

## APPENDIX V

## APPENDIX V

| OneCare Program | Participating in Program in CY 2020? (Yes/No) | Budgeted Number of Attributed Lives (monthly average for CY 2020) | Budgeted Amount of FPP (monthly average for CY 2020) | Budgeted Maximum Upside/Downside Risk for CY 2020 |
|-----------------|---|---|--|---|
| Medicaid        | Yes   | 8,700   | 1,015,900  | 144,700   |
| Medicare        | No  |   |  |   |
| BCBSVT          | No  |   |  |   |
| Self-Insured    | UVMHC - Yes                                   | Less than 100   | 12,000   | 0   |
| TOTAL           |   |   |  |   |

## APPENDIX VI

Table 1A: **Appendix VI**  
**NPR Bridges - FY 2019 Approved Budget to FY 2020 Proposed Budget**

| NPR                     | Total          | % over/under | Medicare       | Medicaid-VT   | Medicaid-OOS | Commercial-Maj | Comm - Self/Sml | Workers Comp | DSH          |
|-------------------------|----------------|--------------|----------------|---------------|--------------|----------------|-----------------|--------------|--------------|
| FY 19 Approved Budget   | \$ 258,720,325 |              | \$ 100,984,175 | \$ 26,217,749 | \$ 140,633   | \$ 124,246,125 |                 | \$ 4,040,713 | \$ 3,090,930 |
| Commercial Rate         | 2,757,935      | 1.066%       |                |               |              | 2,647,888      |                 | 110,047      |              |
| Rate - Non Commercial   | 0              | 0.000%       |                |               |              |                |                 | -            |              |
| Utilization             | 6,833,470      | 2.641%       | (1,279,708)    | (1,639,313)   | 333,182      | 6,961,971      | 2,380,000       | 77,338       |              |
| Reimbursement/Payer Mix | 1,061,000      | 0.410%       | 784,000        | 277,000       |              |                |                 |              |              |
| Bad Debt/Free Care      | (2,261,008)    | -0.874%      |                |               |              |                | (2,261,008)     |              |              |
| Physician Acq/Trans     | -              | 0.000%       |                |               |              |                |                 |              |              |
| Changes in Accounting   | -              | 0.000%       |                |               |              |                |                 |              |              |
| Changes in DSH          | 79,060         | 0.031%       |                | -             |              |                |                 |              | 79,060       |
| ACO Medicaid Withholds  | (721,796)      | -0.279%      |                | (721,796)     |              |                |                 |              |              |
| Psych ICU and ADAP      | 1,318,839      | 0.510%       |                |               |              | 1,318,839      |                 |              |              |
| FY 20 Budget            | \$ 267,787,825 | 3.505%       | \$ 100,488,467 | \$ 24,133,641 | \$ 473,815   | \$ 135,174,823 | \$ 118,992      | \$ 4,228,097 | \$ 3,169,990 |

Note: Psych and ADAP reimbursement relates to a settlement process with the State of VT for state managed Psychiatric patients. The revenue associated with this settlement is generated by all payors.

Note: The Reimbursement / Payer Mix line contains only reimbursement related changes, while the Utilization line contains changes related to service, payor and utilization changes

Table 2: Rutland Regional Medical Center

FY 2019 Approved Expenses to Budget FY 2020

| Expenses                                    | Amount         | % over/under |
|---|----------------|--------------|
| FY 19 Approved Budget                       | \$ 268,219,298 |              |
| Salaries (merit related)                    | 2,700,000      |              |
| Salaries (FTE Increase Psych Ligature Risk) | 1,221,564      |              |
| Salaries (FTE Reductions)                   | (1,800,000)    |              |
| Fringe                                      | (536,227)      |              |
| Physician Contracts                         | 2,318,907      |              |
| Contract Staffing                           | 942,865        |              |
| Supplies                                    | 1,424,163      |              |
| Pharmaceuticals and 340b                    | 5,209,495      |              |
| IT Related                                  | 574,000        |              |
| Health Reform Programs                      |                |              |
| Depreciation                                | 323,076        |              |
| Interest                                    | (256,127)      |              |
| Health Care Provider Tax                    | 425,155        |              |
| ACO Fees & Green Mountain Care Board Fees   | 737,715        |              |
| Workers Compensation                        | 209,460        |              |
| Cost Savings                                | (2,218,744)    |              |
| FY20 Budget                                 | \$ 279,494,600 | 4.2%         |

## APPENDIX VII

**APPENDIX VII**

| <b>Rutland Regional Medical Center</b>                          | <b>Amount (in \$)</b> |
|---|-----------------------|
| <b>Total Bad Debt at End of FY 2017</b>                         | <b>7,626,660</b>      |
| <b>Total Bad Debt Incurred in FY 2018</b>                       | <b>8,597,207</b>      |
| <b>Total Bad Debt Sent to Collections During FY 2018</b>        |                       |
| <b>Total Bad Debt Recovered from Collections During FY 2018</b> | <b>3,950,067</b>      |
| <b>Total Bad Debt Written Off During FY 2018</b>                | <b>11,661,330</b>     |
| <b>Total Bad Debt at End of FY 2018</b>                         | <b>8,512,604</b>      |

## APPENDIX VIII



**APPENDIX VIII**

**CHARGE REQUEST**

**Projected Change in NPR Due to Change in Charge and Contractual Allowances, in %**

| <b>Category of Service</b>                            | <b>Requested Change in Charge from FY19B to FY20B, in %</b> | <b>Projected Change in Total NPR</b> | <b>Projected Change in Commercial Payer NPR</b> | <b>Projected Change in Self-Pay/Other NPR</b> | <b>Projected Change in Medicaid NPR</b> | <b>Projected Change in Medicare NPR</b> |
|---|---|--------------------------------------|---|---|---|---|
| <b>Hospital Inpatient</b>                             | <b>1.11%</b>  |                                      |   |   |   |   |
| <b>Hospital Outpatient</b>                            | <b>1.42%</b>  |                                      |   |   |   |   |
| <b>Professional Services</b>                          | <b>0.11%</b>  |                                      |   |   |   |   |
| <b>  Primary Care</b>                                 |   |                                      |   |   |   |   |
| <b>  Specialty Care</b>                               |   |                                      |   |   |   |   |
| <b>Skilled Nursing Facility</b>                       |   |                                      |   |   |   |   |
| <b>Other (specify)</b>                                |   |                                      |   |   |   |   |
| <b>Overall Change in Charge Across All Categories</b> | <b>2.64%</b>  | <b>3.50%</b>                         | <b>4.22%</b>                                    | <b>0.15%</b>                                  | <b>-0.68%</b>                           | <b>-0.19%</b>                           |

## APPENDIX IX

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### SALARY INFORMATION

Provide Headcount & Box 5 Wages from 2018 W2s

| Salary Range          | Total # of Staff | Total Salaries<br>(include incentives, bonuses,<br>severance, CTO, etc.) | % of Total Staff in<br>this Salary Range | % of Total Salaries<br>in this Salary<br>Range |
|-----------------------|------------------|--|--|--|
| \$0 - \$199,999       | 1,910            | \$ 82,913,928  | 96.3%                                    | 75.3%  |
| \$200,000 - \$299,999 | 26               | \$ 6,263,894   | 1.3%                                     | 5.7%   |
| \$300,000 - \$499,999 | 39               | \$ 14,453,463  | 2.0%                                     | 13.1%  |
| \$500,000 - \$999,999 | 7                | \$ 4,405,027   | 0.4%                                     | 4.0%   |
| \$1,000,000 +         | 2                | \$ 2,057,870   | 0.1%                                     | 1.9%   |
| Totals                | 1,984            | \$ 110,094,181   | 100.0%                                   | 100.0%   |

# **EXHIBIT A**

## **Reconciliation Statement**

Rutland Regional Medical Center  
 Reconciliation of FY 2019 Approved Budget to FY 2019 Projection

| OPERATING REVENUE                     | FY19 Budget           | FY19 Projection       | Variance              |        |
|---------------------------------------|-----------------------|-----------------------|-----------------------|--------|
| Patient Service Revenue               | \$ 562,126,061        | \$ 565,939,398        | \$ 3,813,337          | Note A |
| Total Deductions                      | \$ (293,679,519)      | \$ (303,564,638)      | \$ (9,885,119)        | Note B |
| Provision for Free Care               | \$ (4,047,303)        | \$ (6,036,876)        | \$ (1,989,573)        | Note C |
| Provision for Bad Debt                | \$ (8,769,156)        | \$ (9,010,742)        | \$ (241,586)          | Note D |
| Provision for Medicaid DPS Payments   | \$ 3,090,930          | \$ 3,041,569          | \$ 49,361             |        |
| <b>Net Patient Service Revenue</b>    | <b>\$ 258,721,013</b> | <b>\$ 250,368,711</b> | <b>-8,352,302</b>     |        |
| <b>FIXED PROSPECTIVE PAYMENTS</b>     |                       |                       |                       |        |
| Fixed Prospective Payments            | \$ -                  | \$ 9,251,820          | \$ 9,251,820          |        |
| ACO Medicaid Withholds                | \$ -                  | \$ (541,347)          | \$ (541,347)          |        |
| <b>Net Fixed Prospective Payment</b>  | <b>\$ -</b>           | <b>\$ 8,710,473</b>   | <b>\$ 8,710,473</b>   | Note B |
| <b>Net Patient Revenue w. FPP</b>     | <b>\$ 258,721,013</b> | <b>\$ 259,079,184</b> | <b>\$ 358,171</b>     |        |
| Other Operating Revenue               | \$ 15,699,413         | \$ 18,461,158         | \$ 2,761,745          | Note E |
| <b>Total Operating Revenue</b>        | <b>\$ 274,420,426</b> | <b>\$ 277,540,342</b> | <b>\$ 3,119,916</b>   |        |
| <b>OPERATING EXPENSES</b>             |                       |                       |                       |        |
| Salaries Payments To Physicians       | \$ 31,716,663         | \$ 33,819,250         | \$ 2,102,587          | Note F |
|                                       |                       |                       | \$ -                  |        |
| Total Nursing Inpatient               | \$ 18,338,154         | \$ 17,907,057         | \$ (431,097)          |        |
| Total Ancillary Patient Care Services | \$ 43,879,554         | \$ 42,640,642         | \$ (1,238,912)        |        |
| Total Support Services                | \$ 27,488,606         | \$ 28,666,762         | \$ 1,178,156          |        |
| Total Salaries Excluding Physicians   | \$ 89,706,314         | \$ 89,214,461         | \$ (491,853)          | Note G |
|                                       |                       |                       | \$ -                  |        |
| Supplies Expense                      | \$ 80,640,963         | \$ 87,374,726         | \$ 6,733,763          | Note H |
| Admin & General Expense               | \$ 36,081,330         | \$ 33,248,262         | \$ (2,833,068)        |        |
| CHCRR Subsidy                         | \$ 240,305            | \$ 241,476            | \$ 1,171              |        |
| Medicaid DPS Tax Assessment           | \$ 15,396,699         | \$ 15,307,680         | \$ (89,019)           |        |
| ACO Dues                              | \$ -                  | \$ 477,000            | \$ 477,000            |        |
| Depreciation Expense                  | \$ 12,904,769         | \$ 12,451,260         | \$ (453,509)          |        |
| Interest & Other Bond Expense         | \$ 1,532,255          | \$ 1,334,991          | \$ (197,264)          |        |
| <b>Total Operating Expense</b>        | <b>\$ 268,219,298</b> | <b>\$ 273,469,106</b> | <b>\$ 5,249,808</b>   |        |
|                                       |                       |                       | 0                     |        |
| <b>INCOME FROM OPERATIONS</b>         | <b>\$ 6,201,128</b>   | <b>\$ 4,071,236</b>   | <b>\$ (2,129,892)</b> |        |
|                                       |                       |                       | 0                     |        |
| Total Non Operating Revenue           | \$ 5,939,237          | \$ 6,146,261          | \$ 207,024            |        |
| <b>Excess Revenue Over Expenses</b>   | <b>\$ 12,140,365</b>  | <b>\$ 10,217,497</b>  | <b>\$ (1,922,868)</b> |        |

Note A:

Overall revenue is \$3.8 million over budgeted expectations. Routine revenue is \$71,000 under budgeted expectations. Although we have seen a slight increase in the number of patients being admitted, the overall length of stay for these patients is less than budget. On average each inpatient stays about 4.5 days against a budget of 4.7. Inpatient ancillary revenue is under budget by \$3.3 million or 2.2%. This relates to decline in patient days as well as decreased volume in respiratory, surgical services & emergency services. Outpatient ancillary revenue is over budget \$7.2 million or 2.1%. This overage is driven by diagnostic imaging, surgical services, laboratory and pharmaceuticals, off set to some degree by the continued decline in utilization in our sleep center, radiation therapy and endoscopy.

**Note B:**

Although contractual allowances are expected to exceed budget 2019 by \$12.1 million much of this is offset by the fixed payments received from OneCare for the Medicaid risk program. Overall our net revenue with FPP is projected to be within \$359,000 of budget. Other than our provisions for uninsured, our reimbursement assumptions for the Medicare, Medicaid and commercial programs were consistent with actual reimbursement methodologies.

**Note C:**

Our Free Care provision is anticipated to be \$2 million over budget. Our free care is approximately 1% of our total gross revenue. The increase in free care is a result of "under-insured", individuals who have insurance but can't afford the high deductibles and co-pay. Of our total free care provision, 48% is provided to patients with insurance. As of April YTD we have processed 1,103 Free Care Applications, of which 90% were approved for some level of free care.

**Note D:**

The provision for Bad Debt continues to run close to budget, representing approximately 1.6% of gross revenue.

**Note E:**

There are numerous types of revenue in this category but four subsets make up 80% of the revenue: 340B Pharmacy, Community Health Grant, Retail Pharmacy and Cafeteria Sales. Fiscal 2019 Other Operating Income (OOI) is over budgeted expectations by \$2.8 million. The variance relates to an increase in our 340b program of \$3.3 million and an increase in our Community Grants of \$226,000. We are also seeing a decrease in lab utilization relating to the processing of non-patient specimens (Springfield Hospital volume) of \$431,000 and a decrease in our Retail Pharmacy program of \$300,000.

**Note F:**

Salaries and Payments to physicians is over budgeted expectations by \$2.1 million due to contractual obligations set forth by contracts. The need for Locums coverage in our Psychiatric department is resulting in a \$280,000 negative variance. Additional overruns relate to recruitment and ongoing contractual obligations.

**Note G:**

Salaries (excluding physician) are under budget \$492,000. The variance relates to vacant positions in our inpatient nursing units and by efficiency staffing reductions that were put into effect in the fall. The organization continues to struggle with turnover of our nursing staff, which increased to nearly 15% this year. We are in the second year of our Registered Nurse Hiring Program. The intent of the program is to continue to hire RNs to reduce the need for travelers and plan for anticipated retirements. We are also working on recruitment and retention strategies such as nurse residency programs, shift bonuses and social inculturation to RRMC and the Rutland Community.

**Note H:**

Supplies expense is over budgeted expectations by \$3.9 million. This overage is driven, in large part, by the continued need for temporary staff FTEs. In addition, we continue to see increases in pharmaceutical & surgical supplies due to a mix of inflation and utilization. These overruns were off set slightly by a continued decline in the number of self-insured claims and by efficiency cost reductions that were put into effect in the fall of the year.

# **EXHIBIT B**

**Rutland Regional Medical Center**

**Form 990**





## Public Disclosure for Tax-Exempt Organizations

Tax-exempt organizations are required to make a copy of their application for exemption and Form(s) 990 (and 990-T, if applicable) available for public inspection and to provide copies of such forms to individuals or organizations that request copies. Alternatively, the Internet may be used to make these documents available. (See the “Using the Internet” section which follows.) These rules apply to an organization’s Form(s) 990 (and 990-T, if applicable) for the last three years and to its application for exemption.<sup>1</sup> If the application was filed prior to July 15, 1987, disclosure is not required unless the organization had a copy of the application on July 15, 1987. An organization **may omit names and addresses of contributors from its return(s)**. Failure to comply with disclosure requirements can result in an enforcement action by the IRS.

While disclosure rules create an additional burden, they also provide an opportunity for your organization to showcase the community benefits that it provides. The rules also heighten the need to carefully review all responses, including narrative explanations, contained on your Form(s) 990/990-T before filing.

### *Where Must Information Be Provided?*

Generally, an organization must make its documents available for public inspection at any location where it has three or more employees. If the only services provided at the site are in furtherance of exempt purposes and the site does not serve as an office for management staff, the documents are not required to be made available there.

### *How Quickly Must Organizations Reply?*

Requests for copies can be made in person or in writing. When requests are made in person, the copies must generally be provided on the same business day. There are provisions for delays due to unusual circumstances. However, in no event may the period of delay exceed five business days. Unusual circumstances include times when those staff that are capable of fulfilling a request are absent.

### *Written Requests*

Requested copies generally must be mailed within 30 days from the date of the receipt of the written request. However, if the organization requires advance payment of a reasonable fee for copying and postage, it may provide the copies within 30 days from the date it receives payment rather than the date of the original request.

### *What Can an Organization Charge?*

You are currently allowed to charge a maximum fee of \$.20 cents per page in addition to actual postage costs.

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<sup>1</sup> Certain information within an application for exemption can be withheld from public inspection if public availability would adversely affect the organization, *e.g.*, information relating to a trade secret, patent, process, style of work or apparatus of the organization.

If any organization receives a written request for copies with no payment enclosed and the organization requires payment in advance, the organization must request payment within seven days from the date it received the request. An organization is required to accept a personal check for written requests if it does not accept payment by credit card. If an organization does not require prepayment and the requester does not enclose a prepayment with the request, the organization must receive consent from a requester before providing copies for which the fee charge for copying and postage would be in excess of \$20.

### ***Local or Subordinate Organizations***

A local or subordinate organization that is covered by a group exemption letter is given additional time for responding to some requests. If this type of organization receives a request made in person for inspection of its application for tax exemption, the local organization is required to acquire and make available the application for a group exemption letter filed by the central or parent organization within not more than two weeks. The same general rule would apply with respect to a local or subordinate organization that does not file its own Form(s) 990/990-T but is covered under a group return. Again, the local or subordinate organization must make the group return available for inspection within a reasonable period which is defined as not more than two weeks. If the group return includes separate schedules with respect to each local or subordinate organization, the local or subordinate organization may exclude or omit any schedules relating only to other organizations which are included in the group return.

If a request is made for a personal inspection to a local or subordinate organization, it has the option of mailing the return to the requester rather than allowing an inspection. However, if this is done, the local or subordinate organization may not charge for the copying of the document unless the requester consents to the charge. If a local or subordinate organization receives a request for copies, then it must comply with the rules stated previously.

### ***Using the Internet***

As an alternative to providing copies, an organization may provide access to its exemption application and Form(s) 990 (and 990-T, if applicable) through the Internet. The website must provide instructions for downloading the document(s). The information on the Internet must be in such a format that it may be accessed, downloaded, viewed or printed in the same format as the actual documents. An organization would need to make the web address available to the general public.

There is nothing that prevents others from posting your Forms 990, 990-T and exemption application on the Internet. Based on this fact and the potential strain on your organization's resources from providing copies, organizations should consider posting these documents on the Internet.

### ***What if the Requests Are a Form of Harassment?***

If an organization believes it is subject to a harassment campaign, it can file an application for a harassment determination with the Internal Revenue Service. This would allow the organization to suspend compliance with these requests. In addition, an organization may disregard requests for copies in excess of two per month or four per year made by a single individual or sent from a single address, without submitting an application for a harassment determination.

Please contact your BKD advisor if you have questions about these rules.

Form **990**

Department of the Treasury  
Internal Revenue Service

# Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

- ▶ Do not enter Social Security numbers on this form as it may be made public.
- ▶ Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

# 2016

**Open to Public Inspection**

**A** For the **2016** calendar year, or tax year beginning **10/01, 2016**, and ending **09/30, 2017**

|   |  |  |  |   |                                      |
|---|--|--|--|---|--------------------------------------|
| <b>B</b> Check if applicable:<br><input type="checkbox"/> Address change<br><input type="checkbox"/> Name change<br><input type="checkbox"/> Initial return<br><input type="checkbox"/> Terminated<br><input type="checkbox"/> Amended return<br><input type="checkbox"/> Application pending | <b>C</b> Name of organization<br>RUTLAND HOSPITAL INC  |  |  | <b>D</b> Employer identification number<br>03-0183483 |                                      |
|   | Doing Business As RUTLAND REGIONAL MEDICAL CENTER  |  |  | <b>E</b> Telephone number<br>(802) 775-7111           |                                      |
|   | Number and street (or P.O. box if mail is not delivered to street address)<br>160 ALLEN STREET |  | Room/suite   |   |                                      |
|   | City or town, state or province, country, and ZIP or foreign postal code<br>RUTLAND, VT 05701  |  |  |   |                                      |
| <b>F</b> Name and address of principal officer:<br>CLAUDIO D. FORT<br>160 ALLEN STREET RUTLAND, VT 05701  |  |  | <b>G</b> Gross receipts \$ 265,897,178.  |   |                                      |
| <b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527  |  |  | <b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |   |                                      |
| <b>J</b> Website: WWW.RRMC.ORG  |  |  | <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No                      |   |                                      |
| <b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶   |  |  | <b>L</b> Year of formation: 1892   |   | <b>M</b> State of legal domicile: VT |
|   |  |  | <b>H(c)</b> Group exemption number ▶   |   |                                      |

## Part I Summary

|   |   |                                  |                     |
|---|---|----------------------------------|---------------------|
| <b>Activities &amp; Governance</b>                                      | <b>1</b> Briefly describe the organization's mission or most significant activities: TO PROVIDE COMPREHENSIVE INPATIENT AND OUTPATIENT MEDICAL SERVICES AND TO IMPROVE HEALTH OF THE RESIDENTS OF RUTLAND AND SURROUNDING COUNTIES. SEE SCHEDULE O ADD'L INFORMATION. |                                  |                     |
|   | <b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.  |                                  |                     |
|   | <b>3</b> Number of voting members of the governing body (Part VI, line 1a)  | <b>3</b>                         | 18.                 |
|   | <b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)  | <b>4</b>                         | 13.                 |
|   | <b>5</b> Total number of individuals employed in calendar year 2016 (Part V, line 2a)   | <b>5</b>                         | 1,900.              |
|   | <b>6</b> Total number of volunteers (estimate if necessary)   | <b>6</b>                         | 345.                |
|   | <b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12  | <b>7a</b>                        | 2,228,674.          |
| <b>b</b> Net unrelated business taxable income from Form 990-T, line 34 | <b>7b</b>   | -65,992.                         |                     |
| <b>Revenue</b>  | <b>8</b> Contributions and grants (Part VIII, line 1h)  | <b>Prior Year</b>                | <b>Current Year</b> |
|   | <b>9</b> Program service revenue (Part VIII, line 2g)   | 2,385,744.                       | 4,023,170.          |
|   | <b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)   | 256,648,259.                     | 257,500,461.        |
|   | <b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)  | 3,262,431.                       | 3,189,523.          |
|   | <b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)  | 5,581.                           | 84,510.             |
|   |   | 262,302,015.                     | 264,797,664.        |
| <b>Expenses</b>   | <b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)  | 961,077.                         | 672,031.            |
|   | <b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)   | 0.                               | 0.                  |
|   | <b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)   | 144,142,230.                     | 150,187,163.        |
|   | <b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)  | 0.                               | 0.                  |
|   | <b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ 182,081.   |                                  |                     |
|   | <b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)  | 102,531,129.                     | 106,135,857.        |
|   | <b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)   | 247,634,436.                     | 256,995,051.        |
| <b>19</b> Revenue less expenses. Subtract line 18 from line 12          | 14,667,579.   | 7,802,613.                       |                     |
| <b>Net Assets or Fund Balances</b>                                      | <b>20</b> Total assets (Part X, line 16)  | <b>Beginning of Current Year</b> | <b>End of Year</b>  |
|   | <b>21</b> Total liabilities (Part X, line 26)   | 260,183,979.                     | 274,435,855.        |
|   | <b>22</b> Net assets or fund balances. Subtract line 21 from line 20.   | 102,051,409.                     | 83,784,181.         |
|   | 158,132,570.  | 190,651,674.                     |                     |

## Part II Signature Block

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

|                               |   |                         |      |   |                   |
|-------------------------------|---|-------------------------|------|---|-------------------|
| <b>Sign Here</b>              | Signature of officer  | Date                    |      |   |                   |
|                               | Type or print name and title  |                         |      |   |                   |
| <b>Paid Preparer Use Only</b> | Print/Type preparer's name<br>BRIAN D TODD                                  | Preparer's signature    | Date | Check <input type="checkbox"/> if self-employed | PTIN<br>P00422601 |
|                               | Firm's name ▶ BKD, LLP  | Firm's EIN ▶ 44-0160260 |      | Phone no. 417 865-8701                          |                   |
|                               | Firm's address ▶ 910 E ST LOUIS #200/PO BOX 1190 SPRINGFIELD, MO 65806-2523 |                         |      |   |                   |

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

For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2016)

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

TO IMPROVE THE HLTH OF THE RUTLAND REGION AND SURROUNDING COMMUNITIES BY PROVIDING APPROPRIATE, SUPERIOR, INTEGRATED, PREVENTATIVE, DIAGNOSTIC AND THERAPEUTIC HEALTH SERVICES IN A CARING ENVIRONMENT THROUGH THE STRENGTH OF OUR PEOPLE, TECHNOLOGY & RELATIONSHIPS.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [X] No

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 111,391,263. including grants of \$ ) (Revenue \$ 139,747,635. ) ANCILLARY CARE. ANCILLARY CARE SERVICES INCLUDE OPERATING ROOM, EMERGENCY ROOM, PHYSICAL REHABILITATION, ANESTHESIOLOGY, ONCOLOGY, PULMONARY, RESPIRATORY, PHYSICAL THERAPY, CARDIAC CATH, ENDOSCOPY, AMBULATORY, DELIVERY, RADIATION, PSYCHIATRIC COUNSELING, OCCUPATIONAL THERAPY, RECOVERY, HIV CLINIC, AND SPEECH THERAPY. SEE SCHEDULE O FOR MORE INFORMATION.

4b (Code: ) (Expenses \$ 41,505,907. including grants of \$ ) (Revenue \$ 52,071,879. ) INPATIENT CARE. INPATIENT CARE SERVICES INCLUDE MEDICAL AND SURGICAL, INTENSIVE CARE, HOSPITALISTS, PSYCHIATRIC, OBSTETRICS AND GYNECOLOGY, NURSERY, AND NURSING. SEE SCHEDULE O FOR MORE INFORMATION.

4c (Code: ) (Expenses \$ 25,589,453. including grants of \$ ) (Revenue \$ 32,103,644. ) DIAGNOSTIC SERVICES. DIAGNOSTIC SERVICES INCLUDE LABORATORY, RADIOLOGY, ELECTROENCEPHALOGRAPHY, AND CT SCANNING. SEE SCHEDULE O FOR MORE INFORMATION.

4d Other program services (Describe in Schedule O.) (Expenses \$ 26,914,339. including grants of \$ 672,031. ) (Revenue \$ 33,577,303. )

4e Total program service expenses 205,400,962.

**Part IV Checklist of Required Schedules**

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

**Part IV Checklist of Required Schedules (continued)**

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for line numbers (1a-14b), descriptions, and Yes/No checkboxes. Includes entries for Form 1096, Form W-2G, Form W-3, Form 990-T, Form 8886-T, Form 8282, Form 8899, Form 1098-C, Form 990, Form 720, and Form 702.

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

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

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include 1a (18), 1b (13), 2, 3, 4, 5, 6, 7a, 7b, 8, 8a, 8b, 9.

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

Table with 3 columns: Question, Yes, No. Rows include 10a, 10b, 11a, 11b, 12a, 12b, 12c, 13, 14, 15a, 15b, 16a, 16b.

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection.
19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
20 State the name, address, and telephone number of the person who possesses the organization's books and records:

JUDI K FOX 160 ALLEN STREET RUTLAND, VT 05701

802-775-7111



**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

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

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

| (A)<br>Name and Title                            | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position<br>(do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|--|--|--|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
|  |  | Individual trustee or director   | Institutional trustee | Officer | Key employee | Highest compensated employee | Former |  |   |   |
| (1)MICHAEL J. KENOSH, M.D.<br>DIRECTOR           | 40.00<br>1.00  | X  |                       |         |              |                              |        | 553,713.   | 0.  | 71,981.   |
| (2)JOSEPH KRAUS<br>SECRETARY                     | 1.00<br>1.00   | X  |                       | X       |              |                              |        | 0.   | 0.  | 0.  |
| (3)DENISE CLARK<br>DIRECTOR                      | 1.00<br>1.00   | X  |                       |         |              |                              |        | 0.   | 0.  | 0.  |
| (4)MIKE SOLIMANO<br>VICE CHAIR                   | 1.00<br>1.00   | X  |                       | X       |              |                              |        | 0.   | 0.  | 0.  |
| (5)TODD GREGORY, M.D.<br>DIRECTOR                | 40.00<br>1.00  | X  |                       |         |              |                              |        | 363,000.   | 0.  | 48,491.   |
| (6)PAUL GALLO<br>DIRECTOR                        | 1.00<br>1.00   | X  |                       |         |              |                              |        | 0.   | 0.  | 0.  |
| (7)JOHN CASELLA<br>CHAIR                         | 1.00<br>1.00   | X  |                       | X       |              |                              |        | 0.   | 0.  | 0.  |
| (8)JESSICA ANDERSON<br>DIRECTOR ENDING 4/2017    | 1.00<br>1.00   | X  |                       |         |              |                              |        | 0.   | 0.  | 0.  |
| (9)MICHELE NELSON<br>DIRECTOR BEGINNING 4/2017   | 1.00<br>1.00   | X  |                       |         |              |                              |        | 0.   | 0.  | 0.  |
| (10)MEGAN SMITH<br>DIRECTOR ENDING 4/2017        | 1.00<br>1.00   | X  |                       |         |              |                              |        | 0.   | 0.  | 0.  |
| (11)MARK FOLEY, JR.<br>DIRECTOR BEGINNING 4/2017 | 1.00<br>1.00   | X  |                       |         |              |                              |        | 0.   | 0.  | 0.  |
| (12)MICHAEL DICK, DMD<br>DIRECTOR                | 1.00<br>1.00   | X  |                       |         |              |                              |        | 0.   | 0.  | 0.  |
| (13)CORT JONES<br>DIRECTOR                       | 1.00<br>1.00   | X  |                       |         |              |                              |        | 0.   | 0.  | 0.  |
| (14)TJ SABOTKA<br>DIRECTOR                       | 1.00<br>1.00   | X  |                       |         |              |                              |        | 0.   | 0.  | 0.  |

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

| (A)<br>Name and title  | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |        | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|--|--|---|-----------------------|---------|--------------|------------------------------|--------|--|---|---|
|  |  | Individual trustee or director  | Institutional trustee | Officer | Key employee | Highest compensated employee | Former |  |   |   |
| ( 15) LARRY JENSEN<br>-----<br>DIRECTOR                                    | 1.00<br>-----<br>1.00  | X   |                       |         |              |                              |        | 0.   | 0.  | 0.  |
| ( 16) STEPHEN LEFFLER, M.D.<br>-----<br>DIRECTOR                           | 1.00<br>-----<br>1.00  | X   |                       |         |              |                              |        | 0.   | 0.  | 0.  |
| ( 17) JOHN R. BUTTERLY, M.D.<br>-----<br>DIRECTOR                          | 1.00<br>-----<br>1.00  | X   |                       |         |              |                              |        | 0.   | 0.  | 0.  |
| ( 18) STANLEY M. SHAPIRO, M.D.<br>-----<br>DIRECTOR                        | 40.00<br>-----<br>1.00   | X   |                       |         |              |                              |        | 528,591.   | 0.  | 50,039.   |
| ( 19) ERIC MARSH, M.D.<br>-----<br>DIRECTOR                                | 40.00<br>-----<br>1.00   | X   |                       |         |              |                              |        | 954,844.   | 0.  | 48,402.   |
| ( 20) RON J CIOFFI<br>-----<br>DIRECTOR                                    | 1.00<br>-----<br>1.00  | X   |                       |         |              |                              |        | 0.   | 0.  | 0.  |
| ( 21) THOMAS W. HUEBNER<br>-----<br>PRESIDENT / CEO                        | 40.00<br>-----<br>1.00   |   |                       | X       |              |                              |        | 555,839.   | 0.  | 77,239.   |
| ( 22) JUDI K FOX<br>-----<br>CFO   | 40.00<br>-----<br>1.00   |   |                       | X       |              |                              |        | 204,672.   | 0.  | 49,132.   |
| ( 23) MELBOURNE D. BOYTON, M.D.<br>-----<br>ORTHOPEDIC SRGN/CHIEF MED OFFR | 40.00<br>-----<br>0.   |   |                       |         | X            |                              |        | 1,064,035.   | 0.  | 72,038.   |
| ( 24) SCOTT J. GRAHAM, M.D.<br>-----<br>CHIEF MEDICAL INFO OFFICER         | 40.00<br>-----<br>0.   |   |                       |         | X            |                              |        | 335,010.   | 0.  | 48,467.   |
| ( 25) PHILIP R. LAPP<br>-----<br>MEDICAL DIRECTOR                          | 40.00<br>-----<br>0.   |   |                       |         | X            |                              |        | 291,174.   | 0.  | 53,679.   |
| <b>1b Sub-total</b> . . . . .  |  |   |                       |         |              |                              |        | 916,713.   | 0.  | 120,472.  |
| <b>c Total from continuation sheets to Part VII, Section A</b> . . . . .   |  |   |                       |         |              |                              |        | 8,860,906.   | 0.  | 1,032,612.  |
| <b>d Total (add lines 1b and 1c)</b> . . . . .                             |  |   |                       |         |              |                              |        | 9,777,619.   | 0.  | 1,153,084.  |

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ► 150

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

**Section B. Independent Contractors**

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

| (A)<br>Name and business address | (B)<br>Description of services | (C)<br>Compensation |
|----------------------------------|--------------------------------|---------------------|
| ATTACHMENT 1                     |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ► 29

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

| (A)<br>Name and title  | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |          | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|--|--|---|-----------------------|---------|--------------|------------------------------|----------|--|---|---|
|  |  | Individual trustee or director  | Institutional trustee | Officer | Key employee | Highest compensated employee | Former   |  |   |   |
| ( 26) BARBARA M. ROBINSON<br>VP CLINICAL SERVICES                    | 40.00<br>0.  |   |                       |         | X            |                              | 276,092. | 0.   | 39,202.   |   |
| ( 27) CAROL M. EGAN<br>VP CHIEF NURSING OFFICER                      | 40.00<br>0.  |   |                       |         | X            |                              | 218,631. | 0.   | 46,024.   |   |
| ( 28) MARY T. NEMETH<br>VP CORPORATE SUPPORT SERVICES                | 40.00<br>0.  |   |                       |         | X            |                              | 215,995. | 0.   | 34,201.   |   |
| ( 29) JOHN WALLACE<br>GEN COUNSEL COMPLIANCE OFFICER                 | 40.00<br>0.  |   |                       |         | X            |                              | 201,539. | 0.   | 40,570.   |   |
| ( 30) BRIAN KERNS<br>VP HUMAN RESOURCES                              | 40.00<br>0.  |   |                       |         | X            |                              | 196,055. | 0.   | 57,729.   |   |
| ( 31) JEFFREY MCKEE<br>VP COMMUNITY & BEH HEALTH SVCS                | 40.00<br>0.  |   |                       |         | X            |                              | 184,508. | 0.   | 9,408.  |   |
| ( 32) WILLIAM A. LIGHTHART, M.D.<br>ORTHOPAEDICS                     | 40.00<br>0.  |   |                       |         |              | X                            | 926,985. | 0.   | 48,433.   |   |
| ( 33) MICHAEL ROBERTELLO, M.D.<br>CARDIOLOGY                         | 40.00<br>0.  |   |                       |         |              | X                            | 733,886. | 0.   | 68,177.   |   |
| ( 34) MATTHEW ZMURKO, M.D.<br>ORTHOPAEDICS                           | 40.00<br>0.  |   |                       |         |              | X                            | 510,639. | 0.   | 65,726.   |   |
| ( 35) ANN STIEN, M.D.<br>ORTHOPAEDICS                                | 40.00<br>0.  |   |                       |         |              | X                            | 506,152. | 0.   | 59,349.   |   |
| ( 36) DALE JANIK, M.D.<br>GASTRONENTEROLOGY                          | 40.00<br>0.  |   |                       |         |              | X                            | 502,841. | 0.   | 62,092.   |   |
| <b>1b Sub-total</b> .....  |  |   |                       |         |              |                              |          |  |   |   |
| <b>c Total from continuation sheets to Part VII, Section A</b> ..... |  |   |                       |         |              |                              |          |  |   |   |
| <b>d Total (add lines 1b and 1c)</b> .....                           |  |   |                       |         |              |                              |          |  |   |   |

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ► 150

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

**Section B. Independent Contractors**

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

| (A)<br>Name and business address | (B)<br>Description of services | (C)<br>Compensation |
|----------------------------------|--------------------------------|---------------------|
|                                  |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ►



**Part VIII Statement of Revenue**

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

|   |   |   |                      | (A)<br>Total revenue | (B)<br>Related or<br>exempt<br>function<br>revenue | (C)<br>Unrelated<br>business<br>revenue | (D)<br>Revenue<br>excluded from tax<br>under sections<br>512-514 |  |
|---|---|---|----------------------|----------------------|--|---|--|--|
| <b>Contributions, Gifts, Grants and Other Similar Amounts</b>                 | <b>1a</b> Federated campaigns . . . . .   | <b>1a</b>   |                      |                      |  |   |  |  |
|   | <b>b</b> Membership dues . . . . .  | <b>1b</b>   |                      |                      |  |   |  |  |
|   | <b>c</b> Fundraising events . . . . .   | <b>1c</b>   | 134,931.             |                      |  |   |  |  |
|   | <b>d</b> Related organizations . . . . .  | <b>1d</b>   |                      |                      |  |   |  |  |
|   | <b>e</b> Government grants (contributions) . . . . .  | <b>1e</b>   | 2,569,696.           |                      |  |   |  |  |
|   | <b>f</b> All other contributions, gifts, grants, and similar amounts not included above . . . . .   | <b>1f</b>   | 1,318,543.           |                      |  |   |  |  |
|   | <b>g</b> Noncash contributions included in lines 1a-1f: \$ . . . . .  |   |                      |                      |  |   |  |  |
|   | <b>h Total.</b> Add lines 1a-1f . . . . .   |   |                      | 4,023,170.           |  |   |  |  |
| <b>Program Service Revenue</b>  | <b>2a</b> NET PATIENT SERVICE REVENUE   | <b>Business Code</b>  | 621400               | 247,092,192.         | 247,092,192.                                       |   |  |  |
|   | <b>b</b> LAB AND SCREENING SERVICES   |   | 621500               | 2,157,650.           |  | 2,157,650.                              |  |  |
|   | <b>c</b> PHARMACY   |   | 446110               | 5,680,794.           | 5,609,770.   | 71,024.                                 |  |  |
|   | <b>d</b> EHR REVENUE  |   | 621400               | 544,488.             | 544,488.   |   |  |  |
|   | <b>e</b> CAFETERIA  |   | 722514               | 995,648.             | 995,648.   |   |  |  |
|   | <b>f</b> All other program service revenue . . . . .  |   |                      | 1,029,689.           | 1,029,689.   |   |  |  |
|   | <b>g Total.</b> Add lines 2a-2f . . . . .   |   |                      | 257,500,461.         |  |   |  |  |
| <b>Other Revenue</b>  | <b>3</b> Investment income (including dividends, interest, and other similar amounts). . . . .  |   |                      | 3,198,968.           |  |   | 3,198,968.   |  |
|   | <b>4</b> Income from investment of tax-exempt bond proceeds . . . . .   |   |                      | 0.                   |  |   |  |  |
|   | <b>5</b> Royalties . . . . .  |   |                      | 0.                   |  |   |  |  |
|   | <b>6a</b> Gross rents . . . . .   | (i) Real  | 259,722.             |                      |  |   |  |  |
|   |   | (ii) Personal   |                      |                      |  |   |  |  |
|   |   | <b>b</b> Less: rental expenses . . . . .                        |                      | 153,446.             |  |   |  |  |
|   |   | <b>c</b> Rental income or (loss) . . . . .                      |                      | 106,276.             |  |   |  |  |
|   | <b>d</b> Net rental income or (loss) . . . . .  |   |                      | 106,276.             |  |   | 106,276.   |  |
|   | <b>7a</b> Gross amount from sales of assets other than inventory  | (i) Securities  | 867,862.             |                      |  |   |  |  |
|   |   | (ii) Other  |                      |                      |  |   |  |  |
|   |   | <b>b</b> Less: cost or other basis and sales expenses . . . . . |                      | 847,712.             | 29,595.  |   |  |  |
|   |   | <b>c</b> Gain or (loss) . . . . .                               |                      | 20,150.              | -29,595.   |   |  |  |
|   | <b>d</b> Net gain or (loss) . . . . .   |   |                      | -9,445.              |  |   | -9,445.  |  |
|   | <b>8a</b> Gross income from fundraising events (not including \$ 134,931. of contributions reported on line 1c). See Part IV, line 18 . . . . . | <b>a</b>  |                      | 46,995.              |  |   |  |  |
|   |   | <b>b</b> Less: direct expenses . . . . .                        |                      |                      | 68,761.  |   |  |  |
| <b>c</b> Net income or (loss) from fundraising events . . . . .               |   |   |                      | -21,766.             |  |   | -21,766.   |  |
| <b>9a</b> Gross income from gaming activities. See Part IV, line 19 . . . . . | <b>a</b>  |   | 0.                   |                      |  |   |  |  |
|   | <b>b</b> Less: direct expenses . . . . .  |   |                      | 0.                   |  |   |  |  |
|   | <b>c</b> Net income or (loss) from gaming activities . . . . .  |   |                      | 0.                   |  |   |  |  |
| <b>10a</b> Gross sales of inventory, less returns and allowances . . . . .    | <b>a</b>  |   | 0.                   |                      |  |   |  |  |
|   | <b>b</b> Less: cost of goods sold . . . . .   |   |                      | 0.                   |  |   |  |  |
|   | <b>c</b> Net income or (loss) from sales of inventory . . . . .   |   |                      | 0.                   |  |   |  |  |
| <b>Miscellaneous Revenue</b>  |   |   | <b>Business Code</b> |                      |  |   |  |  |
| <b>11a</b> _____  |   |   |                      |                      |  |   |  |  |
|   | <b>b</b> _____  |   |                      |                      |  |   |  |  |
|   | <b>c</b> _____  |   |                      |                      |  |   |  |  |
|   | <b>d</b> All other revenue . . . . .  |   |                      |                      |  |   |  |  |
| <b>e Total.</b> Add lines 11a-11d . . . . .                                   |   |   | 0.                   |                      |  |   |  |  |
| <b>12 Total revenue.</b> See instructions. . . . .                            |   |   | 264,797,664.         | 255,271,787.         | 2,228,674.   | 3,274,033.                              |  |  |

