVED FROM MOST THIRD-PARTY PAYERS ARE DIFFERENT FROM ESTABLISHED BILLING RATES OF THE HOSPITAL, AND THESE DIFFERENCES ARE ACCOUNTED FOR AS CONTRACTUAL ALLOWANCES.

NET REVENUES FROM SERVICES TO PATIENTS ARE REPORTED AT THE ESTIMATED NET REALIZABLE AMOUNTS FROM PATIENTS, THIRD-PARTY PAYERS, AND OTHERS FOR

Part VI Supplemental Information

SERVICES RENDERED, INCLUDING ESTIMATED RETROACTIVE ADJUSTMENTS FROM COST REPORTS WITH THIRD-PARTY PAYERS. COST REPORT 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. DURING 2012, APPROXIMATELY 28% OF NET REVENUES FROM SERVICES TO PATIENTS WERE RECEIVED UNDER THE MEDICARE PROGRAM, 17% UNDER THE MEDICAID AND TOWN PROGRAMS, AND 22% FROM BLUE CROSS. DURING 2011, APPROXIMATELY 30% OF NET REVENUES FROM SERVICES TO PATIENTS WERE RECEIVED UNDER THE MEDICARE PROGRAM, 14% UNDER THE MEDICAID AND TOWN PROGRAMS, AND 22% FROM BLUE CROSS.

LAWS AND REGULATIONS GOVERNING THE MEDICARE AND MEDICAID PROGRAMS ARE COMPLEX AND SUBJECT TO INTERPRETATION. THE HOSPITAL BELIEVES THAT IT IS IN COMPLIANCE WITH ALL APPLICABLE LAWS AND REGULATIONS AND IS NOT AWARE OF ANY PENDING OR THREATENED INVESTIGATIONS INVOLVING ALLEGATIONS OF POTENTIAL WRONGDOING. WHILE NO SUCH REGULATORY INQUIRIES ARE OUTSTANDING, COMPLIANCE WITH SUCH LAWS AND REGULATIONS CAN BE SUBJECT TO FUTURE GOVERNMENT REVIEW AND INTERPRETATION AS WELL AS SIGNIFICANT REGULATORY ACTION INCLUDING FINES, PENALTIES, AND EXCLUSION FROM THE MEDICARE AND MEDICAID PROGRAMS.

THE HOSPITAL HAS AGREEMENTS WITH VARIOUS HEALTH MAINTENANCE ORGANIZATIONS (HMOs) TO PROVIDE MEDICAL SERVICES TO SUBSCRIBING PARTICIPANTS. UNDER THESE AGREEMENTS, THE HMOs MAKE FEE-FOR-SERVICE AND CONTRACTUAL PAYMENTS TO THE HOSPITAL FOR CERTAIN COVERED SERVICES BASED UPON DISCOUNTED FEE SCHEDULES.

THE HOSPITAL ACCEPTS ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY. A

Part VI Supplemental Information

PATIENT IS CLASSIFIED AS A CHARITY PATIENT BY REFERENCE TO THE ESTABLISHED POLICIES OF THE HOSPITAL. ESSENTIALLY, THESE POLICIES DEFINE CHARITY SERVICES AS THOSE SERVICES FOR WHICH NO PAYMENT IS ANTICIPATED. IN ASSESSING A PATIENT'S INABILITY TO PAY, THE HOSPITAL UTILIZES THE GENERALLY RECOGNIZED POVERTY INCOME LEVELS FOR THE STATE, BUT ALSO INCLUDES CERTAIN CASES WHERE INCURRED CHARGES ARE SIGNIFICANT WHEN COMPARED TO INCOMES. THESE CHARGES ARE NOT INCLUDED IN NET REVENUES FROM SERVICES TO PATIENTS FOR FINANCIAL REPORTING PURPOSES.

IN ADDITION TO THE ABOVE DISCLOSURES, THE HOSPITAL'S PROCEDURES FOR ACCOUNTING FOR BAD DEBTS ARE AS FOLLOWS:

THE HOSPITAL'S PATIENT ACCOUNT DEPARTMENT WILL WRITE OFF ACCOUNTS CONTINUOUSLY THROUGHOUT THE YEAR AS ACCOUNTS ARE DETERMINED TO BE UNCOLLECTIBLE. THE WRITE OFFS ARE POSTED AGAINST THE HOSPITAL'S RESERVE FOR UNCOLLECTIBLE ACCOUNTS ON THE BALANCE SHEET. ON A PERIODIC BASIS, THE HOSPITAL WILL ADJUST ITS BAD DEBT ALLOWANCE THROUGH THE USE OF MODELS, WHICH ESTIMATE THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED ON THE AGING AND PAYER PROFILE OF THE ACCOUNTS RECEIVABLE.

TO ARRIVE AT THE BAD DEBT COST THAT WAS ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WE ASSUMED THAT THE PATIENTS UNDER MEDICAID, MEDICAID MANAGED CARE AND SELF PAY WOULD ALL QUALIFY, THEREFORE, WE APPLIED THE SAME COST TO CHARGE RATIO TO THE GROSS BAD DEBT RELATED TO THOSE PATIENTS.

PART III, LINE 8: THE SHORTFALL BETWEEN DAY KIMBALL HEALTHCARE'S MEDICARE COSTS AND PAYMENTS ARE CONSIDERED COMMUNITY BENEFIT BECAUSE THE

Part VI Supplemental Information

SERVICES WERE PROVIDED BY DAY KIMBALL HEALTHCARE EVEN THOUGH THE COSTS WEREN'T COVERED OR REIMBURSED. THE COSTING METHODOLOGY USED TO DETERMINE THE AMOUNT REPORTED ON LINE 6 WAS GROSS CHARGES REDUCED BY THE COST TO CHARGE RATIO THAT WAS REPORTED IN THE FY2012 MEDICARE COST REPORT.

PART III, LINE 9B: IT IS THE PHILOSOPHY AND POLICY OF DAY KIMBALL HEALTHCARE THAT MEDICALLY NECESSARY HEALTH CARE SERVICES SHOULD BE AVAILABLE TO ALL INDIVIDUALS REGARDLESS OF THEIR ABILITY TO PAY. THE POLICY HAS BEEN WRITTEN IN ACCORDANCE WITH SECTION 9007 OF THE PATIENT PROTECTION AND AFFORDABLE CARE ACT (ACT), SIGNED INTO LAW ON MARCH 23, 2010, WHICH ADDS NEW SECTIONS 501(R) AND 4959 TO THE INTERNAL REVENUE CODE. SECTION 501(R) INCLUDES A SERIES OF SPECIFIC REQUIREMENTS FOR HOSPITALS TO RECEIVE AND MAINTAIN SECTION 501(C)(3) ("TAX EXEMPT") STATUS.

DAY KIMBALL HEALTHCARE:

PART V, SECTION B, LINE 3: DAY KIMBALL HEALTHCARE ALONG WITH THE OTHER MEMBERS OF THE WINDHAM COUNTY HEALTHCARE CONSORTIUM (WINDHAM HOSPITAL, DAY KIMBALL HEALTHCARE, NATCHAUG HOSPITAL, GENERATIONS FAMILY HEALTH CENTER, UNITED SERVICES, VNA EAST, NORTHEAST DISTRICT DEPARTMENT OF HEALTH AND COMMUNITY HEALTH RESOURCES (CHR)) UTILIZED THE CENTER FOR RESEARCH AND PUBLIC POLICY (CRPP), AN INDEPENDENT RESEARCH FIRM, TO CONDUCT A COMPREHENSIVE NEEDS ASSESSMENT UTILIZING FOCUS GROUPS AND PHONE SURVEYS OF COUNTY RESIDENTS ALONG WITH STATE AND FEDERAL DATA TO IDENTIFY AND PRIORITIZE THE HEALTHCARE NEEDS IN WINDHAM COUNTY.