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

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

| <b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>  | (A)<br>Total expenses | (B)<br>Program service expenses | (C)<br>Management and general expenses | (D)<br>Fundraising expenses |
|--|-----------------------|---------------------------------|--|-----------------------------|
| 1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 . . . . .   | 672,031.              | 672,031.                        |  |                             |
| 2 Grants and other assistance to domestic individuals. See Part IV, line 22 . . . . .  | 0.                    |                                 |  |                             |
| 3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 . . . . .   | 0.                    |                                 |  |                             |
| 4 Benefits paid to or for members . . . . .  | 0.                    |                                 |  |                             |
| 5 Compensation of current officers, directors, trustees, and key employees . . . . .   | 7,248,399.            | 5,252,499.                      | 1,995,900.                             |                             |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .  | 556,123.              |                                 | 556,123.                               |                             |
| 7 Other salaries and wages . . . . .   | 116,984,923.          | 100,337,473.                    | 16,498,620.                            | 148,830.                    |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)   | 5,256,366.            | 3,960,784.                      | 1,295,582.                             |                             |
| 9 Other employee benefits . . . . .  | 13,399,071.           | 9,859,572.                      | 3,539,499.                             |                             |
| 10 Payroll taxes . . . . .   | 6,742,281.            | 4,946,194.                      | 1,796,087.                             |                             |
| 11 Fees for services (non-employees):  |                       |                                 |  |                             |
| a Management . . . . .   | 0.                    |                                 |  |                             |
| b Legal . . . . .  | 397,723.              |                                 | 397,723.                               |                             |
| c Accounting . . . . .   | 303,295.              |                                 | 303,295.                               |                             |
| d Lobbying . . . . .   | 106,251.              |                                 | 106,251.                               |                             |
| e Professional fundraising services. See Part IV, line 17.   | 0.                    |                                 |  |                             |
| f Investment management fees . . . . .   | 48,720.               |                                 | 48,720.                                |                             |
| g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) . . . . .   | 18,836,906.           | 9,129,839.                      | 9,707,067.                             |                             |
| 12 Advertising and promotion . . . . .   | 912,674.              | 26,753.                         | 885,555.                               | 366.                        |
| 13 Office expenses . . . . .   | 5,954,189.            | 4,332,181.                      | 1,589,213.                             | 32,795.                     |
| 14 Information technology . . . . .  | 4,109,058.            | 226,864.                        | 3,882,194.                             |                             |
| 15 Royalties . . . . .   | 0.                    |                                 |  |                             |
| 16 Occupancy . . . . .   | 5,056,735.            | 3,928,902.                      | 1,127,833.                             |                             |
| 17 Travel . . . . .  | 44,568.               | 39,800.                         | 4,768.                                 |                             |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials  | 0.                    |                                 |  |                             |
| 19 Conferences, conventions, and meetings . . . . .  | 1,102,666.            | 753,614.                        | 348,962.                               | 90.                         |
| 20 Interest . . . . .  | 1,531,765.            | 1,123,716.                      | 408,049.                               |                             |
| 21 Payments to affiliates . . . . .  | 0.                    |                                 |  |                             |
| 22 Depreciation, depletion, and amortization . . . . .   | 12,801,745.           | 9,391,468.                      | 3,410,277.                             |                             |
| 23 Insurance . . . . .   | 2,566,448.            |                                 | 2,566,448.                             |                             |
| 24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)   |                       |                                 |  |                             |
| a MEDICAL SUPPLIES & DRUGS   | 29,007,280.           | 29,007,280.                     |  |                             |
| b MEDICAID TAX ASSESSMENT  | 14,644,716.           | 14,644,716.                     |  |                             |
| c BAD DEBTS  | 7,056,413.            | 7,056,413.                      |  |                             |
| d LICENSES, DUES, SUBSCRIPTION   | 1,193,739.            | 584,637.                        | 609,102.                               |                             |
| e All other expenses   | 460,966.              | 126,226.                        | 334,740.                               |                             |
| <b>25 Total functional expenses.</b> Add lines 1 through 24e   | <b>256,995,051.</b>   | <b>205,400,962.</b>             | <b>51,412,008.</b>                     | <b>182,081.</b>             |
| <b>26 Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) . . . . . | 0.                    |                                 |  |                             |

**Part X Balance Sheet**

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

|  |  | (A)<br>Beginning of year |              | (B)<br>End of year |
|--|--|--------------------------|--------------|--------------------|
| <b>Assets</b>  | <b>1</b> Cash - non-interest-bearing   | 5,412.                   | <b>1</b>     | 5,075.             |
|  | <b>2</b> Savings and temporary cash investments  | 14,381,749.              | <b>2</b>     | 10,360,498.        |
|  | <b>3</b> Pledges and grants receivable, net  | 165,061.                 | <b>3</b>     | 105,295.           |
|  | <b>4</b> Accounts receivable, net  | 24,064,311.              | <b>4</b>     | 27,274,766.        |
|  | <b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L   | 0.                       | <b>5</b>     | 0.                 |
|  | <b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L | 0.                       | <b>6</b>     | 0.                 |
|  | <b>7</b> Notes and loans receivable, net   | 2,577,374.               | <b>7</b>     | 2,710,306.         |
|  | <b>8</b> Inventories for sale or use   | 1,442,117.               | <b>8</b>     | 1,735,125.         |
|  | <b>9</b> Prepaid expenses and deferred charges   | 3,148,062.               | <b>9</b>     | 3,357,235.         |
|  | <b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D   | 251,070,186.             |              |                    |
|  | <b>b</b> Less: accumulated depreciation  | 169,932,960.             |              |                    |
|  | <b>11</b> Investments - publicly traded securities   | 81,726,125.              | <b>10c</b>   | 81,137,226.        |
|  | <b>12</b> Investments - other securities. See Part IV, line 11   | 120,103,600.             | <b>11</b>    | 134,856,071.       |
|  | <b>13</b> Investments - program-related. See Part IV, line 11  | 0.                       | <b>12</b>    | 0.                 |
|  | <b>14</b> Intangible assets  | 0.                       | <b>13</b>    | 0.                 |
|  | <b>15</b> Other assets. See Part IV, line 11   | 0.                       | <b>14</b>    | 0.                 |
| <b>16</b> <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) | 12,570,168.  | <b>15</b>                | 12,894,258.  |                    |
|  | 260,183,979.   | <b>16</b>                | 274,435,855. |                    |
| <b>Liabilities</b>   | <b>17</b> Accounts payable and accrued expenses  | 31,559,422.              | <b>17</b>    | 30,593,852.        |
|  | <b>18</b> Grants payable   | 0.                       | <b>18</b>    | 0.                 |
|  | <b>19</b> Deferred revenue   | 0.                       | <b>19</b>    | 0.                 |
|  | <b>20</b> Tax-exempt bond liabilities  | 31,350,000.              | <b>20</b>    | 31,196,435.        |
|  | <b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D  | 0.                       | <b>21</b>    | 0.                 |
|  | <b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L   | 0.                       | <b>22</b>    | 0.                 |
|  | <b>23</b> Secured mortgages and notes payable to unrelated third parties   | 8,791,244.               | <b>23</b>    | 6,862,654.         |
|  | <b>24</b> Unsecured notes and loans payable to unrelated third parties   | 0.                       | <b>24</b>    | 0.                 |
|  | <b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D  | 30,350,743.              | <b>25</b>    | 15,131,240.        |
|  | <b>26</b> <b>Total liabilities.</b> Add lines 17 through 25  | 102,051,409.             | <b>26</b>    | 83,784,181.        |
| <b>Net Assets or Fund Balances</b>   | <b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>  |                          |              |                    |
|  | <b>27</b> Unrestricted net assets  | 153,266,261.             | <b>27</b>    | 185,674,131.       |
|  | <b>28</b> Temporarily restricted net assets  | 4,187,667.               | <b>28</b>    | 4,298,901.         |
|  | <b>29</b> Permanently restricted net assets  | 678,642.                 | <b>29</b>    | 678,642.           |
|  | <b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>   |                          |              |                    |
|  | <b>30</b> Capital stock or trust principal, or current funds   |                          | <b>30</b>    |                    |
|  | <b>31</b> Paid-in or capital surplus, or land, building, or equipment fund   |                          | <b>31</b>    |                    |
|  | <b>32</b> Retained earnings, endowment, accumulated income, or other funds   |                          | <b>32</b>    |                    |
|  | <b>33</b> Total net assets or fund balances  | 158,132,570.             | <b>33</b>    | 190,651,674.       |
| <b>34</b> Total liabilities and net assets/fund balances                   | 260,183,979.   | <b>34</b>                | 274,435,855. |                    |

**Part XI Reconciliation of Net Assets**

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

|           |  |           |              |
|-----------|--|-----------|--------------|
| <b>1</b>  | Total revenue (must equal Part VIII, column (A), line 12)  | <b>1</b>  | 264,797,664. |
| <b>2</b>  | Total expenses (must equal Part IX, column (A), line 25)   | <b>2</b>  | 256,995,051. |
| <b>3</b>  | Revenue less expenses. Subtract line 2 from line 1   | <b>3</b>  | 7,802,613.   |
| <b>4</b>  | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))                      | <b>4</b>  | 158,132,570. |
| <b>5</b>  | Net unrealized gains (losses) on investments   | <b>5</b>  | 10,771,700.  |
| <b>6</b>  | Donated services and use of facilities   | <b>6</b>  | 0.           |
| <b>7</b>  | Investment expenses  | <b>7</b>  | 0.           |
| <b>8</b>  | Prior period adjustments   | <b>8</b>  | 0.           |
| <b>9</b>  | Other changes in net assets or fund balances (explain in Schedule O)   | <b>9</b>  | 13,944,791.  |
| <b>10</b> | Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | <b>10</b> | 190,651,674. |

**Part XII Financial Statements and Reporting**

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

- 1** Accounting method used to prepare the Form 990:  Cash  Accrual  Other \_\_\_\_\_  
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant? . . . . .  
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant? . . . . .  
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a** As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? . . . . .
- b** If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.

|           | Yes | No |
|-----------|-----|----|
| <b>2a</b> |     | X  |
| <b>2b</b> | X   |    |
| <b>2c</b> | X   |    |
| <b>3a</b> | X   |    |
| <b>3b</b> | X   |    |



**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

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

▶ Attach to Form 990 or Form 990-EZ.

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

OMB No. 1545-0047

**2016**

**Open to Public Inspection**

Name of the organization

RUTLAND HOSPITAL INC

Employer identification number

03-0183483

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ).)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10  An organization that normally receives: (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**.  
Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
  - a  **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
  - b  **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
  - c  **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
  - d  **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
  - e  Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
  - f Enter the number of supported organizations. . . . .

g Provide the following information about the supported organization(s).

| (i) Name of supported organization | (ii) EIN | (iii) Type of organization (described on lines 1-10 above (see instructions)) | (iv) Is the organization listed in your governing document? |    | (v) Amount of monetary support (see instructions) | (vi) Amount of other support (see instructions) |
|------------------------------------|----------|---|---|----|---|---|
|                                    |          |   | Yes   | No |   |   |
| (A)                                |          |   |   |    |   |   |
| (B)                                |          |   |   |    |   |   |
| (C)                                |          |   |   |    |   |   |
| (D)                                |          |   |   |    |   |   |
| (E)                                |          |   |   |    |   |   |
| <b>Total</b>                       |          |   |   |    |   |   |

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule A (Form 990 or 990-EZ) 2016

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Table with 7 columns: (a) 2012, (b) 2013, (c) 2014, (d) 2015, (e) 2016, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Tax revenues levied for the organization's benefit; 3 The value of services or facilities furnished by a governmental unit; 4 Total. Add lines 1 through 3; 5 The portion of total contributions by each person; 6 Public support. Subtract line 5 from line 4.

Section B. Total Support

Table with 7 columns: (a) 2012, (b) 2013, (c) 2014, (d) 2015, (e) 2016, (f) Total. Rows include: 7 Amounts from line 4; 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 9 Net income from unrelated business activities; 10 Other income. Do not include gain or loss from the sale of capital assets; 11 Total support. Add lines 7 through 10; 12 Gross receipts from related activities, etc. (see instructions); 13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here.

Section C. Computation of Public Support Percentage

Table with 3 columns: Line number, Description, and Percentage. Rows include: 14 Public support percentage for 2016; 15 Public support percentage from 2015 Schedule A, Part II, line 14; 16a 33 1/3% support test - 2016; b 33 1/3% support test - 2015; 17a 10%-facts-and-circumstances test - 2016; b 10%-facts-and-circumstances test - 2015; 18 Private foundation.

Part III Support Schedule for Organizations Described in Section 509(a)(2)
(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II.
If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Table with 7 columns: (a) 2012, (b) 2013, (c) 2014, (d) 2015, (e) 2016, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Gross receipts from admissions, merchandise sold or services performed; 3 Gross receipts from activities that are not an unrelated trade or business; 4 Tax revenues levied for the organization's benefit; 5 The value of services or facilities furnished by a governmental unit; 6 Total; 7a Amounts included on lines 1, 2, and 3 received from disqualified persons; 7b Amounts included on lines 2 and 3 received from other than disqualified persons; 7c Add lines 7a and 7b; 8 Public support.

Section B. Total Support

Table with 7 columns: (a) 2012, (b) 2013, (c) 2014, (d) 2015, (e) 2016, (f) Total. Rows include: 9 Amounts from line 6; 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 10b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975; 10c Add lines 10a and 10b; 11 Net income from unrelated business activities not included in line 10b; 12 Other income. Do not include gain or loss from the sale of capital assets; 13 Total support; 14 First five years.

Section C. Computation of Public Support Percentage

Table with 3 columns: Description, 2016, 2015. Row 15: Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f)). Row 16: Public support percentage from 2015 Schedule A, Part III, line 15.

Section D. Computation of Investment Income Percentage

Table with 3 columns: Description, 2016, 2015. Row 17: Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f)). Row 18: Investment income percentage from 2015 Schedule A, Part III, line 17.

19a 33 1/3% support tests - 2016. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2015. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

**Part IV Supporting Organizations**

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

|  | Yes | No |
|--|-----|----|
| <b>1</b> Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>  |     |    |
| <b>2</b> Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>   |     |    |
| <b>3a</b> Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>   |     |    |
| <b>b</b> Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>   |     |    |
| <b>c</b> Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>  |     |    |
| <b>4a</b> Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>  |     |    |
| <b>b</b> Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>  |     |    |
| <b>c</b> Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>   |     |    |
| <b>5a</b> Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i> |     |    |
| <b>b Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?   |     |    |
| <b>c Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?  |     |    |
| <b>6</b> Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>  |     |    |
| <b>7</b> Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>   |     |    |
| <b>8</b> Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>  |     |    |
| <b>9a</b> Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>  |     |    |
| <b>b</b> Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>  |     |    |
| <b>c</b> Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>   |     |    |
| <b>10a</b> Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>   |     |    |
| <b>b</b> Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>   |     |    |

**Part IV Supporting Organizations** (continued)

|  | Yes         | No |
|--|-------------|----|
| <b>11</b> Has the organization accepted a gift or contribution from any of the following persons?  |             |    |
| <b>a</b> A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization? | <b>11 a</b> |    |
| <b>b</b> A family member of a person described in (a) above?   | <b>11 b</b> |    |
| <b>c</b> A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI.</i>  | <b>11 c</b> |    |

**Section B. Type I Supporting Organizations**

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

**Section C. Type II Supporting Organizations**

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

**Section D. All Type III Supporting Organizations**

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

**Section E. Type III Functionally Integrated Supporting Organizations**

|   |           |     |    |
|---|-----------|-----|----|
| <b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).  |           |     |    |
| <b>a</b> <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.  |           |     |    |
| <b>b</b> <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.   |           |     |    |
| <b>c</b> <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).   |           |     |    |
| <b>2</b> Activities Test. Answer (a) and (b) below.   |           | Yes | No |
| <b>a</b> Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i> | <b>2a</b> |     |    |
| <b>b</b> Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>  | <b>2b</b> |     |    |
| <b>3</b> Parent of Supported Organizations. Answer (a) and (b) below.   |           |     |    |
| <b>a</b> Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>  | <b>3a</b> |     |    |
| <b>b</b> Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>   | <b>3b</b> |     |    |

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

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

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

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

| <b>Section C - Distributable Amount</b>   |          |  | Current Year |
|---|----------|--|--------------|
| <b>1</b> Adjusted net income for prior year (from Section A, line 8, Column A)  | <b>1</b> |  |              |
| <b>2</b> Enter 85% of line 1.   | <b>2</b> |  |              |
| <b>3</b> Minimum asset amount for prior year (from Section B, line 8, Column A)   | <b>3</b> |  |              |
| <b>4</b> Enter greater of line 2 or line 3.   | <b>4</b> |  |              |
| <b>5</b> Income tax imposed in prior year   | <b>5</b> |  |              |
| <b>6 Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions). | <b>6</b> |  |              |

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

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

| Section D - Distributions  | Current Year |
|--|--------------|
| 1 Amounts paid to supported organizations to accomplish exempt purposes  |              |
| 2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity      |              |
| 3 Administrative expenses paid to accomplish exempt purposes of supported organizations  |              |
| 4 Amounts paid to acquire exempt-use assets  |              |
| 5 Qualified set-aside amounts (prior IRS approval required)  |              |
| 6 Other distributions (describe in Part VI). See instructions.   |              |
| 7 <b>Total annual distributions.</b> Add lines 1 through 6.  |              |
| 8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions. |              |
| 9 Distributable amount for 2016 from Section C, line 6   |              |
| 10 Line 8 amount divided by Line 9 amount  |              |

| Section E - Distribution Allocations (see instructions)   | (i)<br>Excess Distributions | (ii)<br>Underdistributions<br>Pre-2016 | (iii)<br>Distributable<br>Amount for 2016 |
|---|-----------------------------|--|---|
| 1 Distributable amount for 2016 from Section C, line 6  |                             |  |   |
| 2 Underdistributions, if any, for years prior to 2016 (reasonable cause required-explain in Part VI). See instructions.   |                             |  |   |
| 3 Excess distributions carryover, if any, to 2016:  |                             |  |   |
| a   |                             |  |   |
| b   |                             |  |   |
| c From 2013. . . . .  |                             |  |   |
| d From 2014. . . . .  |                             |  |   |
| e From 2015. . . . .  |                             |  |   |
| f <b>Total</b> of lines 3a through e  |                             |  |   |
| g Applied to underdistributions of prior years  |                             |  |   |
| h Applied to 2016 distributable amount  |                             |  |   |
| i Carryover from 2011 not applied (see instructions)  |                             |  |   |
| j Remainder. Subtract lines 3g, 3h, and 3i from 3f.   |                             |  |   |
| 4 Distributions for 2016 from Section D, line 7:                   \$   |                             |  |   |
| a Applied to underdistributions of prior years  |                             |  |   |
| b Applied to 2016 distributable amount  |                             |  |   |
| c Remainder. Subtract lines 4a and 4b from 4.   |                             |  |   |
| 5 Remaining underdistributions for years prior to 2016, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions. |                             |  |   |
| 6 Remaining underdistributions for 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.                        |                             |  |   |
| 7 <b>Excess distributions carryover to 2017.</b> Add lines 3j and 4c.   |                             |  |   |
| 8 Breakdown of line 7:  |                             |  |   |
| a   |                             |  |   |
| b Excess from 2013. . . .   |                             |  |   |
| c Excess from 2014. . . .   |                             |  |   |
| d Excess from 2015. . . .   |                             |  |   |
| e Excess from 2016. . . .   |                             |  |   |

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

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**Schedule B**  
(Form 990, 990-EZ,  
or 990-PF)

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

OMB No. 1545-0047

**2016**

▶ **Attach to Form 990, Form 990-EZ, or Form 990-PF.**

▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Name of the organization

RUTLAND HOSPITAL INC

Employer identification number

03-0183483

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)(3 ) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note:** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

**Special Rules**

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3 % support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000 or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year . . . . . ▶ \$ \_\_\_\_\_

**Caution:** An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization **RUTLAND HOSPITAL INC**

Employer identification number  
**03-0183483**

**Part I** **Contributors** (See instructions). Use duplicate copies of Part I if additional space is needed.

| (a)<br>No. | (b)<br>Name, address, and ZIP + 4 | (c)<br>Total contributions | (d)<br>Type of contribution   |
|------------|-----------------------------------|----------------------------|---|
| 1          |                                   | \$ 31,085.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 2          |                                   | \$ 50,643.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 3          |                                   | \$ 129,801.                | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 4          |                                   | \$ 572,692.                | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 5          |                                   | \$ 12,505.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 6          |                                   | \$ 390,626.                | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |

Name of organization **RUTLAND HOSPITAL INC**

Employer identification number  
03-0183483

**Part I** **Contributors** (See instructions). Use duplicate copies of Part I if additional space is needed.

| (a)<br>No. | (b)<br>Name, address, and ZIP + 4 | (c)<br>Total contributions | (d)<br>Type of contribution   |
|------------|-----------------------------------|----------------------------|---|
| 7          |                                   | \$ 1,148,829.              | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 8          |                                   | \$ 55,741.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 9          |                                   | \$ 5,000.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 10         |                                   | \$ 5,000.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 11         |                                   | \$ 5,000.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 12         |                                   | \$ 5,000.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |

Name of organization **RUTLAND HOSPITAL INC**

Employer identification number  
03-0183483

**Part I** **Contributors** (See instructions). Use duplicate copies of Part I if additional space is needed.

| (a)<br>No. | (b)<br>Name, address, and ZIP + 4 | (c)<br>Total contributions | (d)<br>Type of contribution   |
|------------|-----------------------------------|----------------------------|---|
| 13         |                                   | \$ 7,500.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 14         |                                   | \$ 7,500.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 15         |                                   | \$ 7,500.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 16         |                                   | \$ 7,900.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 17         |                                   | \$ 7,954.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 18         |                                   | \$ 8,000.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |

|  |   |
|--|---|
| <b>Name of organization</b> RUTLAND HOSPITAL INC | <b>Employer identification number</b><br>03-0183483 |
|--|---|

**Part I** **Contributors** (See instructions). Use duplicate copies of Part I if additional space is needed.

| (a)<br>No. | (b)<br>Name, address, and ZIP + 4 | (c)<br>Total contributions | (d)<br>Type of contribution   |
|------------|-----------------------------------|----------------------------|---|
| 19         | _____<br>_____<br>_____           | \$ 8,000.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 20         | _____<br>_____<br>_____           | \$ 8,000.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 21         | _____<br>_____<br>_____           | \$ 9,000.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 22         | _____<br>_____<br>_____           | \$ 10,000.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 23         | _____<br>_____<br>_____           | \$ 10,000.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 24         | _____<br>_____<br>_____           | \$ 10,000.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |

Name of organization **RUTLAND HOSPITAL INC**

Employer identification number  
**03-0183483**

**Part I** **Contributors** (See instructions). Use duplicate copies of Part I if additional space is needed.

| (a)<br>No. | (b)<br>Name, address, and ZIP + 4 | (c)<br>Total contributions | (d)<br>Type of contribution   |
|------------|-----------------------------------|----------------------------|---|
| 25         |                                   | \$ 10,000.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 26         |                                   | \$ 11,000.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 27         |                                   | \$ 11,750.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 28         |                                   | \$ 12,150.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 29         |                                   | \$ 18,750.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 30         |                                   | \$ 21,229.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |

Name of organization **RUTLAND HOSPITAL INC**

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03-0183483

**Part I** **Contributors** (See instructions). Use duplicate copies of Part I if additional space is needed.

| (a)<br>No. | (b)<br>Name, address, and ZIP + 4 | (c)<br>Total contributions | (d)<br>Type of contribution   |
|------------|-----------------------------------|----------------------------|---|
| 31         |                                   | \$ 34,775.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 32         |                                   | \$ 35,000.                 | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 33         |                                   | \$ 515,539.                | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 34         |                                   | \$ 5,430.                  | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
| 35         |                                   | \$ 245,810.                | Person <input checked="" type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.) |
|            |                                   | \$                         | Person <input type="checkbox"/><br>Payroll <input type="checkbox"/><br>Noncash <input type="checkbox"/><br>(Complete Part II for noncash contributions.)            |

Name of organization **RUTLAND HOSPITAL INC**

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03-0183483

**Part II** **Noncash Property** (See instructions). Use duplicate copies of Part II if additional space is needed.

| (a) No. from Part I | (b) Description of noncash property given | (c) FMV (or estimate) (See instructions) | (d) Date received |
|---------------------|---|--|-------------------|
| _____               | _____<br>_____<br>_____                   | \$ _____                                 | _____             |
| _____               | _____<br>_____<br>_____                   | \$ _____                                 | _____             |
| _____               | _____<br>_____<br>_____                   | \$ _____                                 | _____             |
| _____               | _____<br>_____<br>_____                   | \$ _____                                 | _____             |
| _____               | _____<br>_____<br>_____                   | \$ _____                                 | _____             |
| _____               | _____<br>_____<br>_____                   | \$ _____                                 | _____             |
| _____               | _____<br>_____<br>_____                   | \$ _____                                 | _____             |
| _____               | _____<br>_____<br>_____                   | \$ _____                                 | _____             |
| _____               | _____<br>_____<br>_____                   | \$ _____                                 | _____             |
| _____               | _____<br>_____<br>_____                   | \$ _____                                 | _____             |



Name of organization **RUTLAND HOSPITAL INC**

Employer identification number  
**03-0183483**

**Part III** *Exclusively* religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this information once. See instructions.) ► \$ \_\_\_\_\_  
Use duplicate copies of Part III if additional space is needed.

|   |                         |  |                                     |
|---|-------------------------|--|-------------------------------------|
| (a) No.<br>from<br>Part I               | (b) Purpose of gift     | (c) Use of gift                          | (d) Description of how gift is held |
| _____                                   | _____<br>_____<br>_____ | _____<br>_____<br>_____                  | _____<br>_____<br>_____             |
| (e) Transfer of gift                    |                         |  |                                     |
| Transferee's name, address, and ZIP + 4 |                         | Relationship of transferor to transferee |                                     |
| _____<br>_____<br>_____                 |                         | _____<br>_____<br>_____                  |                                     |
| (a) No.<br>from<br>Part I               | (b) Purpose of gift     | (c) Use of gift                          | (d) Description of how gift is held |
| _____                                   | _____<br>_____<br>_____ | _____<br>_____<br>_____                  | _____<br>_____<br>_____             |
| (e) Transfer of gift                    |                         |  |                                     |
| Transferee's name, address, and ZIP + 4 |                         | Relationship of transferor to transferee |                                     |
| _____<br>_____<br>_____                 |                         | _____<br>_____<br>_____                  |                                     |
| (a) No.<br>from<br>Part I               | (b) Purpose of gift     | (c) Use of gift                          | (d) Description of how gift is held |
| _____                                   | _____<br>_____<br>_____ | _____<br>_____<br>_____                  | _____<br>_____<br>_____             |
| (e) Transfer of gift                    |                         |  |                                     |
| Transferee's name, address, and ZIP + 4 |                         | Relationship of transferor to transferee |                                     |
| _____<br>_____<br>_____                 |                         | _____<br>_____<br>_____                  |                                     |
| (a) No.<br>from<br>Part I               | (b) Purpose of gift     | (c) Use of gift                          | (d) Description of how gift is held |
| _____                                   | _____<br>_____<br>_____ | _____<br>_____<br>_____                  | _____<br>_____<br>_____             |
| (e) Transfer of gift                    |                         |  |                                     |
| Transferee's name, address, and ZIP + 4 |                         | Relationship of transferor to transferee |                                     |
| _____<br>_____<br>_____                 |                         | _____<br>_____<br>_____                  |                                     |

**SCHEDULE C**  
**(Form 990 or 990-EZ)**

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

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

**2016**

Department of the Treasury  
Internal Revenue Service

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **Information about Schedule C (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

**Open to Public Inspection**

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

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

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

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

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

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

|  |  |
|--|--|
| Name of organization<br>RUTLAND HOSPITAL INC | Employer identification number<br>03-0183483 |
|--|--|

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

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV. (see instructions for definition of "political campaign activities")
- 2 Political campaign activity expenditures (see instructions) . . . . . ▶ \$ \_\_\_\_\_
- 3 Volunteer hours for political campaign activities (see instructions) . . . . . \_\_\_\_\_

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955. . . . . ▶ \$ \_\_\_\_\_
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 . . . . . ▶ \$ \_\_\_\_\_
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? . . . . .  Yes  No
- 4a Was a correction made? . . . . .  Yes  No
- b If "Yes," describe in Part IV.

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

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities. . . . . ▶ \$ \_\_\_\_\_
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities . . . . . ▶ \$ \_\_\_\_\_
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b . . . . . ▶ \$ \_\_\_\_\_
- 4 Did the filing organization file **Form 1120-POL** for this year? . . . . .  Yes  No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

| (a) Name | (b) Address | (c) EIN | (d) Amount paid from filing organization's funds. If none, enter -0-. | (e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-. |
|----------|-------------|---------|---|--|
| (1)      |             |         |   |  |
| (2)      |             |         |   |  |
| (3)      |             |         |   |  |
| (4)      |             |         |   |  |
| (5)      |             |         |   |  |
| (6)      |             |         |   |  |

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2016

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

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

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

| <b>Limits on Lobbying Expenditures</b><br>(The term "expenditures" means amounts paid or incurred.)  | (a) Filing organization's totals                   | (b) Affiliated group totals                              |                    |                               |   |  |   |  |  |   |                   |              |  |  |
|--|--|--|--------------------|-------------------------------|---|--|---|--|--|---|-------------------|--------------|--|--|
| <b>1a</b> Total lobbying expenditures to influence public opinion (grass roots lobbying) . . . . .   |  |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>b</b> Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .   |  |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>c</b> Total lobbying expenditures (add lines 1a and 1b) . . . . .   |  |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>d</b> Other exempt purpose expenditures . . . . .   |  |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>e</b> Total exempt purpose expenditures (add lines 1c and 1d) . . . . .   |  |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>f</b> Lobbying nontaxable amount. Enter the amount from the following table in both columns.  |  |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <table border="1" style="width:100%; border-collapse: collapse;"> <thead> <tr> <th style="width:35%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width:65%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table> | If the amount on line 1e, column (a) or (b) is:    | The lobbying nontaxable amount is:                       | Not over \$500,000 | 20% of the amount on line 1e. | Over \$500,000 but not over \$1,000,000 | \$100,000 plus 15% of the excess over \$500,000. | Over \$1,000,000 but not over \$1,500,000 | \$175,000 plus 10% of the excess over \$1,000,000. | Over \$1,500,000 but not over \$17,000,000 | \$225,000 plus 5% of the excess over \$1,500,000. | Over \$17,000,000 | \$1,000,000. |  |  |
| If the amount on line 1e, column (a) or (b) is:  | The lobbying nontaxable amount is:                 |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| Not over \$500,000   | 20% of the amount on line 1e.                      |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| Over \$500,000 but not over \$1,000,000  | \$100,000 plus 15% of the excess over \$500,000.   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| Over \$1,000,000 but not over \$1,500,000  | \$175,000 plus 10% of the excess over \$1,000,000. |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| Over \$1,500,000 but not over \$17,000,000   | \$225,000 plus 5% of the excess over \$1,500,000.  |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| Over \$17,000,000  | \$1,000,000.                                       |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>g</b> Grassroots nontaxable amount (enter 25% of line 1f) . . . . .   |  |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>h</b> Subtract line 1g from line 1a. If zero or less, enter -0- . . . . .   |  |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>i</b> Subtract line 1f from line 1c. If zero or less, enter -0- . . . . .   |  |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>j</b> If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? . . . . .   |  | <input type="checkbox"/> Yes <input type="checkbox"/> No |                    |                               |   |  |   |  |  |   |                   |              |  |  |

**4-Year Averaging Period Under section 501(h)**

(Some organizations that made a section 501(h) election do not have to complete all of the five columns below.

See the separate instructions for lines 2a through 2f.)

| <b>Lobbying Expenditures During 4-Year Averaging Period</b>      |          |          |          |          |           |
|--|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in)                      | (a) 2013 | (b) 2014 | (c) 2015 | (d) 2016 | (e) Total |
| <b>2a</b> Lobbying nontaxable amount                             |          |          |          |          |           |
| <b>b</b> Lobbying ceiling amount (150% of line 2a, column (e))   |          |          |          |          |           |
| <b>c</b> Total lobbying expenditures                             |          |          |          |          |           |
| <b>d</b> Grassroots nontaxable amount                            |          |          |          |          |           |
| <b>e</b> Grassroots ceiling amount (150% of line 2d, column (e)) |          |          |          |          |           |
| <b>f</b> Grassroots lobbying expenditures                        |          |          |          |          |           |

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

Table with 3 main columns: Description, (a) Yes/No, and (b) Amount. Rows include: 1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation...; a Volunteers?; b Paid staff or management...; c Media advertisements?; d Mailings to members...; e Publications...; f Grants to other organizations...; g Direct contact with legislators...; h Rallies, demonstrations...; i Other activities?; j Total...; 2a Did the activities in line 1 cause the organization to be not described...; b If "Yes," enter the amount of any tax incurred...; c If "Yes," enter the amount of any tax incurred...; d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?...

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

Table with 3 columns: Question, Yes, No. Rows include: 1 Were substantially all (90% or more) dues received nondeductible by members?; 2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?; 3 Did the organization agree to carry over lobbying and political campaign activity expenditures from the prior year?

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

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

Part IV Supplemental Information

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

SEE PAGE 4

**Part IV** Supplemental Information (continued)

SCHEDULE C, PART II-B, LINE 1

LOBBYING EXPENSES:

THE ORGANIZATION PAID LOBBYING FEES OF \$75,925 TO A PROFESSIONAL GOVERNMENT AFFAIRS AND COMMUNICATION STRATEGIES COMPANY.

THE ORGANIZATION'S CEO, THOMAS HUEBNER, SPENDS TIME EACH YEAR WORKING DIRECTLY WITH STATE LEGISLATORS TO IMPROVE SERVICES FOR THE RUTLAND REGION. APPROXIMATELY .0094%, OR \$4,830, OF HIS SALARY IS ALLOCATED TO THIS ACTIVITY.

ALSO, DUES ARE PAID TO THE HOSPITAL ASSOCIATION AND THE VERMONT HOSPITAL ASSOCIATION. A PORTION OF DUES IS ATTRIBUTABLE TO LOBBYING:

\$ 18,185 VHA

7,311 AHA

-----

\$ 25,496

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2016

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

Attach to Form 990.

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

Name of the organization

RUTLAND HOSPITAL INC

Employer identification number

03-0183483

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate value of contributions to (during year), 3 Aggregate value of grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?, 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?

Part II Conservation Easements.

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

Table with 2 columns: Description, Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements held by the organization (check all that apply), 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year. (a) Total number of conservation easements, (b) Total acreage restricted by conservation easements, (c) Number of conservation easements on a certified historic structure included in (a), (d) Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register, 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year, 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?, 6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year, 7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year, 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?, 9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

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

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

Table with 2 columns: Description, Amount. Rows include: 1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items. b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenue included in Form 990, Part VIII, line 1, (ii) Assets included in Form 990, Part X. 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items: a Revenue included in Form 990, Part VIII, line 1, b Assets included in Form 990, Part X.

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2016

JSA 6E1268 1.000

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

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
a Public exhibition
b Scholarly research
c Preservation for future generations
d Loan or exchange programs
e Other
4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

Part IV Escrow and Custodial Arrangements.

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

- 1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?
b If "Yes," explain the arrangement in Part XIII and complete the following table:
Table with columns: Amount, 1c Beginning balance, 1d Additions during the year, 1e Distributions during the year, 1f Ending balance
2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?
b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

Part V Endowment Funds.

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

Table with 6 columns: (a) Current year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back. Rows include: 1a Beginning of year balance, b Contributions, c Net investment earnings, gains, and losses, d Grants or scholarships, e Other expenditures for facilities and programs, f Administrative expenses, g End of year balance.

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

- a Board designated or quasi-endowment %
b Permanent endowment 70.5600 %
c Temporarily restricted endowment 29.4400 %
The percentages on lines 2a, 2b, and 2c should equal 100%.

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

Table with 3 columns: (i) unrelated organizations, (ii) related organizations, 3b. Includes sub-rows 3a(i) and 3a(ii) with Yes/No columns.

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Table with 5 columns: (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows include: 1a Land, b Buildings, c Leasehold improvements, d Equipment, e Other, Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)

**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

| (a) Description of security or category<br>(including name of security)     | (b) Book value | (c) Method of valuation:<br>Cost or end-of-year market value |
|---|----------------|--|
| (1) Financial derivatives . . . . .   |                |  |
| (2) Closely-held equity interests . . . . .                                 |                |  |
| (3) Other _____   |                |  |
| (A)   |                |  |
| (B)   |                |  |
| (C)   |                |  |
| (D)   |                |  |
| (E)   |                |  |
| (F)   |                |  |
| (G)   |                |  |
| (H)   |                |  |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 12.) ► |                |  |

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

| (a) Description of investment   | (b) Book value | (c) Method of valuation:<br>Cost or end-of-year market value |
|---|----------------|--|
| (1)   |                |  |
| (2)   |                |  |
| (3)   |                |  |
| (4)   |                |  |
| (5)   |                |  |
| (6)   |                |  |
| (7)   |                |  |
| (8)   |                |  |
| (9)   |                |  |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 13.) ► |                |  |

**Part IX Other Assets.**

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

| (a) Description   | (b) Book value |
|---|----------------|
| (1)   |                |
| (2)   |                |
| (3)   |                |
| (4)   |                |
| (5)   |                |
| (6)   |                |
| (7)   |                |
| (8)   |                |
| (9)   |                |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) . . . . . ► |                |

**Part X Other Liabilities.**

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

| 1. (a) Description of liability   | (b) Book value |  |
|---|----------------|--|
| (1) Federal income taxes  |                |  |
| (2) ACCRUED PENSION   | 7,244,302.     |  |
| (3) EST AMTS DUE TO THIRD PARTY   | 7,886,938.     |  |
| (4)   |                |  |
| (5)   |                |  |
| (6)   |                |  |
| (7)   |                |  |
| (8)   |                |  |
| (9)   |                |  |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ► |                |  |

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII



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

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

|   |  |           |             |           |              |
|---|--|-----------|-------------|-----------|--------------|
| 1 | Total revenue, gains, and other support per audited financial statements . . . . .                       |           |             | <b>1</b>  | 282,519,995. |
| 2 | Amounts included on line 1 but not on Form 990, Part VIII, line 12:                                      |           |             |           |              |
| a | Net unrealized gains (losses) on investments . . . . .   | <b>2a</b> | 10,771,700. |           |              |
| b | Donated services and use of facilities . . . . .   | <b>2b</b> |             |           |              |
| c | Recoveries of prior year grants . . . . .  | <b>2c</b> |             |           |              |
| d | Other (Describe in Part XIII.) . . . . .   | <b>2d</b> | 7,572,559.  |           |              |
| e | Add lines <b>2a</b> through <b>2d</b> . . . . .  |           |             | <b>2e</b> | 18,344,259.  |
| 3 | Subtract line <b>2e</b> from line <b>1</b> . . . . .   |           |             | <b>3</b>  | 264,175,736. |
| 4 | Amounts included on Form 990, Part VIII, line 12, but not on line 1:                                     |           |             |           |              |
| a | Investment expenses not included on Form 990, Part VIII, line 7b . . . . .                               | <b>4a</b> | 48,720.     |           |              |
| b | Other (Describe in Part XIII.) . . . . .   | <b>4b</b> | 573,208.    |           |              |
| c | Add lines <b>4a</b> and <b>4b</b> . . . . .  |           |             | <b>4c</b> | 621,928.     |
| 5 | Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.) . . . . . |           |             | <b>5</b>  | 264,797,664. |

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

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

|   |   |           |            |           |              |
|---|---|-----------|------------|-----------|--------------|
| 1 | Total expenses and losses per audited financial statements . . . . .                                      |           |            | <b>1</b>  | 250,112,125. |
| 2 | Amounts included on line 1 but not on Form 990, Part IX, line 25:   |           |            |           |              |
| a | Donated services and use of facilities . . . . .  | <b>2a</b> |            |           |              |
| b | Prior year adjustments . . . . .  | <b>2b</b> |            |           |              |
| c | Other losses . . . . .  | <b>2c</b> |            |           |              |
| d | Other (Describe in Part XIII.) . . . . .  | <b>2d</b> | 222,207.   |           |              |
| e | Add lines <b>2a</b> through <b>2d</b> . . . . .   |           |            | <b>2e</b> | 222,207.     |
| 3 | Subtract line <b>2e</b> from line <b>1</b> . . . . .  |           |            | <b>3</b>  | 249,889,918. |
| 4 | Amounts included on Form 990, Part IX, line 25, but not on line 1:  |           |            |           |              |
| a | Investment expenses not included on Form 990, Part VIII, line 7b . . . . .                                | <b>4a</b> | 48,720.    |           |              |
| b | Other (Describe in Part XIII.) . . . . .  | <b>4b</b> | 7,056,413. |           |              |
| c | Add lines <b>4a</b> and <b>4b</b> . . . . .   |           |            | <b>4c</b> | 7,105,133.   |
| 5 | Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.) . . . . . |           |            | <b>5</b>  | 256,995,051. |

**Part XIII Supplemental Information.**

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

SEE PAGE 5

**Part XIII Supplemental Information** (continued)

SCHEDULE D, PART V, LINE 1E, COLUMN A

OTHER EXPENDITURES FOR FACILITIES AND PROGRAMS:

THE AMOUNT LISTED AS OTHER EXPENDITURES WAS A RECLASSIFICATION OF FUNDS RATHER THAN AN EXPENDITURE. THE AMOUNT IS COMPRISED OF THE FOLLOWING:

\$ 6,898,042 UNRESTRICTED CHANGES IN ENDOWMENT NET ASSETS

121,260 TEMPORARILY RESTRICTED CHANGES IN ENDOWMENT NET ASSETS

-----  
\$ 7,019,302

SCHEDULE D, PART V, LINE 4

ENDOWMENT FUND PURPOSE:

RRMC'S ENDOWMENTS CONSIST OF VARIOUS INDIVIDUAL DONOR-RESTRICTED AND BOARD DESIGNATED FUNDS WHICH WERE ESTABLISHED FOR GENERAL OPERATIONAL AND CERTAIN DEPARTMENTAL PURPOSES. AS REQUIRED BY ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA (GAAP), NET ASSETS ASSOCIATED WITH ENDOWMENT FUNDS ARE CLASSIFIED AND REPORTED BASED ON THE EXISTENCE OR ABSENCE OF DONOR-IMPOSED RESTRICTIONS.

RRMC'S GOVERNING BODY HAS INTERPRETED THE STATE OF VERMONT PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT (SPMIFA), ADOPTED IN MAY OF 2009, AS REQUIRING PRESERVATION OF THE FAIR VALUE OF THE ORIGINAL GIFT AS OF THE GIFT DATE OF THE DONOR-RESTRICTED ENDOWMENT FUNDS ABSENT EXPLICIT DONOR STIPULATIONS TO THE CONTRARY. AS A RESULT OF THIS INTERPRETATION, RRMC 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

**Part XIII** Supplemental Information (continued)

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 DONOR-RESTRICTED ENDOWMENT FUNDS IS CLASSIFIED AS TEMPORARILY RESTRICTED NET ASSETS UNTIL THOSE AMOUNTS ARE APPROPRIATED FOR EXPENDITURE BY RRMC IN A MANNER CONSISTENT WITH THE STANDARD OF PRUDENCE PRESCRIBED BY SPMIFA. IN ACCORDANCE WITH SPMIFA, RRMC CONSIDERS THE FOLLOWING FACTORS IN MAKING A DETERMINATION TO APPROPRIATE OR ACCUMULATE DONOR-RESTRICTED ENDOWMENT FUNDS:

1. DURATION AND PRESERVATION OF THE FUND
2. PURPOSES OF RRMC AND THE FUND
3. GENERAL ECONOMIC CONDITIONS
4. POSSIBLE EFFECT OF INFLATION AND DEFLATION
5. EXPECTED TOTAL RETURN FROM INVESTMENT INCOME AND APPRECIATION OR DEPRECIATION OF INVESTMENTS
6. OTHER RESOURCES OF RRMC
7. INVESTMENT POLICIES OF RRMC

SCHEDULE D, PART X, LINE 2

UNCERTAIN TAX POSITIONS:

MANAGEMENT HAS EVALUATED THEIR INCOME TAX POSITIONS UNDER THE GUIDANCE INCLUDED IN ASC 740. BASED ON THEIR REVIEW, MANAGEMENT HAS NOT IDENTIFIED ANY MATERIAL UNCERTAIN TAX POSITIONS TO BE RECORDED OR DISCLOSED IN THE FINANCIAL STATEMENTS.

**Part XIII Supplemental Information** (continued)

## SCHEDULE D, PART XI, LINE 2D

AMOUNTS INCLUDED ON LINE 1 BUT NOT ON FORM 990, PART VIII, LINE 12:

\$ 12,090,471 NET LOSS FROM DEF BEN PLAN &amp; POSTRETIREMENT BEN COST

1,854,320 LOSS ON INTEREST RATE SWAP AGREEMENT

684,181 NET ASSETS RELEASED FROM RESTRICTIONS

( 7,056,413) PROVISION FOR UNCOLLECTIBLE ACCOUNTS

-----  
\$ 7,572,559

## SCHEDULE D, PART XI, LINE 4B

AMOUNTS INCLUDED ON FORM 990, PART VIII, LINE 12 BUT NOT ON LINE 1:

\$ 550,084 TEMPORARILY RESTRICTED CONTRIBUTIONS

245,331 TEMPORARILY RESTRICTED INVESTMENT RETURN

( 68,761) SPECIAL EVENTS EXPENSE

( 153,446) RENTAL EXPENSES

-----  
\$ 573,208

## SCHEDULE D, PART XII, LINE 2D

AMOUNTS INCLUDED ON LINE 1 BUT NOT ON FORM 990, PART IX, LINE 25:

\$ 153,446 RENTAL EXPENSES

68,761 SPECIAL EVENTS EXPENSE

-----  
\$ 222,207

**Part XIII** Supplemental Information *(continued)*

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SCHEDULE D, PART XII, LINE 4B

AMOUNTS INCLUDED ON FORM 990, PART IX, LINE 25, BUT NOT ON LINE 1:

\$ 7,056,413 PROVISION FOR UNCOLLECTIBLE ACCOUNTS



**Part II Fundraising Events.** Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

|                 |    | (a) Event #1   | (b) Event #2                  | (c) Other events     | (d) Total events                |          |
|-----------------|----|--|-------------------------------|----------------------|---------------------------------|----------|
|                 |    | GOLF TOURN<br>(event type)   | GREEN MT GALA<br>(event type) | 1.<br>(total number) | (add col. (a) through col. (c)) |          |
| Revenue         | 1  | Gross receipts . . . . .   | 40,218.                       | 122,256.             | 19,452.                         | 181,926. |
|                 | 2  | Less: Contributions . . . . .  | 18,118.                       | 107,651.             | 9,162.                          | 134,931. |
|                 | 3  | Gross income (line 1 minus line 2) . . . . .                             | 22,100.                       | 14,605.              | 10,290.                         | 46,995.  |
| Direct Expenses | 4  | Cash prizes . . . . .  | 248.                          |                      |                                 | 248.     |
|                 | 5  | Noncash prizes . . . . .   | 5,005.                        |                      |                                 | 5,005.   |
|                 | 6  | Rent/facility costs . . . . .  |                               |                      |                                 |          |
|                 | 7  | Food and beverages . . . . .   | 15,013.                       | 17,371.              | 825.                            | 33,209.  |
|                 | 8  | Entertainment . . . . .  |                               |                      |                                 |          |
|                 | 9  | Other direct expenses . . . . .  | 15,168.                       | 10,403.              | 4,728.                          | 30,299.  |
|                 | 10 | Direct expense summary. Add lines 4 through 9 in column (d) . . . . . ▶  |                               |                      |                                 | 68,761.  |
|                 | 11 | Net income summary. Subtract line 10 from line 3, column (d) . . . . . ▶ |                               |                      |                                 | -21,766. |

**Part III Gaming.** Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

|                 |   | (a) Bingo  | (b) Pull tabs/instant bingo/progressive bingo                      | (c) Other gaming   | (d) Total gaming (add col. (a) through col. (c))                   |  |
|-----------------|---|--|--|--|--|--|
|                 |   |  |  |  |  |  |
| Revenue         | 1 | Gross revenue . . . . .  |  |  |  |  |
| Direct Expenses | 2 | Cash prizes . . . . .  |  |  |  |  |
|                 | 3 | Noncash prizes . . . . .   |  |  |  |  |
|                 | 4 | Rent/facility costs . . . . .  |  |  |  |  |
|                 | 5 | Other direct expenses . . . . .  |  |  |  |  |
|                 | 6 | Volunteer labor . . . . .  | <input type="checkbox"/> Yes _____%<br><input type="checkbox"/> No | <input type="checkbox"/> Yes _____%<br><input type="checkbox"/> No | <input type="checkbox"/> Yes _____%<br><input type="checkbox"/> No |  |
|                 | 7 | Direct expense summary. Add lines 2 through 5 in column (d) . . . . . ▶        |  |  |  |  |
|                 | 8 | Net gaming income summary. Subtract line 7 from line 1, column (d) . . . . . ▶ |  |  |  |  |

9 Enter the state(s) in which the organization conducts gaming activities: \_\_\_\_\_  
 a Is the organization licensed to conduct gaming activities in each of these states?  Yes  No  
 b If "No," explain: \_\_\_\_\_

10a Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?  Yes  No  
 b If "Yes," explain: \_\_\_\_\_

- 11 Does the organization conduct gaming activities with nonmembers?  Yes  No
- 12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?  Yes  No
- 13 Indicate the percentage of gaming activity conducted in:
 

|                               |     |   |
|-------------------------------|-----|---|
| a The organization's facility | 13a | % |
| b An outside facility         | 13b | % |
- 14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

- 15 a Does the organization have a contract with a third party from whom the organization receives gaming revenue?  Yes  No
- b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party ▶ \$ \_\_\_\_\_.
- c If "Yes," enter name and address of the third party:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

16 Gaming manager information:

Name ▶ \_\_\_\_\_

Gaming manager compensation ▶ \$ \_\_\_\_\_

Description of services provided ▶ \_\_\_\_\_

- Director/officer
- Employee
- Independent contractor

17 Mandatory distributions:

- a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?  Yes  No
- b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ \_\_\_\_\_

**Part IV Supplemental Information.** Provide the explanation required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also provide any additional information (see instructions).

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**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2016**

**Open to Public Inspection**

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, question 20.**

▶ **Attach to Form 990.**

▶ **Information about Schedule H (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

Department of the Treasury  
Internal Revenue Service

Name of the organization

RUTLAND HOSPITAL INC

Employer identification number

03-0183483

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

|  | Yes | No |
|--|-----|----|
| <b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .  | X   |    |
| <b>1b</b> If "Yes," was it a written policy? . . . . .   | X   |    |
| <b>2</b> 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.<br><input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities<br><input type="checkbox"/> Generally tailored to individual hospital facilities |     |    |
| <b>3</b> 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.  |     |    |
| <b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free care</i> ? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:<br><input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>300.0000</u> %   | X   |    |
| <b>b</b> Did the organization use FPG as a factor in determining eligibility for providing <i>discounted care</i> ? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: . . . . .<br><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>500.0000</u> %    | X   |    |
| <b>c</b> If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.   |     |    |
| <b>4</b> 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"? . . . . .  | X   |    |
| <b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?  | X   |    |
| <b>5b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .   | X   |    |
| <b>5c</b> 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? . . . . .   |     | X  |
| <b>6a</b> Did the organization prepare a community benefit report during the tax year? . . . . .   | X   |    |
| <b>6b</b> If "Yes," did the organization make it available to the public? . . . . .  | X   |    |

**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 |
|--|---|-------------------------------|-------------------------------------|-------------------------------|-----------------------------------|------------------------------|
| <b>a</b> Financial Assistance at cost (from Worksheet 1) . . . . .   |   |                               | 3,155,478.                          |                               | 3,155,478.                        | 1.26                         |
| <b>b</b> Medicaid (from Worksheet 3, column a) . . . . .   |   |                               | 63,433,635.                         | 37,777,933.                   | 25,655,702.                       | 10.26                        |
| <b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .              |   |                               |                                     |                               |                                   |                              |
| <b>d</b> <b>Total</b> Financial Assistance and Means-Tested Government Programs . . . . .                    |   |                               | 66,589,113.                         | 37,777,933.                   | 28,811,180.                       | 11.52                        |
| <b>Other Benefits</b>  |   |                               |                                     |                               |                                   |                              |
| <b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . . | 8   | 25896                         | 2,465,526.                          | 1,864,622.                    | 600,904.                          | .24                          |
| <b>f</b> Health professions education (from Worksheet 5) . . . . .   |   |                               | 1,048,515.                          |                               | 1,048,515.                        | .42                          |
| <b>g</b> Subsidized health services (from Worksheet 6) . . . . .   |   |                               | 65,949,803.                         | 45,249,383.                   | 20,700,420.                       | 8.28                         |
| <b>h</b> Research (from Worksheet 7)   |   |                               |                                     |                               |                                   |                              |
| <b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .                   |   |                               | 634,632.                            |                               | 634,632.                          | .25                          |
| <b>j</b> <b>Total</b> Other Benefits . . . . .   | 8   | 25896                         | 70,098,476.                         | 47,114,005.                   | 22,984,471.                       | 9.19                         |
| <b>k</b> <b>Total</b> Add lines 7d and 7j . . . . .  | 8   | 25896                         | 136,687,589.                        | 84,891,938.                   | 51,795,651.                       | 20.71                        |

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule H (Form 990) 2016

JSA 6E1284 1.000

**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   | 1   | 200                           | 185,509.                             |                               | 185,509.                           | .07                          |
| 4 Environmental improvements                                |   |                               |                                      |                               |                                    |                              |
| 5 Leadership development and training for community members |   |                               |                                      |                               |                                    |                              |
| 6 Coalition building  | 1   | 300                           | 51,215.                              |                               | 51,215.                            | .02                          |
| 7 Community health improvement advocacy                     | 1   |                               | 71,464.                              |                               | 71,464.                            | .03                          |
| 8 Workforce development                                     | 1   |                               | 3,491.                               |                               | 3,491.                             |                              |
| 9 Other   |   |                               |                                      |                               |                                    |                              |
| 10 Total  | 4   | 500                           | 311,679.                             |                               | 311,679.                           | .12                          |

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

|  | Yes | No         |
|--|-----|------------|
| 1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? . . . . .  | 1   | X          |
| 2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount. . . . .  | 2   | 7,056,413. |
| 3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit . . . . . | 3   | 938,503.   |
| 4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.  |     |            |

**Section B. Medicare**

|   |   |              |
|---|---|--------------|
| 5 Enter total revenue received from Medicare (including DSH and IME) . . . . .  | 5 | 72,059,092.  |
| 6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .   | 6 | 94,342,412.  |
| 7 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .   | 7 | -22,283,320. |
| 8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used:<br><input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other |   |              |

**Section C. Collection Practices**

|   |    |   |
|---|----|---|
| 9a Did the organization have a written debt collection policy during the tax year? . . . . .  | 9a | X |
| b If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI . . . . . | 9b | X |

**Part IV Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians - see instructions)

| (a) Name of entity | (b) Description of primary activity of entity | (c) Organization's profit % or stock ownership % | (d) Officers, directors, trustees, or key employees' profit % or stock ownership % | (e) Physicians' profit % or stock ownership % |
|--------------------|---|--|--|---|
| 1                  |   |  |  |   |
| 2                  |   |  |  |   |
| 3                  |   |  |  |   |
| 4                  |   |  |  |   |
| 5                  |   |  |  |   |
| 6                  |   |  |  |   |
| 7                  |   |  |  |   |
| 8                  |   |  |  |   |
| 9                  |   |  |  |   |
| 10                 |   |  |  |   |
| 11                 |   |  |  |   |
| 12                 |   |  |  |   |
| 13                 |   |  |  |   |

**Part V Facility Information**

**Section A. Hospital Facilities**

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

How many hospital facilities did the organization operate during the tax year? 1

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

|           | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (describe)                 | Facility reporting group |
|-----------|-------------------|----------------------------|---------------------|-------------------|--------------------------|-------------------|-------------|----------|----------------------------------|--------------------------|
| <b>1</b>  | X                 | X                          |                     |                   |                          |                   | X           |          | MED DEV RURAL COMMUNITY HOSPITAL |                          |
|           |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
| <b>2</b>  |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
|           |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
| <b>3</b>  |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
|           |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
| <b>4</b>  |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
|           |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
| <b>5</b>  |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
|           |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
| <b>6</b>  |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
|           |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
| <b>7</b>  |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
|           |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
| <b>8</b>  |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
|           |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
| <b>9</b>  |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
|           |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
| <b>10</b> |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |
|           |                   |                            |                     |                   |                          |                   |             |          |                                  |                          |

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or letter of facility reporting group RUTLAND HOSPITAL

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

Community Health Needs Assessment

Table with 3 columns: Question, Yes, No. Rows include questions 1 through 12b regarding CHNA requirements and implementation.

**Part V Facility Information** (continued)

**Financial Assistance Policy (FAP)**

Name of hospital facility or letter of facility reporting group RUTLAND HOSPITAL

|   |   | Yes | No |
|---|---|-----|----|
| Did the hospital facility have in place during the tax year a written financial assistance policy that: |   |     |    |
| <b>13</b>   | Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP:  | X   |    |
| <b>a</b>  | <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>300.0000</u> % and FPG family income limit for eligibility for discounted care of <u>500.0000</u> %  |     |    |
| <b>b</b>  | <input type="checkbox"/> Income level other than FPG (describe in Section C)  |     |    |
| <b>c</b>  | <input checked="" type="checkbox"/> Asset level   |     |    |
| <b>d</b>  | <input checked="" type="checkbox"/> Medical indigency   |     |    |
| <b>e</b>  | <input checked="" type="checkbox"/> Insurance status  |     |    |
| <b>f</b>  | <input checked="" type="checkbox"/> Underinsurance status   |     |    |
| <b>g</b>  | <input type="checkbox"/> Residency  |     |    |
| <b>h</b>  | <input type="checkbox"/> Other (describe in Section C)  |     |    |
| <b>14</b>   | Explained the basis for calculating amounts charged to patients? . . . . .  | X   |    |
| <b>15</b>   | Explained the method for applying for financial assistance? . . . . .<br>If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):  | X   |    |
| <b>a</b>  | <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application  |     |    |
| <b>b</b>  | <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application  |     |    |
| <b>c</b>  | <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process  |     |    |
| <b>d</b>  | <input checked="" type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications  |     |    |
| <b>e</b>  | <input type="checkbox"/> Other (describe in Section C)  |     |    |
| <b>16</b>   | Was widely publicized within the community served by the hospital facility? . . . . .<br>If "Yes," indicate how the hospital facility publicized the policy (check all that apply):   | X   |    |
| <b>a</b>  | <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>SEE PART V SECTION C</u>   |     |    |
| <b>b</b>  | <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>SEE PART V SECTION C</u>  |     |    |
| <b>c</b>  | <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>SEE PART V SECTION C</u>   |     |    |
| <b>d</b>  | <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)  |     |    |
| <b>e</b>  | <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)   |     |    |
| <b>f</b>  | <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)  |     |    |
| <b>g</b>  | <input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention |     |    |
| <b>h</b>  | <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP   |     |    |
| <b>i</b>  | <input type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations  |     |    |
| <b>j</b>  | <input type="checkbox"/> Other (describe in Section C)  |     |    |

**Part V Facility Information** (continued)

**Billing and Collections**

Name of hospital facility or letter of facility reporting group RUTLAND HOSPITAL

|           |   | Yes | No |
|-----------|---|-----|----|
| <b>17</b> | Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment? . . . . .   | X   |    |
| <b>18</b> | Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP:  |     |    |
| <b>a</b>  | <input type="checkbox"/> Reporting to credit agency(ies)  |     |    |
| <b>b</b>  | <input type="checkbox"/> Selling an individual's debt to another party  |     |    |
| <b>c</b>  | <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP   |     |    |
| <b>d</b>  | <input type="checkbox"/> Actions that require a legal or judicial process   |     |    |
| <b>e</b>  | <input type="checkbox"/> Other similar actions (describe in Section C)  |     |    |
| <b>f</b>  | <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted   |     |    |
| <b>19</b> | Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? . . . . .<br>If "Yes," check all actions in which the hospital facility or a third party engaged: |     | X  |
| <b>a</b>  | <input type="checkbox"/> Reporting to credit agency(ies)  |     |    |
| <b>b</b>  | <input type="checkbox"/> Selling an individual's debt to another party  |     |    |
| <b>c</b>  | <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP   |     |    |
| <b>d</b>  | <input type="checkbox"/> Actions that require a legal or judicial process   |     |    |
| <b>e</b>  | <input type="checkbox"/> Other similar actions (describe in Section C)  |     |    |
| <b>20</b> | Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):   |     |    |
| <b>a</b>  | <input checked="" type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs   |     |    |
| <b>b</b>  | <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process   |     |    |
| <b>c</b>  | <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications  |     |    |
| <b>d</b>  | <input type="checkbox"/> Made presumptive eligibility determinations  |     |    |
| <b>e</b>  | <input type="checkbox"/> Other (describe in Section C)  |     |    |
| <b>f</b>  | <input type="checkbox"/> None of these efforts were made  |     |    |

**Policy Relating to Emergency Medical Care**

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

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

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

Name of hospital facility or letter of facility reporting group RUTLAND HOSPITAL

|           |   | Yes | No |
|-----------|---|-----|----|
| <b>22</b> | 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.  |     |    |
| <b>a</b>  | <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period   |     |    |
| <b>b</b>  | <input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period  |     |    |
| <b>c</b>  | <input checked="" type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period                       |     |    |
| <b>d</b>  | <input type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method   |     |    |
| <b>23</b> | During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? . . . . .<br>If "Yes," explain in Section C. |     | X  |
| <b>24</b> | During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? . . . . .<br>If "Yes," explain in Section C.   |     | X  |

Schedule H (Form 990) 2016

**Part V Facility Information** (continued)

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

SCHEDULE H, PART V, SECTION B, LINE 5

COMMUNITY INPUT:

RUTLAND REGIONAL MEDICAL CENTER CONTINUALLY ASSESSES THE NEEDS OF THE COMMUNITY WE SERVE THROUGH INTERACTIONS WITH THE STATE OF VERMONT HEALTH DEPARTMENT AND THE DEPARTMENT OF VERMONT HEALTH ACCESS, THE PUBLIC, OTHER COMMUNITY ORGANIZATIONS, FEEDBACK FROM MEDICAL PROVIDERS AND PATIENTS, ALONG WITH NOTING TRENDS IN UTILIZATION OF SERVICES AND PRESENTATION OF ILLNESS, INJURY AND DISEASE.

ONE INPUT TO THIS ONGOING REVIEW IS THE COMMUNITY HEALTH NEEDS ASSESSMENT, WHICH IS CONDUCTED EVERY THREE (3) YEARS. TO IDENTIFY AND PRIORITIZE THE HEALTH NEEDS OF THE HOSPITAL SERVICE AREAS CONSTITUENTS. THE PROCESS TAKES INTO CONSIDERATION AVAILABLE DATA REPORTS ON HEALTH INDICATORS AND RECOMMENDED HEALTH OUTCOME METRICS, AND COMBINES THIS INFORMATION WITH INPUT FROM COMMUNITY MEMBERS AND LEADERS.

WE TAKE INTO CONSIDERATION THE INFLUENCE OF ENVIRONMENT, ACCESS TO HEALTHCARE, HEALTHY LIFESTYLE CHOICES, AND SOCIOECONOMIC FACTORS AND THE EFFECT THEY HAVE INDIVIDUALLY AND COLLECTIVELY ON HEALTH STATUS OF A COMMUNITY. TO ACHIEVE THIS, WE HAVE USED A SIX-STEP APPROACH TO CONDUCTING THIS AND OTHER NEEDS ASSESSMENTS, INCLUDING:

1. DEFINING THE COMMUNITY WE SERVE (OUR HOSPITAL SERVICE AREA);
2. CONDUCTING SECONDARY RESEARCH TO COLLECT DATA FROM OTHER SOURCES TO ANALYZE EXISTING DATA THAT RELATES TO THE HEALTH STATUS OF THE



**Part V Facility Information** (continued)

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

POPULATION;

3. CONDUCTING SURVEYS OF COMMUNITY MEMBERS AS CONSUMERS OF HEALTH

SERVICES;

4. SOLICITING INPUT FROM COMMUNITY LEADERS;

5. REVIEW THE INFORMATION COLLECTED TO IDENTIFY THE NEEDS OF OUR

COMMUNITY;

6. PRIORITIZE AND REPORT THE IDENTIFIED NEEDS AND RECOMMENDATIONS.

TO OVERSEE THE WORK PERFORMED, WE COLLABORATE WITH COMMUNITY LEADERS WITH SPECIAL KNOWLEDGE OR EXPERTISE OF PUBLIC HEALTH, COMMUNITY HEALTH AND SOCIAL SERVICES, AND TARGET POPULATIONS, TO SERVE AS AN ADVISORY COMMITTEE THROUGHOUT THE PROCESS OF COMPLETING THE COMMUNITY HEALTH NEEDS ASSESSMENT. THIS GROUP OF INDIVIDUALS BROUGHT DIVERSITY OF PERSPECTIVE TO THE PROCESS:

- VERMONT DEPARTMENT OF HEALTH
- RUTLAND MENTAL HEALTH SERVICES, INC.
- VISITING NURSE ASSOCIATION AND HOSPICE OF THE SOUTHWEST REGION.
- RUTLAND HOUSING AUTHORITY
- COMMUNITY MEMBER, BOARD MEMBER OF COMMUNITY HEALTH CENTERS OF THE RUTLAND REGION, COMMISSIONER RUTLAND CITY POLICE
- RUTLAND BLUEPRINT MANAGER, RUTLAND REGIONAL MEDICAL CENTER
- PSYCHIATRIC SERVICES AND WEST RIDGE TREATMENT CENTER, RUTLAND REGIONAL MEDICAL CENTER
- DIVISION OF ALCOHOL AND DRUG ABUSE PROGRAMS, VERMONT DEPARTMENT OF HEALTH

**Part V Facility Information** (continued)

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

- RUTLAND REGIONAL PLANNING COMMISSION

- UNITED WAY OF RUTLAND COUNTY

THE ADVISORY COMMITTEE MET MONTHLY BEGINNING IN MAY OF 2014 TO MONITOR THE PROGRESS OF THE WORK, PROVIDE INPUT AND SUPPORT, AND TO PROVIDE ASSISTANCE WHEN NECESSARY. IN ADDITION TO THE ADVISORY COMMITTEE IS AN OVERSIGHT COMMITTEE, MADE UP OF A DIVERSE COMBINATION OF COMMUNITY PARTNERS, THE BOWSE COMMUNITY HEALTH IMPROVEMENT COMMITTEE.

THE BOWSE COMMUNITY HEALTH IMPROVEMENT COMMITTEE IS CHARGED WITH GENERAL OVERSIGHT OF RUTLAND REGIONAL MEDICAL CENTERS COMMUNITY SERVICE, OR BENEFITS PROVIDED TO THE COMMUNITY ABOVE AND BEYOND THEIR PRIMARY ROLE AS A PROVIDER OF HOSPITAL-BASED MEDICAL SERVICES. AS SUCH, THIS GROUP PROVIDED VALUABLE FEEDBACK THROUGHOUT THE PROCESS AS STAKEHOLDERS IN THE HEALTH AND PROMOTION OF HEALTH ACROSS OUR COMMUNITY.

SCHEDULE H, PART V, SECTION B, LINE 7A

CHNA AVAILABILITY:

THE MOST RECENTLY CONDUCTED CHNA REPORT CAN BE FOUND AT THE FOLLOWING

URL:

[HTTP://WWW.RRMC.ORG/APP/FILES/PUBLIC/1615/COMMUNITY-HEALTH-NEEDS-ASSESSMEN](http://www.rrmc.org/app/files/public/1615/COMMUNITY-HEALTH-NEEDS-ASSESSMENT-2015-2017.pdf)

T-2015-2017.PDF

**Part V Facility Information** (continued)

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

SCHEDULE H, PART V, SECTION B, LINE 7B

CHNA OTHER WEBSITE:

[HTTP://GMCBOARD.VERMONT.GOV/HOSPITAL-BUDGET/HEALTH-NEEDS](http://gmcboard.vermont.gov/hospital-budget/health-needs)

SCHEDULE H, PART V, SECTION B, LINE 7D

CHNA AVAILABILITY TO PUBLIC:

THE COMMUNITY BENEFITS COORDINATOR DEVELOPED AND FOLLOWED A COMMUNICATION PLAN UTILIZING ELECTRONIC COMMUNICATION, CONFERENCE CALLS, NEWSPAPER ARTICLES AND PRESENTATIONS THROUGHOUT THE COMMUNITY TO DISSEMINATE THE COMMUNITY HEALTH NEEDS ASSESSMENT, SPECIFICALLY, MORE THAN 20 PRESENTATIONS WERE HOSTED BY AREA AGENCIES AND COALITION, WITHIN THE HOSPITAL ORGANIZATION, FOR THE REGIONAL VT DEPT OF HEALTH AND IN PUBLIC MEETINGS FOR THE ROTARY AND UNITED WAY MEMBERSHIP.

SCHEDULE H, PART V, SECTION B, LINE 10A

IMPLEMENTATION STRATEGY:

THE IMPLEMENTATION STRATEGY CAN BE FOUND AT THE FOLLOWING URL:

[HTTP://WWW.RRMC.ORG/APP/FILES/PUBLIC/1682/IMPLEMENTATION-STRATEGY-2015-2017-.PDF](http://www.rrmc.org/app/files/public/1682/implementation-strategy-2015-2017-.pdf)

SCHEDULE H, PART V, SECTION B, LINE 11

IMPLEMENTATION STRATEGY:

THE CHNA PROCESS HAS PROVEN A VALUABLE TOOL BOTH TO IDENTIFY AREAS WHERE ATTENTION SHOULD BE FOCUSED TO ADDRESS CERTAIN NEEDS AND CONCERNS, AND TO KEEP THE DIALOG GOING BETWEEN ORGANIZATIONS AND COMMUNITY MEMBERS TO

**Part V Facility Information** (continued)

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

SHARE INFORMATION, INSIGHTS, AND PLANS FOR THE FUTURE, AND TO HELP IDENTIFY OPPORTUNITIES FOR COLLABORATION TO ADDRESS IDENTIFIED NEEDS.

THIS ROUND OF THE CHNA INVOLVED DISCUSSION OF THE MANY PROJECTS AND PROGRAMS THAT ARE WORKING TO ADDRESS NEEDS ACROSS OUR COMMUNITY THAT HAVE BEEN IDENTIFIED THROUGH EARLIER ASSESSMENTS, WHILE DRAWING OUR ATTENTION TO SOME CHANGES IN THE NEEDS OF OUR COMMUNITY. THESE CHANGES ARE DUE IN PART TO THE CHANGING CULTURE OF HEALTH AND HEALTH CARE. IN SOME WAYS, WE BEGAN TO THINK BIGGER, AND IN OTHERS WE FOUND OURSELVES MORE FOCUSED ON SPECIFIC ISSUES WITHIN A CATEGORY OF INTEREST. FOR EXAMPLE, WE CONTINUE TO SEE THE RELATIONSHIP OF HEALTH NEEDS, SERVICES, AND CULTURE IN RUTLAND COUNTY AS DEPICTED HERE, BUT WE ARE SEEING MORE INTEREST AND EMPHASIS ON STRENGTHENING THE FOUNDATION THROUGH CULTURE CHANGE.

COMMUNITY HEALTH IMPROVEMENT IS A BROAD TERM THAT ENCOMPASSES MANY ASPECTS AND ELEMENTS, FROM THE INDIVIDUAL TO THE HEALTH SYSTEM AS A WHOLE. CONSIDERING THIS AND TRYING TO TARGET KEY ISSUES THAT WILL HAVE A SIGNIFICANT IMPACT ON OUR COMMUNITY, THESE ARE THE PRIORITY AREAS WE HAVE IDENTIFIED:

## I. CLINICAL CARE:

## KEY ISSUES TO ADDRESS:

- MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES FOR ADULTS AND YOUTH
- RECRUITMENT AND RETENTION OF PRIMARY CARE PROVIDERS, BOTH MEDICAL AND DENTAL

**Part V Facility Information** (continued)

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

## IMPORTANCE:

- TO CONTINUE TO ADDRESS THE DRUG PROBLEM IN OUR COMMUNITY, THROUGH TREATMENT, AFTERCARE AND PREVENTION.
- TO CONTINUE TO IMPROVE ACCESS TO CARE FOR ALL COMMUNITY MEMBERS.

## II. HEALTHY BEHAVIORS:

## KEY ISSUES TO ADDRESS:

- LIFE SKILLS FOR YOUTH
- PHYSICAL ACTIVITY FOR AND BY ADULTS AND YOUTH

## IMPORTANCE:

- TO IMPROVE AND PROMOTE HEALTHY CHOICES AND ACTIVITIES TO SUPPORT A HEALTHY COMMUNITY IN WHICH TO LIVE AND RAISE A FAMILY.

## III. SOCIAL AND ECONOMIC DETERMINANTS

## KEY ISSUES TO ADDRESS:

- RECRUITMENT AND RETENTION OF BUSINESSES AND PEOPLE TO THE AREA
- SOCIETAL CULTURE BUILDING
- EDUCATIONAL ATTAINMENT

## IMPORTANCE:

- TO IMPROVE THE HEALTH AND WELL-BEING OF OUR COMMUNITY, MAKING IT AN ATTRACTIVE PLACE TO LIVE AND WORK.

**Part V Facility Information** (continued)

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

## IV. PHYSICAL ENVIRONMENT:

## KEY ISSUES TO ADDRESS:

-HOUSING

-TRANSPORTATION, VEHICULAR

## IMPORTANCE:

-TO IMPROVE INFRASTRUCTURE TO SUPPORT A HEALTHY COMMUNITY WITH ACCESS TO WORK, RECREATIONAL OPPORTUNITIES, AND SERVICES.

AS THE PRIORITY AREAS IDENTIFIED THROUGH THE COMMUNITY HEALTH NEEDS ASSESSMENT OVERLAP, THERE ARE SHARED PURPOSES OF MANY OF THE INITIATIVES OUTLINED HERE. WE NEED THE STRENGTH OF THE TRIAD. THE HOSPITALS ACTIVITIES, POLICY CHANGE, AND COMMUNITY COMMITMENT TO REALIZE CHANGE IN THE HEALTH STATUS OF OUR COMMUNITY AND ITS MEMBERS.

RUTLAND REGIONAL MEDICAL CENTER (RRMC) LEADS AND PARTNERS IN MANY COLLABORATIVE INITIATIVES TO ADDRESS ISSUES OF ACCESS TO AND UTILIZATION OF HEALTH CARE SERVICES, AND TO IMPROVE AND PROMOTE HEALTHY CHOICES AND BEHAVIORS; WE SUPPORT RELY ON COMMUNITY ORGANIZATIONS THAT WORK TO INFLUENCE SOCIAL, PHYSICAL AND ECONOMIC FACTORS THAT ARE BEYOND THE SCOPE OF A HEALTHCARE ORGANIZATIONS CONTROL OR EXPERTISE. IN OUR RURAL COMMUNITY, COLLABORATION AND COORDINATION ARE BOTH NECESSARY AND BENEFICIAL TO AFFECTING CHANGE. THIS IMPLEMENTATION STRATEGY HIGHLIGHTS THE ACTIONS RRMC WILL EMPLOY THAT ARE NEW OR SIGNIFICANT IMPROVEMENTS BUILDING UPON EXISTING EFFORTS TO ADDRESS THE PRIORITIZED HEALTH NEEDS.

**Part V Facility Information** (continued)

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

COMMUNITY HEALTH PRIORITIES:

A. MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES FOR ADULTS AND YOUTH

ANTICIPATED IMPACT:

- REDUCE BARRIERS TO CARE
- IDENTIFY ISSUES EARLY TO REDUCE SUBSTANCE ABUSE
- IMPROVE RECOVERY SUCCESS
- REDUCE INAPPROPRIATE UTILIZATION OF SERVICES

GOALS:

1. INCREASE NUMBER OF PEOPLE RECEIVING TREATMENT;
2. REDUCE WAITLIST OCCUPANCY;
3. REDUCE HIGH SCHOOL SENIOR BINGE DRINKING AND MISUSE OF PRESCRIPTION DRUGS

ACTIVITIES:

1. OPERATIONALIZE AND INTEGRATE SCREENING, BRIEF INTERVENTION AND REFERRAL TO TREATMENT (SBIRT) MODEL IN THE EMERGENCY DEPARTMENT AT RRM

LEAD ORGANIZATION/PARTNER(S):

- RRM, STATE OF VERMONT

PERFORMANCE MEASURES:

- NUMBER OF AREAS SBIRT EMPLOYED AT RRM; NUMBER OF SCREENS COMPLETED
2. MEDICATION ASSISTED TREATMENT EXPANSION AT WEST RIDGE RECOVERY CENTER,

**Part V Facility Information** (continued)

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

THE OPIATE TREATMENT HUB OWNED AND OPERATED BY RPMC

LEAD ORGANIZATION/PARTNER(S):

- RPMC, STATE OF VERMONT

PERFORMANCE MEASURES:

- NUMBER OF PATIENTS SERVED; AVERAGE WAITLIST OCCUPANCY; WAIT TIME FOR APPOINTMENT

3. EXPANSION OF OPIATE TREATMENT SPOKES, BY PROVIDING SUPPORT TO EMBED NURSING AND CLINICAL ADDICTIONS/BEHAVIORAL HEALTH COUNSELORS IN PRACTICES

PRESCRIBING BUPRENORPHINE

LEAD ORGANIZATION/PARTNER(S):

- RPMC, SPOKE PRACTICES

PERFORMANCE MEASURES:

- NUMBER OF SPOKE SITES; NUMBER OF FTES; NUMBER OF PATIENTS SERVED

4. SUPPORT THE EXPANSION OF COMMUNITY HEALTH CENTERS OF THE RUTLAND REGION (CHCRR), OUR FEDERALLY QUALIFIED HEALTH CENTERS, TO ADDITIONAL PRIMARY CARE LOCATIONS, AND THROUGH EXPLORATION OF MODELS OF SERVICE DELIVERY (TRANSITIONS OF CARE, CASE MANAGEMENT, CARE COORDINATION).

LEAD ORGANIZATION/PARTNER(S):

- RPMC, CHCRR

PERFORMANCE MEASURES:

- NUMBER OF PRIMARY CARE SITES



**Part V Facility Information** (continued)

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

5. IMPLEMENTATION AND PROMOTION OF A TOBACCO FREE SUPPORT GROUP, TO BRIDGE THE GAP BETWEEN CESSATION AND SUSTAINABILITY, IN COLLABORATION WITH OUR COMMUNITY PARTNERS.

LEAD ORGANIZATION/PARTNER(S):

- RPMC, EVERGREEN SUBSTANCE ABUSE SERVICES, TURNING POINT CENTER OF RUTLAND, AND RUTLAND AREA PREVENTION COALITION

PERFORMANCE MEASURES:

- NUMBER OF SITES; NUMBER OF GROUPS OFFERED; NUMBER OF ATTENDEES

6. TOBACCO CESSATION PROGRAMMING THROUGH COMMUNITY-BASED WORKSHOPS WILL CONTINUE TO BE STRENGTHENED AND EXPANDED, WITH EXPLORATION OF APPROACHES FOR SPECIFIC POPULATIONS (COLLEGE STUDENTS, PREGNANT WOMEN).

LEAD ORGANIZATION/PARTNER(S):

- RPMC

PERFORMANCE MEASURES:

- NUMBER OF SITES; NUMBER OF WORKSHOPS; NUMBER OF ATTENDEES

7. CONTINUE OUR RECRUITMENT AND RETENTION EFFORTS, PARTICULARLY FOR MEDICAL PROVIDERS, AND PSYCHIATRIC PROVIDERS FOR ADULTS AND CHILDREN.

LEAD ORGANIZATION/PARTNER(S):

- RPMC, CHCRR, RUTLAND MENTAL HEALTH SERVICES (RMHS)

PERFORMANCE MEASURES:

- NUMBER RECRUITED; NUMBER OF FTES PRIMARY CARE

B. PROMOTE A HEALTHY CULTURE BY POSITIVELY INFLUENCING HEALTHY BEHAVIORS,

**Part V Facility Information** (continued)

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

SOCIAL AND ECONOMIC DETERMINANTS, AND PHYSICAL ENVIRONMENT

ANTICIPATED IMPACT:

- IMPROVE AND PROMOTE HEALTHY CHOICES AND ACTIVITIES
- IMPROVE THE HEALTH AND WELL-BEING OF OUR COMMUNITY
- IMPROVE INFRASTRUCTURE TO SUPPORT A HEALTHY COMMUNITY WITH ACCESS TO WORK, RECREATIONAL OPPORTUNITIES AND SERVICES
- INCREASE SKILLS, FOR PERSON AND FAMILY

GOALS:

1. INCREASE NUMBER OF PEOPLE EATING RECOMMENDED FRUITS AND VEGETABLES;
2. INCREASE PERCENT OF RUTLAND RESIDENTS THAT ARE PHYSICALLY ACTIVE;
3. REDUCE RUTLAND COUNTY RESIDENTS REPORTING POOR MENTAL HEALTH DAYS;
4. IMPROVE EDUCATIONAL ATTAINMENT;
5. REDUCE PERCENT OF RUTLAND COUNTY RESIDENTS USING TOBACCO;
6. INCREASE RATE OF EXCLUSIVE BREASTFEEDING.

ACTIVITIES:

1. RRM TO GRANT FUNDS TO COMMUNITY-BASED PROJECTS THAT AIM TO IMPROVE THE HEALTH STATUS OF RESIDENTS IN THE RUTLAND REGION THROUGH THE BOWSE HEALTH TRUST.

LEAD ORGANIZATION/PARTNER(S):

- RRM

PERFORMANCE MEASURES:

- NUMBER PROGRAMS FUNDED; AMOUNT OF FUNDING AWARDED
2. EXPLORE AND IMPLEMENT HEALTH AND WELLNESS SERVICES AND/OR FACILITIES

**Part V Facility Information** (continued)

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

TO RESPOND TO COMMUNITY HEALTH AND WELLNESS NEEDS, IN COLLABORATION WITH  
COMMUNITY PARTNERS.

LEAD ORGANIZATION/PARTNER(S):

- RRMC

PERFORMANCE MEASURES:

- NUMBER RECRUITED; NUMBER OF PROGRAMS OFFERED

3. SUPPORT AND PROMOTE TOBACCO FREE PUBLIC PLACES, HOUSING, ETC. THROUGH  
POLICIES, ORDINANCES AND CULTURE CHANGE.

LEAD ORGANIZATION/PARTNER(S):

- RRMC

PERFORMANCE MEASURES:

- NUMBER OF NEW SITES

4. OPERATIONALIZE AND IMPLEMENT THE CENTERING PREGNANCY MODEL FOR  
PREGNANT WOMEN, TO IMPROVE OUTCOMES BY ENGAGING PATIENTS AND PROMOTING  
HEALTHY CHOICES, SUCH AS BREASTFEEDING.

LEAD ORGANIZATION/PARTNER(S):

- RRMC

PERFORMANCE MEASURES:

- NUMBER OF PARTICIPANTS; PERCENT OF PARTICIPANTS MAKING ONE HEALTH  
PROMOTION CHANGE; PERCENT OF BREASTFEEDING AT DISCHARGE

RUTLAND REGIONAL MEDICAL CENTER IS THE LEAD HEALTH ORGANIZATION FOR OUR  
REGION, PROVIDING MANY SERVICES AND PROGRAMS TO RESPOND TO THE HEALTH

**Part V Facility Information** (continued)

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

NEEDS OF OUR COMMUNITY MEMBERS. IN SOME SITUATIONS, HOWEVER, DUE TO CAPACITY LIMITATIONS, OR SIMPLY THE NATURE OF THE WORK, RRMC IS NOT THE NATURAL OR LOGICAL RESOURCE OR LEADER.

THE PRIORITIZED NEEDS IDENTIFIED IN OUR CHNA RELATED TO SOCIAL AND ECONOMIC DETERMINANTS AND PHYSICAL ENVIRONMENT, FALL INTO THIS CATEGORY.

THERE ARE MANY NEW AND EMERGING PROJECTS AND ACTIVITIES BEING LED BY OTHER COMMUNITY PARTNERS THAT WILL HAVE AN IMPACT ON THE HEALTH STATUS OF OUR COMMUNITY; THEREFORE, WE PROVIDE SOME SPECIFIC EXAMPLES HERE OF INITIATIVES BEING LED BY OTHERS:

I. ACCESS TO AND UTILIZATION OF CARE:

- SUBSTANCE ABUSE AND ELDERLY IS A LOCAL PROJECT ENHANCEMENT OF THE REGIONAL ACTIVITIES OF THE STATEWIDE ELDERCARE PROGRAM. THIS PROJECT IS A REFERRAL PROGRAM TO SCREEN, AND REFER SENIORS AT RISK OF OR FACING SUBSTANCE ABUSE ISSUES TO APPROPRIATE CARE RESOURCES IN OUR COMMUNITY. THIS PROJECT IS BEING DESIGNED BY EVERGREEN SUBSTANCE ABUSE SERVICES IN COLLABORATION WITH THE SOUTHWESTERN VERMONT COUNCIL ON AGING, SASH (SUPPORT AND SERVICES AT HOME), AND THE STATE OF VERMONT AGENCY OF ALCOHOL AND DRUG ABUSE PROGRAMS.
- CHCRR, THE FEDERALLY QUALIFIED HEALTH CENTERS IN OUR REGION CONTEMPLATING THE NEED FOR NON-EMERGENCY URGENT CARE FOR THE GREATER RUTLAND COMMUNITY.

**Part V Facility Information** (continued)

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

## II. HEALTHY CULTURE:

- UNITED WAY OF RUTLAND COUNTY IS EXPLORING IMPLEMENTING THE WORKING BRIDGES PROGRAM IN OUR REGION.

- RUTLAND RECREATION DEPARTMENT IS PLANNING FOR AN OUTDOOR POOL FACILITY,

AND SEEKING TO BRING THE VERMONT SENIOR GAMES TO OUR AREA, TO IMPROVE OPPORTUNITIES FOR PHYSICAL ACTIVITY.

SCHEDULE H, PART V, SECTION B, LINE 16A

FINANCIAL ASSISTANCE POLICY AVAILABILITY:

THE FINANCIAL ASSISTANCE POLICY IS AVAILABLE AT THE FOLLOWING URL:

[HTTP://WWW.RRMC.ORG/APP/FILES/PUBLIC/1430/FAP-POLICY\\_2017.PDF](http://www.rrmc.org/app/files/public/1430/fap-policy_2017.pdf)

SCHEDULE H, PART V, SECTION B, LINE 16B

FINANCIAL ASSISTANCE POLICY APPLICATION FORM AVAILABILITY:

THE FINANCIAL ASSISTANCE POLICY APPLICATION FORM IS AVAILABLE AT THE FOLLOWING URL:

[HTTP://WWW.RRMC.ORG/APP/FILES/PUBLIC/533/PDF-FORMS-FREECAREFORM.PDF](http://www.rrmc.org/app/files/public/533/pdf-forms-freecareform.pdf)

SCHEDULE H, PART V, SECTION B, LINE 16C

FINANCIAL ASSISTANCE POLICY PLAIN LANGUAGE SUMMARY AVAILABILITY:

THE PLAIN LANGUAGE SUMMARY OF THE FINANCIAL ASSISTANCE POLICY IS AVAILABLE AT THE FOLLOWING URL:

[HTTP://WWW.RRMC.ORG/APP/FILES/PUBLIC/1345/FAP-SUMMARY.PDF](http://www.rrmc.org/app/files/public/1345/fap-summary.pdf)

**Part V Facility Information** (continued)

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

SCHEDULE H, PART V, SECTION B, LINE 16I

LEP TRANSLATIONS:

THERE ARE NO GROUPS WITH LIMITED ENGLISH PROFICIENCY THAT RISE TO THE THRESHOLD REQUIRED UNDER THE IRC SECTION 501(R). HOWEVER, THE ORGANIZATION HAS A CONTRACT WITH A TRANSLATIONS SERVICE PROVIDER.

**Part V Facility Information** (continued)**Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**  
(list in order of size, from largest to smallest)How many non-hospital health care facilities did the organization operate during the tax year? 13

| Name and address   | Type of Facility (describe) |
|--|-----------------------------|
| <b>1</b> RUTLAND HEART CENTER<br>12 COMMONS STREET<br>RUTLAND VT 05701                       | PATIENT CLINIC              |
| <b>2</b> RUTLAND REG DIABETES & ENDOCRINOLOGY CTR<br>8 ALBERT CREE DRIVE<br>RUTLAND VT 05701 | PATIENT CLINIC              |
| <b>3</b> RUTLAND REGIONAL GENERAL SURGERY<br>6 COMMONS STREET<br>RUTLAND VT 05701            | PATIENT CLINIC              |
| <b>4</b> RUTLAND REGIONAL WOMEN'S HEALTH<br>147 ALLEN STREET<br>RUTLAND VT 05701             | PATIENT CLINIC              |
| <b>5</b> RUTLAND REGIONAL DIGESTIVE SERVICES<br>1 ALBERT CREE DRIVE<br>RUTLAND VT 05701      | PATIENT CLINIC              |
| <b>6</b> RUTLAND ENT<br>69 ALLEN ST, SUITE 1<br>RUTLAND VT 05701                             | PATIENT CLINIC              |
| <b>7</b> RUTLAND BEHAVIORAL HEALTH CLINIC<br>1 COMMONS STREET<br>RUTLAND VT 05701            | PATIENT CLINIC              |
| <b>8</b> VERMONT ORTHOPAEDIC CLINIC<br>3 ALBERT CREE DRIVE<br>RUTLAND VT 05701               | PATIENT CLINIC              |
| <b>9</b> DORSET ENT<br>51A TENNIS WAY<br>EAST DORSET VT 05253                                | PATIENT CLINIC              |
| <b>10</b> KILLINGTON MEDICAL CLINIC<br>3902 KILLINGTON ROAD<br>KILLINGTON VT 05751           | PATIENT CLINIC              |

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**Part V Facility Information** (continued)

**Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**  
(list in order of size, from largest to smallest)

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

| Name and address |  | Type of Facility (describe) |
|------------------|--|-----------------------------|
| 1                | WESTRIDGE TREATMENT CENTER<br>1 SCALE AVE, BLDG 10<br>RUTLAND VT 05701 | PATIENT CLINIC              |
| 2                | MARBLE VALLEY UROLOGY<br>145 ALLEN ST<br>RUTLAND VT 05701              | PATIENT CLINIC              |
| 3                | MARBLE VALLEY EYE CARE<br>1 ALBERT CREE DRIVE<br>RUTLAND VT 05701      | PATIENT CLINIC              |
| 4                |  |                             |
| 5                |  |                             |
| 6                |  |                             |
| 7                |  |                             |
| 8                |  |                             |
| 9                |  |                             |
| 10               |  |                             |

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**Part VI Supplemental Information**

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
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- 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.