DAY KIMBALL HEALTHCARE:

PART V, SECTION B, LINE 4: DAY KIMBALL HEALTHCARE CONDUCTED ITS NEEDS

Part VI Supplemental Information

ASSESSMENT IN CONJUNCTION WITH THE WINDHAM COUNTY HEALTHCARE CONSORTIUM.

THE MEMBERS OF THIS CONSORTIUM INCLUDE WINDHAM HOSPITAL, DAY KIMBALL HEALTHCARE, NATCHAUG HOSPITAL, GENERATIONS FAMILY HEALTH CENTER, UNITED SERVICES, VNA EAST, NORTHEAST DISTRICT DEPARTMENT OF HEALTH AND COMMUNITY HEALTH RESOURCES (CHR).

DAY KIMBALL HEALTHCARE:

PART V, SECTION B, LINE 5C: THE COMMUNITY NEEDS ASSESSMENT CAN BE FOUND ON DAY KIMBALL HEALTHCARE'S PUBLIC WEBSITE USING THE FOLLOWING URL:
<HTTP://WWW.DAYKIMBALL.ORG/NEWS-AND-EVENTS/DKH-NEWS/WINDHAM-COUNTY-HEALTHCA>

DAY KIMBALL HEALTHCARE:

PART V, SECTION B, LINE 7: MOST OF THE HEALTH NEEDS IDENTIFIED IN THE ASSESSMENT ARE ALREADY ADDRESSED BY DAY KIMBALL HEALTHCARE, EITHER BY DIRECT DELIVERY OF SERVICE TO THE COMMUNITY OR THROUGH OUR COLLABORATIONS WITH SUCH ORGANIZATIONS AS HEALTHQUEST. THESE INCLUDE SERVICES AND PROGRAMS SUCH AS:

- EXPANDING OF OUR INPATIENT AND OUTPATIENT BEHAVIORAL HEALTH SERVICES
- PARTNERING WITH WHOLESOME WAVE, WIC AND THE LOCAL FARMER'S MARKET TO SUBSIDIZE MARKET COUPONS, DOUBLING THEIR VALUE, FOR FAMILIES WITH CHILDREN
- WORKING WITH HEALTHQUEST AS AN ACTIVE MEMBER AND FUNDER ON SUCH PROGRAMS AS FOLLOW THE FIFTY, HEART HEALTH PROGRAM FOR WOMEN AND WRITE STEPS, AN ELEMENTARY SCHOOL-BASED WALKING AND WRITING PROGRAM TO IMPROVE HEALTH (IN PARTICULAR OBESITY IN CHILDREN) AND EDUCATION
- BECOMING A SMOKE-FREE ORGANIZATION AND OFFERING SMOKING CESSATION