SCHEDULE H, PART I, LINE 3B

ELIGIBILITY FOR DISCOUNTED CARE:

THE ORGANIZATION WILL PROVIDE DISCOUNTED CARE TO LOW INCOME INDIVIDUALS WHOSE FAMILY INCOME FALLS BETWEEN 301% AND 500% OF THE FEDERAL POVERTY GUIDELINES USING A GRADUATED RANGE OF DEDUCTIBLES FROM \$250 AT THE LOWEST LEVEL TO \$3,000 AT THE HIGHEST LEVEL.

SCHEDULE H, PART I, LINE 3C

OTHER FACTORS USED TO DETERMINE ELIGIBILITY FOR FREE OR DISCOUNTED CARE:

THE ORGANIZATION USES ASSET LEVEL, MEDICAL INDIGENCY, INSURANCE STATUS AND UNDERINSURANCE STATUS IN ADDITION TO FEDERAL POVERTY GUIDELINES TO DETERMINE ELIGIBILITY FOR FREE OR DISCOUNTED CARE.

SCHEDULE H, PART I, LINE 7, COLUMN F

PERCENT OF TOTAL EXPENSES:

THE PERCENT OF TOTAL EXPENSES ON SCHEDULE H, PART I, LINE 7, COLUMN (F), WAS CALCULATED USING TOTAL EXPENSES ON FORM 990, PART IX, LINE 25, COLUMN (A) LESS BAD DEBT EXPENSE OF \$7,056,413.

**Part VI Supplemental Information**

Provide the following information.

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SCHEDULE H, PART I, LINE 7

COSTING METHODOLOGY:

THE COST TO CHARGE RATIO CALCULATED ON IRS WORKSHEET 2 WAS USED IN THE  
CALCULATION OF COST ON IRS WORKSHEETS 1 AND 3.

SCHEDULE H, PART I, LINE 7G

SUBSIDIZED SERVICES:

THE ORGANIZATION HAS INCLUDED COSTS ASSOCIATED WITH PHYSICIAN CLINICS IN  
THE CALCULATION OF SUBSIDIZED SERVICES ON LINE 7G, WITH A NET SUBSIDY  
FROM THESE CLINICS OF \$4,441,089. THE ORGANIZATION PROVIDES SPECIALTY  
CARE SERVICES TO THE SURROUNDING COMMUNITIES AT THE CLINICS. THESE  
SERVICES ARE PROVIDED IN AREAS WHERE THERE WOULD BE A SHORTAGE OF QUALITY  
MEDICAL CARE WITHOUT THE SERVICES. THE ORGANIZATION CONTINUES TO PROVIDE  
THESE SERVICES AS A BENEFIT TO THE COMMUNITY DESPITE KNOWING THAT  
FINANCIAL SHORTFALLS WILL BE SUSTAINED.

**Part VI Supplemental Information**

Provide the following information.

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

COMMUNITY BUILDING ACTIVITIES:

RUTLAND REGIONAL MEDICAL CENTER IS THE ONLY MAJOR MEDICAL CENTER IN CENTRAL VERMONT, AND IS ONE OF THE LARGEST EMPLOYERS IN THE REGION. AS SUCH, WE ARE RELIED UPON BY THE COMMUNITIES WE SERVE TO PROVIDE HEALTH RESOURCES AND LEADERSHIP. WE RECOGNIZE THAT THERE IS MORE TO HEALTH THAN ILLNESS AND DISEASE, SOCIAL DETERMINANTS SUCH AS LOW INCOME LEVELS, AND AN AGING POPULATION, ALONG WITH A SAFE ENVIRONMENT AND A WELL-ROUNDED CULTURE CONTRIBUTE TO THE HEALTH AND WELL-BEING OF OUR POPULATION. THEREFORE, OUR LEADERSHIP AND COMMITMENT TO OUR COMMUNITY THROUGH A VARIETY OF INITIATIVES AND SUPPORTS BEYOND PROVIDING ESSENTIAL HOSPITAL-BASED CARE, ENCOMPASSING SOCIAL, PERSONAL, COMMUNITY AND HEALTH-RELATED ISSUES IMPACTING THE CITIZENS OF THE RUTLAND REGIONAL. MANY STAFF AND LEADERS ARE INVOLVED IN LOCAL, REGIONAL AND STATEWIDE COALITIONS, COLLABORATIVES AND COMMITTEES OF OTHER ORGANIZATIONS, WHERE WE LEARN ABOUT TRENDS AND ISSUES OF INTEREST OF CONCERN TO BRING BACK TO OUR HOSPITAL AND REVIEW IN THE CONTEXT OF OUR COMMUNITY AND OUR HEALTH

**Part VI Supplemental Information**

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
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SYSTEM; THESE INCLUDE THE RUTLAND FREE CLINIC, RUTLAND REGIONAL CHAMBER OF COMMERCE, TO NAME A FEW. ADVOCACY FOR COMMUNITY HEALTH IMPROVEMENT AT THE REGIONAL, STATE AND NATIONAL LEVEL ALSO IMPACTS OUR COMMUNITY.

IN ADDITION TO THESE EFFORTS, OUR COMMUNITY BUILDING ACTIVITIES IN THE PAST YEAR INCLUDED EFFORTS TO SUPPORT VIBRANCY IN THE COMMUNITY THROUGH THE ARTS, A VARIETY OF EVENTS AND ACTIVITIES BY SCHOOLS TO PROMOTE STRONG EDUCATION AND POSITIVE DECISION-MAKING, MENTORING YOUNG CHILDREN THROUGH READING TO BUILD SELF-CONFIDENCE AND ESTEEM IN ADDITION TO CORE ACADEMIC ACHIEVEMENT, ALONG WITH WORKFORCE DEVELOPMENT, ESPECIALLY AS RELATED TO THE HEALTH CARE.

SCHEDULE H, PART III, SECTION A, LINE 2

BAD DEBT EXPENSE:

THE AMOUNT OF BAD DEBT LISTED ON LINE 2 AGREES TO BAD DEBT EXPENSE PER THE AUDITED FINANCIAL STATEMENTS.

**Part VI Supplemental Information**

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
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SCHEDULE H, PART III, SECTION A, LINE 3

BAD DEBT EXPENSE ATTRIBUTABLE TO CHARITY CARE:

BAD DEBT ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY WAS DETERMINED USING POVERTY LIMIT DEMOGRAPHIC INFORMATION OBTAINED THROUGH THE US CENSUS BUREAU. USING AN AVERAGE OF DATA FROM 2012-2016, APPROXIMATELY 13.3 PERCENT OF RUTLAND COUNTY WAS CONSIDERED TO LIVE IN POVERTY.

SCHEDULE H, PART III, SECTION A, LINE 4

BAD DEBT EXPENSE FOOTNOTE:

ACCOUNTS RECEIVABLE ARE REDUCED BY AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS. IN EVALUATING THE COLLECTABILITY OF ACCOUNTS RECEIVABLE, RPMC ANALYZES ITS PAST HISTORY AND IDENTIFIES TRENDS FOR EACH OF ITS MAJOR PAYER SOURCES OF REVENUE TO ESTIMATE THE APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AND PROVISION FOR UNCOLLECTIBLE ACCOUNTS. MANAGEMENT REGULARLY REVIEWS DATA ABOUT THESE MAJOR PAYER SOURCES OF REVENUE IN EVALUATING THE SUFFICIENCY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS.

**Part VI Supplemental Information**

Provide the following information.

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FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, RRMC ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS AND A PROVISION FOR UNCOLLECTIBLE ACCOUNTS, IF NECESSARY (FOR EXAMPLE, FOR EXPECTED UNCOLLECTIBLE DEDUCTIBLES AND COPAYMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYER HAS NOT YET PAID, OR FOR PAYERS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY).

FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS (WHICH INCLUDES BOTH PATIENTS WITHOUT INSURANCE AND PATIENTS WITH DEDUCTIBLE AND COPAYMENT BALANCES DUE FOR WHICH THIRD-PARTY COVERAGE EXISTS FOR PART OF THE BILL), RRMC RECORDS A SIGNIFICANT PROVISION FOR UNCOLLECTIBLE ACCOUNTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS PAST EXPERIENCE, WHICH INDICATES THAT MANY PATIENTS ARE UNABLE OR UNWILLING TO PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE. FOR THOSE WHO DO NOT QUALIFY FOR CHARITY CARE THE DIFFERENCE BETWEEN THE STANDARD RATES (OR

**Part VI** Supplemental Information

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THE DISCOUNTED RATES IF NEGOTIATED OR PROVIDED BY POLICY) AND THE AMOUNTS  
ACTUALLY COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN  
EXHAUSTED IS CHARGED OFF AGAINST THE ALLOWANCE FOR UNCOLLECTIBLE  
ACCOUNTS.

SCHEDULE H, PART III, SECTION B, LINE 8

COMMUNITY BENEFIT:

SERVING PATIENTS WITH GOVERNMENT HEALTH BENEFITS, SUCH AS MEDICARE, IS A  
COMPONENT OF THE COMMUNITY BENEFIT STANDARD THAT TAX-EXEMPT HOSPITALS ARE  
HELD TO. THIS IMPLIES THAT SERVING MEDICARE PATIENTS IS A COMMUNITY  
BENEFIT AND THAT THE HOSPITAL OPERATES TO PROMOTE THE HEALTH OF THE  
COMMUNITY.

THE ORGANIZATION USES INFORMATION FROM THE MEDICARE COST REPORT TO  
COMPUTE THE MEDICARE ALLOWABLE COSTS OF CARE ON LINE 6.

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SCHEDULE H, PART III, SECTION C, LINE 9B

COLLECTION POLICY:

HOSPITAL CARE WILL NOT BE DENIED TO ANY PERSON SOLELY ON THE BASIS OF THEIR ABILITY TO PAY. HOWEVER, ANY INDIGENT PATIENTS WILL BE REFERRED FOR FINANCIAL ASSISTANCE. RRMC DOES NOT ENGAGE IN EXTRAORDINARY COLLECTION ACTIONS BEFORE MAKING REASONABLE COLLECTION EFFORTS TO DETERMINE WHETHER THE INDIVIDUAL IS ELIGIBLE FOR ASSISTANCE UNDER THAT HOSPITAL'S FINANCIAL ASSISTANCE POLICY. ACCOUNTS ARE CONSIDERED BAD DEBT, AND ARE TRANSFERRED TO AN OUTSIDE AGENCY FOR COLLECTION, WHEN GUARANTOR HAS BEEN OFFERED (AND HAS DENIED OR FAILS TO RETURN APPLICATION FOR) ASSISTANCE UNDER THE RRMC FINANCIAL ASSISTANCE POLICY.

THE PAYMENT PLAN POLICY REQUIRES PAYMENTS OF A MINIMUM OF \$25.00 PER MONTH, AND THAT ALL BALANCES BE PAID WITHIN 10 MONTHS. THE FREE CARE POLICY SPECIFICALLY STATES THAT ALL UNINSURED AND UNDERINSURED PATIENTS BE GIVEN INFORMATION ON THE FREE CARE PROGRAM, AND THAT STAFF PERFORM DUE DILIGENCE TO GIVE THEM INFORMATION AND HAVE THE APPLICATION RETURNED, AND THAT THE HOSPITAL SEND 3 STATEMENTS AND A FINAL NOTICE BEFORE SENDING AN



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ACCOUNT TO BAD DEBT. IT ALSO STATES THAT RRMCC WILL REFRAIN FROM  
EXTRAORDINARY COLLECTION ACTIONS TO OBTAIN PAYMENT FOR A DEBT.

SCHEDULE H, PART VI, LINE 2

NEEDS ASSESSMENT:

RUTLAND REGIONAL MEDICAL CENTER CONTINUALLY ASSESSES THE NEEDS OF THE  
COMMUNITY WE SERVE THROUGH INTERACTIONS WITH THE STATE OF VERMONT HEALTH  
DEPARTMENT AND THE DEPARTMENT OF VERMONT HEALTH ACCESS, THE PUBLIC, OTHER  
COMMUNITY ORGANIZATIONS, FEEDBACK FROM MEDICAL PROVIDERS AND PATIENTS,  
ALONG WITH NOTING TRENDS IN UTILIZATION OF SERVICES AND PRESENTATION OF  
ILLNESS, INJURY AND DISEASE.

SCHEDULE H, PART VI, LINE 3

PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE:

RRMCC HAS "DO YOU NEED HELP WITH YOUR MEDICAL BILLS?" SIGNAGE POSTED AT  
EVERY ACCESS POINT THROUGHOUT THE HOSPITAL AND ITS OFF-SITE CLINICS  
(RUTLAND GENERAL SURGERY, WOMEN'S HEALTH ETC.) THE SIGNAGE PROVIDES  
CONTACT INFORMATION FOR THE PATIENTS TO CALL THE FINANCIAL COUNSELORS FOR

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HELP AS NEEDED. REGISTRATION OFFERS FINANCIAL ASSISTANCE PROGRAM APPLICATIONS TO ALL MEDICARE INSURED PATIENTS WITH NO OTHER INSURANCE, ALL SELF-PAY PATIENTS, AND ANY OTHER PERSON REQUESTING THE INFORMATION OR ANYONE WHO SPEAKS TO BEING IN FINANCIAL NEED. ALL SELF-PAY PATIENTS ARE VISITED BY A FINANCIAL COUNSELOR WHILE THEY ARE AN IN-PATIENT AND THEY WILL ASSIST THEM IN APPLYING FOR OUR FINANCIAL ASSISTANCE, AS WELL AS, APPLYING FOR STATE AND FEDERAL PROGRAMS. ALL STATEMENTS HAVE THE RRMC WEBSITE ADDRESS TO VIEW OUR FINANCIAL ASSISTANCE PROGRAM AND THE BILLING AND COLLECTIONS POLICY AND PROCEDURE. THE WEBSITE ALSO HAS CONTACT PHONE NUMBERS FOR THE PATIENT TO CALL WITH QUESTIONS OR CONCERNS ABOUT THEIR BILL. THE RRMC WEB SITE NOT ONLY DESCRIBES THE FINANCIAL ASSISTANCE PROGRAM BUT, ALSO SHOWS THE INCOME GUIDELINES (BASED ON THE FEDERAL POVERTY) FOR FINANCIAL ASSISTANCE, AN ON-LINE APPLICATION, AS WELL AS, INFORMATION ON MEDICAID PROGRAMS AVAILABLE WITH SHORT DESCRIPTIONS. LASTLY, ALL PATIENTS WHO ARE SENT A STATEMENT SHOWING THEIR OF POCKET EXPENSES ARE CALLED TO DEVELOP A PAYMENT PLAN. AT THIS TIME FINANCIAL ASSISTANCE APPLICATIONS ARE OFFERED AND MAILED AS REQUESTED.

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SCHEDULE H, PART VI, LINE 4

COMMUNITY INFORMATION:

A. GEOGRAPHIC DESCRIPTION:

RUTLAND COUNTY, COMPOSED OF 933 SQUARE MILES, IS LOCATED IN CENTRAL VERMONT. THE POPULATION MOSTLY RESIDES IN THE 27 SMALL TOWNS AND OUTLYING RURAL AREAS. RUTLAND CITY IS THE LARGEST POPULATION CENTER (ESTIMATED AT 16,495 IN 2010). RUTLAND REGIONAL MEDICAL CENTER (RRMC) IS DEPENDED UPON BY MORE THAN 60,000 RESIDENTS OF THE HOSPITAL SERVICE AREA (HSA), WHICH INCLUDES RUTLAND COUNTY AND SOME PORTIONS OF SOUTHERN AND NORTH CENTRAL VERMONT AND EVEN WASHINGTON COUNTY, NEW YORK.

B. TARGET POPULATIONS

THE POPULATION OF RUTLAND COUNTY CONTINUES TO BE OLDER. THE MEDIAN AGE FOR MALES AND FEMALES IN RUTLAND COUNTY IS HIGHER THAN THE STATE. RUTLAND COUNTY'S MEDIAN AGE WAS 45.5 YEARS OLD, COMPARED TO VERMONT'S AVERAGE AGE OF 43.1.

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ADDITIONALLY, THE SENIOR POPULATION CONTINUES TO GROW - 25.3% OF RUTLAND COUNTY RESIDENTS ARE 60 YEARS AND OLDER, SLIGHTLY MORE THAN THE STATEWIDE AVERAGE (22.7%); RUTLAND COUNTY'S POPULATION ALSO OVER 65 YEARS OR OLDER IS ALSO HIGHER (20.9%) COMPARED TO THE STATE (18.1%).

RUTLAND COUNTY MEDIAN HOUSEHOLD INCOME (\$49,372) CONTINUES TO LAG BEHIND THE STATE (\$56,990) THE NATIONAL AVERAGE OF MEDIAN INCOMES IS \$59,039. FROM 2011 TO 2015, THE PROPORTION OF ALL INDIVIDUALS IN RUTLAND COUNTY LIVING BELOW POVERTY IS 12.5%, CONTINUING TO BE ABOVE STATE AVERAGE OF 11.9% IN 2016.

WHILE RUTLAND COUNTY HAS A COMPARABLE PERCENTAGE OF HIGH SCHOOL GRADUATES (OR EQUIVALENCE) AT 88%, COMPARED TO THE STATE AT 88%, WE LAG BEHIND IN HIGHER EDUCATION (SOME COLLEGE WITH NO DEGREE, ASSOCIATE'S, AND BACHELOR'S) AT 63.% COMPARED TO THE STATE AT 67%.

SPECIFIC TARGET POPULATIONS IDENTIFIED THROUGH THE COMMUNITY HEALTH NEEDS ASSESSMENT INCLUDE:

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- I. SENIOR POPULATIONS
- II. INDIVIDUALS LIVING IN POVERTY
- III. ADULTS AND YOUTH WITH SUBSTANCE ABUSE ISSUES
- IV. YOUTH AND ADULTS WHO ARE OVERWEIGHT OR OBESE

SCHEDULE H, PART VI, LINE 5

PROMOTION OF COMMUNITY HEALTH:

RUTLAND REGIONAL MEDICAL CENTER (RRMC) ENGAGES IN A NUMBER OF COMMUNITY SUPPORTIVE ACTIVITIES IN ORDER TO PROMOTE THE HEALTH OF THE COMMUNITY THE ORGANIZATION SERVES. RUTLAND COUNTY CONTINUES TO NEED PRIMARY CARE PROVIDERS AND HAS SHORTAGES OR IS AT RISK FOR SHORTAGES IN MANY SPECIALTY SERVICES. RRMC ACTIVELY RECRUITS BOTH PRIMARY CARE AND SPECIALTY PRACTICE PROVIDERS FOR THE REGION. IN FY17, ELEVEN PROVIDERS WERE RECRUITED TO THE REGION, INCLUDING PSYCHIATRY, GENERAL SURGERY, HOSPITAL MEDICINE, ENT, ORTHOPEDIC, EYE CARE AND EMERGENCY MEDICINE. RRMC ALSO SUPPORTS A HOSPITALIST PROGRAM WHERE HOSPITAL PHYSICIANS PROVIDE CARE FOR PRIMARY CARE PROVIDER'S PATIENTS THAT ARE ADMITTED TO THE HOSPITAL. THIS ALLOWS THE PRIMARY CARE PROVIDER TO PROVIDE MORE HOURS OF OFFICE CARE WHILE

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THEIR HOSPITALIZED PATIENTS HAVE 24 HOUR ACCESS TO A DOCTOR. THIS SYSTEM PROVIDES EFFICIENCIES TO THE HEALTH CARE SYSTEM IN RUTLAND COUNTY.

RUTLAND COUNTY'S MEDICAID POPULATION CONTINUES TO INCREASE. THIS PUTS FINANCIAL STRAIN ON THE HEALTH SYSTEM IN OUR REGION, AS THE CARE PROVIDED FOR THIS GROWING POPULATION IS NOT REIMBURSED FOR THE FULL COST OF CARE. LEADERS AT RRMC ADVOCATE AT THE STATE AND LOCAL LEVEL TO MAINTAIN THE MEDICAID REIMBURSEMENT RATES FOR BOTH IN-PATIENT AND OUT-PATIENT CARE IN ORDER TO MAINTAIN ACCESS FOR MEDICAID PATIENTS. RRMC ALSO PROVIDES SUPPORT FOR FEDERALLY QUALIFIED HEALTH CENTERS (FQHCS) IN THE REGION BY HAVING A LEADER REPRESENTATIVE ON THE BOARD OF THE ORGANIZATION. THE FQHCS ARE REIMBURSED AT A HIGHER LEVEL FOR CARING FOR MEDICAID PATIENTS. RRMC LEADERS AND STAFF ALSO PARTICIPATE AS BOARD AND COMMITTEE MEMBERS IN SUPPORT OF OTHER NON-PROFIT ORGANIZATIONS, SUCH AS UNITED WAY OF RUTLAND COUNTY, VISITING NURSE ASSOCIATION AND HOSPICE OF THE SOUTHWEST REGION, RUTLAND COUNTY NUTRITION COALITION, RUTLAND'S PROJECT VISION, PLUS MANY OTHERS. RRMC PARTNERS WITH UNITED WAY OF RUTLAND COUNTY TO OFFER AND PROVIDE A LEADERSHIP AND BOARD TRAINING PROGRAM EACH YEAR, GRADUATING ON

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AVERAGE TWELVE COMMUNITY MEMBERS READY TO SERVE AS ACTIVE CONTRIBUTORS TO  
NON-PROFIT ORGANIZATIONS THROUGHOUT OUR REGION.

RUTLAND COUNTY IS ECONOMICALLY CHALLENGED AND RRMC SUPPORTS WORK TO HELP  
THOSE IN POVERTY AS WELL AS TO BRING NEW BUSINESSES TO THE AREA. RRMC  
PARTICIPATES IN BRIDGES OUT OF POVERTY, A PROGRAM WHICH AIMS TO KEEP THE  
WORKING POOR EMPLOYED. THIS PROGRAM NOT ONLY BENEFITS THOSE LIVING IN  
POVERTY IN RUTLAND COUNTY, BUT RRMC'S OWN WORKFORCE. IN CONJUNCTION WITH  
FOR-PROFIT, NON-PROFIT AND GOVERNMENT AGENCIES, THE BRIDGES OUT OF  
POVERTY COUNCIL DELIVERS THE WORKING BRIDGES TRAINING TO HR PROFESSIONALS  
AND LINE MANAGERS ON THE WORKPLACE IMPLICATIONS OF ECONOMIC DIVERSITY;  
IMPLEMENTED AN EMERGENCY LOAN AND SAVINGS PROGRAM FOR EMPLOYEES; HOUSED  
WORKSITE RESOURCE COORDINATORS IN COMPANIES TO HELP EMPLOYEES FIND HELP  
WITH HOUSING, CHILDCARE, TRANSPORTATION, ECONOMIC ASSISTANCE AND OTHER  
RESOURCES WITHOUT HAVING TO LEAVE WORK; AND BEGAN DISCUSSION OF HOW TO  
ENCOURAGE THE EMPLOYEES TO USE HEALTH AND WELLNESS STRATEGIES.

TRAUMA SUPPORT - ESTABLISHED IN 1993, THE TRAUMA SUPPORT PROGRAM AT RRMC

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WAS THE FIRST OF ITS KIND IN VERMONT. IT WAS DEVELOPED TO MEET THE IMMEDIATE AND LONG-TERM NEEDS OF FAMILIES IMPACTED BY SUDDEN DEATH OR TRAUMATIC INJURY OR ILLNESS. RRMC STAFF, ON THEIR OWN TIME, AND OTHER COMMUNITY VOLUNTEERS TAKE TURNS BEING ON CALL 24 HOURS A DAY, 7 DAYS A WEEK TO PERSONALLY PROVIDE SUPPORT AND ASSISTANCE TO FAMILIES IMPACTED BY TRAUMA OR DEATH IN MANY WAYS, E.G., BY BEING A LIAISON WITH MEDICAL PERSONNEL TO GET INFORMATION OR OFFERING CONTINUED SUPPORT VIA PHONE AND CORRESPONDENCE.

BONE MARROW PROGRAM - THE MARROW DONOR PROGRAM AT RRMC WAS ESTABLISHED IN 1998. SINCE THEN, WE HAVE SUCCESSFULLY ADDED OVER 7,500 POTENTIAL DONORS TO THE NATIONAL REGISTER.

BRIDGES & BEYOND - THIS PROGRAM IS RUN OUT OF THE SOCIAL WORK DEPARTMENT AND WORKS WITH PATIENTS AND FAMILIES TO ARRANGE TRANSPORTATION, GENERAL ASSISTANCE (SUCH AS MEAL PREPARATION), OR COMPANIONSHIP FOR THOSE DISABLED AND FRAIL PATIENTS RETURNING HOME FROM A HOSPITAL STAY.



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DIABETES EDUCATION AND SELF-MANAGEMENT - THIS PROGRAM IS OPERATED FROM THE DIABETES CENTER AND IS RECOGNIZED AND CERTIFIED BY THE AMERICAN DIABETES ASSOCIATION. THROUGH THIS WORK, PEOPLE WITH DIABETES LEARN HEALTH AND LIFESTYLE SKILLS TO HELP THEM MANAGE THEIR DISEASE SYMPTOMS. OTHER BENEFITS INCLUDE PATIENT AND FAMILY SUPPORT GROUPS, AND GLUCOSE METER AND INSULIN INSTRUCTION.

ADVANCE DIRECTIVES PROGRAM - BEGINNING IN 2013, A NEW PROGRAM WAS DESIGNED AND IMPLEMENTED THROUGH THE COMMUNITY HEALTH IMPROVEMENT OFFICE, WHERE TRAINED VOLUNTEERS FROM THE COMMUNITY PROVIDE SUPPORT TO COMMUNITY MEMBERS TO COMPLETE ADVANCE DIRECTIVE FORMS ON A BY-APPOINTMENT BASIS. COMMUNITY RESOURCE GUIDE - BEGINNING IN 2012, THE COMMUNITY HEALTH IMPROVEMENT STAFF COLLECTED AND VERIFIED INFORMATION FROM ACROSS THE REGION FOR INCLUSION IN A RESOURCE GUIDE FOR USE BY HEALTH CARE PROVIDERS AND SOCIAL AND HUMAN SERVICES PERSONNEL TO HELP THEM READILY IDENTIFY POTENTIAL RESOURCES FOR THEIR CLIENTS. THIS GUIDE WAS DEVELOPED IN RESPONSE TO AN IDENTIFIED NEED FOR INFORMATION, AND IS UPDATED AND DISTRIBUTED ANNUALLY TO PROVIDER AND SOCIAL AND HUMAN SERVICES OFFICES

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ACROSS THE REGION, PHYSICALLY AND ELECTRONICALLY FOR EASE OF USE.

COMMUNITY HEALTH TEAM - THE COMMUNITY HEALTH TEAM PROVIDES PATIENT CARE COORDINATION, CASE MANAGEMENT AND PANEL MANAGEMENT FOR NCQA-ACCREDITED PATIENT CENTERED MEDICAL HOME PRACTICES IN OUR REGION. THERE ARE 9 PRACTICES ACCOUNTING FOR 28,000 PATIENTS IN THE RUTLAND REGION. THE COMMUNITY HEALTH TEAM ALSO PROVIDES SELF-MANAGEMENT PROGRAMMING TO THE COMMUNITY AT LARGE, INCLUDING: TOBACCO CESSATION, HEALTHIER LIVING WORKSHOPS, DIABETES PREVENTION PROGRAM, WELLNESS RECOVERY ACTION PLANNING, IN-HOME ASTHMA INTERVENTION PROGRAM, HEALTHY NUTRITION WORKSHOPS, AND SUPPORTS THE DIABETES PHYSICAL ACTIVITY PROGRAM. WORKING WITH THE STATE OF VERMONT AND OTHER PARTNERS IN OUR REGION, WE SUPPORT AND PROMOTE QUALITY IMPROVEMENT COLLABORATIVES FOCUSED ON LEARNING, ENHANCING SERVICES, AND BRIDGING SERVICE GAPS.

OTHER INFORMATION:

RPMC HAS 18 BOARD MEMBERS WHO REPRESENT THE RESIDENTS OF RUTLAND COUNTY IN THEIR SERVICE; 5 OF THESE ARE PHYSICIANS, 3 REPRESENT HEALTH CARE

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PARTNERS, AND 10 ARE RUTLAND COUNTY RESIDENTS WHO REPRESENT A VARIETY OF BUSINESS SECTORS. ALL BOARD MEMBERS COMPLETE A CONFLICT OF INTEREST DISCLOSURE PROCESS WHICH IS NECESSARY TO COMPLY WITH FEDERAL AND STATE LAWS, INCLUDING THE FEDERAL ANTI-KICKBACK STATUTE AND THE TAX CODE.

RRMC HAS PREDOMINANTLY AN OPEN MEDICAL STAFF. THE ONLY EXCEPTIONS ARE THE FOLLOWING SPECIALTIES FOR WHICH THERE ARE EITHER BOARD-APPROVED EXCLUSIVE CONTRACTS OR HOSPITAL-EMPLOYED PHYSICIANS ONLY: ANESTHESIA, EMERGENCY MEDICINE, CRITICAL CARE, MEDICAL ONCOLOGY, RADIATION ONCOLOGY, ORTHOPEDICS, AND RADIOLOGY. ALL NEW APPLICANTS UNDERGO AN EXTENSIVE REVIEW PROCESS, INCLUDING PRIMARY SOURCE VERIFICATION OF THEIR EDUCATION, TRAINING, BOARD CERTIFICATION, MALPRACTICE HISTORY, AND PREVIOUS HOSPITAL AFFILIATIONS. WHEN DEEMED COMPLETE, THEIR APPLICATION IS REVIEWED BY THE CREDENTIALS COMMITTEE, WHICH IS MADE UP OF PHYSICIANS AND AT LEAST ONE BOARD MEMBER. THE CREDENTIAL COMMITTEE MAKES A RECOMMENDATION TO THE EXECUTIVE COMMITTEE, WHICH INCLUDES THE CHAIRMAN OF THE BOARD. THE MEDICAL EXECUTIVE COMMITTEE MAKES THE FINAL RECOMMENDATION TO THE FULL BOARD, WHICH HAS THE ULTIMATE AUTHORITY TO GRANT MEDICAL STAFF

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PRIVILEGES. ALL MEDICAL STAFF APPOINTMENTS ARE FOR A TWO YEAR PERIOD. ALL MEDICAL STAFF IS SUBJECT TO ONGOING PEER REVIEW OF THEIR CLINICAL WORK. EVERY TWO YEARS, EVERY MEMBER OF THE MEDICAL STAFF MUST UNDERGO A REAPPOINTMENT PROCESS WHICH IS DESIGNED TO REVIEW THEIR CLINICAL AND PROFESSIONAL ACTIVITY AND BEHAVIOR. THOSE REAPPOINTMENTS GO THROUGH THE SAME SEQUENCE AS THE NEW APPLICANTS. RPMC'S CREDENTIALING PROCESS HAS BEEN SURVEYED BY BOTH THE JOINT COMMISSION AND THE CENTERS FOR MEDICARE AND MEDICAID SERVICES AND FOUND TO BE IN FULL COMPLIANCE WITH THEIR STANDARDS (TJC) AND THEIR CONDITIONS OF PARTICIPATION (CMS).

AS A RURAL COMMUNITY HEALTH SYSTEM, RPMC PROVIDES A BROAD ARRAY OF SERVICES. THE FOLEY CANCER AT RPMC PROVIDES TREATMENT TECHNOLOGIES THAT INCLUDE HIGH TECH DIAGNOSTIC IMAGING, MEDICAL ONCOLOGY WITH TRADITIONAL IV THERAPIES (SUCH AS CHEMOTHERAPY), AND RADIATION ONCOLOGY FEATURING A STATE-OF-THE-ART LINEAR ACCELERATOR. SUPPORTIVE CARE PROGRAMS INCLUDE PALLIATIVE CARE, PAIN MANAGEMENT, ACUPUNCTURE AND A WOMEN'S BREAST CARE PROGRAM, AND A VARIETY OF SUPPORT GROUPS FOR PATIENTS, FAMILY AND/OR CAREGIVERS. THE HOSPITAL PROVIDES 24-HOUR EMERGENCY CRISIS CARE, AS WELL

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AS PSYCHIATRIC INTENSIVE CARE, MEDICAL DETOXIFICATION AND DUAL DIAGNOSIS AND TREATMENT OF SIMULTANEOUS SUBSTANCE ABUSE AND BEHAVIORAL HEALTH DISORDERS. THE 24-HOUR EMERGENCY DEPARTMENT PROVIDES CARE REGARDLESS OF A PATIENT'S ABILITY TO PAY. THE FAST TRACK TREATMENT AREA ALLEVIATES WAIT TIMES FOR PATIENTS WITH LESS ACUTE ILLNESSES OR INJURIES. RPMC PROVIDES CARE FOR BOTH MEDICARE AND MEDICAID PATIENTS; THESE POPULATIONS MAKE UP 65% OF THE PAYER MIX FOR RPMC. BY WORKING COLLABORATIVELY WITH THE LOCAL FQHCs, COMMUNITY HEALTH CENTERS OF THE RUTLAND REGION, CAPACITY IS INCREASED IN THE SERVICE AREA.

THE RPMC VOLUNTEER PROGRAM IS PROVIDED BY OVER 400 INDIVIDUALS WHO DONATED OVER 53,000 HOURS OF SERVICE IN FY16. THE VOLUNTEERS ASSIST WITH THE NON-CLINICAL NEEDS OF PATIENTS IN THE HOSPITAL, AMONG OTHER ACTIVITIES.

SINCE 1896, RPMC HAS PROVIDED HEALTH CARE TO ALL WHO SEEK ITS SERVICES, REGARDLESS OF THEIR FINANCIAL SITUATION. OVER THE YEARS, RPMC HAS BECOME AN IMPORTANT CENTER FOR PROMOTING HEALTH CARE AND WELLNESS FOR THE

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COMMUNITY - ACTIVITIES THAT SHOULD HELP CURB LONGER-TERM HEALTH CARE COSTS. WHILE A MAJORITY OF HOSPITAL COSTS ARE RECOVERED BY USERS OF THESE SERVICES, PATIENT CHARGES AND THIRD PARTY INSURANCE, THE RUTLAND HEALTH FOUNDATION ACTIVELY SEEKS ADDITIONAL CHARITABLE RESOURCES TO MEET NEED NOT COVERED BY THESE PAYMENTS. HOWEVER, AS INSURANCE AND OTHER REIMBURSEMENTS CONTINUE TO DECREASE, RRMH HAS LESS MONEY FOR CAPITAL EXPENDITURES DIRECTED TOWARD NEW AND REPLACEMENT EQUIPMENT THAT IS INTEGRAL TO KEEP THE HOSPITAL TECHNOLOGICALLY CAPABLE OF SERVING OUR PATIENTS' NEEDS. GRANT FUNDING IS PROVIDED TO COMMUNITY GROUPS SERVING THE RUTLAND REGION, UNDER THE DIRECTION OF THE BOWSE COMMUNITY HEALTH IMPROVEMENT COMMITTEE. THE INTENTION OF THE COMMITTEE IS TO ACT AS A CATALYST FOR INITIATIVES THAT ARE INNOVATIVE, COLLABORATIVE AND SUSTAINABLE, AND FUNDING IS PROVIDED TO PROJECT AIMED AT IMPROVING THE HEALTH STATUS OF THE HOSPITAL SERVICE AREA. IN FY 2017, FUNDING WAS PROVIDED TO THE FOLLOWING:

MARBLE VALLEY GROWS FARM TO SCHOOL NETWORK  
HOSTED BY ALIVE OUTSIDE

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MARBLE VALLEY GROWS WORKS WITH RUTLAND COUNTY SCHOOLS TO ENHANCE EDUCATION AND ACCESS TO HEALTHY FOOD CHOICES. THE ACTIVITIES INCLUDE CLASSROOM, COMMUNITY, GARDENING AND FOOD SERVICE INITIATIVES. THE GOAL OF THE PROGRAM IS TO IMPACT KNOWLEDGE AND INCREASE USE OF FRESH, NUTRITIOUS LOCAL FOOD.

PARTNERS INCLUDE RUTLAND AREA FOOD AND FARM LINK, FOOD SERVICE PROVIDERS, PROCTOR ELEMENTARY SCHOOL, SHREWSBURY INSTITUTE FOR AGRICULTURAL EDUCATION, NORTHEAST PRIMARY SCHOOL, CHRIST THE KING SCHOOL, AND ADDISON COUNTY RELOCALIZATION NETWORK.

SOUTHWESTERN VERMONT HOARDING TASK FORCE  
 BENNINGTON RUTLAND OPPORTUNITY COUNCIL (BROC)  
 BROC HAS DEVELOPED A TASK FORCE THAT PROVIDES TRAINING AND EDUCATION ABOUT HOARDING, RECRUITS INTERNS AND VOLUNTEERS TO ASSIST WITH DE-CLUTTERING, AND CREATES A NETWORK OF SUPPORTS TO ADDRESS THE CAUSES AND TREATMENT OF HOARDING. HOARDING IS BOTH A HEALTH AND PROPERTY SAFETY ISSUES FOR THOSE LIVING IN AND AROUND A CLUTTERED RESIDENCE. IT IS ESTIMATED THAT ONE IN

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FIFTY ADULTS HAS A SERIOUS HOARDING PROBLEM.

PARTNERS INCLUDE RUTLAND MENTAL HEALTH SERVICES, SOUTHWESTERN VERMONT COUNCIL ON AGING, VERMONT DEPARTMENT OF HEALTH, RUTLAND HOUSING AUTHORITY, HOUSING TRUST OF RUTLAND COUNTY AND THE VERMONT OFFICE OF OPPORTUNITY WEATHERIZATION PROGRAM.

COMMUNITY IMPACT PROGRAM

WONDERFEET KIDS' MUSEUM

THE MUSEUM PROVIDES OUTREACH PROGRAMS TO NINE ORGANIZATIONS THAT SERVE YOUNG CHILDREN. THE ACTIVITIES WILL PROMOTE NURTURING PARENTING, FATHER INVOLVEMENT, IMPROVED KINDERGARTEN READINESS, EXPOSURE TO STEM (SCIENCE, TECHNOLOGY, ENGINEERING AND MATHEMATICS), NUTRITION, AND HEALTH RELATED CURRICULUM.

PARTNERS INCLUDE PREVENT CHILD ABUSE VERMONT, WIC, HEAT START, ECKERD FAMILY SERVICES, RUTLAND FREE LIBRARY, BOYS & GIRLS CLUB, AND HERITAGE FAMILY CREDIT UNION.



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OUTDOOR ADVENTURE SERIES

VERMONT ADAPTIVE SKI AND SPORTS (VASS)

THE OUTDOOR ADVENTURE SERIES OFFERS CHILDREN AND ADULTS WITH DISABILITIES THE OPPORTUNITY TO EXPERIENCE A VARIETY OF ACTIVITIES DURING THE SUMMER WEEKLY SESSIONS. THE PROGRAM TARGETS INDIVIDUALS WHO CAN BENEFIT FROM WELLNESS COACHING AND ENGAGEMENT IN ADAPTIVE PHYSICAL ACTIVITY. PARTNERS INCLUDE AREA SCHOOLS, RUTLAND MENTAL HEALTH, VERMONT ASSOCIATION OF THE BLIND AND VISUALLY IMPAIRED, AND KILLINGTON ARTS GUILD.

RUTLAND HEALTH CARE SHARE

VERMONT FARMERS FOOD CENTER

THE HEALTH CARE SHARE IS A TWELVE WEEK NUTRITION PROGRAM THAT PROVIDES LOCAL PRODUCE AND NUTRITION EDUCATION TO PATIENTS WHO ARE IN NEED OF NUTRITION SUPPORTS TO IMPROVE THEIR HEALTH. HEALTH CARE PROVIDERS WILL IDENTIFY THE PATIENTS WHO QUALIFY FOR THE PROGRAM. DURING THE GROWING SEASON, THESE PATIENTS WILL RECEIVE WEEKLY SUPPLIES OF LOCAL PRODUCE, PARTICIPATE IN COOKING CLASSES AND ATTEND GROCERY STORE TOURS. PARTNERS

**Part VI Supplemental Information**

Provide the following information.

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

IN THIS PROGRAM INCLUDE HEALTH CARE PROVIDERS, RUTLAND AREA FARM AND FOOD LINK, HUNGER FREE VERMONT, AND AREA FARMERS.

COOKING AND NUTRITION EDUCATION PROGRAM

RUTLAND AREA FARM AND FOOD LINK (RAFFL)

COOKING CLASSES WERE MODELED AFTER THE EVIDENCE BASED PROGRAM COOKING MATTERS, AND ARE OFFERED THROUGHOUT RUTLAND COUNTY. THESE CLASSES TARGET BOTH THOSE PATIENTS RECEIVING THE HEALTH CARE SHARE AND LOWER INCOME POPULATIONS WHO WANT TO LEARN HANDS ON COOKING SKILLS. THE FOCUS IS ON PLANNING, BUDGETING, SHOPPING, AND PREPARING HEALTHY MEALS THAT FOCUS ON INCREASING THE NUMBER OF FRUITS AND VEGETABLES CONSUMED.

PARTNERS IN THE PROGRAM INCLUDE MANY REFERRING ORGANIZATIONS, THE RUTLAND NUTRITION COALITION, AREA COLLEGES, VERMONT FARMERS FOOD CENTER, AND AREA CHURCHES AND COMMUNITY CENTERS FOR THE USE OF KITCHENS.

PARKS RX RUTLAND RECREATION DEPARTMENT

THE PARKS RX PROGRAM IS A NATIONAL PROGRAM LED BY THE NATIONAL RECREATION

**Part VI Supplemental Information**

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
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- 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.

AND PARK ASSOCIATION. PROGRAMS ARE DESIGNED TO STRENGTHEN THE LINKAGES BETWEEN PUBLIC PARKS AND HEALTHCARE. MEDICAL PROFESSIONALS PARTICIPATE IN THE PROGRAM TO ENCOURAGE PATIENTS TO INCREASE THEIR PHYSICAL ACTIVITY AND IMPROVE THEIR MENTAL HEALTH BY GETTING OUTSIDE. A HEALTH COACH IS AVAILABLE TO SUPPORT PATIENTS BY ENCOURAGING VISITS TO PARKS, COORDINATING GROUP ACTIVITIES, AND PROVIDING ACCESS TO DISCOUNTED OUTDOOR ACTIVITIES. PARTNERS IN THE EFFORT INCLUDE AREA MEDICAL PROVIDERS, BLUE CROSS BLUE SHIELD OF VERMONT, VERMONT STATE PARKS, AND THE HEALTH CARE SHARE PROGRAM.

DISMAS RESIDENTIAL OUTREACH COORDINATOR (ROC)

RUTLAND DISMAS HOUSE

DISMAS HOUSE OF RUTLAND HIRED A RESIDENTIAL OUTREACH COORDINATOR (ROC) TO SUPPORT THE 11 RESIDENTS OF THIS COMMUNITY LIVING FACILITY FOR NEWLY RELEASED PRISONERS. THE ROC LIVES IN THE HOUSE AND IS ON SITE DURING THE LATE EVENING HOURS TO SUPPORT THE RESIDENTS IN ADHERING TO A SAFE, DRUG FREE AND ALCOHOL FREE ENVIRONMENT. ON WEEKENDS, THE ROC ASSISTS IN ORGANIZING HEALTHY ACTIVITIES FOR RESIDENT PARTICIPATION. THIS EXPOSES

**Part VI Supplemental Information**

Provide the following information.

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

RESIDENTS TO ACTIVITIES THAT PROMOTE A HEALTHY LIFESTYLE. THE GOAL IS TO HAVE THE RESIDENTS INVOLVED IN A WAY OF LIFE THAT THEY CAN EMBRACE, AND AVOID RETURNING TO A CULTURE THAT PROMOTED CRIMINAL ACTIVITY. PARTNERS IN THIS PROGRAM INCLUDE LOCAL GYMS, SPORT SHOPS, AREA RESORTS, VERMONT DEPARTMENT OF CORRECTIONS, LOCAL RESIDENTS, AND RUTLAND POLICE DEPARTMENT'S PROJECT VISION.

THREE STEPS FORWARD FOR YOUNG MEN  
RUTLAND REGION WORKFORCE INVESTMENT BOARD AND VERMONT ADULT LEARNING THE "THREE STEPS FORWARD" PROGRAM IS TARGETED TO YOUNG MEN IN RUTLAND COUNTY, AGES 17- 25, WHO ARE FAILING TO ACHIEVE THE GOAL OF BECOMING ECONOMICALLY SELF-SUFFICIENT. THE FUNDING FROM THE BOWSE HEALTH TRUST GRANT IS BEING USED TO EXPAND THE CURRICULUM OFFERINGS, AND INCLUDE A SERIES OF RETREATS THAT WILL PROVIDE HEALTHY LIFESTYLE SKILLS. PROFESSIONAL MEMBERS OF THE COMMUNITY SERVE AS ROLE MODELS AND NETWORK CONTACTS. PARTNERS IN THE PROGRAM INCLUDE VERMONT ACHIEVEMENT CENTER'S MANDELA HOUSE, COMMUNITY COLLEGE OF VERMONT, RUTLAND AREA PREVENTION COALITION, VERIZON WIRELESS COMMUNICATIONS, AND MANY LOCAL BUSINESSES

**Part VI** Supplemental Information

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
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- 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.

THAT PROVIDE INTERNSHIPS.

IN ADDITION, A PARTNERSHIP WAS ESTABLISHED WITH NEIGHBORWORKS OF WESTERN VERMONT TO CREATE A PROGRAM TO SUPPORT AND PROMOTE HEALTHY HOMES. A HOME SHOULD BE A HEALTHY PLACE FOR PATIENTS TO RECOVER AFTER BEING IN THE HOSPITAL. FOR SOME PATIENTS, HAVING ACCESS TO THE HOME CAN BE A BARRIER. SOMETIMES ALL THAT IS NEEDED IS A RAMP OR A LARGER DOORWAY TO GET BACK HOME. SOMETIMES THERE ARE ENVIRONMENTAL HAZARDS THAT INCREASE THE SYMPTOMS OF RESPIRATORY DISEASE. THIS ONGOING PILOT PROJECT SUPPORTS HOME RENOVATIONS FOR PATIENTS WHO HAVE BEEN IDENTIFIED BY HEALTH CARE PROVIDERS. THE GOALS IS TO IMPROVE THE HEALTH OF THE PATIENTS, DECREASE LENGTH OF STAY AT THE HOSPITAL OR SKILLED NURSING FACILITY, AND REDUCE INAPPROPRIATE USE OF HOSPITAL SERVICES.

SCHEDULE H, PART VI, LINE 6

AFFILIATED HEALTH CARE SYSTEM:

RRMC INCLUDES A VAST ARRAY OF SERVICES OFFERED IN THE HOSPITAL SETTING AND IN A VARIETY OF CLINICS: CENTER FOR SLEEP DISORDERS, COMMUNITY HEALTH

**Part VI Supplemental Information**

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
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- 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.

TEAM, COMPREHENSIVE CARE & INFECTIOUS DISEASES CLINIC, ENT & AUDIOLOGY, FOLEY CANCER CENTER, KILLINGTON MEDICAL CLINIC, LABORATORY SERVICES AT SEVERAL LOCATIONS, MARBLE VALLEY EYE CARE, MARBLE VALLEY UROLOGY, PHYSICAL MEDICINE & REHABILITATION, RUTLAND DIABETES & ENDOCRINOLOGY CENTER, RUTLAND DIGESTIVE SERVICES, RUTLAND GENERAL SURGERY AND THE WOUND, OSTOMY & CONTINENCE CLINIC, RUTLAND HEALTH FOUNDATION, RUTLAND HEART CENTER, RUTLAND KIDNEY CENTER, RUTLAND PULMONARY CENTER, RUTLAND REGIONAL BEHAVIORAL HEALTH, RUTLAND REGIONAL NEUROLOGY CENTER, RUTLAND WOMEN'S HEALTHCARE, VERMONT ORTHOPEDIC CLINIC, AND WEST RIDGE ADDICTION RECOVERY.

RRMC IS PART OF RUTLAND REGIONAL HEALTH SERVICES, INC. THIS PARENT ORGANIZATION IS A TAX-EXEMPT ENTITY AND INCLUDES, IN ADDITION TO RRMC AND IT SPECIALTY CLINICS, VERMONT SPORTS MEDICINE CENTER, THE GABLES AT EAST MOUNTAIN AND THE MEADOWS AT EAST MOUNTAIN. VERMONT SPORT MEDICINE CLINIC PROVIDES PHYSICAL THERAPY AND OTHER SERVICES TO PATIENTS RECOVERING FROM ILLNESS, INJURY OR SURGERY.

**Part VI** Supplemental Information

Provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
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- 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.

THE GABLES AT EAST MOUNTAIN PROVIDES SENIOR ADULTS ACCOMMODATIONS AND AMENITIES TO MAKE RETIREMENT RELAXING AND ENJOYABLE, AND THE MEADOWS AT EAST MOUNTAIN PROVIDE ASSISTED LIVING WITH AROUND-THE-CLOCK SERVICES TO SUPPORT RESIDENTS IN LIVING AN ACTIVE AND HEALTHY LIFESTYLE. SUPPORT RESIDENTS IN LIVING AN ACTIVE AND HEALTHY LIFESTYLE.

**SCHEDULE I  
(Form 990)**

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

OMB No. 1545-0047

**2016**

**Open to Public  
Inspection**

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

▶ Attach to Form 990.

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

RUTLAND HOSPITAL INC

Employer identification number

03-0183483

**Part I General Information on Grants and Assistance**

- Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  Yes  No
- Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

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

| 1 (a) Name and address of organization or government   | (b) EIN    | (c) IRC section (if applicable) | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of noncash assistance | (h) Purpose of grant or assistance |
|--|------------|---------------------------------|--------------------------|-----------------------------------|---|---------------------------------------|------------------------------------|
| <b>(1)</b> RUTLAND DISMAS HOUSE<br>103 PARK AVENUE RUTLAND, VT 05701                         | 03-0369442 | 501(C)(3)                       | 5,150.                   |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| <b>(2)</b> VERMONT FARMERS FOOD CENTER<br>22 ROBERTS AVENUE RUTLAND, VT 05701                | 45-5293058 | 501(C)(3)                       | 13,862.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| <b>(3)</b> VERMONT ADAPTIVE SKI & SPORTS<br>PO BOX 139 KILLINGTON, VT 05701                  | 74-2472938 | 501(C)(3)                       | 13,750.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| <b>(4)</b> RUTLAND AREA FARM FOOD<br>P.O. BOX 561 POULTNEY, VT 05741                         | 20-8283600 | 501(C)(3)                       | 35,276.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| <b>(5)</b> BROCCOMMUNITY ACTION SW VT<br>60 CENTER STREET RUTLAND, VT 05701                  | 03-0216505 | 501(C)(3)                       | 42,391.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| <b>(6)</b> COME ALIVE OUTSIDE, INC.<br>P.O. BOX 267 RUTLAND, VT 05701                        | 47-2357025 | 501(C)(3)                       | 46,000.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| <b>(7)</b> WONDERFEET<br>P.O. BOX 6243 RUTLAND, VT 05701                                     | 45-4692194 | 501(C)(3)                       | 42,787.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| <b>(8)</b> CITY OF RUTLAND<br>P.O. BOX 969 RUTLAND, VT 05701                                 | 03-6000658 | GOVT                            | 62,442.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| <b>(9)</b> RUTLAND REGION EDUCATION CORPORATION<br>P.O. BOX 6015 RUTLAND, VT 05701           | 03-0353236 | 501(C)(3)                       | 50,613.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| <b>(10)</b> RUTLAND WEST NEIGHBORHOOD<br>110 MARBLE STREET RUTLAND, VT 05701                 | 03-0301526 | 501(C)(3)                       | 9,000.                   |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| <b>(11)</b> COMMUNITY HEALTH CENTERS OF RUTLAND REG<br>375 ROUTE 30 NORTH BOMOSEEN, VT 05701 | 22-1179701 | 501(C)(3)                       | 226,510.                 |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| <b>(12)</b> RUTLAND REGION CHAMBER OF COMMERCE<br>50 MERCHANTS ROW RUTLAND, VT 05701         | 03-0111510 | 501(C)(3)                       | 10,000.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |

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

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2016)



**SCHEDULE I  
(Form 990)**

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

OMB No. 1545-0047

**2016**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

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

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

Name of the organization

RUTLAND HOSPITAL INC

Employer identification number

03-0183483

**Part I General Information on Grants and Assistance**

- Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  Yes  No
- Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

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

| 1 (a) Name and address of organization or government                               | (b) EIN    | (c) IRC section (if applicable) | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of noncash assistance | (h) Purpose of grant or assistance |
|--|------------|---------------------------------|--------------------------|-----------------------------------|---|---------------------------------------|------------------------------------|
| (1) RUTLAND REGION PLANNING COMMISSION<br>P.O. BOX 965 RUTLAND, VT 05701           | 03-0220669 | 501(C)(3)                       | 25,000.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| (2) PARAMOUNT CENTER INC<br>30 CENTER STREET RUTLAND, VT 05701                     | 22-2528303 | 501(C)(3)                       | 25,000.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| (3) COALITION TO PROTECT AMERICAS HEALTH<br>P.O. BOX 30211 BETHESDA, MD 20824-0211 | 52-2253225 | 501(C)(3)                       | 20,000.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| (4) PARTS FOR PAWS LTD<br>723 CARMEL PLACE RUTLAND, VT 05701                       | 81-4280912 | 501(C)(3)                       | 14,500.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| (5) RUTLAND FREE CLINIC DBA PARK STREET HEAL<br>145 STATE ST. RUTLAND, VT 05701    | 83-0427544 | 501(C)(3)                       | 10,000.                  |                                   |   |                                       | COMMUNITY HEALTH IMP               |
| (6)  |            |                                 |                          |                                   |   |                                       |                                    |
| (7)  |            |                                 |                          |                                   |   |                                       |                                    |
| (8)  |            |                                 |                          |                                   |   |                                       |                                    |
| (9)  |            |                                 |                          |                                   |   |                                       |                                    |
| (10)   |            |                                 |                          |                                   |   |                                       |                                    |
| (11)   |            |                                 |                          |                                   |   |                                       |                                    |
| (12)   |            |                                 |                          |                                   |   |                                       |                                    |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 17.

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule I (Form 990) (2016)

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

| (a) Type of grant or assistance | (b) Number of recipients | (c) Amount of cash grant | (d) Amount of non-cash assistance | (e) Method of valuation (book, FMV, appraisal, other) | (f) Description of non-cash assistance |
|---------------------------------|--------------------------|--------------------------|-----------------------------------|---|--|
| 1                               |                          |                          |                                   |   |  |
| 2                               |                          |                          |                                   |   |  |
| 3                               |                          |                          |                                   |   |  |
| 4                               |                          |                          |                                   |   |  |
| 5                               |                          |                          |                                   |   |  |
| 6                               |                          |                          |                                   |   |  |
| 7                               |                          |                          |                                   |   |  |

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

SCHEDULE I, PART I, LINE 2

GRANTS MONITORING:

RRHS AWARDED A FIVE-YEAR COMMUNITY BENEFIT GRANT TO COMMUNITY HEALTH CENTERS OF THE RUTLAND REGION, INC. (CHCRR) IN THE AMOUNT OF \$4,600,000 THAT WAS FUNDED BY RRMC AND WAS EFFECTIVE MAY 1, 2008. THE ORIGINAL TERM OF THE AGREEMENT ENDED ON APRIL 30, 2013, AND ORIGINAL AMOUNTS GRANTED HAD BEEN EXPENDED BY RRMC BY THAT TIME. IN 2011, THE AGREEMENT WAS AMENDED TO INCLUDE AN ADDITIONAL SUBSIDY FROM RRMC TO CHCRR FOR UP TO \$600,000 PER YEAR, THROUGH JUNE 30, 2016, TO DEFRAY THE COST OF UNCOMPENSATED CARE TO SUPPORT THE RUTLAND CLINIC FOR PRIMARY CARE

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

| (a) Type of grant or assistance | (b) Number of recipients | (c) Amount of cash grant | (d) Amount of non-cash assistance | (e) Method of valuation (book, FMV, appraisal, other) | (f) Description of non-cash assistance |
|---------------------------------|--------------------------|--------------------------|-----------------------------------|---|--|
| 1                               |                          |                          |                                   |   |  |
| 2                               |                          |                          |                                   |   |  |
| 3                               |                          |                          |                                   |   |  |
| 4                               |                          |                          |                                   |   |  |
| 5                               |                          |                          |                                   |   |  |
| 6                               |                          |                          |                                   |   |  |
| 7                               |                          |                          |                                   |   |  |

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

SERVICE. THIS AGREEMENT WAS NOT EXTENDED BEYOND JUNE 30, 2016.

EFFECTIVE DECEMBER 1, 2013, RRHS ENTERED INTO AN AGREEMENT TO PROVIDE CHCRR A COMMUNITY BENEFIT GRANT OVER A PERIOD OF FIFTY-EIGHT MONTHS FROM DECEMBER 1, 2013, TO SEPTEMBER 30, 2018.

THESE PAYMENTS ARE BEING MADE MONTHLY AND RANGE FROM \$17,358 TO \$19,537, FOR A TOTAL GRANT OF \$1,066,810. RRHS CONTINUALLY WORKS WITH CHCRR TO ENSURE THE ORGANIZATION IS USING FUNDS APPROPRIATELY AND FURTHERING THE CHCRR EXEMPT PURPOSE.

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

| (a) Type of grant or assistance | (b) Number of recipients | (c) Amount of cash grant | (d) Amount of non-cash assistance | (e) Method of valuation (book, FMV, appraisal, other) | (f) Description of non-cash assistance |
|---------------------------------|--------------------------|--------------------------|-----------------------------------|---|--|
| 1                               |                          |                          |                                   |   |  |
| 2                               |                          |                          |                                   |   |  |
| 3                               |                          |                          |                                   |   |  |
| 4                               |                          |                          |                                   |   |  |
| 5                               |                          |                          |                                   |   |  |
| 6                               |                          |                          |                                   |   |  |
| 7                               |                          |                          |                                   |   |  |

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

THE OTHER GRANTS LISTED ON SCHEDULE I, PART II, WERE PROVIDED BY THE JAMES T BOWSE HEALTH TRUST, A DEPARTMENT OF RUTLAND REGIONAL MEDICAL CENTER. THE BOWSE TRUST ONLY CONSIDERS GRANT PROPOSALS THROUGH ITS FORMAL GRANT PROPOSAL PROCESS, WHICH REQUIRES THAT THE REQUESTING ORGANIZATION MEET CERTAIN CRITERIA AND SUBMIT A PLANNING GRANT/LETTER OF INTENT, FULL PROPOSAL, AND PLANNING GRANT BUDGET FORM DESCRIBING HOW THE GRANT WILL BE USED.

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

| (a) Type of grant or assistance | (b) Number of recipients | (c) Amount of cash grant | (d) Amount of non-cash assistance | (e) Method of valuation (book, FMV, appraisal, other) | (f) Description of non-cash assistance |
|---------------------------------|--------------------------|--------------------------|-----------------------------------|---|--|
| 1                               |                          |                          |                                   |   |  |
| 2                               |                          |                          |                                   |   |  |
| 3                               |                          |                          |                                   |   |  |
| 4                               |                          |                          |                                   |   |  |
| 5                               |                          |                          |                                   |   |  |
| 6                               |                          |                          |                                   |   |  |
| 7                               |                          |                          |                                   |   |  |

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

SCHEDULE I, PART II, COLUMN H

PURPOSE OF GRANT OR ASSISTANCE:

ASSISTANCE FOR RUTLAND DISMAS HOUSE, VERMONT FARMERS FOOD CENTER, VERMONT ADAPTIVE SKI & SPORTS, RUTLAND AREA FARM FOOD, BROOK COMMUNITY ACTION SW VT, COME ALIVE OUTSIDE, INC., WONDERFEET, CITY OF RUTLAND, RUTLAND REGION EDUCATION CORPORATION, AND RUTLAND WEST NEIGHBORHOOD WAS PROVIDED BY THE JAMES T BOWSE HEALTH TRUST, A DEPARTMENT OF RUTLAND REGIONAL MEDICAL CENTER. SEE SCHEDULE H, PART VI, LINE 6 FOR MORE INFORMATION REGARDING PROGRAMS FUNDED BY THE JAMES T BOWSE HEALTH TRUST.

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

RUTLAND HOSPITAL INC

**Compensation Information**

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

- ▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.
- ▶ Attach to Form 990.

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

OMB No. 1545-0047

**2016**

**Open to Public  
Inspection**

Employer identification number

03-0183483

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- |  |   |
|--|---|
| <input type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use    |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence    |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees      |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (such as, maid, chauffeur, chef) |

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- |  |   |
|--|---|
| <input type="checkbox"/> Compensation committee              | <input checked="" type="checkbox"/> Written employment contract                     |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed on Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
  - b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
  - c** Participate in, or receive payment from, an equity-based compensation arrangement?
- If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.**

**5** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
  - b** Any related organization?
- If "Yes" on line 5a or 5b, describe in Part III.

**6** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
  - b** Any related organization?
- If "Yes" on line 6a or 6b, describe in Part III.

**7** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III.

**8** Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III.

**9** If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

|    | Yes | No |
|----|-----|----|
| 1a |     |    |
| 1b |     |    |
| 2  |     |    |
| 3  |     |    |
| 4a |     | X  |
| 4b |     | X  |
| 4c |     | X  |
| 5a | X   |    |
| 5b |     | X  |
| 6a |     | X  |
| 6b |     | X  |
| 7  |     | X  |
| 8  |     | X  |
| 9  |     |    |

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2016

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

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

**Note:** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

| (A) Name and Title   |      | (B) Breakdown of W-2 and/or 1099-MISC compensation |                                     |                                     | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation in column (B) reported as deferred on prior Form 990 |
|--|------|--|-------------------------------------|-------------------------------------|--|-------------------------|---------------------------------|---|
|  |      | (i) Base compensation                              | (ii) Bonus & incentive compensation | (iii) Other reportable compensation |  |                         |                                 |   |
| 1 MICHAEL J. KENOSH, M.D.<br>DIRECTOR                        | (i)  | 451,811.   | 99,565.                             | 2,337.                              | 40,525.  | 31,456.                 | 625,694.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 2 TODD GREGORY, M.D.<br>DIRECTOR                             | (i)  | 358,086.   | 4,192.                              | 722.                                | 17,225.  | 31,266.                 | 411,491.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 3 STANLEY M. SHAPIRO, M.D.<br>DIRECTOR                       | (i)  | 304,115.   | 216,246.                            | 8,230.                              | 22,525.  | 27,514.                 | 578,630.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 4 ERIC MARSH, M.D.<br>DIRECTOR                               | (i)  | 579,551.   | 374,153.                            | 1,140.                              | 17,225.  | 31,177.                 | 1,003,246.                      | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 5 THOMAS W. HUEBNER<br>PRESIDENT / CEO                       | (i)  | 545,704.   | 0.                                  | 10,135.                             | 45,825.  | 31,414.                 | 633,078.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 6 JUDI K FOX<br>CFO  | (i)  | 203,763.   | 0.                                  | 909.                                | 18,104.  | 31,028.                 | 253,804.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 7 WILLIAM A. LIGHTHART, M<br>ORTHOPAEDICS                    | (i)  | 605,276.   | 320,569.                            | 1,140.                              | 17,225.  | 31,208.                 | 975,418.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 8 MICHAEL ROBERTELLO, M.D.<br>CARDIOLOGY                     | (i)  | 436,966.   | 293,122.                            | 3,798.                              | 40,525.  | 27,652.                 | 802,063.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 9 MATTHEW ZMURKO, M.D.<br>ORTHOPAEDICS                       | (i)  | 370,268.   | 139,784.                            | 587.                                | 35,225.  | 30,501.                 | 576,365.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 10 ANN STIEN, M.D.<br>ORTHOPAEDICS                           | (i)  | 244,920.   | 260,200.                            | 1,032.                              | 40,525.  | 18,824.                 | 565,501.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 11 DALE JANIK, M.D.<br>GASTRONENTEROLOGY                     | (i)  | 401,006.   | 97,759.                             | 4,076.                              | 35,225.  | 26,867.                 | 564,933.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 12 MELBOURNE D. BOYTON, M.<br>ORTHOPEDIC SRGN/CHIEF MED OFFR | (i)  | 660,801.   | 399,121.                            | 4,113.                              | 40,525.  | 31,513.                 | 1,136,073.                      | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 13 SCOTT J. GRAHAM, M.D.<br>CHIEF MEDICAL INFO OFFICER       | (i)  | 329,295.   | 5,103.                              | 612.                                | 17,225.  | 31,242.                 | 383,477.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 14 PHILIP R. LAPP<br>MEDICAL DIRECTOR                        | (i)  | 253,254.   | 35,298.                             | 2,622.                              | 22,525.  | 31,154.                 | 344,853.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 15 BARBARA M. ROBINSON<br>VP CLINICAL SERVICES               | (i)  | 272,137.   | 0.                                  | 3,955.                              | 27,825.  | 11,377.                 | 315,294.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 16 CAROL M. EGAN<br>VP CHIEF NURSING OFFICER                 | (i)  | 215,598.   | 0.                                  | 3,033.                              | 23,459.  | 22,565.                 | 264,655.                        | 0.  |
|  | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |

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

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that aren't listed on Form 990, Part VII.

**Note:** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

| (A) Name and Title                                |      | (B) Breakdown of W-2 and/or 1099-MISC compensation |                                     |                                     | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation in column (B) reported as deferred on prior Form 990 |
|---|------|--|-------------------------------------|-------------------------------------|--|-------------------------|---------------------------------|---|
|   |      | (i) Base compensation                              | (ii) Bonus & incentive compensation | (iii) Other reportable compensation |  |                         |                                 |   |
| 1 MARY T. NEMETH<br>VP CORPORATE SUPPORT SERVICES | (i)  | 213,049.   | 0.                                  | 2,946.                              | 22,916.  | 11,285.                 | 250,196.                        | 0.  |
|   | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 2 JOHN WALLACE<br>GEN COUNSEL COMPLIANCE OFFICER  | (i)  | 199,442.   | 0.                                  | 2,097.                              | 9,478.   | 31,092.                 | 242,109.                        | 0.  |
|   | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 3 BRIAN KERNS<br>VP HUMAN RESOURCES               | (i)  | 195,776.   | 0.                                  | 279.                                | 27,268.  | 30,461.                 | 253,784.                        | 0.  |
|   | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 4 JEFFREY MCKEE<br>VP COMMUNITY & BEH HEALTH SVCS | (i)  | 183,790.   | 0.                                  | 718.                                | 8,281.   | 1,127.                  | 193,916.                        | 0.  |
|   | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 5 DARREN CHILDS<br>FORMER VP QUALITY IMPROVEMENT  | (i)  | 158,349.   | 0.                                  | 648.                                | 13,905.  | 20,292.                 | 193,194.                        | 0.  |
|   | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 6 EDWARD T. OGORZALEK<br>FORMER CFO               | (i)  | 250,192.   | 0.                                  | 44,229.                             | 45,683.  | 22,825.                 | 362,929.                        | 38,426.   |
|   | (ii) | 0.   | 0.                                  | 0.                                  | 0.   | 0.                      | 0.                              | 0.  |
| 7   | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 8   | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 9   | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 10  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 11  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 12  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 13  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 14  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 15  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 16  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |



**Part III Supplemental Information**

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

SCHEDULE J, PART I, LINE 5A

COMPENSATION CONTINGENT ON THE REVENUES OF THE ORGANIZATION:

PHYSICIANS EARN COMPENSATION BASED UPON THEIR PRODUCTIVITY AGAINST  
ESTABLISH TARGETS. INCREASED PRODUCTIVITY IS DIRECTLY RELATED TO  
INCREASED REVENUES FOR THE ORGANIZATION.

SCHEDULE J, PART II, COLUMN F

COMPENSATION REPORTED ON PRIOR FROM 990:

COMPENSATION IS REPORTED ON THE FROM 990 IN THE YEAR THAT THE  
COMPENSATION IS EARNED BY OR AWARDED TO AN INDIVIDUAL, EVEN IF THE  
COMPENSATION IS NOT PAID TO THE INDIVIDUAL, IS NOT FULLY VESTED, OR  
SUBJECT TO SUBSTANTIAL RISK OF FOREITURE. IF COMPENSATION IS EARNED OR  
AWARDED IN ONE YEAR BUT PAID IN A LATER YEAR, THEN THE COMPENSATION IS  
REPORTED A SECOND TIME ON THE FORM 990 IN THE YEAR THE COMPENSATION IS  
VESTED OR PAID TO THE INDIVIDUAL.

**SCHEDULE K  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

GROUP 1

**Supplemental Information on Tax-Exempt Bonds**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.

▶ Attach to Form 990.

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

OMB No. 1545-0047

**2016**

**Open to Public  
Inspection**

Name of the organization

RUTLAND HOSPITAL INC

Employer identification number

03-0183483

**Part I Bond Issues**

| (a) Issuer name                                 | (b) Issuer EIN | (c) CUSIP # | (d) Date issued | (e) Issue price | (f) Description of purpose       | (g) Defeased |    | (h) On behalf of issuer |    | (i) Pooled financing |    |
|---|----------------|-------------|-----------------|-----------------|----------------------------------|--------------|----|-------------------------|----|----------------------|----|
|   |                |             |                 |                 |                                  | Yes          | No | Yes                     | No | Yes                  | No |
| A VT EDUCATIONAL & HLTH BUILDING FINANCE AGENCY | 23-7154467     |             | 09/03/2017      | 31,350,000.     | PARTIAL REFUND 9/10 SERIES BONDS |              | X  |                         | X  |                      | X  |
| B   |                |             |                 |                 |                                  |              |    |                         |    |                      |    |
| C   |                |             |                 |                 |                                  |              |    |                         |    |                      |    |
| D   |                |             |                 |                 |                                  |              |    |                         |    |                      |    |

**Part II Proceeds**

|   | A           |    | B   |    | C   |    | D   |    |
|---|-------------|----|-----|----|-----|----|-----|----|
| 1 Amount of bonds retired . . . . .   |             |    |     |    |     |    |     |    |
| 2 Amount of bonds legally defeased . . . . .  |             |    |     |    |     |    |     |    |
| 3 Total proceeds of issue . . . . .   | 31,350,000. |    |     |    |     |    |     |    |
| 4 Gross proceeds in reserve funds . . . . .   |             |    |     |    |     |    |     |    |
| 5 Capitalized interest from proceeds . . . . .  |             |    |     |    |     |    |     |    |
| 6 Proceeds in refunding escrows . . . . .   | 31,157,038. |    |     |    |     |    |     |    |
| 7 Issuance costs from proceeds . . . . .  | 192,962.    |    |     |    |     |    |     |    |
| 8 Credit enhancement from proceeds . . . . .  |             |    |     |    |     |    |     |    |
| 9 Working capital expenditures from proceeds . . . . .  |             |    |     |    |     |    |     |    |
| 10 Capital expenditures from proceeds . . . . .   |             |    |     |    |     |    |     |    |
| 11 Other spent proceeds . . . . .   |             |    |     |    |     |    |     |    |
| 12 Other unspent proceeds . . . . .   |             |    |     |    |     |    |     |    |
| 13 Year of substantial completion . . . . .   | 2013        |    |     |    |     |    |     |    |
|   | Yes         | No | Yes | No | Yes | No | Yes | No |
| 14 Were the bonds issued as part of a current refunding issue? . . . . .  | X           |    |     |    |     |    |     |    |
| 15 Were the bonds issued as part of an advance refunding issue? . . . . .   |             | X  |     |    |     |    |     |    |
| 16 Has the final allocation of proceeds been made? . . . . .  | X           |    |     |    |     |    |     |    |
| 17 Does the organization maintain adequate books and records to support the final allocation of proceeds? . . . . . | X           |    |     |    |     |    |     |    |

**Part III Private Business Use**

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

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

| Part III Private Business Use (Continued)  | GROUP 1 |    |     |    |     |    |     |    |
|--|---------|----|-----|----|-----|----|-----|----|
|  | A       |    | B   |    | C   |    | D   |    |
|  | Yes     | No | Yes | No | Yes | No | Yes | No |
| 3a Are there any management or service contracts that may result in private business use of bond-financed property? . . . . .  | X       |    |     |    |     |    |     |    |
| b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property? . . . . .   | X       |    |     |    |     |    |     |    |
| c Are there any research agreements that may result in private business use of bond-financed property? . . . . .   |         | X  |     |    |     |    |     |    |
| d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? . . . . .   |         |    |     |    |     |    |     |    |
| 4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government . . . . . ▶  |         |    |     |    |     |    |     |    |
| 5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government . . . . . ▶ |         |    |     |    |     |    |     |    |
| 6 Total of lines 4 and 5 . . . . .   |         |    |     |    |     |    |     |    |
| 7 Does the bond issue meet the private security or payment test? . . . . .   |         | X  |     |    |     |    |     |    |
| 8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued? . . . . .  |         | X  |     |    |     |    |     |    |
| b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of . . . . .  |         |    |     |    |     |    |     |    |
| c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2? . . . . .  |         |    |     |    |     |    |     |    |
| 9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2? . . . . .                             | X       |    |     |    |     |    |     |    |

| Part IV Arbitrage   |                      |    |     |    |     |    |     |    |
|---|----------------------|----|-----|----|-----|----|-----|----|
|   | A                    |    | B   |    | C   |    | D   |    |
|   | Yes                  | No | Yes | No | Yes | No | Yes | No |
| 1 Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate? . . . . .    |                      | X  |     |    |     |    |     |    |
| 2 If "No" to line 1, did the following apply? . . . . .   |                      |    |     |    |     |    |     |    |
| a Rebate not due yet? . . . . .   |                      | X  |     |    |     |    |     |    |
| b Exception to rebate? . . . . .  | X                    |    |     |    |     |    |     |    |
| c No rebate due? . . . . .  |                      | X  |     |    |     |    |     |    |
| If "Yes" to line 2c, provide in Part VI the date the rebate computation was performed. . . . .                              |                      |    |     |    |     |    |     |    |
| 3 Is the bond issue a variable rate issue? . . . . .  | X                    |    |     |    |     |    |     |    |
| 4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? . . . . . | X                    |    |     |    |     |    |     |    |
| b Name of provider . . . . .  | DEUTSCHE BANK / TD B |    |     |    |     |    |     |    |
| c Term of hedge . . . . .   | 10.000               |    |     |    |     |    |     |    |
| d Was the hedge superintegrated? . . . . .  |                      | X  |     |    |     |    |     |    |
| e Was the hedge terminated? . . . . .   | X                    |    |     |    |     |    |     |    |



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

SCHEDULE K, PART IV, LINE 7

REQUIREMENTS OF SECTION 148:

THE TAX-EXEMPT BONDS DO NOT HAVE ANY OUTSTANDING PROCEEDS AND THEREFORE

ARE NOT SUBJECT TO THE ARBITRAGE REQUIREMENTS OF SECTION 148.

**SCHEDULE L**  
**(Form 990 or 990-EZ)**

**Transactions With Interested Persons**

OMB No. 1545-0047

**2016**

**Open To Public Inspection**

Department of the Treasury  
Internal Revenue Service

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.**

▶ **Attach to Form 990 or Form 990-EZ.**

▶ **Information about Schedule L (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

Name of the organization

RUTLAND HOSPITAL INC

Employer identification number

03-0183483

**Part I Excess Benefit Transactions** (section 501(c)(3), section 501(c)(4), and 501(c)(29) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

| 1   | (a) Name of disqualified person | (b) Relationship between disqualified person and organization | (c) Description of transaction | (d) Corrected? |    |
|-----|---------------------------------|---|--------------------------------|----------------|----|
|     |                                 |   |                                | Yes            | No |
| (1) |                                 |   |                                |                |    |
| (2) |                                 |   |                                |                |    |
| (3) |                                 |   |                                |                |    |
| (4) |                                 |   |                                |                |    |
| (5) |                                 |   |                                |                |    |
| (6) |                                 |   |                                |                |    |

2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ \$ \_\_\_\_\_

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization, . . . . . ▶ \$ \_\_\_\_\_

**Part II Loans to and/or From Interested Persons.**

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

| 1                        | (a) Name of interested person | (b) Relationship with organization | (c) Purpose of loan | (d) Loan to or from the organization? |      | (e) Original principal amount | (f) Balance due | (g) In default? |    | (h) Approved by board or committee? |    | (i) Written agreement? |    |
|--------------------------|-------------------------------|------------------------------------|---------------------|---------------------------------------|------|-------------------------------|-----------------|-----------------|----|-------------------------------------|----|------------------------|----|
|                          |                               |                                    |                     | To                                    | From |                               |                 | Yes             | No | Yes                                 | No | Yes                    | No |
|                          |                               |                                    |                     | (1)                                   |      |                               |                 |                 |    |                                     |    |                        |    |
| (2)                      |                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (3)                      |                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (4)                      |                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (5)                      |                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (6)                      |                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (7)                      |                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (8)                      |                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (9)                      |                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (10)                     |                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| <b>Total</b> . . . . . ▶ |                               |                                    |                     |                                       |      |                               | \$              |                 |    |                                     |    |                        |    |

**Part III Grants or Assistance Benefiting Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

| 1    | (a) Name of interested person | (b) Relationship between interested person and the organization | (c) Amount of assistance | (d) Type of assistance | (e) Purpose of assistance |
|------|-------------------------------|---|--------------------------|------------------------|---------------------------|
| (1)  |                               |   |                          |                        |                           |
| (2)  |                               |   |                          |                        |                           |
| (3)  |                               |   |                          |                        |                           |
| (4)  |                               |   |                          |                        |                           |
| (5)  |                               |   |                          |                        |                           |
| (6)  |                               |   |                          |                        |                           |
| (7)  |                               |   |                          |                        |                           |
| (8)  |                               |   |                          |                        |                           |
| (9)  |                               |   |                          |                        |                           |
| (10) |                               |   |                          |                        |                           |

For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule L (Form 990 or 990-EZ) 2016

**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

| (a) Name of interested person                  | (b) Relationship between interested person and the organization | (c) Amount of transaction | (d) Description of transaction | (e) Sharing of organization's revenues? |    |
|--|---|---------------------------|--------------------------------|---|----|
|  |   |                           |                                | Yes                                     | No |
| <b>(1)</b> FOLEY SERVICES & FOLEY DISTRIBUTING | M FOLEY JR - SEE PART V   | 292,608.                  | SUPPLIES & JANITORIAL PRODUCTS |   | X  |
| <b>(2)</b>                                     |   |                           |                                |   |    |
| <b>(3)</b>                                     |   |                           |                                |   |    |
| <b>(4)</b>                                     |   |                           |                                |   |    |
| <b>(5)</b>                                     |   |                           |                                |   |    |
| <b>(6)</b>                                     |   |                           |                                |   |    |
| <b>(7)</b>                                     |   |                           |                                |   |    |
| <b>(8)</b>                                     |   |                           |                                |   |    |
| <b>(9)</b>                                     |   |                           |                                |   |    |
| <b>(10)</b>                                    |   |                           |                                |   |    |

**Part V Supplemental Information**

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

SCHEDULE L, PART IV, COLUMN B

BUSINESS TRANSACTIONS INVOLVING INTERESTED PERSONS:

MARK FOLEY, JR, CURRENT BOARD MEMBER, OWNS FOLEY SERVICES, INC WHILE HIS

FATHER OWNS FOLEY DISTRIBUTING. THESE COMPANIES SUPPLIED PAPER AND

JANITORIAL PRODUCTS TO THE ORGANIZATION FOR \$292,608 IN FISCAL YEAR 2017.

**SCHEDULE O  
(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

RUTLAND HOSPITAL INC

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2016**

**Open to Public  
Inspection**

Employer identification number

03-0183483

FORM 990, PART I, LINE 1

ORGANIZATION'S MISSION AND MOST SIGNIFICANT ACTIVITIES:

MISSION:

TO IMPROVE THE HEALTH OF THE RUTLAND REGIONAL AND SURROUNDING COMMUNITIES  
BY PROVIDING APPROPRIATE, SUPERIOR, INTEGRATED, PREVENTATIVE, DIAGNOSTIC  
AND THERAPEUTIC HEALTH SERVICES IN A CARING ENVIRONMENT THROUGH THE  
STRENGTH OF OUR PEOPLE, TECHNOLOGY AND RELATIONSHIPS.

VISION: TO BE THE BEST COMMUNITY HEALTHCARE SYSTEM IN NEW ENGLAND.

GOALS:

\*QUALITY: WE WILL PROVIDE SUPERIOR HEALTH SERVICES WHICH MEET OUR  
CUSTOMER NEEDS THROUGH: GOOD CLINICAL OUTCOMES, UP-TO-DATE TECHNOLOGY,  
EFFECTIVE PROCESSES, COMPETENT AND CARING STAFF AND WELL MAINTAINED  
FACILITIES.

\*GROWTH: WE WILL DEVELOP NEW SERVICES AND EXPAND EXISTING SERVICES TO  
MEET CUSTOMER NEEDS RESULTING IN INCREASED MARKET SHARE AND EXPANSION  
INTO NEW MARKETS.

\*INFORMATION EXCELLENCE: WE WILL PROVIDE SUPERIOR, COORDINATED  
INFORMATION RESOURCES, PROCESSES, AND SYSTEMS THAT MEET CUSTOMER NEEDS  
FOR EFFECTIVE INFORMATION GATHERING, RECORDING, ACCESS, ANALYSIS, AND  
DISSEMINATION ACROSS THE HEALTHCARE CONTINUUM.



|  |  |
|--|--|
| Name of the organization<br>RUTLAND HOSPITAL INC | Employer identification number<br>03-0183483 |
|--|--|

\*FINANCIAL STRENGTH: WE WILL ACHIEVE FINANCIAL STRENGTH AND STABILITY BY OPTIMIZING REIMBURSEMENT AND IMPROVING OUR COSTS STRUCTURE TO PRODUCE SUFFICIENT MARGINS, AND INCREASING PHILANTHROPIC GIVING.

\*EMPLOYMENT ENGAGEMENT: WE WILL CREATE AN ENVIRONMENT WHERE EMPLOYEE ENGAGEMENT FLOURISHES AND WE COMMIT OUR HEARTS AND MINDS TO MEETING AND EXCEEDING THE NEEDS OF OUR CUSTOMERS AND EACH OTHER. EXCEEDING THE NEEDS OF OUR CUSTOMERS AND EACH OTHER.

FORM 990, PART I, LINE 6

TOTAL NUMBER OF VOLUNTEERS:

THE TOTAL NUMBER OF VOLUNTEERS INCLUDING NON-COMPENSATED MEMBERS OF THE BOARD OF DIRECTORS AND OTHER INDIVIDUALS WHO VOLUNTEER TIME TO FURTHER THE ORGANIZATION'S EXEMPT PURPOSE.

FORM 990, PART III, LINES 4A-D

EXEMPT PURPOSE ACHIEVEMENTS:

RUTLAND REGIONAL MEDICAL CENTER FY 2017 COMMUNITY BENEFITS REPORT:

RUTLAND REGIONAL MEDICAL CENTER IS COMMITTED OT PROVIDING SUPERIOR, INTEGRATED, DIAGNOSTIC, THERAPEUTIC AND PREVENTATIVE HEALTH SERVICES AND TO PROMOTING OVERALL COMMUNITY HEALTH AND WELL-BEING. COMMUNITY BENEFITS ARE THE ACTIVITIES AND SERVICES RUTLAND REGIONAL ENGAGES IN AND SUPPORTS THAT GO BEYOND THE ROUTINE PATIENT CARE SERVICES. DOCUMENTING THESE EFFORTS IS A PART OF WHAT DIFFERENTIATES TAX-EXEMPT FROM TAXABLE HEALTH CARE ORGANIZATIONS.

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| Name of the organization<br>RUTLAND HOSPITAL INC | Employer identification number<br>03-0183483 |
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## FREE AND DISCOUNTED CARE

RUTLAND REGIONAL PROVIDES LOW- AND NO-COST CARE FOR ELIGIBLE RESIDENTS OF OUR AREA THROUGH A FINANCIAL ASSISTANCE PROGRAM. THE FREE CARE PROVISION FOR 2017 TOTALED \$5,753,971.

RRMC IS ADDRESSING THE KEY ISSUES THAT HAVE THE MOST SIGNIFICANT IMPACT ON THE COMMUNITY HEALTH AND WELL-BEING, WHICH INCLUDE THE FOLLOWING:

## \*CLINICAL CARE

- CONTINUING TO ADDRESS THE DRUG PROBLEM IN THE COMMUNITY THROUGH MENTAL HEALTH AND SUBSTANCE ABUSE AND SERVICES FOR ADULTS AND YOUTH, INCLUDING TREATMENT, AFTERCARE AND PREVENTION
- CONTINUING TO IMPROVE ACCESS TO CARE FOR ALL COMMUNITY MEMBERS BY CONTINUING FOCUSED PROVIDER RECRUITMENT, AND RETENTION, ACTIVITIES

## \*HEALTHY BEHAVIORS

- IMPROVING AND PROMOTING HEALTHY CHOICES AND ACTIVITIES TO SUPPORT A HEALTHY COMMUNITY IN WHICH TO LIVE AND RAISE A FAMILY, BY SUPPORTING AND PROMOTING LIFE SKILLS DEVELOPMENT FOR AND BY YOUTH, AND PHYSICAL ACTIVITY AND HEALTH EATING BY ADULTS AND YOUTH

## \*SOCIAL &amp; ECONOMIC DETERMINANTS

- IMPROVING THE HEALTH AND WELL-BEING OF THE COMMUNITY, MAKING IT AN ATTRACTIVE PLACE TO LIVE AND WORK

|  |  |
|--|--|
| Name of the organization<br>RUTLAND HOSPITAL INC | Employer identification number<br>03-0183483 |
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\*PHYSICAL ENVIRONMENT

-IMPROVING INFRASTRUCTURE TO SUPPORT A HEALTHY COMMUNITY WITH ACCESS TO  
WORK, RECREATIONAL OPPORTUNITIES AND SERVICES

FOR MORE DETAILS ON THESE ACTIVITIES AND THE WORK PERFORMED BY RUTLAND  
REGIONAL WITH COMMUNITY PARTNERS, PLEASE REVIEW THE PROGRESS REPORT ON  
[HTTP://WWW.RRMC.ORG/ABOUT/COMMUNITY-HEALTH-NEEDS-ASSESSMENT/](http://www.rrmc.org/about/community-health-needs-assessment/).

IN ADDITION TO THESE ACTIVITIES, RUTLAND REGIONAL IS NOW REQUIRED BY  
FEDERAL REGULATIONS TO CONDUCT A COMMUNITY NEEDS ASSESSMENT EVERY THREE  
YEARS. THE RUTLAND COUNTY HEALTH NEEDS ASSESSMENT STEERING COMMITTEE  
WORKED HARD TO BE INCLUSIVE, BOTH IN THE INFORMATION COLLECTED AND  
REVIEWED, AND BY BROADLY REQUESTING INPUT FROM AROUND OUR COMMUNITIES.  
FROM START TO FINISH, THE ASSESSMENT TAKES ABOUT ONE YEAR TO COMPLETE,  
AND INCLUDES COMPILATION OF CONSUMER SURVEYS AND THROUGH FOCUS GROUP  
MEETINGS.

ALL OF THE INFORMATION GATHERED IS REVIEWED, AND PRIORITIZED BY A BROAD,  
COMMUNITY-BASED COMMITTEE. A FINAL REPORT HAS NOW BEEN PUBLISHED WITH THE  
FINDINGS. THIS REPORT IS MADE PUBLICALLY AVAILABLE ON [WWW.RRMC.ORG](http://www.rrmc.org).