Part VI Supplemental Information

CLASSES TO OUR EMPLOYEES AND CONTINUING TO OFFER CLASSES TO THE COMMUNITY

- OFFERING DIABETES CARE MANAGEMENT SERVICES IN ALL OUR PRIMARY CARE

OFFICES

- IMPLEMENTING A SERIES OF COMMUNITY-BASED FLU SHOT CLINICS TO IMPROVE

ACCESS

- EXPANDING OUR SLEEP LAB WITH IN-HOME TESTING NOW AVAILABLE

- CONDUCTING EDUCATIONAL SEMINARS ON COLON CANCER AND COLONOSCOPIES HOSTED
BY OUR SPECIALTY TEAM OF PROVIDERS

DAY KIMBALL HEALTHCARE'S STRATEGY INCLUDES THE ADOPTION OF A "MEDICAL HOME" SERVICE DELIVERY MODEL THROUGH THE ESTABLISHMENT OF A STRONG PRIMARY CARE PRACTICE. ADDITIONALLY, WE ARE INTEGRATING OUR SERVICES ACROSS OUR MEDICAL NETWORK (DAY KIMBALL HOSPITAL, DAY KIMBALL HEALTHCARE CENTERS, DAY KIMBALL MEDICAL GROUP - OUR PHYSICIAN PRACTICES WHICH IS CURRENTLY TRANSITIONING TO THIS NOT-FOR-PROFIT FOUNDATION, DAY KIMBALL HOMECARE, DAY KIMBALL HOMEMAKERS, HOSPICE & PALLIATIVE CARE OF NORTHEASTERN CONNECTICUT) TO PROVIDE SEAMLESS CARE TO OUR PATIENTS. WE ARE IN THE PROCESS OF FORMALLY DOCUMENTING OUR STRATEGIC PLANNING AND IMPLEMENTATION PROCESS, AND WHILE WE DO TRACK OUR COMMUNITY BENEFIT PROGRAMS, WE HAVE NOT YET DONE SO IN RELATIONSHIP TO ADDRESSING THE HEALTH NEEDS OF THE COMMUNITY.

DAY KIMBALL HEALTHCARE:

PART V, SECTION B, LINE 19D: DAY KIMBALL HEALTHCARE USES A COST-TO-CHARGE RATIO TO DETERMINE THE MAXIMUM AMOUNTS THAT CAN BE CHARGED TO FAP-ELIGIBLE INDIVIDUALS FOR EMERGENCY OR OTHER MEDICALLY NECESSARY CARE.

Part VI Supplemental Information

PART VI, LINE 2: DAY KIMBALL HEALTHCARE HAS RECENTLY COMPLETED A COMMUNITY NEEDS ASSESSMENT IN CONJUNCTION WITH THE WINDHAM COUNTY HEALTHCARE CONSORTIUM. THE CONSORTIUM UTILIZED A NATIONAL CONSULTING FIRM TO ASSIST IN THE PROCESS OF IDENTIFYING SPECIFIC HEALTH CARE NEEDS IN WINDHAM COUNTY. FOCUS GROUPS, TELEPHONE SURVEYS AND STATE AND FEDERAL DATA WAS USED TO IDENTIFY THE SPECIFIC HEALTH CARE NEEDS DURING THIS ASSESSMENT.

PART VI, LINE 3: ALL PATIENTS WHO ARE UNINSURED ARE REFERRED TO THE FINANCIAL COUNSELING DEPARTMENT; INPATIENTS ARE ALL VISITED BY A FINANCIAL COUNSELOR (OR GIVEN A FINANCIAL COUNSELING PACKET) PRIOR TO DISCHARGE WITH ALL OF THE AVAILABLE PROGRAMS THAT ARE AVAILABLE THROUGH OUR FINANCIAL ASSISTANCE (CHARITY CARE) POLICY. ANY SCHEDULED PATIENTS WHO ARE UNINSURED ARE CALLED BY THE FINANCIAL COUNSELORS IN ADVANCE TO PROVIDE ALL OF THE OPTIONS INCLUDING SCREENING FOR MEDICAID ASSISTANCE, CHARITY CARE, AS WELL AS SEVERAL OTHER LOCAL FUNDING SOURCES THAT THEY MAY QUALIFY FOR. ALL PATIENT STATEMENTS HAVE INFORMATION ABOUT OUR CHARITY CARE POLICY AS WELL A DOWNLOADABLE CHARITY CARE APPLICATION. ALL OF OUR THIRD PARTY VENDORS, INCLUDING OUR BAD DEBT AGENCIES AND OUR LONG TERM PATIENT FINANCING PROGRAM THROUGH CAREPAYMENT ALSO PROVIDE OUR CHARITY CARE POLICY TO PATIENTS UPON REQUEST. OUR FINANCIAL ASSISTANCE GUIDELINES ARE ALSO POSTED IN ALL PATIENT REGISTRATION AREAS OF THE HOSPITAL.