THE PURPOSE OF THE ASSESSMENT IS TO:

- DESCRIBE THE HEALTH STATUS OF THE COMMUNITY
- IDENTIFY THE COMMUNITY'S HEALTH NEEDS

|  |  |
|--|--|
| Name of the organization<br>RUTLAND HOSPITAL INC | Employer identification number<br>03-0183483 |
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-COMPARE THE NEEDS TO THOSE IDENTIFIED PREVIOUSLY

CONDUCTING ASSESSMENTS PERIODICALLY FOR MORE THAN 15 YEARS, WE HAVE SEEN SOME HEALTH INDICATORS IMPROVE AND OTHERS DECLINE. BY MONITORING THESE CHANGES, THE COMMITTEE IS ABLE TO IDENTIFY WHERE ADDITIONAL RESOURCES ARE NEEDED. ORGANIZATION, INCLUDING RUTLAND REGIONAL, USES THIS IMPORTANT INFORMATION TO GUIDE THEIR PLANNING. FOR RUTLAND REGIONAL SPECIFICALLY, IT HELPS WITH THE DEVELOPMENT OF NEW HOSPITAL SERVICES AND COMMUNITY PROGRAMS.

FORM 990, PART III, LINE 4D

OTHER PROGRAM SERVICES:

THE REVENUES AND EXPENSES REPORTED ON PART III, LINE 4D, REPRESENT THOSE AMOUNTS THAT ATTRIBUTABLE TO OTHER PROGRAM SERVICES CONDUCTED BY THE ORGANIZATION. THESE OTHER SERVICES PRIMARILY REPRESENT OTHER SUPPORT SERVICES THAT ARE PROVIDED TO HOSPITAL PATIENTS OR THAT ARE CONDUCTED TO SUPPORT THE OVERALL FUNCTION OF THE HOSPITAL, SUCH AS CENTRAL SUPPLY AND PHARMACY SERVICES. OTHER SERVICES ALSO INCLUDE BENEFIT TO THE COMMUNITY THROUGH THE PAYMENT OF GRANTS TO OTHER COMMUNITY ORGANIZATIONS. SEE SCHEDULE I FOR DETAIL REGARDING THESE GRANT PAYMENTS.

FORM 990, PART VI, LINES 6, 7A, & 7B

MEMBERS OR STOCKHOLDERS:

PER ARTICLE II, SECTION 1, OF THE ORGANIZATION'S BYLAWS, RUTLAND REGIONAL HEALTH SERVICES IS THE SOLE MEMBER OF RUTLAND REGIONAL MEDICAL CENTER.

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| Name of the organization<br>RUTLAND HOSPITAL INC | Employer identification number<br>03-0183483 |
|--|--|

ARTICLE III, SECTIONS 1 AND 2, OR THE BYLAWS STATE THAT THE BOARD SHALL CONSIST OF EIGHTEEN DIRECTORS. OF THESE DIRECTORS, FOURTEEN ARE CHOSEN OR APPROVED BY THE ORGANIZATION'S SOLE MEMBERS.

ARTICLE VIII, SECTION 5, OF THE BYLAWS DISCUSS POWERS RESERVED TO THE MEMBER, RUTLAND REGIONAL HEALTH SERVICES, INC., AND STATE THAT THE CORPORATION SHALL SUBMIT TO THE BOARD OF DIRECTORS OF THE MEMBER FOR ITS PRIOR APPROVAL THAT FOLLOWING: A) THE APPOINTMENT OF THE PRESIDENT AND CHIEF EXECUTIVE OFFICER, B) ALL OPERATING AND CAPITAL BUDGETS FOR THE CORPORATION, C) STRATEGIC PLANS FOR THE CORPORATION, D) CAPITAL EXPENDITURES OF \$100,000 OR MORE WHICH ARE UNBUDGETED, E) PURCHASE AND SALE OF ALL SIGNIFICANT ASSETS, AND F) THE BYLAWS AND ANY AMENDMENTS THERETO.

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

FORM 990 REVIEW PROCESS:

THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM BASED ON THE AUDITED FINANCIAL STATEMENTS AND INFORMATION PROVIDED BY THE ACCOUNTING DEPARTMENT OF THE ORGANIZATION. A DRAFT COPY IS THEN REVIEWED BY TOP MANAGEMENT. ONCE A FINAL DRAFT IS COMPLETE, IT IS MAILED TO EACH MEMBER OF THE EXECUTIVE FINANCE COMMITTEE. THE COMMITTEE WILL MEET AND DISCUSS THE RETURN WITH A TAX ADVISOR. AFTER APPROVAL, A FINAL 990 DRAFT WILL BE PROVIDED TO ALL BOARD MEMBERS.

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

CONFLICT OF INTEREST POLICY:

|  |  |
|--|--|
| Name of the organization<br>RUTLAND HOSPITAL INC | Employer identification number<br>03-0183483 |
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ANNUALLY, ALL ORGANIZATION LEADERS REVIEW THE SYSTEM-WIDE CONFLICT OF INTEREST POLICY TO ENSURE ALL CONFLICTS ARE MADE KNOWN. SEE THE POLICY BELOW.

POLICY

**\*DUTY TO DISCLOSE**

IN CONNECTION WITH ANY ACTUAL OR POSSIBLE CONFLICTS OF INTEREST, AN INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF HIS OR HER FINANCIAL INTEREST AND MUST BE GIVEN THE OPPORTUNITY TO DISCLOSE ALL MATERIAL FACTS TO THE DIRECTORS AND MEMBERS OF COMMITTEES WITH BOARD DELEGATED POWERS, OR OTHER INDIVIDUALS WHO, ON BEHALF OF THE CORPORATION, ARE CONSIDERING THE PROPOSED TRANSACTION OR ARRANGEMENT.

**\*DUTY TO VOICE CONCERN**

IN THE EVENT THAT AN INTERESTED PERSON BECOMES CONCERNED THAT ANOTHER INTERESTED PERSON WHO IS A BOARD MEMBER, PRINCIPAL OFFICER OR MEMBER OF A COMMITTEE WITH BOARD DELEGATED POWERS HAS AN UNDISCLOSED FINANCIAL INTEREST OR IS EXERTING INAPPROPRIATE INFLUENCE RELATED TO A FINANCIAL INTEREST, THIS CONCERN SHOULD BE RAISED WITH THE CHAIR OF THE APPROPRIATE BOARD OR COMMITTEE OR, IF INVOLVING A MEMBER OF LEADERSHIP COUNCIL, A DIRECTOR OR MANAGER OR OTHER INTERESTED PERSON, AN APPROPRIATE CORPORATE OFFICER.

**\*DETERMINING WHETHER A CONFLICT OF INTEREST EXISTS**

AFTER DISCLOSURE OF THE FINANCIAL INTEREST AND ALL MATERIAL FACTS, AND

|  |  |
|--|--|
| Name of the organization<br>RUTLAND HOSPITAL INC | Employer identification number<br>03-0183483 |
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AFTER ANY DISCUSSION WITH THE INTERESTED PERSON, HE/SHE SHALL LEAVE THE BOARD OR COMMITTEE MEETING WHILE THE DETERMINATION OF A CONFLICT OF INTEREST IS DISCUSSED AND VOTED UPON BY THE REMAINING BOARD OR COMMITTEE MEMBERS. HOWEVER, IN NO EVENT SHALL AN INTERESTED PERSON PARTICIPATE IN THE DELIBERATION AND/OR DETERMINATION OF COMPENSATION THAT HE/SHE WILL RECEIVE FROM THE CORPORATION FOR EMPLOYMENT, PROFESSIONAL CONTRACT OR OTHERWISE.

**\*DEFINITIONS**

-INTERESTED PERSON - FOR THE PURPOSES OF THIS POLICY, AN INTERESTED PERSON IS ANY BOARD MEMBER, PRINCIPAL OFFICER, MEMBER OF THE LEADERSHIP COUNCIL, DIRECTOR, OR MEMBER OF A COMMITTEE WITH BOARD DELEGATED POWERS, WHO HAS A DIRECT OR INDIRECT FINANCIAL INTEREST. IF AN INDIVIDUAL IS AN INTERESTED PERSON WITH RESPECT TO ANY ENTITY IN THE RRMC/RRHS HEALTH CARE SYSTEM, HE OR SHE IS AN INTERESTED PERSON WITH RESPECT TO ALL ENTITIES IN THE HEALTH CARE SYSTEM.

**\*PROCEDURES**

-PROCEDURES FOR ADDRESSING THE CONFLICT OF INTEREST .AN INTERESTED PERSON MAY MAKE A PRESENTATION AT THE BOARD OR COMMITTEE MEETING, BUT AFTER SUCH PRESENTATION, HE/SHE SHALL LEAVE THE MEETING DURING THE DISCUSSION OF, AND THE VOTE ON, THE TRANSACTION OR ARRANGEMENT THAT RESULTS IN THE CONFLICT OF INTEREST.

.THE CHAIRPERSON OF THE BOARD OR COMMITTEE SHALL, IF APPROPRIATE, APPOINT A DISINTERESTED PERSON OR COMMITTEE TO INVESTIGATE ALTERNATIVES TO THE

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| Name of the organization<br>RUTLAND HOSPITAL INC | Employer identification number<br>03-0183483 |
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PROPOSED TRANSACTION OR ARRANGEMENT.

.AFTER EXERCISING DUE DILIGENCE, INCLUDING A CONSIDERATION OF INDEPENDENT COMPARABILITY DATA, VALUATIONS OR APPRAISALS, THE BOARD OR COMMITTEE SHALL DETERMINE WHETHER THE CORPORATION CAN OBTAIN A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT WITH REASONABLE EFFORT FROM A PERSON OR ENTITY THAT WOULD NOT GIVE RISE TO A CONFLICT OF

.IF A MORE ADVANTAGEOUS TRANSACTION OR ARRANGEMENT IS NOT REASONABLY ATTAINABLE INTERESTED PERSON MUST DISCLOSE THE EXISTENCE OF HIS OR HER FINANCIAL UNDER CIRCUMSTANCES NOT PRODUCING A CONFLICT OF INTEREST, THE BOARD OR COMMITTEE SHALL DETERMINE WHETHER THE TRANSACTION OR ARRANGEMENT IS IN THE CORPORATION'S BEST INTEREST, FOR ITS OWN BENEFIT, AND WHETHER IT IS FAIR AND REASONABLE. IN CONFORMITY WITH THE ABOVE DETERMINATION IT SHALL MAKE ITS DECISION AS TO WHETHER TO ENTER INTO THE TRANSACTION OR ARRANGEMENT.

-ANNUAL STATEMENTS

.AWARENESS/COMPLIANCE WITH POLICY - EACH INTERESTED PERSON SHALL ANNUALLY SIGN A STATEMENT WHICH AFFIRMS THAT SUCH PERSON HAS RECEIVED A COPY OF THIS CONFLICTS OF INTEREST POLICY, HAS READ AND UNDERSTANDS THE POLICY; HAS AGREED TO COMPLY WITH THE POLICY; AND UNDERSTANDS THAT THE CORPORATION IS A CHARITABLE ORGANIZATION AND THAT IN ORDER TO MAINTAIN ITS FEDERAL TAX EXEMPTION IT MUST BE ENGAGED PRIMARILY IN ACTIVITIES THAT ACCOMPLISH ONE OR MORE OF ITS TAX-EXEMPT PURPOSES.

.CONFLICT OF INTEREST SURVEY - EACH INTERESTED PERSON SHALL DISCLOSE ON AN ANNUAL SURVEY FORM POTENTIAL CONFLICTS OF INTEREST AND FINANCIAL



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| Name of the organization<br>RUTLAND HOSPITAL INC | Employer identification number<br>03-0183483 |
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INTERESTS RELEVANT TO THIS POLICY.

FORM 990, PART VI, SECTION B, LINES 15A & 15B

COMPENSATION REVIEW POLICY:

THE FOLLOWING POLICY APPLIES TO THE OFFICERS AND KEY EMPLOYEES OF RUTLAND REGIONAL MEDICAL CENTER (RRMC):

-IT IS THE POLICY OF RRMC TO OFFER MARKET-COMPETITIVE PAY SO TO ATTRACT AND RETAIN THE BEST TALENT FROM OUR LABOR MARKET.

-DESIGNATION OF RRMC' KEY EMPLOYEES IS MADE BY THE HUMAN RESOURCE DEPARTMENT USING IRS GUIDELINES.

-THE RRHS KEY EMPLOYEE LABOR MARKET IS TYPICALLY ALL HOSPITALS NATIONALLY WITH SIMILAR REVENUES AS RRMC.

-KEY EMPLOYEE COMPENSATION IS REVIEWED ANNUALLY BY THE HUMAN RESOURCES DEPARTMENT USING THREE SOURCES OF INDEPENDENT COMPETITIVE MARKET DATA.

-JOBS HELD BY KEY EMPLOYEES ARE MATCHED WITH SIMILAR JOBS IN MARKET DATA WITH AN INDICATION OF JOB MATCH STRENGTH (WEAK, MODERATE OR STRONG).

-THE MARKET REVIEW PRODUCES A REPORT OF KEY EMPLOYEE CURRENT BASE PAY VS. MARKET TOTAL CASH COMPENSATION AND ANY RECOMMENDED PAY ACTIONS.

-GENERALLY SPEAKING, KEY EMPLOYEE BASE PAY VARIANCES OF -5% VS. MARKET TOTAL CASH COMPENSATION ARE CONSIDERED TO BE NON-COMPETITIVE PROMPTING A RECOMMENDED BASE PAY INCREASE TO BE CONSIDERED.

-THE RESULTS OF THE REVIEW AND RECOMMENDED PAY ACTIONS ARE REVIEWED AND APPROVED BY THE CEO. INFORMATION IS MADE AVAILABLE TO EXECUTIVE FINANCE UPON REQUEST.

-THE CEO PAY IS REVIEWED AND APPROVED BY THE CHAIR AND CO-CHAIR OF THE

|  |  |
|--|--|
| Name of the organization<br>RUTLAND HOSPITAL INC | Employer identification number<br>03-0183483 |
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BOARD OF DIRECTORS. THIS REVIEW IS DOCUMENTED IN THE EXECUTIVE SESSION BOARD MINUTES.

-THE MOST RECENT COMPENSATION REVIEW OCCURRED DURING DECEMBER OF 2017.

-THE KEY EMPLOYEES REVIEW WAS CONDUCTED IN DECEMBER OF 2017 COVERING NON-PHYSICIAN EMPLOYEE EARNING AT LEAST \$175,000.

FORM 990, PART VI, SECTION C, LINE 19

DOCUMENT DISCLOSURE:

CONSOLIDATED FINANCIAL STATEMENTS ARE AVAILABLE ANNUALLY IN THE ANNUAL REPORT, AND ARE ALSO AVAILABLE UPON WRITTEN REQUEST. THE CONFLICT OF INTEREST POLICY AND GOVERNING DOCUMENTS ARE ALSO AVAILABLE UPON WRITTEN REQUEST. ALL REQUESTS MUST BE FOR A LEGITIMATE BUSINESS PURPOSE (AS DETERMINED BY TOP MANAGEMENT), AND REQUESTED DOCUMENTS WILL BE MAILED.

FORM 990, PART VII, COLUMN D

BOARD MEMBERS RECEIVING COMPENSATION:

NO BOARD MEMBERS RECEIVE COMPENSATION FOR THEIR DUTIES AS DIRECTORS. THE FOLLOWING BOARD MEMBERS RECEIVED COMPENSATION FROM RUTLAND REGIONAL MEDICAL CENTER FOR SERVICES PROVIDED AS PHYSICIANS:

- MICHAEL KENOSH, MD
- TODD GREGORY, MD
- STANLEY SHAPIRO, MD
- ERIC MARSH, MD

FORM 990, PART X, LINE 20B

TAX-EXEMPT BOND LIABILITIES:

|  |  |
|--|--|
| Name of the organization<br>RUTLAND HOSPITAL INC | Employer identification number<br>03-0183483 |
|--|--|

THE ORGANIZATION'S TOTAL TAX-EXEMPT BOND LIABILITIES ON THE BALANCE SHEET  
IS COMPRISED OF THE FOLLOWING:

\$ 31,350,000 BOND LIABILITIES  
( 153,565) UNAMORTIZED BOND ISSURANCE COSTS  
-----  
\$ 31,196,435

FORM 990, PART XI, LINE 9

OTHER CHANGES IN NET ASSETS:

\$ 12,090,471 LOSS FROM DEF BEN PLAN & POSTRETIREMENT BEN COSTS  
1,854,320 LOSS ON INTEREST RATE SWAP AGREEMENT  
-----  
\$ 13,944,791

ATTACHMENT 1

990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

| <u>NAME AND ADDRESS</u>  | <u>DESCRIPTION OF SERVICES</u> | <u>COMPENSATION</u> |
|--|--------------------------------|---------------------|
| CERNER CORP<br>CORP<br>ST LOUIS, MO 63195-9156                               | PROFESSIONAL SERVICE           | 4,716,021.          |
| SHERIDAN HEALTHCARE OF VERMONT<br>P.O. BOX 452197<br>SUNRISE, FL 33323-2197  | ANESTHESIOLOGISTS              | 1,829,539.          |
| UNIVERSITY OF VT MED CTR<br>P.O. BOX 1902<br>BURLINGTON, VT 05402            | LAB SERVICES                   | 1,036,846.          |
| RANSTAD NORTH AMERICA<br>13792 COLLECTIONS CENTER DRIVE<br>CHICAGO, IL 60693 | TEMPORARY STAFF                | 876,450.            |
| BALANCED HEALTH RECEIVABLES, LLC<br>164 BURKE STREET<br>NASHUA, NH 03060     | BILLING SERVICE                | 705,619.            |

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No. 1545-0047

**2016**

**Open to Public  
Inspection**

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

▶ **Attach to Form 990.**

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

RUTLAND HOSPITAL INC

Employer identification number

03-0183483

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

| (a)<br>Name, address, and EIN (if applicable) of disregarded entity | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Total income | (e)<br>End-of-year assets | (f)<br>Direct controlling entity |
|---|-------------------------|--|---------------------|---------------------------|----------------------------------|
| (1)   |                         |  |                     |                           |                                  |
| (2)   |                         |  |                     |                           |                                  |
| (3)   |                         |  |                     |                           |                                  |
| (4)   |                         |  |                     |                           |                                  |
| (5)   |                         |  |                     |                           |                                  |
| (6)   |                         |  |                     |                           |                                  |

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

| (a)<br>Name, address, and EIN of related organization                                       | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Exempt Code section | (e)<br>Public charity status (if section 501(c)(3)) | (f)<br>Direct controlling entity | (g)<br>Section 512(b)(13) controlled entity? |    |
|---|-------------------------|--|----------------------------|---|----------------------------------|--|----|
|   |                         |  |                            |   |                                  | Yes  | No |
| (1) RUTLAND REGIONAL HEALTH SERVICES, INC. 22-2534389<br>160 ALLEN STREET RUTLAND, VT 05701 | HOLDING CO              | VT   | 501(C)(3)                  | 12B II  | N/A                              |  | X  |
| (2)   |                         |  |                            |   |                                  |  |    |
| (3)   |                         |  |                            |   |                                  |  |    |
| (4)   |                         |  |                            |   |                                  |  |    |
| (5)   |                         |  |                            |   |                                  |  |    |
| (6)   |                         |  |                            |   |                                  |  |    |
| (7)   |                         |  |                            |   |                                  |  |    |

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2016

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

| (a)<br>Name, address, and EIN of related organization        | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Direct controlling entity | (e)<br>Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f)<br>Share of total income | (g)<br>Share of end-of-year assets | (h)<br>Disproportionate allocations? |    | (i)<br>Code V - UBI amount in box 20 of Schedule K-1 (Form 1065) | (j)<br>General or managing partner? |    | (k)<br>Percentage ownership |
|--|-------------------------|--|----------------------------------|--|------------------------------|------------------------------------|--------------------------------------|----|--|-------------------------------------|----|-----------------------------|
|  |                         |  |                                  |  |                              |                                    | Yes                                  | No |  | Yes                                 | No |                             |
| (1) THE MEADOWS AT EAST MOUNTAIN<br>03-0330343 RUTLAND, VT   | ELDER CARE              | VT   | RRHS                             |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (2) THE GABLES AT EAST MOUNTAIN<br>03-0358050 RUTLAND, VT    | ELDER CARE              | VT   | RRHS                             |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (3) VERMONT SPORTS MEDICINE CENTER<br>06-1231501 RUTLAND, VT | PHYSICAL THERAPY        | VT   | RRHS                             |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (4)  |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (5)  |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (6)  |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (7)  |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |

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

| (a)<br>Name, address, and EIN of related organization | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Direct controlling entity | (e)<br>Type of entity (C corp, S corp, or trust) | (f)<br>Share of total income | (g)<br>Share of end-of-year assets | (h)<br>Percentage ownership | (i)<br>Section 512(b)(13) controlled entity? |    |
|---|-------------------------|--|----------------------------------|--|------------------------------|------------------------------------|-----------------------------|--|----|
|   |                         |  |                                  |  |                              |                                    |                             | Yes  | No |
| (1)   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (2)   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (3)   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (4)   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (5)   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (6)   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (7)   |                         |  |                                  |  |                              |                                    |                             |  |    |

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

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

|  | Yes | No |
|--|-----|----|
| <b>1</b> During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV? |     |    |
| <b>a</b> Receipt of <b>(i)</b> interest, <b>(ii)</b> annuities, <b>(iii)</b> royalties, or <b>(iv)</b> rent from a controlled entity . . . . .               |     | X  |
| <b>b</b> Gift, grant, or capital contribution to related organization(s) . . . . .   |     | X  |
| <b>c</b> Gift, grant, or capital contribution from related organization(s) . . . . .   | X   |    |
| <b>d</b> Loans or loan guarantees to or for related organization(s) . . . . .  |     | X  |
| <b>e</b> Loans or loan guarantees by related organization(s) . . . . .   |     | X  |
| <b>f</b> Dividends from related organization(s) . . . . .  |     | X  |
| <b>g</b> Sale of assets to related organization(s) . . . . .   |     | X  |
| <b>h</b> Purchase of assets from related organization(s) . . . . .   |     | X  |
| <b>i</b> Exchange of assets with related organization(s) . . . . .   |     | X  |
| <b>j</b> Lease of facilities, equipment, or other assets to related organization(s) . . . . .  |     | X  |
| <b>k</b> Lease of facilities, equipment, or other assets from related organization(s) . . . . .  | X   |    |
| <b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) . . . . .  |     | X  |
| <b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) . . . . .   | X   |    |
| <b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) . . . . .   | X   |    |
| <b>o</b> Sharing of paid employees with related organization(s) . . . . .  | X   |    |
| <b>p</b> Reimbursement paid to related organization(s) for expenses . . . . .  | X   |    |
| <b>q</b> Reimbursement paid by related organization(s) for expenses . . . . .  | X   |    |
| <b>r</b> Other transfer of cash or property to related organization(s) . . . . .   |     | X  |
| <b>s</b> Other transfer of cash or property from related organization(s) . . . . .   |     | X  |

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

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

**Part VI** **Unrelated Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

| (a)<br>Name, address, and EIN of entity | (b)<br>Primary activity | (c)<br>Legal domicile<br>(state or foreign<br>country) | (d)<br>Predominant<br>income (related,<br>unrelated, excluded<br>from tax under<br>sections 512-514) | (e)<br>Are all partners<br>section<br>501(c)(3)<br>organizations? |    | (f)<br>Share of<br>total income | (g)<br>Share of<br>end-of-year<br>assets | (h)<br>Disproportionate<br>allocations? |    | (i)<br>Code V - UBI<br>amount in box 20<br>of Schedule K-1<br>(Form 1065) | (j)<br>General or<br>managing<br>partner? |    | (k)<br>Percentage<br>ownership |
|---|-------------------------|--|--|---|----|---------------------------------|--|---|----|---|---|----|--------------------------------|
|   |                         |  |  | Yes   | No |                                 |  | Yes                                     | No |   | Yes                                       | No |                                |
| (1)                                     |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (2)                                     |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (3)                                     |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (4)                                     |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (5)                                     |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (6)                                     |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (7)                                     |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (8)                                     |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (9)                                     |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (10)                                    |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (11)                                    |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (12)                                    |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (13)                                    |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (14)                                    |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (15)                                    |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |
| (16)                                    |                         |  |  |   |    |                                 |  |   |    |   |   |    |                                |

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**Part VII** **Supplemental Information**

Provide additional information for responses to questions on Schedule R. See instructions.

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**ESTIMATED TAX WORKSHEET FOR FORM 990-W**

|  |          |          |
|--|----------|----------|
| A. 2017 Estimated Tax                                      |          | <b>A</b> |
| B. Enter 100 % of Line A                                   | <b>B</b> |          |
| C. Enter 100 % of tax on 2016 FORM 990-T                   | <b>C</b> |          |
| D. Required Annual Payment (Smaller of lines B or C)       |          | <b>D</b> |
| E. Income tax withheld (if applicable)                     |          | <b>E</b> |
| F. <b>Balance</b> (As rounded to the nearest multiple of ) |          | <b>F</b> |

**Record of Estimated Tax Payments**

| Payment number | (a) Date   | (b) Amount | (c) 2016 overpayment credit applied | (d) Total amount paid and credited (add (b) and (c)) |
|----------------|------------|------------|-------------------------------------|--|
| 1              | 01/15/2018 |            | 107,613.                            | 107,613.   |
| 2              | 03/15/2018 |            |                                     |  |
| 3              | 06/15/2018 |            |                                     |  |
| 4              | 09/15/2018 |            |                                     |  |
| <b>Total</b>   |            |            | 107,613.                            | 107,613.   |

ESTIMATED PAYMENTS MUST BE MADE USING THE ELECTRONIC FEDERAL TAX PAYMENTS SYSTEM (EFTPS). THIS WORKSHEET MERELY PROVIDES THE AMOUNTS WHICH NEED TO BE PAID VIA THE ABOVE METHOD.

**Exempt Organization Business Income Tax Return  
(and proxy tax under section 6033(e))**

For calendar year 2016 or other tax year beginning 10/01, 2016, and ending 09/30, 2017.

**2016**

Department of the Treasury  
Internal Revenue Service

▶ **Information about Form 990-T and its instructions is available at [www.irs.gov/form990t](http://www.irs.gov/form990t).**  
▶ **Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).**

Open to Public Inspection for  
501(c)(3) Organizations Only

|  |   |   |
|--|---|---|
| <b>A</b> <input type="checkbox"/> Check box if address changed   | Name of organization ( <input type="checkbox"/> Check box if name changed and see instructions.)  | <b>D</b> <b>Employer identification number</b><br>(Employees' trust, see instructions.)   |
| <b>B</b> Exempt under section<br><input checked="" type="checkbox"/> 501(C)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a) | RUTLAND HOSPITAL INC<br>Number, street, and room or suite no. If a P.O. box, see instructions.<br>160 ALLEN STREET<br>City or town, state or province, country, and ZIP or foreign postal code<br>RUTLAND, VT 05701 | 03-0183483  |
| <b>C</b> Book value of all assets at end of year<br>274,435,855.   | <b>F</b> Group exemption number (See instructions.) ▶   | <b>E</b> <b>Unrelated business activity codes</b><br>(See instructions.)<br>621500 446110 |
|  | <b>G</b> Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust          |   |

**H** Describe the organization's primary unrelated business activity. ▶ ATTACHMENT 1

**I** During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? . . . . .  Yes  No  
If "Yes," enter the name and identifying number of the parent corporation. ▶ ATTACHMENT 2

**J** The books are in care of ▶ JUDI K FOX Telephone number ▶ 802-775-7111

| <b>Part I Unrelated Trade or Business Income</b>  |            | (A) Income           | (B) Expenses | (C) Net    |
|---|------------|----------------------|--------------|------------|
| <b>1a</b> Gross receipts or sales   | 2,228,674. |                      |              |            |
| <b>b</b> Less returns and allowances  |            |                      |              |            |
| <b>c</b> Balance ▶  |            | <b>1c</b> 2,228,674. |              |            |
| <b>2</b> Cost of goods sold (Schedule A, line 7)  |            | <b>2</b>             |              |            |
| <b>3</b> Gross profit. Subtract line 2 from line 1c   |            | <b>3</b> 2,228,674.  |              | 2,228,674. |
| <b>4a</b> Capital gain net income (attach Schedule D)   |            | <b>4a</b>            |              |            |
| <b>b</b> Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)                     |            | <b>4b</b>            |              |            |
| <b>c</b> Capital loss deduction for trusts  |            | <b>4c</b>            |              |            |
| <b>5</b> Income (loss) from partnerships and S corporations (attach statement)                |            | <b>5</b>             |              |            |
| <b>6</b> Rent income (Schedule C)   |            | <b>6</b>             |              |            |
| <b>7</b> Unrelated debt-financed income (Schedule E)  |            | <b>7</b>             |              |            |
| <b>8</b> Interest, annuities, royalties, and rents from controlled organizations (Schedule F) |            | <b>8</b>             |              |            |
| <b>9</b> Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)     |            | <b>9</b>             |              |            |
| <b>10</b> Exploited exempt activity income (Schedule I)                                       |            | <b>10</b>            |              |            |
| <b>11</b> Advertising income (Schedule J)   |            | <b>11</b>            |              |            |
| <b>12</b> Other income (See instructions; attach schedule)                                    |            | <b>12</b>            |              |            |
| <b>13</b> Total. Combine lines 3 through 12   |            | <b>13</b> 2,228,674. |              | 2,228,674. |

| <b>Part II Deductions Not Taken Elsewhere</b> (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.) |              |            |  |            |
|---|--------------|------------|--|------------|
| <b>14</b> Compensation of officers, directors, and trustees (Schedule K)  |              | <b>14</b>  |  |            |
| <b>15</b> Salaries and wages  |              | <b>15</b>  |  |            |
| <b>16</b> Repairs and maintenance   |              | <b>16</b>  |  |            |
| <b>17</b> Bad debts   |              | <b>17</b>  |  |            |
| <b>18</b> Interest (attach schedule)  |              | <b>18</b>  |  |            |
| <b>19</b> Taxes and licenses  |              | <b>19</b>  |  |            |
| <b>20</b> Charitable contributions (See instructions for limitation rules)  |              | <b>20</b>  |  |            |
| <b>21</b> Depreciation (attach Form 4562)   |              | <b>21</b>  |  |            |
| <b>22</b> Less depreciation claimed on Schedule A and elsewhere on return   |              | <b>22a</b> |  | <b>22b</b> |
| <b>23</b> Depletion   |              | <b>23</b>  |  |            |
| <b>24</b> Contributions to deferred compensation plans  |              | <b>24</b>  |  |            |
| <b>25</b> Employee benefit programs   |              | <b>25</b>  |  |            |
| <b>26</b> Excess exempt expenses (Schedule I)   |              | <b>26</b>  |  |            |
| <b>27</b> Excess readership costs (Schedule J)  |              | <b>27</b>  |  |            |
| <b>28</b> Other deductions (attach schedule)  | ATTACHMENT 3 | <b>28</b>  |  | 2,294,666. |
| <b>29</b> Total deductions. Add lines 14 through 28   |              | <b>29</b>  |  | 2,294,666. |
| <b>30</b> Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13  |              | <b>30</b>  |  | -65,992.   |
| <b>31</b> Net operating loss deduction (limited to the amount on line 30)   |              | <b>31</b>  |  |            |
| <b>32</b> Unrelated business taxable income before specific deduction. Subtract line 31 from line 30  |              | <b>32</b>  |  | -65,992.   |
| <b>33</b> Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions)   |              | <b>33</b>  |  | 1,000.     |
| <b>34</b> Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32  |              | <b>34</b>  |  | -65,992.   |

Part III Tax Computation

Table with 40 rows for tax computation. Includes sections for Organizations Taxable as Corporations, Trusts Taxable at Trust Rates, Proxy tax, Alternative minimum tax, Tax on Non-Compliant Facility Income, and Total.

Part IV Tax and Payments

Table with 10 rows for tax and payments. Includes sections for Foreign tax credit, Other credits, General business credit, Credit for prior year minimum tax, Total credits, Subtract line 41e from line 40, Other taxes, Total tax, Payments, Total payments, Estimated tax penalty, Tax due, Overpayment, and Enter the amount of line 49 you want.

Part V Statements Regarding Certain Activities and Other Information (see instructions)

Table with 3 rows for statements regarding certain activities. Includes questions about foreign interest, foreign trust distributions, and tax-exempt interest.

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

Signature and Preparer Use Only section. Includes fields for Signature of officer, Date, Title, Print/Type preparer's name, Preparer's signature, Date, Firm's name, Firm's address, and Preparer's information (Check self-employed, PTIN, Firm's EIN, Phone no.).

**Schedule A - Cost of Goods Sold.** Enter method of inventory valuation ▶

|   |           |  |  |          |                      |
|---|-----------|--|--|----------|----------------------|
| <b>1</b> Inventory at beginning of year . . . . .       | <b>1</b>  |  | <b>6</b> Inventory at end of year . . . . .            | <b>6</b> |                      |
| <b>2</b> Purchases . . . . .                            | <b>2</b>  |  | <b>7</b> <b>Cost of goods sold.</b> Subtract line      |          |                      |
| <b>3</b> Cost of labor . . . . .                        | <b>3</b>  |  | 6 from line 5. Enter here and in                       |          |                      |
| <b>4a</b> Additional section 263A costs                 |           |  | Part I, line 2 . . . . .                               | <b>7</b> |                      |
| (attach schedule) . . . . .                             | <b>4a</b> |  | <b>8</b> Do the rules of section 263A (with respect to |          |                      |
| <b>b</b> Other costs (attach schedule) . . . . .        | <b>4b</b> |  | property produced or acquired for resale) apply        |          | <b>Yes</b> <b>No</b> |
| <b>5</b> <b>Total.</b> Add lines 1 through 4b . . . . . | <b>5</b>  |  | to the organization? . . . . .                         |          |                      |

**Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)**  
(see instructions)

1. Description of property

|     |  |
|-----|--|
| (1) |  |
| (2) |  |
| (3) |  |
| (4) |  |

2. Rent received or accrued

|  |  |  |
|--|--|--|
| <b>(a)</b> From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%) | <b>(b)</b> From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income) | <b>3(a)</b> Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule) |
| (1)  |  |  |
| (2)  |  |  |
| (3)  |  |  |
| (4)  |  |  |
| Total  | Total  |  |

**(c) Total income.** Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) . . . . . ▶

**(b) Total deductions.** Enter here and on page 1, Part I, line 6, column (B) ▶

**Schedule E - Unrelated Debt-Financed Income** (see instructions)

| 1. Description of debt-financed property  |   | 2. Gross income from or allocable to debt-financed property | 3. Deductions directly connected with or allocable to debt-financed property |   |
|---|---|---|--|---|
|   |   |   | (a) Straight line depreciation (attach schedule)                             | (b) Other deductions (attach schedule)                              |
| (1)   |   |   |  |   |
| (2)   |   |   |  |   |
| (3)   |   |   |  |   |
| (4)   |   |   |  |   |
| 4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule) | 5. Average adjusted basis of or allocable to debt-financed property (attach schedule) | 6. Column 4 divided by column 5                             | 7. Gross income reportable (column 2 x column 6)                             | 8. Allocable deductions (column 6 x total of columns 3(a) and 3(b)) |
| (1)   |   | %   |  |   |
| (2)   |   | %   |  |   |
| (3)   |   | %   |  |   |
| (4)   |   | %   |  |   |
| <b>Totals</b> . . . . . ▶   |   |   | Enter here and on page 1, Part I, line 7, column (A).                        | Enter here and on page 1, Part I, line 7, column (B).               |
| <b>Total dividends-received deductions</b> included in column 8 . . . . . ▶                       |   |   |  |   |

**Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations** (see instructions)

| 1. Name of controlled organization | 2. Employer identification number | Exempt Controlled Organizations                   |                                     |   |  |
|------------------------------------|-----------------------------------|---|-------------------------------------|---|--|
|                                    |                                   | 3. Net unrelated income (loss) (see instructions) | 4. Total of specified payments made | 5. Part of column 4 that is included in the controlling organization's gross income | 6. Deductions directly connected with income in column 5 |
| (1)                                |                                   |   |                                     |   |  |
| (2)                                |                                   |   |                                     |   |  |
| (3)                                |                                   |   |                                     |   |  |
| (4)                                |                                   |   |                                     |   |  |

**Nonexempt Controlled Organizations**

| 7. Taxable Income | 8. Net unrelated income (loss) (see instructions) | 9. Total of specified payments made | 10. Part of column 9 that is included in the controlling organization's gross income | 11. Deductions directly connected with income in column 10                  |
|-------------------|---|-------------------------------------|--|---|
| (1)               |   |                                     |  |   |
| (2)               |   |                                     |  |   |
| (3)               |   |                                     |  |   |
| (4)               |   |                                     |  |   |
|                   |   |                                     | Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).          | Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B). |

Totals .....

**Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization** (see instructions)

| 1. Description of income | 2. Amount of income | 3. Deductions directly connected (attach schedule)    | 4. Set-asides (attach schedule) | 5. Total deductions and set-asides (col. 3 plus col. 4) |
|--------------------------|---------------------|---|---------------------------------|---|
| (1)                      |                     |   |                                 |   |
| (2)                      |                     |   |                                 |   |
| (3)                      |                     |   |                                 |   |
| (4)                      |                     |   |                                 |   |
|                          |                     | Enter here and on page 1, Part I, line 9, column (A). |                                 | Enter here and on page 1, Part I, line 9, column (B).   |

Totals .....

**Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income** (see instructions)

| 1. Description of exploited activity | 2. Gross unrelated business income from trade or business | 3. Expenses directly connected with production of unrelated business income | 4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7. | 5. Gross income from activity that is not unrelated business income | 6. Expenses attributable to column 5 | 7. Excess exempt expenses (column 6 minus column 5, but not more than column 4). |
|--------------------------------------|---|---|--|---|--------------------------------------|--|
| (1)                                  |   |   |  |   |                                      |  |
| (2)                                  |   |   |  |   |                                      |  |
| (3)                                  |   |   |  |   |                                      |  |
| (4)                                  |   |   |  |   |                                      |  |
|                                      |   | Enter here and on page 1, Part I, line 10, col. (A).                        | Enter here and on page 1, Part I, line 10, col. (B).   |   |                                      | Enter here and on page 1, Part II, line 26.                                      |

Totals .....

**Schedule J - Advertising Income** (see instructions)

**Part I Income From Periodicals Reported on a Consolidated Basis**

| 1. Name of periodical | 2. Gross advertising income | 3. Direct advertising costs | 4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7. | 5. Circulation income | 6. Readership costs | 7. Excess readership costs (column 6 minus column 5, but not more than column 4). |
|-----------------------|-----------------------------|-----------------------------|--|-----------------------|---------------------|---|
| (1)                   |                             |                             |  |                       |                     |   |
| (2)                   |                             |                             |  |                       |                     |   |
| (3)                   |                             |                             |  |                       |                     |   |
| (4)                   |                             |                             |  |                       |                     |   |

Totals (carry to Part II, line (5)) . . .

**Part II** **Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

| 1. Name of periodical                          | 2. Gross advertising income                         | 3. Direct advertising costs                         | 4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7. | 5. Circulation income | 6. Readership costs | 7. Excess readership costs (column 6 minus column 5, but not more than column 4). |
|--|---|---|--|-----------------------|---------------------|---|
| (1)  |   |   |  |                       |                     |   |
| (2)  |   |   |  |                       |                     |   |
| (3)  |   |   |  |                       |                     |   |
| (4)  |   |   |  |                       |                     |   |
| <b>Totals from Part I.</b> . . . . . ▶         |   |   |  |                       |                     |   |
| <b>Totals, Part II (lines 1-5)</b> . . . . . ▶ | Enter here and on page 1, Part I, line 11, col (A). | Enter here and on page 1, Part I, line 11, col (B). |  |                       |                     | Enter here and on page 1, Part II, line 27.                                       |

**Schedule K - Compensation of Officers, Directors, and Trustees** (see instructions)

| 1. Name  | 2. Title | 3. Percent of time devoted to business | 4. Compensation attributable to unrelated business |
|--|----------|--|--|
| (1)  |          | %                                      |  |
| (2)  |          | %                                      |  |
| (3)  |          | %                                      |  |
| (4)  |          | %                                      |  |
| <b>Total.</b> Enter here and on page 1, Part II, line 14 . . . . . ▶ |          |  |  |

ORGANIZATION'S PRIMARY UNRELATED BUSINESS ACTIVITY.

LABORATORY DIAGNOSTIC, SCREENING SERVICES, AND RETAIL PHARMACY

NAME AND FEIN OF PARENT CORPORATION

RUTLAND REGIONAL HEALTH SERVICES  
22-2534389



FORM 990T - PART II - LINE 28 - TOTAL OTHER DEDUCTIONS

|                   |            |
|-------------------|------------|
| LAB EXPENSES      | 2,224,527. |
| PHARMACY EXPENSES | 70,139.    |

|                                      |                   |
|--------------------------------------|-------------------|
| PART II - LINE 28 - OTHER DEDUCTIONS | <u>2,294,666.</u> |
|--------------------------------------|-------------------|



**The Rutland Hospital, Inc.  
d/b/a Rutland Regional Medical Center**

**Independent Auditor's Report and Financial Statements**

**September 30, 2017 and 2016**

---

**The Rutland Hospital, Inc.**  
**d/b/a Rutland Regional Medical Center**

**September 30, 2017 and 2016**

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## Independent Auditor's Report

Board of Directors  
The Rutland Hospital, Inc.  
d/b/a Rutland Regional Medical Center  
Rutland, Vermont

We have audited the accompanying financial statements of The Rutland Hospital, Inc., d/b/a Rutland Regional Medical Center (RRMC), a subsidiary of Rutland Regional Health Services, Inc., which comprise the balance sheets as of September 30, 2017 and 2016, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Board of Directors  
The Rutland Hospital, Inc.  
d/b/a Rutland Regional Medical Center  
Page 2

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Rutland Hospital, Inc., d/b/a Rutland Regional Medical Center, as of September 30, 2017 and 2016, and the results of its operations, the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Supplementary Information***

Our audit was performed for the purpose of forming an opinion on the basic financial statements as a whole. The supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***BKD, LLP***

Springfield, Missouri  
February 21, 2018

**The Rutland Hospital, Inc.**  
**d/b/a Rutland Regional Medical Center**  
**Balance Sheets**  
**September 30, 2017 and 2016**

**Assets**

|   | <u>2017</u>           | <u>2016</u>           |
|---|-----------------------|-----------------------|
| <b>Current Assets</b>   |                       |                       |
| Cash and cash equivalents   | \$ 9,725,780          | \$ 12,941,833         |
| Patient accounts receivable, net of allowance;<br>2017 – \$7,630,000 and 2016 – \$7,680,000 | 27,274,766            | 24,064,311            |
| Other receivables   | 4,381,660             | 4,611,053             |
| Due from affiliates   | 5,441,347             | 5,260,001             |
| Supplies  | 1,735,125             | 1,442,117             |
| Prepaid expenses and other  | 3,425,295             | 3,013,521             |
| Total current assets  | <u>51,983,973</u>     | <u>51,332,836</u>     |
| <b>Assets Limited As To Use</b>   |                       |                       |
| Workers' compensation trust fund  | 494,485               | 1,440,330             |
| Restricted by donors  | 4,901,282             | 4,761,581             |
| Internally designated   | 130,453,848           | 115,661,419           |
|   | <u>135,849,615</u>    | <u>121,863,330</u>    |
| <b>Property and Equipment, At Cost</b>  |                       |                       |
| Land and land improvements  | 3,808,080             | 3,601,254             |
| Buildings and leasehold improvements  | 103,978,236           | 99,032,230            |
| Equipment   | 139,441,938           | 136,742,754           |
| Construction in progress  | 3,841,932             | 3,422,993             |
|   | <u>251,070,186</u>    | <u>242,799,231</u>    |
| Less accumulated depreciation   | 169,932,960           | 161,073,106           |
|   | <u>81,137,226</u>     | <u>81,726,125</u>     |
| <b>Other Assets</b>   |                       |                       |
| Pledges receivable  | 37,235                | 73,582                |
| Other   | 5,427,806             | 5,022,086             |
|   | <u>5,465,041</u>      | <u>5,095,668</u>      |
| Total assets  | <u>\$ 274,435,855</u> | <u>\$ 260,017,959</u> |

## Liabilities and Net Assets

|   | <u>2017</u>           | <u>2016</u>           |
|---|-----------------------|-----------------------|
| <b>Current Liabilities</b>                                    |                       |                       |
| Current maturities of long-term debt                          | \$ 1,795,006          | \$ 1,877,085          |
| Accounts payable and accrued expenses                         | 9,942,305             | 8,953,670             |
| Accrued compensation and related taxes                        | 12,066,535            | 11,294,779            |
| Estimated amounts due to and advances from third-party payers | <u>7,886,938</u>      | <u>9,152,712</u>      |
| Total current liabilities                                     | 31,690,784            | 31,278,246            |
| <br>  |                       |                       |
| <b>Other Liabilities</b>                                      | 8,585,012             | 11,370,973            |
| <br>  |                       |                       |
| <b>Accrued Pension Obligation</b>                             | 7,244,302             | 21,198,031            |
| <br>  |                       |                       |
| <b>Long-Term Debt</b>   | <u>36,264,083</u>     | <u>38,038,139</u>     |
| Total liabilities   | <u>83,784,181</u>     | <u>101,885,389</u>    |
| <br>  |                       |                       |
| <b>Net Assets</b>   |                       |                       |
| Unrestricted  | 185,674,131           | 153,266,261           |
| Temporarily restricted  | 4,298,901             | 4,187,667             |
| Permanently restricted  | <u>678,642</u>        | <u>678,642</u>        |
| Total net assets  | <u>190,651,674</u>    | <u>158,132,570</u>    |
| <br>  |                       |                       |
| Total liabilities and net assets                              | <u>\$ 274,435,855</u> | <u>\$ 260,017,959</u> |



**The Rutland Hospital, Inc.**  
**d/b/a Rutland Regional Medical Center**  
**Statements of Operations and Changes in Net Assets**  
**Years Ended September 30, 2017 and 2016**

|   | <b>2017</b>    | <b>2016</b>    |
|---|----------------|----------------|
| <b>Unrestricted Revenues, Gains and Other Support</b>   |                |                |
| Patient service revenue (net of contractual discounts and allowances)   | \$ 249,249,842 | \$ 250,006,644 |
| Provision for uncollectible accounts  | 7,056,413      | 4,183,690      |
| Net patient service revenue less provision for uncollectible accounts   | 242,193,429    | 245,822,954    |
| Other revenue   | 11,515,193     | 8,507,217      |
| Net assets released from restrictions used for operations   | 537,289        | 84,847         |
| Total unrestricted revenues, gains and other support  | 254,245,911    | 254,415,018    |
| <b>Expenses and Losses</b>  |                |                |
| Salaries and benefits   | 150,191,993    | 144,143,530    |
| Supplies and other  | 85,586,622     | 84,099,603     |
| Depreciation and amortization   | 12,801,745     | 13,612,591     |
| Interest  | 1,531,765      | 1,787,141      |
| Total expenses and losses   | 250,112,125    | 243,642,865    |
| <b>Operating Income</b>   | 4,133,786      | 10,772,153     |
| <b>Other Income (Expense)</b>   |                |                |
| Investment return   | 3,069,220      | 3,174,760      |
| Investment return - change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825 | -              | (463,914)      |
| Contributions received  | 525,672        | 133,499        |
| Change in unrealized gains and losses on trading securities   | 10,587,509     | 7,954,701      |
| Gain (loss) on interest rate swap agreement   | 1,854,320      | (235,135)      |
| Total other income (expense)  | 16,036,721     | 10,563,911     |
| <b>Excess of Revenues Over Expenses</b>   | 20,170,507     | 21,336,064     |
| Contributions received for purchase of property and equipment   | -              | 30,384         |
| Net assets released from restriction for purchase of property and equipment   | 146,892        | 792,715        |
| Change in donor designation   | -              | (321,360)      |
| Transfer from affiliates  | -              | 3,136,339      |
| Defined benefit pension and postretirement benefit costs  |                |                |
| Net (gain) loss arising during the year   | 9,559,619      | (2,707,828)    |
| Amortization of net loss and prior service credit   | 2,683,740      | 2,564,114      |
| Recognition of net gain   | (152,888)      | (65,123)       |
| <b>Increase in Unrestricted Net Assets</b>  | \$ 32,407,870  | \$ 24,765,305  |

**The Rutland Hospital, Inc.**  
**d/b/a Rutland Regional Medical Center**  
**Statements of Operations and Changes in Net Assets**  
**Years Ended September 30, 2017 and 2016**

|  | <b>2017</b>           | <b>2016</b>           |
|--|-----------------------|-----------------------|
| <b>Unrestricted Net Assets</b>   |                       |                       |
| Excess of revenues over expenses   | \$ 20,170,507         | \$ 21,336,064         |
| Contributions received for purchase of property and equipment                    | -                     | 30,384                |
| Net assets released from restriction used for purchase of property and equipment | 146,892               | 792,715               |
| Change in donor designation  | -                     | (321,360)             |
| Transfer from affiliates   | -                     | 3,136,339             |
| Defined benefit pension costs  |                       |                       |
| Net (gain) loss arising during the year  | 9,559,619             | (2,707,828)           |
| Amortization of net loss and prior service credit                                | 2,683,740             | 2,564,114             |
| Recognition of net gain  | (152,888)             | (65,123)              |
|  | <b>32,407,870</b>     | <b>24,765,305</b>     |
| <b>Temporarily Restricted Net Assets</b>   |                       |                       |
| Contributions received   | 550,084               | 575,429               |
| Change in donor designation  | -                     | 321,360               |
| Investment return  | 245,331               | 232,224               |
| Net assets released from restrictions  | (684,181)             | (877,562)             |
|  | <b>111,234</b>        | <b>251,451</b>        |
| <b>Change in Net Assets</b>  | <b>32,519,104</b>     | <b>25,016,756</b>     |
| <b>Net Assets, Beginning of Year</b>   | <b>158,132,570</b>    | <b>133,115,814</b>    |
| <b>Net Assets, End of Year</b>   | <b>\$ 190,651,674</b> | <b>\$ 158,132,570</b> |

**The Rutland Hospital, Inc.**  
**d/b/a Rutland Regional Medical Center**  
**Statements of Cash Flows**  
**Years Ended September 30, 2017 and 2016**

|   | <u>2017</u>         | <u>2016</u>          |
|---|---------------------|----------------------|
| <b>Operating Activities</b>   |                     |                      |
| Change in net assets  | \$ 32,519,104       | \$ 25,016,756        |
| Items not requiring (providing) cash  |                     |                      |
| Depreciation and amortization   | 12,801,745          | 13,612,591           |
| Loss on disposal of property and equipment  | 29,595              | 6,220                |
| Transfer from affiliate   | -                   | (3,136,339)          |
| Net (gain) loss on investments  | (10,791,850)        | (8,141,523)          |
| Restricted contributions received   | (550,084)           | (575,429)            |
| Change in defined benefit pension and postretirement benefit plans  | (12,090,471)        | 208,837              |
| Change in fair value of interest rate swap agreements   | (1,854,320)         | 235,135              |
| Changes in  |                     |                      |
| Patient accounts receivable, net  | (3,210,455)         | (1,940,472)          |
| Other receivables   | 205,974             | (711,583)            |
| Estimated third-party settlements and advances  | (1,265,774)         | 560,179              |
| Other current assets and liabilities  | (2,444,932)         | (3,277,354)          |
| Net cash provided by operating activities   | <u>13,348,532</u>   | <u>21,857,018</u>    |
| <b>Investing Activities</b>   |                     |                      |
| Proceeds from disposition of trading securities and investments accounted for under the fair value option of FASB ASC Topic 825 | 867,862             | 2,316,407            |
| Purchases of trading securities and investments accounted for under the fair value option of FASB ASC Topic 825                 | (4,062,297)         | (5,204,933)          |
| Net repayments from (advances to) related parties   | (181,346)           | (92,532)             |
| Purchase of property and equipment  | (11,921,599)        | (17,077,420)         |
| Net cash used in investing activities   | <u>(15,297,380)</u> | <u>(20,058,478)</u>  |
| <b>Financing Activities</b>   |                     |                      |
| Principal payments on long-term debt  | (1,877,055)         | (2,278,897)          |
| Proceeds from restricted contributions  | 609,850             | 618,874              |
| Net cash used in financing activities   | <u>(1,267,205)</u>  | <u>(1,660,023)</u>   |
| <b>Increase (Decrease) in Cash and Cash Equivalents</b>   | (3,216,053)         | 138,517              |
| <b>Cash and Cash Equivalents, Beginning of Year</b>   | <u>12,941,833</u>   | <u>12,803,316</u>    |
| <b>Cash and Cash Equivalents, End of Year</b>   | <u>\$ 9,725,780</u> | <u>\$ 12,941,833</u> |
| <b>Supplemental Cash Flows Information</b>  |                     |                      |
| Interest paid   | \$ 1,546,302        | \$ 1,814,878         |
| Property and equipment purchases in accounts payable  | \$ 1,694,811        | \$ 1,998,263         |

**The Rutland Hospital, Inc.**  
**d/b/a Rutland Regional Medical Center**  
**Notes to Financial Statements**  
**September 30, 2017 and 2016**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

The Rutland Hospital, Inc., d/b/a Rutland Regional Medical Center, (RRMC) is a not-for-profit acute care hospital which provides inpatient, outpatient, emergency care and physician services to residents in the Rutland, Vermont, area. RRMC is a wholly owned subsidiary of Rutland Regional Health Services, Inc. (RRHS). RRHS is a tax-exempt holding company, pursuant to Section 501(c)(3) of the Internal Revenue Code, organized to carry on planning, fundraising activities and manage related investments.

***Use of Estimates***

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

***Cash and Cash Equivalents***

RRMC considers all liquid investments, other than those limited as to use, with original maturities of three months or less to be cash equivalents. At September 30, 2017 and 2016, cash equivalents consisted primarily of money market accounts and short-term government obligations.

The FDIC's insurance limits have been permanently increased to \$250,000. RRMC has entered into an agreement with a local financial institution to purchase fully collateralized U.S. government securities with RRMC's funds that exceed FDIC insurance limits. At September 30, 2017 and 2016, cash accounts did not exceed federally insured limits and collateral arrangement coverage.

***Investments and Investment Return***

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Other investments are valued at the lower of cost (or fair value at time of donation, if acquired by contribution) or fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments. Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is included in unrestricted net assets. Other investment return is reflected in the statements of operations and changes in net assets as unrestricted, temporarily restricted or permanently restricted based upon the existence and nature of any donor or legally imposed restrictions.

**The Rutland Hospital, Inc.**  
**d/b/a Rutland Regional Medical Center**  
**Notes to Financial Statements**  
**September 30, 2017 and 2016**

***Assets Limited As To Use***

Assets limited as to use include (1) assets held by trustees, (2) assets restricted by donors and (3) assets set aside by the Board of Directors for various capital and other purposes over which the Board retains control and may at its discretion subsequently use for other purposes. Amounts required to meet current liabilities of RRMC are included in current assets.

***Patient Accounts Receivable***

Accounts receivable are reduced by an allowance for uncollectible accounts. In evaluating the collectability of accounts receivable, RRMC analyzes its past history and identifies trends for each of its major payer sources of revenue to estimate the appropriate allowance for uncollectible accounts and provision for uncollectible accounts. Management regularly reviews data about these major payer sources of revenue in evaluating the sufficiency of the allowance for uncollectible accounts.

For receivables associated with services provided to patients who have third-party coverage, RRMC analyzes contractually due amounts and provides an allowance for uncollectible accounts and a provision for uncollectible accounts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payer has not yet paid, or for payers who are known to be having financial difficulties that make the realization of amounts due unlikely).

For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), RRMC records a significant provision for uncollectible accounts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible. For those who do not qualify for charity care the difference between the standard rates (or the discounted rates if negotiated or provided by policy) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for uncollectible accounts.

RRMC's allowance for uncollectible accounts for self-pay patients remained consistent at 95% of self-pay accounts receivable at September 30, 2017 and 2016. In addition, RRMC's write-offs decreased approximately \$212,000 from approximately \$10,045,000 for the year ended September 30, 2016, to approximately \$9,833,000 for the year ended September 30, 2017.

***Supplies***

Supply inventories are stated at the lower of cost, determined using the average cost method, or market.

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***Property and Equipment***

Property and equipment acquisitions are recorded at cost and are depreciated on a straight-line basis over the estimated useful life of each asset. Leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives.

|                                      |              |
|--------------------------------------|--------------|
| Land improvements                    | 5 - 25 years |
| Buildings and leasehold improvements | 4 - 40 years |
| Equipment                            | 3 - 25 years |

Donations of property and equipment are reported at fair value as an increase in unrestricted net assets unless use of the assets is restricted by the donor. Monetary gifts that must be used to acquire property and equipment are reported as restricted support. The expiration of such restrictions is reported as an increase in unrestricted net assets when the donated asset is placed in service.

***Long-Lived Asset Impairment***

RRMC evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended September 30, 2017 and 2016.

***Costs of Issuance***

Deferred financing costs represent costs incurred in connection with the issuance of long-term debt and remarketing fees. Such costs are being amortized using the straight-line method over the life of the respective debt.

***Temporarily and Permanently Restricted Net Assets***

Temporarily restricted net assets are those whose use by RRMC has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by RRMC in perpetuity.

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***Net Patient Service Revenue***

RRMC has agreements with third-party payers that provide for payments to RRMC at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered and includes estimated retroactive revenue adjustments. Retroactive adjustments are considered in the recognition of revenue on an estimated basis in the period the related services are rendered and such estimates are revised in future periods as adjustments become known.

***Charity Care***

RRMC provides charity care to patients who are unable to pay for services. The amount of charity care is included in net patient service revenue and is not separately classified from the provision for uncollectible accounts.

***Contributions and Promises Receivable***

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Gifts received with donor stipulations are reported as either temporarily or permanently restricted support. When a donor restriction expires, that is, when a time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified and reported as an increase in unrestricted net assets. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions. Conditional contributions are reported as liabilities until the condition is eliminated or the contributed assets are returned to the donor.

***Professional Liability Claims***

RRMC recognizes an accrual for claim liabilities based on estimated ultimate losses and costs associated with settling claims and a receivable to reflect the estimated insurance recoveries, if any. Professional liability claims are described more fully in *Note 5*.

***Estimated Self-Insurance Costs***

RRMC accrues estimated liabilities for self-insurance losses associated with employee health insurance claims and includes an estimate of the ultimate costs for both reported claims and claims incurred but not reported. Costs resulting from self-insured claims are charged to expense when incurred. RRMC has purchased stop-loss coverage for any individual claim in excess of \$200,000.

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**Government Grants**

Support funded by grants is recognized as RRMC performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required.

**Income Taxes**

RRMC is exempt from income taxes under Section 501 of the Internal Revenue Code and a similar provision of state law. However, RRMC is subject to federal income tax on any unrelated business taxable income.

RRMC files tax returns in the U.S. federal jurisdiction.

**Excess of Revenues Over Expenses**

The statements of operations and changes in net assets include excess of revenues over expenses. Changes in unrestricted net assets which are excluded from excess of revenues over expenses, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, permanent transfers to and from affiliates for other than goods and services, change in the pension and postretirement liability and contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purpose of acquiring such assets).

**Transfers Between Fair Value Hierarchy Levels**

Transfers in and out of Level 1 (quoted market prices), Level 2 (other significant observable inputs) and Level 3 (significant unobservable inputs) are recognized on the period ending date. There were no transfers between fair value hierarchy levels during the years ended September 30, 2017 and 2016.

**Electronic Health Records Incentive Program**

The Electronic Health Records Incentive Program, enacted as part of the *American Recovery and Reinvestment Act of 2009*, provides for one-time incentive payments under both the Medicare and Medicaid programs to eligible hospitals that demonstrate meaningful use of certified electronic health records technology (EHR). Payments under the Medicare program are generally made for up to four years based on a statutory formula. Payments under the Medicaid program are generally made for up to four years based upon a statutory formula, as determined by the state, which is approved by the Centers for Medicare and Medicaid Services. Payment under both programs are contingent on the hospital continuing to meet escalating meaningful use criteria and any other specific requirements that are applicable for the reporting period. The final amount for any



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payment year is determined based upon an audit by the fiscal intermediary. Events could occur that would cause the final amounts to differ materially from the initial payments under the program.

RRMC recognizes revenue ratably over the reporting period starting at the point when management is reasonably assured it will meet all of the meaningful use objectives and any other specific grant requirements applicable for the reporting period.

For the years ended September 30, 2017 and 2016, RRMC has recorded revenue of approximately \$544,000 and \$1,018,000, respectively, which is included in other revenue within operating revenues in the statements of operations and changes in net assets.

***Reclassifications***

Certain reclassifications have been made to the 2016 financial statements to conform to the 2017 financial statement presentation. In addition, certain reclassifications have been made to the 2016 consolidated financial statements for adoption of ASU 2015-03 *Interest-Imputation of Interest* (Subtopic 835.30): Simplifying the Presentation of Debt Issuance Costs that were deemed to be immaterial. These reclassifications had no effect on the change in net assets.

**Note 2: Net Patient Service Revenue**

RRMC recognizes patient service revenue associated with services provided to patients who have third-party payer coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, RRMC recognizes revenue on the basis of its standard rates for services provided (or the discounted rates if negotiated or provided by policy). On the basis of historical experience, a significant portion of RRMC's uninsured patients will be unable or unwilling to pay for the services provided. Thus, RRMC records a significant provision for uncollectible accounts related to uninsured patients in the period the services are provided. This provision for uncollectible accounts is presented on the statement of operations as a component of net patient service revenue.

RRMC has agreements with third-party payers that provide for payments to RRMC at amounts different from its established rates. These payment arrangements include:

*Medicare.* Inpatient acute care and substantially all outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. RRMC is reimbursed for certain services at tentative rates with final settlements determined after submission of annual cost reports by RRMC and audits thereof by the Medicare administrative contractor.

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*Medicaid.* Inpatient and outpatient services rendered to Medicaid program beneficiaries are reimbursed at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. RRMC has entered into a contractual agreement with the state to care for patients with intensive inpatient psychiatric needs. RRMC is reimbursed for these services using a cost reimbursed methodology.

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation and change. As a result, it is reasonably possible that recorded estimates will change materially in the near term.

RRMC has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The basis for payment to RRMC under these agreements includes discounts from established charges.

Patient service revenue, net of contractual allowances and discounts (but before the provision for uncollectible accounts), recognized in the years ended September 30, 2017 and 2016, respectively, was approximately:

|                          | <b>2017</b>           | <b>2016</b>           |
|--------------------------|-----------------------|-----------------------|
| Medicare                 | \$ 92,361,520         | \$ 84,360,537         |
| Medicaid                 | 32,084,271            | 33,884,274            |
| Other third-party payers | 115,045,841           | 121,555,454           |
| Patients                 | 9,758,210             | 10,206,379            |
|                          | <u>\$ 249,249,842</u> | <u>\$ 250,006,644</u> |

**Note 3: Concentration of Credit Risk**

RRMC grants credit without collateral to its patients, most of whom are area residents and are insured under third-party payer agreements. The mix of receivables from patients and third-party payers at September 30, 2017 and 2016, respectively, was:

|                                       | <b>2017</b> | <b>2016</b> |
|---------------------------------------|-------------|-------------|
| Medicare                              | 50%         | 55%         |
| Medicaid                              | 13%         | 6%          |
| Other third-party payers and patients | 37%         | 39%         |
|                                       | <u>100%</u> | <u>100%</u> |



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Total investment return is reflected in the statements of operations and changes in net assets as follows:

|   | <b>2017</b>   | <b>2016</b>   |
|---|---------------|---------------|
| Unrestricted net assets   |               |               |
| Investment return   | \$ 3,069,220  | \$ 3,174,760  |
| Change in unrealized gains and losses on trading securities   | 10,587,509    | 7,954,701     |
| Investment return - change in fair value of investments accounted for under the fair value option of FASB ASC Topic 825 | -             | (463,914)     |
| Temporarily restricted net assets   | 245,331       | 232,224       |
|   | \$ 13,902,060 | \$ 10,897,771 |

**Note 5: Professional Liability and Self-Insurance Claims**

***Professional Liability Claims***

RRMC purchases medical malpractice insurance under a claims-made policy. Under such a policy, only claims made and reported to the insurer during the policy term, regardless of when the incidents giving rise to the claims occurred, are covered. RRMC also purchases excess umbrella liability coverage, which provides additional coverage above the basic policy limits up to the amount specified in the umbrella policy.

Based upon RRMC's claims experience, an accrual had been made for RRMC's estimated medical malpractice costs, including costs associated with litigating or settling claims, under its malpractice insurance policy. Claim liabilities are to be determined without regard for recoveries. Expected recoveries are presented separately. RRMC recorded \$2,110,000 and \$2,380,000, respectively, of estimated insurance coverage receivables and recorded \$3,380,000 and \$3,970,000, respectively, of estimated insurance liabilities as of September 30, 2017 and 2016. It is reasonably possible that this estimate could change materially in the near term.

***Self-Insurance***

RRMC is self-insured for employee health insurance and has accrued an estimate of the ultimate costs for both reported claims and claims incurred for the years ending September 30, 2017 and 2016. Actual results could differ from these estimates.

Estimated employee health insurance and dental claim liabilities recorded by RRMC totaled \$735,142 and \$786,415 as of September 30, 2017 and 2016, respectively.

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**Note 6: Interest in Assets at the Vermont Community Foundation**

RRMC has transferred assets to the Vermont Community Foundation and retained a beneficial interest in those assets. RRMC is to receive the interest annually, but none of the principal. RRMC has granted variance power to the Vermont Community Foundation to modify any restriction or condition on the distribution of funds for any specified charitable purposes or to a specified organization if, in the sole judgment of the Board of Trustees of the Vermont Community Foundation, such restriction or condition becomes, in effect, unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community served. The cumulative amount of the retained beneficial interest included in the balance sheets was \$335,877 and \$295,839 at September 30, 2017 and 2016, respectively (*Note 4*).

**Note 7: Long-Term Debt**

|   | <b>2017</b>   | <b>2016</b>   |
|---|---------------|---------------|
| Vermont Educational and Health Buildings Financing Agency (VEHBFA) Hospital Revenue Bonds, Rutland Regional Medical Center Project Series 2013A (A) | \$ 31,350,000 | \$ 31,350,000 |
| Note payable, bank (B)  | 6,495,389     | 8,173,100     |
| Capital lease (C)   | -             | 149,864       |
| Note payable, bank (D)  | 418,800       | 468,280       |
|   | 38,264,189    | 40,141,244    |
| Less unamortized costs of issuance  | 205,100       | 226,020       |
| Less current maturities   | 1,795,006     | 1,877,085     |
|   | \$ 36,264,083 | \$ 38,038,139 |

(A) VEHBFA Series 2013A Bonds (tax exempt), issued during the year ended September 30, 2013, bearing a variable interest rate of the one-month LIBOR plus 1.5% times 71%. Effective February 1, 2016, the variable interest rate was reduced to 70% of the one-month LIBOR rate plus 0.826% per annum with principal payments due in monthly installments beginning in April 2021, ranging from approximately \$77,000 to \$179,000 with final payments of \$26,500,000 in September 2033. The bonds are secured by gross receipts of RRMC. The effective interest rate was 1.69% and 1.19% at September 30, 2017 and 2016, respectively. Unamortized costs of issuance were \$153,565 and \$163,213 at September 30, 2017 and 2016, respectively.

RRMC has entered into an interest rate swap agreement to help mitigate exposure to future changes in interest rates on the Series 2013A Bonds. See *Note 8* for additional discussion on the interest rate swap agreement.

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(B) Note payable (taxable) with a local financial institution, with a variable rate of LIBOR plus 1.5%, per annum based on a 360-day year, due in monthly installments, including principal and interest, maturing April 1, 2021, and is secured by certain property. Effective February 1, 2016, the variable interest rate was reduced to the one-month LIBOR rate plus 1.02%. The effective interest rate was 2.26% and 1.54% at September 30, 2017 and 2016, respectively. Unamortized debt issuance costs were \$51,535 and \$62,807 at September 30, 2017 and 2016, respectively.

RRMC has entered into an interest rate swap agreement to help mitigate exposure to future changes in interest rates on the note payable. See *Note 8* for additional discussion on the interest rate swap agreement.

(C) Capital lease obligation due in monthly installments of \$64,680 through December 2016; collateralized by certain equipment of RRMC. Capital lease obligation was paid in full in December 2016.

(D) Note payable in the original amount of \$550,000 secured by real property that was purchased during the year ended September 30, 2015, bearing a fixed interest rate of 3.59%, with principal and interest payments of \$5,475 due monthly beginning on January 1, 2015, and continuing until the maturity date of December 1, 2024.

The bonds and notes contain certain restrictive covenants, which among other provisions, require that RRMC maintain certain financial covenants which include maximum annual debt service, debt to capitalization and days cash on hand ratios.

Aggregate annual maturities of long-term debt obligations at September 30, 2017, are:

|            | <b>Long-Term<br/>Debt</b> |
|------------|---------------------------|
| 2018       | \$ 1,795,006              |
| 2019       | 1,865,658                 |
| 2020       | 1,938,819                 |
| 2021       | 2,014,909                 |
| 2022       | 2,093,956                 |
| Thereafter | 28,555,841                |
|            | \$ 38,264,189             |

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**Note 8: Derivative Financial Instruments**

RRMC has entered into an interest rate swap agreement with TD Bank, N.A. in conjunction with the Series 2013A Bonds. The swap agreement terminates on September 1, 2023, and provides for monthly settlement with RRMC to pay a fixed rate of 4.068% and receive a variable rate equal to the 71% of the one-month LIBOR plus a spread of 650 basis points on a notional amount equal to a portion of the outstanding balance of the Series 2013A Bonds, original notional amount of \$11,683,802. RRMC entered into the swap agreement with the objective of reducing its exposure to future variability in interest rates on the Series 2013A Bonds by effectively fixing the interest rate thereon at 4.068%. At September 30, 2017 and 2016, the notional amount was \$15,660,801 and \$15,062,739, respectively.

RRMC has entered into an interest rate swap agreement with TD Bank, N.A. in conjunction with the 2013 note payable. The swap agreement terminates on April 1, 2021, and provides for monthly settlement with RRMC to pay a fixed rate of 4.022% and receive a variable rate equal to the 71% of the one-month LIBOR plus a spread of 650 basis points on a notional amount equal to a portion of the outstanding balance of the note payable, original notional amount of \$12,712,652. RRMC entered into the swap agreement with the objective of reducing its exposure to future variability in interest rates on the note payable by effectively fixing the interest rate thereon at 4.022%. The notional amount is being reduced over the term of the note payable. At September 30, 2017 and 2016, the notional amount was \$6,495,389 and \$8,173,101, respectively.

RRMC had entered into an interest rate swap agreement with Deutsche Bank in conjunction with the Series 2010A Bonds. The swap agreement originally terminated on December 1, 2020, and provided for monthly settlement with RRMC to pay a fixed rate of 4.61% and receive a variable rate equal to the 69% of the one-month LIBOR plus a spread of 241.50 basis points on a notional amount equal to the then outstanding balance of the Series 2010A Bonds, original notional amount of \$19,100,000. RRMC entered into the swap agreement with the objective of reducing its exposure to future variability in interest rates on the Series 2010A Bonds by effectively fixing the interest rate thereon at 4.61%. The terms of this swap agreement were revised on September 17, 2013, with this issuance of the Series 2013A Bonds. The swap agreement was extended and now terminates on September 1, 2023, and provides for monthly settlement with RRMC to pay a fixed rate of 4.828% and receive a variable rate equal to the 69% of the one-month LIBOR plus a spread of 241.50 basis points on a notional amount in the swap agreement. The notional amount is being reduced over the term of the agreement. At September 30, 2017 and 2016, the notional amount was \$15,689,199 and \$16,287,260, respectively.

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The table below presents certain information regarding RRMC's interest rate swap agreements designated as a fair value hedge. RRMC did not have any derivative instruments at September 30, 2017 and 2016, that were designated as hedging instruments.

|   | <b>2017</b>  | <b>2016</b>  |
|---|--------------|--------------|
| <b>Other Liabilities</b>  |              |              |
| Fair value of interest rate swap agreements                             | \$ 2,481,763 | \$ 4,336,084 |
| <b>Interest Expense</b>   |              |              |
| Additional interest expense incurred from interest rate swap agreements | 769,967      | 948,933      |
| <b>Other Income (Expense)</b>   |              |              |
| Gain (loss) recognized in change in interest rate swap agreement        | 1,854,320    | (235,135)    |

**Note 9: Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are available for the following purposes:

|   | <b>2017</b>  | <b>2016</b>  |
|---|--------------|--------------|
| Indigent care or operating room equipment | \$ 1,695,137 | \$ 1,692,360 |
| Capital                                   | 72,666       | 97,648       |
| General use                               | 1,261,993    | 1,341,837    |
| Operating support                         | 337,441      | 297,073      |
| Special purpose endowments                | 545,307      | 404,999      |
| Various departments and other             | 386,357      | 353,750      |
|   | \$ 4,298,901 | \$ 4,187,667 |

During the years ended September 30, 2017 and 2016, net assets were released from donor restrictions by incurring expenses, satisfying the restricted operating purposes in the amounts of \$537,289 and \$84,847, respectively. During the years ended September 30, 2017 and 2016, net assets of \$146,892 and \$792,715, respectively, were released to purchase equipment.



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Permanently restricted net assets are restricted to:

|   | <b>2017</b> | <b>2016</b> |
|---|-------------|-------------|
| Investments to be held in perpetuity,<br>the income is unrestricted | \$ 678,642  | \$ 678,642  |

**Note 10: Endowments**

RRMC’s endowments consist of various individual donor-restricted and board-designated funds which were established for general operational and certain departmental purposes. As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

RRMC’s governing body has interpreted the State of Vermont Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, RRMC 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 donor-restricted endowment funds is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by RRMC in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, RRMC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of RRMC and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of RRMC
7. Investment policies of RRMC

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The composition of net assets by type of endowment fund at September 30, 2017 and 2016, was:

|                                  | <b>2017</b>         |                               |                               | <b>Total</b>      |
|----------------------------------|---------------------|-------------------------------|-------------------------------|-------------------|
|                                  | <b>Unrestricted</b> | <b>Temporarily Restricted</b> | <b>Permanently Restricted</b> |                   |
| Donor-restricted endowment funds | \$ -                | \$ 202,861                    | \$ 486,246                    | \$ 689,107        |
| Board-designated endowment funds | -                   | -                             | -                             | -                 |
| Total endowment funds            | <u>\$ -</u>         | <u>\$ 202,861</u>             | <u>\$ 486,246</u>             | <u>\$ 689,107</u> |

|                                  | <b>2016</b>         |                               |                               | <b>Total</b>        |
|----------------------------------|---------------------|-------------------------------|-------------------------------|---------------------|
|                                  | <b>Unrestricted</b> | <b>Temporarily Restricted</b> | <b>Permanently Restricted</b> |                     |
| Donor-restricted endowment funds | \$ -                | \$ 249,791                    | \$ 486,246                    | \$ 736,037          |
| Board-designated endowment funds | 6,898,042           | -                             | -                             | 6,898,042           |
| Total endowment funds            | <u>\$ 6,898,042</u> | <u>\$ 249,791</u>             | <u>\$ 486,246</u>             | <u>\$ 7,634,079</u> |

Changes in endowment net assets for the years ended September 30, 2017 and 2016, were:

|   | <b>2017</b>         |                               |                               | <b>Total</b>       |
|---|---------------------|-------------------------------|-------------------------------|--------------------|
|   | <b>Unrestricted</b> | <b>Temporarily Restricted</b> | <b>Permanently Restricted</b> |                    |
| Endowment net assets, beginning of the year           | \$ 6,898,042        | \$ 249,791                    | \$ 486,246                    | \$ 7,634,079       |
| Investment return and net appreciation (depreciation) | -                   | 74,330                        | -                             | 74,330             |
| Appropriation of endowment net assets for expenditure | <u>(6,898,042)</u>  | <u>(121,260)</u>              | <u>-</u>                      | <u>(7,019,302)</u> |
| Endowment net assets, end of year                     | <u>\$ -</u>         | <u>\$ 202,861</u>             | <u>\$ 486,246</u>             | <u>\$ 689,107</u>  |

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|  | 2016                |                           |                           | Total               |
|--|---------------------|---------------------------|---------------------------|---------------------|
|  | Unrestricted        | Temporarily<br>Restricted | Permanently<br>Restricted |                     |
| Endowment net assets,<br>beginning of the year           | \$ 6,614,642        | \$ 184,364                | \$ 486,246                | \$ 7,285,252        |
| Investment return and net<br>appreciation (depreciation) | (7,769)             | 65,427                    | -                         | 57,658              |
| Appropriation of endowment<br>net assets for expenditure | 291,169             | -                         | -                         | 291,169             |
| Endowment net assets, end of year                        | <u>\$ 6,898,042</u> | <u>\$ 249,791</u>         | <u>\$ 486,246</u>         | <u>\$ 7,634,079</u> |

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level RRMC is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. In accordance with GAAP, deficiencies of this nature are reported in unrestricted net assets and aggregated \$0 at September 30, 2017 and 2016. These deficiencies resulted from unfavorable market fluctuations that occurred shortly after investment of new permanently restricted contributions and continued appropriation for certain purposes that was deemed prudent by the governing body.

RRMC has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under RRMC's policies, the primary investment goal is generation of income. RRMC expects its endowment funds to provide an average rate of return of approximately 5% gross of fees annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, RRMC relies on a strategy in which investment returns are achieved through current yield. RRMC invests in a variety of securities to achieve its long-term return objectives within prudent risk constraints.

**Note 11: Charity Care**

The costs of charity care provided under RRMC's charity care policy were approximately \$2,643,000 and \$2,866,000 for 2017 and 2016, respectively. The cost of charity care is estimated by applying the ratio of cost to gross charges to the gross uncompensated charges.

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**Note 12: Functional Expenses**

RRMC provides health care services to residents within its service area. Expenses related to providing these services are as follows:

|                            | <b>2017</b>    | <b>2016</b>    |
|----------------------------|----------------|----------------|
| Health care services       | \$ 198,130,032 | \$ 194,434,323 |
| General and administrative | 51,982,093     | 49,208,542     |
|                            | \$ 250,112,125 | \$ 243,642,865 |

**Note 13: Operating Leases**

Rental expense under operating lease agreements totaled \$1,673,740 and \$1,643,117 for the years ended September 30, 2017 and 2016, respectively.

**Note 14: Significant Commitments**

RRMC and Cerner Corporation (Cerner) have entered into a strategic information technology service agreement. Cerner has assumed operational and administrative responsibilities for RRMC's information technology environment and services, including remote hosting, monitoring and system performance capabilities. The agreement is effective from July 1, 2013, through September 30, 2023. At the end of the initial term, the agreement will automatically renew in one-year increments. The payments on these agreements are recognized as expense when incurred.

Future minimum payments required under these agreements at September 30, 2017, are summarized as follows:

|            |               |
|------------|---------------|
| 2018       | \$ 10,833,653 |
| 2019       | 10,934,331    |
| 2020       | 11,278,329    |
| 2021       | 11,632,650    |
| 2022       | 11,997,600    |
| Thereafter | 12,277,428    |
|            | \$ 68,953,991 |

Expenses under this agreement totaled \$10,502,602 and \$10,163,176 for the years ended September 30, 2017 and 2016, respectively.

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**Note 15: Pension Plans**

***Defined Benefits Plans***

RRMC has a noncontributory defined benefit pension plan and a defined benefit postretirement health care plan covering all employees who meet the eligibility requirements. RRMC's funding policy is to make the minimum annual contribution that is required by applicable regulations, plus such amounts as RRMC may determine to be appropriate from time to time. RRMC expects to contribute \$2,000,000 to the defined benefit pension plan and expects to contribute \$395,302 to the postretirement health care plan in 2017.

Effective January 1, 2006, RRMC's defined benefit pension plan was frozen and stopped accruing benefits. All employees in the defined benefit plan were enrolled into RRMC's newly established tiered contribution plan.

RRMC uses a September 30 measurement date for the plans. Information about the plan's funded status follows:

|                           | <b>Pension Benefits</b> |                        | <b>Other Benefits</b> |                       |
|---------------------------|-------------------------|------------------------|-----------------------|-----------------------|
|                           | <b>2017</b>             | <b>2016</b>            | <b>2017</b>           | <b>2016</b>           |
| Benefit obligation        | \$ 126,358,847          | \$ 133,713,021         | \$ 728,785            | \$ 1,141,604          |
| Fair value of plan assets | 119,114,545             | 112,514,990            | -                     | -                     |
| Funded status             | <u>\$ (7,244,302)</u>   | <u>\$ (21,198,031)</u> | <u>\$ (728,785)</u>   | <u>\$ (1,141,604)</u> |

Assets and liabilities recognized in the balance sheets:

|                        | <b>Pension Benefits</b> |                      | <b>Other Benefits</b> |                   |
|------------------------|-------------------------|----------------------|-----------------------|-------------------|
|                        | <b>2017</b>             | <b>2016</b>          | <b>2017</b>           | <b>2016</b>       |
| Current liabilities    | <u>\$ -</u>             | <u>\$ -</u>          | <u>\$ 392,359</u>     | <u>\$ 423,577</u> |
| Noncurrent liabilities | <u>\$ 7,244,302</u>     | <u>\$ 21,198,031</u> | <u>\$ 336,426</u>     | <u>\$ 718,027</u> |

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Amounts recognized in unrestricted net assets not yet recognized as components of net periodic benefit cost consist of:

|                      | <b>Pension Benefits</b> |               | <b>Other Benefits</b> |              |
|----------------------|-------------------------|---------------|-----------------------|--------------|
|                      | <b>2017</b>             | <b>2016</b>   | <b>2017</b>           | <b>2016</b>  |
| Prior service credit | \$ -                    | \$ -          | \$ -                  | \$ -         |
| Net loss (gain)      | \$ 31,889,957           | \$ 43,912,240 | \$ (480,478)          | \$ (412,292) |

The accumulated benefit obligation for the defined benefit pension plan was \$126,358,847 and \$133,713,021 at September 30, 2017 and 2016, respectively.

Other significant balances and costs are:

|                        | <b>Pension Benefits</b> |              | <b>Other Benefits</b> |              |
|------------------------|-------------------------|--------------|-----------------------|--------------|
|                        | <b>2017</b>             | <b>2016</b>  | <b>2017</b>           | <b>2016</b>  |
| Benefit costs          | \$ 68,554               | \$ 1,260,139 | \$ (138,965)          | \$ (102,177) |
| Employer contributions | \$ 2,000,000            | \$ 2,000,000 | \$ 205,668            | \$ 278,579   |
| Benefits paid          | \$ 5,073,024            | \$ 4,721,796 | \$ 205,668            | \$ 278,579   |

The following amounts have been recognized in the statements of operations and changes in net assets for the years ended September 30, 2017 and 2016:

|   | <b>Pension Benefits</b> |              | <b>Other Benefits</b> |              |
|---|-------------------------|--------------|-----------------------|--------------|
|   | <b>2017</b>             | <b>2016</b>  | <b>2017</b>           | <b>2016</b>  |
| Amounts arising during the period   |                         |              |                       |              |
| Net loss (gain)   | \$ (9,338,545)          | \$ 2,982,216 | \$ (221,074)          | \$ (274,388) |
| Amounts reclassified as components of net periodic benefit cost of the period |                         |              |                       |              |
| Amortization of prior service credit  | -                       | -            | -                     | (66,888)     |
| Amortization of net loss  | 2,683,740               | 2,631,002    | -                     | -            |
| Recognition of net loss (gain)  | -                       | -            | (152,888)             | (65,123)     |

The estimated net loss for the defined benefit pension plan that will be amortized from unrestricted net assets into net periodic benefit cost over the next fiscal year is \$1,740,875.

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Significant assumptions include:

|  | <b>Pension Benefits</b> |             | <b>Other Benefits</b> |             |
|--|-------------------------|-------------|-----------------------|-------------|
|  | <b>2017</b>             | <b>2016</b> | <b>2017</b>           | <b>2016</b> |
| Weighted average assumptions used to determine benefit obligations |                         |             |                       |             |
| Discount rate  | 3.75%                   | 3.50%       | 1.50%                 | 1.50%       |
| Rate of compensation increase                                      | N/A                     | N/A         | N/A                   | N/A         |
| Weighted average assumptions used to determine benefit costs       |                         |             |                       |             |
| Discount rate  | 3.50%                   | 4.25%       | 1.50%                 | 2.25%       |
| Expected return on plan assets                                     | 6.50%                   | 6.50%       | N/A                   | N/A         |

RRMC has estimated the long-term rate of return on plan assets based primarily on historical returns on plan assets, adjusted for changes in target portfolio allocations and recent changes in long-term interest rates based on publicly available information.

For measurement purposes, a 7.50% annual rate of increase in the per capita cost of covered health care benefits was assumed for 2017 and 2016. The rate was assumed to decrease gradually to 6% by the year 2020 and remain at that level thereafter.

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid as of September 30, 2017:

|             | <b>Pension Benefits</b> | <b>Other Benefits</b> |
|-------------|-------------------------|-----------------------|
| 2018        | \$ 5,653,393            | \$ 395,302            |
| 2019        | 5,954,647               | 213,198               |
| 2020        | 6,301,451               | 132,777               |
| 2021        | 6,620,528               | -                     |
| 2022        | 6,887,686               | -                     |
| 2023 - 2027 | 37,262,140              | -                     |

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**Pension Plan Assets**

Following is a description of the valuation methodologies used for pension plan assets measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of pension plan assets pursuant to the valuation hierarchy.

Where quoted market prices are available in an active market, plan assets are classified within Level 1 of the valuation hierarchy. Level 1 plan assets include common trust funds invested in equity securities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of plan assets with similar characteristics or discounted cash flows. Level 2 plan assets include common trust funds invested in fixed income securities. In certain cases where Level 1 or Level 2 inputs are not available, plan assets are classified within Level 3 of the hierarchy.

The fair values of RRMC's pension plan assets at September 30, 2017 and 2016, by asset class are as follows:

|                       | Fair Value            | Fair Value Measurements Using   |   |  |
|-----------------------|-----------------------|---|---|--|
|                       |                       | Quoted Prices<br>in Active<br>Markets for<br>Identical<br>Assets<br>(Level 1) | Significant<br>Other<br>Observable<br>Inputs<br>(Level 2) | Significant<br>Unobservable<br>Inputs<br>(Level 3) |
| <b>2017</b>           |                       |   |   |  |
| Investments           |                       |   |   |  |
| Money market funds    | \$ 556,365            | \$ 556,365  | \$ -  | \$ -   |
| Mutual funds - equity | 61,255,496            | 61,255,496  | -   | -  |
| Mutual funds - fixed  | 57,302,684            | 57,302,684  | -   | -  |
| Total                 | <u>\$ 119,114,545</u> | <u>\$ 119,114,545</u>   | <u>\$ -</u>   | <u>\$ -</u>  |
| <b>2016</b>           |                       |   |   |  |
| Investments           |                       |   |   |  |
| Money market funds    | \$ 549,335            | \$ 549,335  | \$ -  | \$ -   |
| Mutual funds - equity | 56,157,358            | 56,157,358  | -   | -  |
| Mutual funds - fixed  | 55,808,297            | 55,808,297  | -   | -  |
| Total                 | <u>\$ 112,514,990</u> | <u>\$ 112,514,990</u>   | <u>\$ -</u>   | <u>\$ -</u>  |

Plan assets are held by a bank-administered trust fund, which invests the plan assets in accordance with the provisions of the plan agreement. The plan agreements permit investment in common stocks, corporate bonds and debentures, U.S. government securities, certain insurance contracts, real estate and other specified investments, based on certain target allocation percentages.



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Plan assets are rebalanced quarterly. The postretirement health care plan is conducted on a pay-as-you-go basis, thus there are no assets available for investment. At September 30, 2017 and 2016, plan assets by category are as follows:

|                           | <b>Pension Benefits</b> |             |
|---------------------------|-------------------------|-------------|
|                           | <b>2017</b>             | <b>2016</b> |
| Equity securities         | 51%                     | 50%         |
| Debt securities           | 48%                     | 50%         |
| Cash and cash equivalents | 1%                      | 0%          |
|                           | 100%                    | 100%        |

***Defined Contribution Plan***

RRMC has a defined contribution plan which they contribute to the plan on behalf of each eligible employee a percentage of employee's eligible compensation based on age and years of service to the plan, as follows:

| <b><u>Combined Age and Years of Service</u></b> | <b><u>Percentage of Compensation</u></b> |
|---|--|
| Less than 40 years                              | 4%                                       |
| 40 - 59 years                                   | 6%                                       |
| 60 - 79 years                                   | 8%                                       |
| 80 + years                                      | 10%                                      |

For employees hired on or after April 4, 2004, RRMC contributes to the plan on behalf of each eligible employee an amount equal to 4% of the eligible employee's compensation.