PART VI, LINE 4: DAY KIMBALL HEALTHCARE'S PRIMARY SERVICE AREA CONSISTS OF 13 TOWNS IN THE NORTHEASTERN CORNER OF CONNECTICUT AS WELL AS BORDERING MASSACHUSETTS AND RHODE ISLAND TOWNS. DAY KIMBALL'S SERVICE AREA IS OVER 438 SQUARE MILES AND CONTAINS APPROXIMATELY 91,000 RESIDENTS IN ASHFORD, BROOKLYN, CANTERBURY, CHAPLIN, EASTFORD KILLINGLY, HAMPTON,

Part VI Supplemental Information

PUTNAM, PLAINFIELD, POMFRET, STERLING, THOMPSON AND WOODSTOCK. THE POPULATION RANGES FROM LONG-TERM, MULTI-GENERATIONAL FAMILIES TO NEWLY IMMIGRATED RESIDENTS FROM URBAN AREAS. FOUR OF THE TOWNS ARE CONSIDERED TO BE AT OR BELOW STATE POVERTY LEVELS. THERE IS A WIDE RANGE OF SOCIO-ECONOMIC FACTORS INCLUDING VERY HIGH INCOME TO POVERTY; ADVANCED EDUCATION TO INCOMPLETE HIGH SCHOOL. THE MEDIAN HOUSEHOLD INCOME IN 2008 IN WINDHAM COUNTY WAS \$54,859 (THE LOWEST INCOME OF ANY COUNTY IN THE STATE OF CONNECTICUT), WHILE THE STATE MEDIAN WAS \$67,236. FROM A HEALTH PERSPECTIVE, WINDHAM COUNTY RANKS SECOND IN CONNECTICUT FOR ASTHMA HOSPITALIZATION RATES (13.5 PER 10,000). IN 2004, 36.5% OF CONNECTICUT RESIDENTS WERE CONSIDERED OVERWEIGHT, UP FROM 32.8% IN 1990. IN AN EXAMINATION OF THE STATE OF CONNECTICUT COUNTIES, THE RURAL NORTHEAST HAS THE HIGHEST INCIDENCE OF DIABETES WITH 7.9%.

PART VI, LINE 5: THIS MISSION OF DAY KIMBALL HEALTHCARE IS TO MEET THE HEALTH NEEDS OF OUR COMMUNITY THROUGH OUR CORE VALUES OF CLINICAL QUALITY, CUSTOMER SERVICE, FISCAL RESPONSIBILITY AND LOCAL CONTROL. DAY KIMBALL HEALTHCARE IS GOVERNED BY A BOARD OF DIRECTORS COMPRISED OF COMMUNITY MEMBERS AND PHYSICIANS. THE MEDICAL STAFF IS OPEN TO ALL PHYSICIANS IN THE COMMUNITY WHO MEET MEMBERSHIP AND CLINICAL PRIVILEGE REQUIREMENTS. INPATIENT, OUTPATIENT AND EMERGENCY SERVICES THAT ARE MEDICALLY NECESSARY ARE PROVIDED TO ALL PATIENTS REGARDLESS OF THEIR ABILITY TO PAY.

PART VI, LINE 6: DAY KIMBALL HEALTHCARE HAS A RELATIONSHIP WITH UMASS MEMORIAL MEDICAL CENTER AS ITS TERTIARY CARE SITE. WHEN PATIENTS' CARE REQUIRES SPECIALIZED TREATMENTS, DAY KIMBALL COLLABORATES WITH PROMINENT MEDICAL CENTERS TO PROVIDE THE CARE THEY NEED. FOR INSTANCE, DAY KIMBALL

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PARTNERS WITH UMASS MEMORIAL MEDICAL CENTER IN WORCESTER, MA FOR CARDIAC CARE AND HAS DEVELOPED A SYSTEMATIC APPROACH TO STABILIZING AND TRANSPORTING HEART ATTACK PATIENTS TO UMASS FOR FURTHER TREATMENT.