***403(b) Plan - Employer Matching Contributions***

Employees may elect to contribute from 1% to 100% of their compensation to the tax sheltered 403(b) plan. Employer matching contributions are made equal to 25% of a participant's contribution to the plan, up to a maximum of 1% compensation for all employees.

Pension plan expense for these two plans for the years ended September 30, 2017 and 2016, was \$5,216,780 and \$5,051,437, respectively.

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**Note 16: Executive Option Plan**

Prior to 2002, RRMC offered an Executive Option Plan for certain senior management and employed physicians. Through the plan, administered under Section 83 of the Internal Revenue Code, a designated group of employees is granted options to purchase shares, through salary reduction, of one or more mutual funds at a price that is equal to a specified percentage of the fair value of the shares on the date of the exercise. During 2002, contributions to the plan were frozen and no future options are expected to be granted. At September 30, 2017 and 2016, plan assets amounted to \$1,787,806 and \$1,697,374, respectively.

**Note 17: Related Party Transactions**

A receivable from RRHS, RRMC's parent organization, of \$5,416,029 and \$5,260,001 is recorded at September 30, 2017 and 2016, respectively. RRMC has advanced RRHS funds to cover operating expenses.

A receivable from The Meadows Associates, an investment of RRHS of \$25,318 and \$0 is recorded at September 30, 2017 and 2016, respectively. RRMC has advanced The Meadows Associates fund to cover operating expenses.

**Note 18: Community Health Centers of the Rutland Region, Inc.**

RRHS awarded a five-year community benefit grant to Community Health Centers of the Rutland Region, Inc. (CHCRR) in the amount of \$4,600,000 that was funded by RRMC and was effective May 1, 2008. The original term of the agreement ended on April 30, 2013, and original amounts granted had been expended by RRMC by that time. In 2011, the agreement was amended to include an additional subsidy from RRMC to CHCRR for up to \$600,000 per year, through June 30, 2016, to defray the cost of uncompensated care to support the Rutland Clinic for primary care service. This agreement was not extended beyond June 30, 2016.

Effective December 1, 2013, RRHS entered into an agreement to provide CHCRR a community benefit grant over a period of fifty-eight months from December 1, 2013, to September 30, 2018. These payments are being made monthly and range from \$17,358 to \$19,537, for a total grant of \$1,066,810.

For the years ended September 30, 2017 and 2016, respectively, \$496,283 and \$666,815 was expended for the grant award from RRMC and is included in RRMC's general operating expenses.

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**Note 19: Disclosures About Fair Value of Financial Instruments**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities.
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities.

***Recurring Measurements***

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying balance sheets measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2017 and 2016:

|  | Fair Value  | Fair Value Measurements Using                                  |   |   |
|--|-------------|--|---|---|
|  |             | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
| <b>September 30, 2017</b>                          |             |  |   |   |
| Investments  |             |  |   |   |
| Money market funds                                 | \$ 545,308  | \$ 545,308   | \$ -  | \$ -                                      |
| Mutual funds - equity                              | 85,973,359  | 85,973,359   | -   | -   |
| Mutual funds - fixed                               | 48,882,712  | 48,882,712   | -   | -   |
| Interest in assets of Vermont Community Foundation | 335,877     | -  | -   | 335,877                                   |
| Interest rate swap agreements                      | (2,481,763) | -  | (2,481,763)                                   | -   |
| <b>September 30, 2016</b>                          |             |  |   |   |
| Investments  |             |  |   |   |
| Money market funds                                 | \$ 404,999  | \$ 404,999   | \$ -  | \$ -                                      |
| Mutual funds - equity                              | 72,379,046  | 72,379,046   | -   | -   |
| Mutual funds - fixed                               | 47,724,554  | 47,724,554   | -   | -   |
| Interest in assets of Vermont Community Foundation | 295,839     | -  | -   | 295,839                                   |
| Interest rate swap agreements                      | (4,336,084) | -  | (4,336,084)                                   | -   |

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Following is a description of the valuation methodologies and inputs used for assets and liabilities measured at fair value on a recurring basis and recognized in the accompanying balance sheets, as well as the general classification of such assets and liabilities pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended September 30, 2017.

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

The value of certain investments, classified as alternative investments, is determined using net asset value (or its equivalent) as a practical expedient. Investments for which RRMC expects to have the ability to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 2. Investments for which RRMC does not expect to be able to redeem its investments with the investee within 12 months after the reporting date are categorized as Level 3.

Fair value determinations for Level 3 measurements of securities are the responsibility of management. Management contracts with a pricing specialist to generate fair value estimates on a monthly or quarterly basis. Management challenges the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States.

***Interest in Assets of Vermont Community Foundation***

Fair value is estimated at the present value of the future distributions expected to be received over the term of the agreement. Due to the nature of valuation inputs, the interest is classified within Level 3 of the hierarchy.

***Interest Rate Swap Agreements***

The fair value is estimated using forward-looking interest rate curves and discounted cash flows that are observable or can be corroborated by observable market data and, therefore, are classified within Level 2 of the valuation hierarchy.

Realized and unrealized gains and losses are included in excess of revenues over expenses.

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**Level 3 Reconciliation**

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying balance sheets using significant unobservable (Level 3) inputs:

|  | <b>Interest in<br/>Assets of<br/>Vermont<br/>Community<br/>Foundation</b> |
|--|---|
|  |   |
| Balance, October 1, 2015   | \$ 321,360  |
| Total realized and unrealized gains and<br>losses included in other income (expense) | (25,521)  |
| Balance, September 30, 2016  | 295,839   |
| Total realized and unrealized gains and<br>losses included in other income (expense) | 40,038  |
| Balance, September 30, 2017  | \$ 335,877  |

Realized and unrealized gains and losses are included in excess of revenues over expenses for the period from October 1, 2016, through September 30, 2017.

**Note 20: Contract Pharmacy Program**

RRMC participates in the 340B outpatient drug discount program administered by the Office of Pharmacy Affairs of the Health Resources and Services Administration (HRSA). In 2011, RRMC began operating a 340B retail drug program by contracting with local pharmacies. The net revenue from this program for the years ended September 30, 2017 and 2016, respectively, was approximately \$3,161,000 and \$2,329,000 greater than the cost of operating the program. Laws and regulations surrounding the 340B drug program are complex and are subject to interpretation and change.

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**Note 21: Significant Estimates and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Allowance for Net Patient Service Revenue Adjustments***

Estimates of allowances for adjustments included in net patient service revenue are described in *Notes 1* and *2*.

***Malpractice Claims***

Estimates related to the accrual for medical malpractice claims are described in *Notes 1* and *5*.

***Investments***

RRMC invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

***Collective Bargaining Agreement***

Approximately 22% of RRMC's employees are covered by a collective bargaining agreement. The collective bargaining agreement covering these employees expires September 30, 2018.

***Asset Retirement Obligation***

As discussed in *Note 25*, RRMC has recorded a liability for its conditional asset retirement obligations related to both its administrative and patient care buildings.

***Derivative Financial Instruments***

As discussed in *Note 8*, RRMC has entered into interest rate swap agreements and has estimated the fair value of the swaps at September 30, 2017 and 2016. Due to the level of risk associated with the swaps it is reasonably possible that changes in the fair value will occur in the near term and that such change could materially affect the amounts reported in the accompanying balance sheets.

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***Pension and Other Postretirement Benefit Obligations***

RRMC has a noncontributory defined benefit pension and postretirement health care plan whereby it agrees to provide certain postretirement benefits to eligible employees. The benefit obligation is the actuarial present value of all benefits attributed to service rendered prior to the valuation date based on the linear method. It is reasonably possible that events could occur that would change the estimated amount of this liability materially in the near term.

**Note 22: Construction in Progress**

The construction in progress at September 30, 2017, primarily relates to numerous smaller projects and the Medical Office Building. Some larger projects are included in construction in progress, but most of the expenditures have not occurred as of September 30, 2017. These projects include upgrades to air handling units and nuclear medicine, replacement windows and mammography units. Below is a table listing anticipated cost and completion date. RRMC is still exploring financial options for these project as of September 30, 2017.

| <b>Project Description</b> | <b>Estimated<br/>Total<br/>Cost</b> | <b>Estimated<br/>Remaining<br/>to be Spent</b> | <b>Estimated<br/>Completion<br/>Date</b> |
|----------------------------|-------------------------------------|--|--|
| Air handling units upgrade | \$5,674,000                         | \$2,691,000                                    | March 2018                               |
| Nuclear medicine upgrade   | \$2,841,000                         | \$2,804,000                                    | August 2018                              |
| Window replacement         | \$1,518,000                         | \$1,510,000                                    | September 2018                           |
| Mammography units          | \$1,160,000                         | \$1,125,000                                    | July 2018                                |
| Medical office building    | \$23,885,000                        | \$23,706,000                                   | May 2020                                 |

In January 2018, RRMC received a construction of need approval for the Medical Office Building from the state's regulatory authority, the Green Mountain Care Board.

**Note 23: Contingent Liabilities**

***Litigation***

In the normal course of business, RRMC is, from time to time, subject to allegations that may or do result in litigation. Some of these allegations are in areas not covered by commercial insurance; for example, allegations regarding employment practices or performance of contracts. RRMC evaluates such allegations by conducting investigations to determine the validity of each potential claim. Based upon the advice of counsel, management records an estimate of the amount of ultimate expected loss, if any, for each of these matters. Events could occur that would cause the estimate of ultimate loss to differ materially in the near term.

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**Note 24: Other Liabilities**

Other liabilities consisted of the following at September 30, 2017 and 2016:

|  | <b>2017</b>         | <b>2016</b>          |
|--|---------------------|----------------------|
| Accrued postretirement health care benefit | \$ 336,426          | \$ 718,027           |
| Employee option payable                    | 1,787,806           | 1,697,374            |
| Accrued claims liabilities                 | 3,383,488           | 3,969,454            |
| Asset retirement obligation                | 586,529             | 573,243              |
| Interest rate swap agreement               | 2,481,763           | 4,336,084            |
| Other                                      | 9,000               | 76,791               |
|  | <u>\$ 8,585,012</u> | <u>\$ 11,370,973</u> |

**Note 25: Asset Retirement Obligations**

Accounting principles generally accepted in the United States of America, requires that an asset retirement obligation (ARO) associated with the retirement of a tangible long-lived asset be recognized as a liability in the period in which it is incurred or becomes determinable (as defined by the standard) even when the timing and/or method of settlement may be conditional on a future event. RRMC's conditional asset retirement obligations primarily relate to asbestos contained in buildings that RRMC owns. Environmental regulations exist in Vermont that require RRMC to handle and dispose of asbestos in a special manner if a building undergoes major renovations or is demolished. A liability of \$586,529 and \$573,243 has been recognized in the accompanying 2017 and 2016 financial statements, respectively, for the portion of the liability that can be reasonably estimated.

Additionally, there remains a liability that has not been recognized in the accompanying financial statements because the range of time over which RRMC may settle is unknown and cannot be reasonably estimated. RRMC will recognize a liability when sufficient information is available to reasonably estimate fair value.

**Note 26: Subsequent Events**

Subsequent events have been evaluated through February 21, 2018, which is the date the financial statements were available to be issued.



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**Note 27: Future Changes in Accounting Principles**

***Revenue Recognition (ASU 2014-09)***

The Financial Accounting Standards Board amended its standards related to revenue recognition. This amendment replaces all existing revenue recognition guidance and provides a single, comprehensive revenue recognition model for all contracts with customers. The guidance provides a five-step analysis of transactions to determine when and how revenue is recognized. Other major provisions include capitalization of certain contract costs, consideration of the time value of money in the transaction price and allowing estimates of variable consideration to be recognized before contingencies are resolved in certain circumstances. The amendment also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in those judgments and assets recognized from costs incurred to fulfill a contract. The standard allows either full or modified retrospective adoption effective for RRMCM for annual periods beginning after December 15, 2018, and any interim periods within annual reporting periods that begin after December 15, 2019. RRMCM is in the process of evaluating the impact the amendment will have on the consolidated financial statements.

***Leases (ASU 2016-02)***

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for RRMCM for annual periods beginning after December 15, 2019, and any interim periods within annual reporting periods that begin after December 15, 2019. The Health System is evaluating the impact the standard will have on the consolidated financial statements; however, the standard is expected to have a material impact on the consolidated financial statements due to the recognition of additional assets and liabilities for operating leases.

## **Supplementary Information**

**The Rutland Hospital, Inc.  
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Net Patient Service Revenue  
September 30, 2017 and 2016**

|  | Inpatient             |                       | Outpatient            |                       | Total                 |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2017                  | 2016                  | 2017                  | 2016                  | 2017                  | 2016                  |
| <b>Routine Services</b>  |                       |                       |                       |                       |                       |                       |
| Medical and surgical   | \$ 39,435,435         | \$ 39,795,947         | \$ -                  | \$ -                  | \$ 39,435,435         | \$ 39,795,947         |
| Psychiatric  | 15,537,865            | 15,930,898            | -                     | -                     | 15,537,865            | 15,930,898            |
| Obstetrics and gynecology  | 2,922,118             | 3,111,643             | -                     | -                     | 2,922,118             | 3,111,643             |
| Intensive care   | 9,519,850             | 10,060,832            | -                     | -                     | 9,519,850             | 10,060,832            |
| Nursery  | 1,009,195             | 1,145,771             | -                     | -                     | 1,009,195             | 1,145,771             |
|  | <u>68,424,463</u>     | <u>70,045,091</u>     | <u>-</u>              | <u>-</u>              | <u>68,424,463</u>     | <u>70,045,091</u>     |
| <b>Special Services</b>  |                       |                       |                       |                       |                       |                       |
| Operating room   | 38,647,713            | 37,893,342            | 29,845,008            | 30,084,822            | 68,492,721            | 67,978,164            |
| Recovery room  | 2,548,844             | 2,625,377             | 2,748,659             | 2,935,245             | 5,297,503             | 5,560,622             |
| Emergency room   | 9,781,963             | 9,599,368             | 31,479,646            | 32,215,132            | 41,261,609            | 41,814,500            |
| Endoscopy  | 1,000,107             | 1,172,745             | 12,146,345            | 12,235,512            | 13,146,452            | 13,408,257            |
| Ambulatory care  | 13,042                | 71,644                | 194,225               | 361,013               | 207,267               | 432,657               |
| Delivery room  | 1,225,937             | 1,240,181             | 461,058               | 427,833               | 1,686,995             | 1,668,014             |
| Medical and surgical supplies  | 550,448               | 795,720               | 1,200,221             | 1,253,804             | 1,750,669             | 2,049,524             |
| Oncology   | 131,678               | 133,074               | 4,713,568             | 5,027,695             | 4,845,246             | 5,160,769             |
| Laboratory   | 11,565,110            | 12,201,176            | 26,873,055            | 28,753,526            | 38,438,165            | 40,954,702            |
| Cardiology   | 6,350,393             | 6,920,926             | 22,010,483            | 21,213,031            | 28,360,876            | 28,133,957            |
| Pulmonary  | 229,752               | 244,058               | 798,979               | 827,391               | 1,028,731             | 1,071,449             |
| Electroencephalography   | 110,956               | 114,712               | 563,407               | 445,024               | 674,363               | 559,736               |
| Radiology - diagnostic   | 6,630,570             | 6,764,272             | 34,915,462            | 37,259,398            | 41,546,032            | 44,023,670            |
| Radiology - isotopes   | 593,312               | 644,390               | 1,588,586             | 1,508,954             | 2,181,898             | 2,153,344             |
| Chemotherapy   | 1,003,726             | 757,407               | 4,212,538             | 4,736,964             | 5,216,264             | 5,494,371             |
| CT scanning  | 6,636,423             | 6,783,227             | 17,875,203            | 17,858,825            | 24,511,626            | 24,642,052            |
| Radiation therapy  | 373,667               | 512,352               | 8,248,448             | 11,021,310            | 8,622,115             | 11,533,662            |
| Pharmacy   | 16,010,112            | 18,769,593            | 49,374,180            | 52,290,353            | 65,384,292            | 71,059,946            |
| Respiratory care   | 9,482,868             | 8,570,709             | 1,464,317             | 1,525,334             | 10,947,185            | 10,096,043            |
| Psychiatric counseling   | 1,671,362             | 1,745,649             | 2,831,163             | 2,781,095             | 4,502,525             | 4,526,744             |
| Physical therapy   | 1,380,183             | 1,620,389             | 2,205,888             | 2,455,076             | 3,586,071             | 4,075,465             |
| Physiatry  | 29,033                | 31,658                | 2,538,394             | 2,888,403             | 2,567,427             | 2,920,061             |
| Occupational therapy   | 1,747,487             | 1,544,479             | 571,044               | 650,861               | 2,318,531             | 2,195,340             |
| Speech therapy   | 739,811               | 829,460               | 256,852               | 339,538               | 996,663               | 1,168,998             |
| Hospitalist  | 6,505,334             | 6,609,776             | 801,496               | 994,428               | 7,306,830             | 7,604,204             |
| OB/GYN oncology  | 1,704,925             | 1,904,950             | 2,986,959             | 2,393,234             | 4,691,884             | 4,298,184             |
| Digestive services   | 188,949               | 226,453               | 3,694,486             | 3,602,053             | 3,883,435             | 3,828,506             |
| Sleep services   | 6,065                 | 4,320                 | 3,834,966             | 4,425,882             | 3,841,031             | 4,430,202             |
| Endocrinology  | 199,974               | 250,440               | 1,739,282             | 1,851,435             | 1,939,256             | 2,101,875             |
| Gastroenterology   | 168,633               | 162,612               | 827,835               | 888,503               | 996,468               | 1,051,115             |
| Infectious diseases  | 274,923               | 111,329               | 226,131               | 66,192                | 501,054               | 177,521               |
| Miscellaneous clinical services  | 7,439,737             | 6,788,834             | 23,671,912            | 24,949,299            | 31,111,649            | 31,738,133            |
| Opiate addiction center  | -                     | -                     | 3,906,772             | 3,586,554             | 3,906,772             | 3,586,554             |
| Urology clinic   | 489,308               | 519,446               | 3,029,776             | 3,180,777             | 3,519,084             | 3,700,223             |
| Eye clinic   | 1,610                 | -                     | 2,528,204             | 2,704,718             | 2,529,814             | 2,704,718             |
| Neurology  | 160,089               | 169,448               | 1,140,567             | 743,319               | 1,300,656             | 912,767               |
|  | <u>135,594,044</u>    | <u>138,333,516</u>    | <u>307,505,115</u>    | <u>320,482,533</u>    | <u>443,099,159</u>    | <u>458,816,049</u>    |
| <b>Gross Patient Service Revenue</b>   | <u>\$ 204,018,507</u> | <u>\$ 208,378,607</u> | <u>\$ 307,505,115</u> | <u>\$ 320,482,533</u> | <u>511,523,622</u>    | <u>528,861,140</u>    |
| <b>Less Contractual Allowances</b>   |                       |                       |                       |                       |                       |                       |
| Medicare   |                       |                       |                       |                       | 164,025,155           | 173,532,215           |
| Medicaid   |                       |                       |                       |                       | 56,881,663            | 65,017,238            |
| Blue Cross   |                       |                       |                       |                       | 22,403,382            | 21,242,793            |
| Charity care   |                       |                       |                       |                       | 5,753,971             | 5,838,729             |
| Other  |                       |                       |                       |                       | 13,209,609            | 13,223,521            |
|  |                       |                       |                       |                       | <u>262,273,780</u>    | <u>278,854,496</u>    |
| <b>Patient Service Revenue (Net of Contractual Discounts and Allowances)</b> |                       |                       |                       |                       | <u>249,249,842</u>    | <u>250,006,644</u>    |
| Provision for uncollectible accounts   |                       |                       |                       |                       | <u>7,056,413</u>      | <u>4,183,690</u>      |
| <b>Net Patient Service Revenue Less Provision for Uncollectible Accounts</b> |                       |                       |                       |                       | <u>\$ 242,193,429</u> | <u>\$ 245,822,954</u> |

**The Rutland Hospital, Inc.**  
**d/b/a Rutland Regional Medical Center**  
**Expenses**  
**September 30, 2017 and 2016**

|                                    | Salaries and Wages |                   | Supplies and Other |                   | Total              |                    |
|------------------------------------|--------------------|-------------------|--------------------|-------------------|--------------------|--------------------|
|                                    | 2017               | 2016              | 2017               | 2016              | 2017               | 2016               |
| <b>Nursing Services</b>            |                    |                   |                    |                   |                    |                    |
| Nursing administration             | \$ 736,934         | \$ 699,937        | \$ 47,928          | \$ 55,473         | \$ 784,862         | \$ 755,410         |
| Nursing education                  | 1,003,782          | 909,420           | 214,514            | 221,847           | 1,218,296          | 1,131,267          |
| Medical and surgical               | 9,919,137          | 9,749,218         | 731,679            | 654,948           | 10,650,816         | 10,404,166         |
| Psychiatric                        | 4,328,642          | 4,351,444         | 193,638            | 221,439           | 4,522,280          | 4,572,883          |
| Obstetrics and gynecology          | 1,024,131          | 1,033,688         | 97,151             | 97,967            | 1,121,282          | 1,131,655          |
| Intensive care                     | 4,477,747          | 4,165,192         | 335,340            | 304,829           | 4,813,087          | 4,470,021          |
| Nursery                            | 315,810            | 305,653           | 54,120             | 49,687            | 369,930            | 355,340            |
|                                    | <u>21,806,183</u>  | <u>21,214,552</u> | <u>1,674,370</u>   | <u>1,606,190</u>  | <u>23,480,553</u>  | <u>22,820,742</u>  |
| <b>Other Professional Services</b> |                    |                   |                    |                   |                    |                    |
| Operating room                     | 4,430,498          | 4,483,687         | 9,388,500          | 9,264,948         | 13,818,998         | 13,748,635         |
| Recovery room                      | 564,797            | 602,998           | 65,548             | 65,157            | 630,345            | 668,155            |
| Emergency room                     | 10,686,611         | 9,642,553         | 810,175            | 766,425           | 11,496,786         | 10,408,978         |
| Endoscopy                          | 869,898            | 753,766           | 439,145            | 403,913           | 1,309,043          | 1,157,679          |
| Ambulatory care                    | 1,140,053          | 1,136,501         | 204,278            | 186,100           | 1,344,331          | 1,322,601          |
| Physical rehabilitation services   | 1,728,341          | 1,664,337         | 64,209             | 71,559            | 1,792,550          | 1,735,896          |
| Delivery room                      | 1,034,733          | 1,034,938         | 71,396             | 66,097            | 1,106,129          | 1,101,035          |
| HIV clinic                         | 398,841            | 230,455           | 21,577             | 24,946            | 420,418            | 255,401            |
| Central supply                     | 650,868            | 597,431           | 856,793            | 854,083           | 1,507,661          | 1,451,514          |
| Anesthesiology                     | 1,884,753          | 1,729,778         | 62,000             | 33,635            | 1,946,753          | 1,763,413          |
| Oncology                           | 2,118,223          | 2,167,833         | 260,502            | 254,767           | 2,378,725          | 2,422,600          |
| Laboratory                         | 4,524,859          | 4,166,198         | 4,402,949          | 4,441,184         | 8,927,808          | 8,607,382          |
| Cardiology                         | 3,726,033          | 4,058,518         | 711,728            | 719,814           | 4,437,761          | 4,778,332          |
| Pulmonary                          | 778,747            | 799,320           | 12,905             | 26,313            | 791,652            | 825,633            |
| Cardiac cath                       | 226,148            | 236,899           | 594,631            | 570,064           | 820,779            | 806,963            |
| Electroencephalography             | 275,030            | 251,213           | 27,599             | 23,207            | 302,629            | 274,420            |
| Radiology - diagnostic             | 4,190,358          | 3,845,851         | 1,895,258          | 1,793,098         | 6,085,616          | 5,638,949          |
| Radiology - isotopes               | 160,296            | 147,439           | 350,137            | 309,534           | 510,433            | 456,973            |
| CT scanning                        | 467,749            | 527,555           | 728,746            | 605,513           | 1,196,495          | 1,133,068          |
| Radiation therapy                  | 442,067            | 363,841           | 500,052            | 505,501           | 942,119            | 869,342            |
| Pharmacy                           | 2,234,040          | 2,197,543         | 14,062,689         | 16,228,269        | 16,296,729         | 18,425,812         |
| Respiratory care                   | 1,761,009          | 1,301,975         | 318,109            | 320,655           | 2,079,118          | 1,622,630          |
| Psychiatric counseling             | 2,442,649          | 1,467,295         | 130,673            | 131,146           | 2,573,322          | 1,598,441          |
| Physical therapy                   | 1,041,966          | 979,650           | 34,041             | 32,554            | 1,076,007          | 1,012,204          |
| Occupational therapy               | 482,534            | 441,491           | 23,219             | 29,949            | 505,753            | 471,440            |
| Hospitalists                       | 4,063,787          | 3,525,627         | 66,812             | 75,205            | 4,130,599          | 3,600,832          |
| Speech therapy                     | 219,318            | 285,389           | 9,574              | 5,359             | 228,892            | 290,748            |
| OB/GYN oncology                    | 15,057             | 17,766            | 800                | 973               | 15,857             | 18,739             |
| OB/GYN clinic                      | 2,726,391          | 2,403,730         | 307,002            | 286,039           | 3,033,393          | 2,689,769          |
| Gastroenterology                   | 1,953,918          | 2,019,422         | 112,241            | 112,822           | 2,066,159          | 2,132,244          |
| Sleep services                     | 826,068            | 862,280           | 91,947             | 66,284            | 918,015            | 928,564            |
| Endocrinology                      | 1,240,887          | 1,261,770         | 157,514            | 152,088           | 1,398,401          | 1,413,858          |
| Miscellaneous clinical services    | 9,658,530          | 9,583,492         | 1,789,971          | 1,776,296         | 11,448,501         | 11,359,788         |
| Opiate addiction center            | 1,352,832          | 1,233,709         | 985,700            | 1,118,860         | 2,338,532          | 2,352,569          |
| Urology clinic                     | 1,113,235          | 1,181,974         | 325,414            | 336,115           | 1,438,649          | 1,518,089          |
| Eye clinic                         | 720,151            | 711,860           | 106,135            | 114,271           | 826,286            | 826,131            |
| Neurology                          | 845,402            | 744,265           | 72,610             | 61,476            | 918,012            | 805,741            |
| Retail pharmacy                    | 205,392            | 6,897             | 744,422            | 24,646            | 949,814            | 31,543             |
|                                    | <u>73,202,069</u>  | <u>68,667,246</u> | <u>40,807,001</u>  | <u>41,858,865</u> | <u>114,009,070</u> | <u>110,526,111</u> |

**The Rutland Hospital, Inc.**  
**d/b/a Rutland Regional Medical Center**  
**Expenses**  
**September 30, 2017 and 2016**

|   | Salaries and Wages    |                       | Supplies and Other   |                      | Total                 |                       |
|---|-----------------------|-----------------------|----------------------|----------------------|-----------------------|-----------------------|
|   | 2017                  | 2016                  | 2017                 | 2016                 | 2017                  | 2016                  |
| <b>General and Support Services</b>         |                       |                       |                      |                      |                       |                       |
| Dietary                                     | \$ 1,534,680          | \$ 1,499,529          | \$ 1,066,571         | \$ 1,023,198         | \$ 2,601,251          | \$ 2,522,727          |
| Plant operations                            | 190,963               | 179,383               | 2,271,242            | 2,276,134            | 2,462,205             | 2,455,517             |
| Maintenance                                 | 1,311,486             | 1,208,816             | 964,258              | 856,000              | 2,275,744             | 2,064,816             |
| Housekeeping                                | 1,375,031             | 1,435,655             | 380,936              | 415,325              | 1,755,967             | 1,850,980             |
| Laundry and linen                           | 95,588                | 101,079               | 660,988              | 700,391              | 756,576               | 801,470               |
| Purchasing                                  | 364,607               | 371,089               | 96,574               | 70,682               | 461,181               | 441,771               |
| Security                                    | 524,680               | 458,504               | 41,473               | 21,726               | 566,153               | 480,230               |
| FQHC  | -                     | -                     | 496,283              | 666,815              | 496,283               | 666,815               |
| Medicaid tax assessment                     | -                     | -                     | 14,644,716           | 14,052,304           | 14,644,716            | 14,052,304            |
| Administration/development/planning         | 6,918,970             | 6,102,898             | 7,921,922            | 7,610,759            | 14,840,892            | 13,713,657            |
| Financial services                          | 2,388,833             | 2,259,331             | 379,564              | 1,445,367            | 2,768,397             | 3,704,698             |
| Patient access                              | 2,248,293             | 1,964,115             | 1,303,328            | 209,201              | 3,551,621             | 2,173,316             |
| Outpatient and oncology services management | 89,488                | 117,457               | 571                  | 592                  | 90,059                | 118,049               |
| Mail services                               | 111,330               | 108,524               | 224,803              | 243,156              | 336,133               | 351,680               |
| Telecommunications                          | 330,881               | 294,801               | 60,318               | 66,515               | 391,199               | 361,316               |
| Personnel                                   | 1,820,861             | 1,445,605             | 981,955              | 845,532              | 2,802,816             | 2,291,137             |
| Medical records and library                 | 3,305,202             | 2,791,559             | 797,872              | 959,516              | 4,103,074             | 3,751,075             |
| Social services                             | 505,879               | 435,845               | 193,605              | 137,249              | 699,484               | 573,094               |
| Employee health                             | 221,329               | 202,538               | 81,510               | 53,303               | 302,839               | 255,841               |
| Volunteer services                          | 128,804               | 124,814               | 68,937               | 65,684               | 197,741               | 190,498               |
| Community relations                         | -                     | 32,133                | -                    | -                    | -                     | 32,133                |
| Community health improvement                | 1,193,444             | 1,176,204             | 82,718               | 119,576              | 1,276,162             | 1,295,780             |
| Information technology services             | 4,962,280             | 5,080,537             | 9,862,561            | 8,297,690            | 14,824,841            | 13,378,227            |
| Employee benefits                           | 24,786,777            | 24,640,444            | -                    | -                    | 24,786,777            | 24,640,444            |
| Pension expense                             | 505,788               | 1,730,729             | -                    | -                    | 505,788               | 1,730,729             |
| James T. Bowse Community Trust              | 44,136                | 42,405                | 330,617              | 308,167              | 374,753               | 350,572               |
| Rutland Health Foundation                   | 148,830               | 393,573               | 96,759               | 89,384               | 245,589               | 482,957               |
| Gift shoppe                                 | 75,581                | 64,165                | 79,929               | 100,282              | 155,510               | 164,447               |
| Community investment                        | -                     | -                     | 15,241               | -                    | 15,241                | -                     |
|   | <u>55,183,741</u>     | <u>54,261,732</u>     | <u>43,105,251</u>    | <u>40,634,548</u>    | <u>98,288,992</u>     | <u>94,896,280</u>     |
| <b>Depreciation and Amortization</b>        | -                     | -                     | 12,801,745           | 13,612,591           | 12,801,745            | 13,612,591            |
| <b>Interest</b>                             | -                     | -                     | 1,531,765            | 1,787,141            | 1,531,765             | 1,787,141             |
|   | <u>\$ 150,191,993</u> | <u>\$ 144,143,530</u> | <u>\$ 99,920,132</u> | <u>\$ 99,499,335</u> | <u>\$ 250,112,125</u> | <u>\$ 243,642,865</u> |

**The Rutland Hospital, Inc.**  
**d/b/a Rutland Regional Medical Center**  
**Other Revenue**  
**September 30, 2017 and 2016**

|   | <u>2017</u>          | <u>2016</u>         |
|---|----------------------|---------------------|
| Cafeteria                                   | \$ 995,648           | \$ 938,844          |
| Cash discounts                              | 5,782                | 16,945              |
| Miscellaneous                               | 3,867,254            | 2,460,793           |
| Contract pharmacy revenue                   | 4,794,823            | 3,758,876           |
| Retail pharmacy revenue                     | 885,971              | -                   |
| Electronic health records incentive payment | 544,488              | 1,017,651           |
| Medical record fees                         | 19,633               | 22,089              |
| Rental income                               | 259,722              | 184,230             |
| Gift shoppe                                 | 141,872              | 107,789             |
|   | <u>\$ 11,515,193</u> | <u>\$ 8,507,217</u> |

**The Rutland Hospital, Inc.**  
**d/b/a Rutland Regional Medical Center**  
**Property and Equipment**  
**September 30, 2017**

|                                 | <b>Balance<br/>October 1,<br/>2016</b> | <b>Additions</b>     | <b>Reclassification</b> | <b>Disposals</b>      | <b>Balance<br/>September 30,<br/>2017</b> |
|---------------------------------|--|----------------------|-------------------------|-----------------------|---|
| <b>Assets</b>                   |  |                      |                         |                       |   |
| Land                            | \$ 645,676                             | \$ -                 | \$ -                    | \$ -                  | \$ 645,676                                |
| Land improvements               | 2,955,578                              | 206,826              | -                       | -                     | 3,162,404                                 |
| Buildings                       | 42,271,274                             | -                    | -                       | -                     | 42,271,274                                |
| Building improvements           | 56,760,956                             | 3,363,134            | 1,582,872               | -                     | 61,706,962                                |
| Fixed equipment                 | 33,456,193                             | 842,344              | 251,690                 | -                     | 34,550,227                                |
| Major movable equipment         | 103,286,561                            | 4,831,009            | 728,236                 | (3,954,095)           | 104,891,711                               |
| Construction in progress        | 3,422,993                              | 2,981,737            | (2,562,798)             | -                     | 3,841,932                                 |
|                                 | <u>\$ 242,799,231</u>                  | <u>\$ 12,225,050</u> | <u>\$ -</u>             | <u>\$ (3,954,095)</u> | <u>251,070,186</u>                        |
| <b>Accumulated Depreciation</b> |  |                      |                         |                       |   |
| Land improvements               | \$ 1,959,248                           | \$ 151,899           | \$ -                    | \$ -                  | 2,111,147                                 |
| Buildings                       | 24,791,598                             | 1,083,403            | -                       | -                     | 25,875,001                                |
| Building improvements           | 26,344,377                             | 3,471,038            | -                       | -                     | 29,815,415                                |
| Fixed equipment                 | 24,755,689                             | 1,022,752            | -                       | -                     | 25,778,441                                |
| Major movable equipment         | 83,222,194                             | 7,055,262            | -                       | (3,924,500)           | 86,352,956                                |
|                                 | <u>\$ 161,073,106</u>                  | <u>\$ 12,784,354</u> | <u>\$ -</u>             | <u>\$ (3,924,500)</u> | <u>169,932,960</u>                        |
|                                 |  |                      |                         |                       | <u>\$ 81,137,226</u>                      |

**The Rutland Hospital, Inc.**  
**d/b/a Rutland Regional Medical Center**  
**Property and Equipment**  
**September 30, 2016**

|                                 | Balance<br>October 1,<br>2015 | Additions            | Transfer from<br>RRHS | Reclassification | Disposals           | Balance<br>September 30,<br>2016 |
|---------------------------------|-------------------------------|----------------------|-----------------------|------------------|---------------------|----------------------------------|
| <b>Assets</b>                   |                               |                      |                       |                  |                     |                                  |
| Land                            | \$ 224,094                    | \$ -                 | \$ 421,582            | \$ -             | \$ -                | \$ 645,676                       |
| Land improvements               | 2,230,614                     | 364,506              | 310,425               | 50,033           | -                   | 2,955,578                        |
| Buildings                       | 38,775,969                    | -                    | 3,495,305             | -                | -                   | 42,271,274                       |
| Building improvements           | 47,408,211                    | 6,414,238            | 2,083,608             | 854,899          | -                   | 56,760,956                       |
| Fixed equipment                 | 29,597,080                    | 2,169,806            | 1,448,080             | 241,227          | -                   | 33,456,193                       |
| Major movable equipment         | 96,681,658                    | 6,702,424            | -                     | 452,415          | (549,936)           | 103,286,561                      |
| Construction in progress        | 2,197,239                     | 2,824,328            | -                     | (1,598,574)      | -                   | 3,422,993                        |
|                                 | <u>\$ 217,114,865</u>         | <u>\$ 18,475,302</u> | <u>\$ 7,759,000</u>   | <u>\$ -</u>      | <u>\$ (549,936)</u> | <u>242,799,231</u>               |
| <b>Accumulated Depreciation</b> |                               |                      |                       |                  |                     |                                  |
| Land improvements               | \$ 1,571,930                  | \$ 133,160           | \$ 254,158            | \$ -             | \$ -                | 1,959,248                        |
| Buildings                       | 21,317,496                    | 1,139,250            | 2,334,852             | -                | -                   | 24,791,598                       |
| Building improvements           | 22,077,024                    | 3,172,123            | 1,095,230             | -                | -                   | 26,344,377                       |
| Fixed equipment                 | 22,872,018                    | 945,250              | 938,421               | -                | -                   | 24,755,689                       |
| Major movable equipment         | 75,558,526                    | 8,209,036            | -                     | -                | (545,368)           | 83,222,194                       |
|                                 | <u>\$ 143,396,994</u>         | <u>\$ 13,598,819</u> | <u>\$ 4,622,661</u>   | <u>\$ -</u>      | <u>\$ (545,368)</u> | <u>161,073,106</u>               |
|                                 |                               |                      |                       |                  |                     | <u>\$ 81,726,125</u>             |



# **EXHIBIT C**

## **Key Employee Compensation**



**Rutland Regional Medical Center**

Origination: 7/12/2012

Effective: 6/5/2019

Last Revised: 6/5/2019

Owner: Molly Perry: SENIOR HR  
GENERALIST

Area: Human Resources

Reference Groups:

## Key Employee Compensation Review

### A. SCOPE

- This policy applies to all non-physician key employees of RRMC.

### B. PURPOSE

To describe how key employee compensation is reviewed and administered.

### C. POLICY

It is the policy of RRMC to offer market-competitive pay so to attract and retain the best talent from our labor market.

### D. DEFINITIONS

**Key Employee:** those persons including officers, directors, and trustees, who (a) had reportable compensation exceeding the IRS Key Employee limit for the year; (b) had or shared organization-wide control or influence similar to that of an officer, director, or trustee, or managed or had authority or control over at least 10 percent of the organization's activities (the "responsibility test"); and (c) were within that group of the organization's top 20 highest paid persons for the year who satisfied both the compensation test and the responsibility test.

### E. PROCEDURE

- Designation of RRMC key employees is made in accordance with the prevailing IRS Key Employee definition.
- RRMC key employee labor market is typically hospitals with similar revenues, staffed beds, employee full-time equivalents, or regional geography as RRMC.
- Key employee compensation is reviewed annually using three sources of independent competitive market data.
- Periodically an independent consultant engaged by the Compensation Committee will conduct the annual review. Otherwise the review will be performed by Human Resources.
- Jobs held by key employees are matched with similar jobs in market data with an indication of job match strength (weak (-), moderate (=) or strong (+)).

- F. The market review produces a report of key employee current total cash compensation vs. market median total cash compensation and recommended pay actions.
- G. Generally speaking, key employee base pay variances of -5% or greater vs. market median total cash compensation are considered for a base pay increase.
- H. The results of the review and recommended pay actions are reviewed and approved by the Compensation Committee.
- I. The President and CEO's pay is reviewed separately using the same approach and approved by the Board of Directors.

## RELATED POLICIES AND FORMS

N/A

## REFERENCES

<http://www.irs.gov/instructions/i990/ch02.html#d0e5338>

## DISCLAIMER

This policy may be altered or modified at any time as required. Where union contract language differs from this policy, the contract language will take precedence.

### Attachments:

No Attachments

### Approval Signatures

| Approver                                 | Date      |
|--|-----------|
| MOLLY PERRY: SENIOR HR GENERALIST        | 6/5/2019  |
| BRIAN KERNS: VP HUMAN RESOURCES          | 5/30/2019 |
| LESLEY CLASSEN: DIRECTOR HUMAN RESOURCES | 5/30/2019 |
| MOLLY PERRY: SENIOR HR GENERALIST        | 5/28/2019 |

# **EXHIBIT D**

## **Compensation Program Policy**



Rutland Regional Medical Center

Origination: 10/1/2008

Effective: 3/1/2018

Last Revised: 10/1/2017

Owner: Molly Perry: SENIOR HR GENERALIST

Area: Human Resources

Reference Groups:

## Compensation Program Policy

### A. SCOPE

This policy applies to all RRMCC non-provider employees.

### B. PURPOSE

The RRMCC Compensation Program is designed to provide leaders and their employees a basic understanding of the approaches used to manage compensation activities.

### C. POLICY

It is the policy of RRMCC to ensure that the appropriate internal job worth ("value") hierarchy is in place and that employees receive market competitive compensation for services performed in their jobs.

### D. DEFINITIONS

N/A

### E. PROCEDURE

#### 1. Base Pay:

"Base Pay" refers to what an employee is paid per hour or pay period for services performed in their job(s) at RRMCC. Employees may also receive pay differentials and premium pay in addition to their base pay. While the rate of pay for all jobs at RRMCC is expressed as an hourly rate, jobs and employees in those jobs are classified as either non-exempt (paid by the hour) or exempt (paid by the pay period). In general:

- a. Employees in **exempt** (salaried) jobs are generally not eligible for additional pay, i.e., overtime, shift differentials or call pay; over a set base pay (set number of hours per week (typically 40) multiplied by a set rate per scheduled hour).
- b. Employees in an otherwise **exempt** (salaried) job, earning less than the prevailing FLSA minimum salary exempt requirements or in a Per Diem status, will be classified as non-exempt (**hourly**) employees.
- c. Employees in non-exempt (**hourly**) jobs qualify for overtime, shift differentials, etc.

#### 2. Base Pay Structures, Pay Grades and Pay Ranges:

RRMC has two Base Pay structures: non-exempt or *hourly* and exempt or *salaried*, each with their own set of pay grades and pay ranges. All pay grades have a Minimum, Midpoint, Maximum and Range Spread. A pay grade's minimum and maximum represents the minimum and maximum **value** or **worth** the job has in the market and (the lowest and highest) an employee in the job is most often paid. The pay range spread is the distance between the pay range minimum and maximum expressed as a percentage. The differences between the non-exempt and exempt pay plans are as follows:

An employee's placement within their pay range is expressed as a percentage referred to as their "Compa-ratio". Simply put, an employee's Compa-ratio is the relationship of their base rate of pay to the midpoint of their pay grade. For example, an employee with a base rate of pay of \$15.97 in the following pay grade would have a Compa-ratio of 93% ( $\$15.97/\$17.25 = 93\%$ ).

| GRADE           | MIN     | MID     | MAX     |                   |
|-----------------|---------|---------|---------|-------------------|
| Non-Exempt (NE) | \$13.89 | \$17.25 | \$20.62 | Current Pay Grade |

Said another way, this employee's current base rate of pay is 93% of their pay grade's range midpoint. An employee's **Compa-ratio** is used in calculating future increases involving job changes described later in this policy. **Employees are typically not allowed to pass through the Maximum of their pay range by way of any type of increase.**

Base pay structures are reviewed annually and may be adjusted to ensure market competitiveness. This adjustment (called "*structure movement*") is done to remain market competitive and provides employees additional room to grow in their pay ranges. In addition, employees' jobs may be moved to new grades as necessary.

**3. Differential and Premium Pay:**

Employees in non-exempt (*hourly*) jobs are generally eligible for differential and premium pay in addition to their base rate of pay.

**4. Job Descriptions:**

Human Resources maintains job descriptions which may be found on the RRMC Insider Portal. Job descriptions are to be reviewed annually by the employee in the job and their leader as part of the Performance Appraisal process.

If the functions change significantly or a new job needs to be created, leaders and Human Resources should work together to complete the job analysis and evaluation.

**5. Determining Starting Rates of Pay:**

New employees, or current employees starting a new career path, are most often placed into their pay range based on the number of years of job-related experience they are bringing to RRMC. In some cases, Human Resources may give partial credit for years of experience. A new employee's years of job-related experience yields the Compa-ratio of their starting rate of pay in their pay range using the tables below (one for non-exempt jobs and another for exempt jobs).

| <b>Starting Rates of Pay Chart</b> |             |                              |             |
|------------------------------------|-------------|------------------------------|-------------|
| <b>Non-Exempt Positions</b>        |             | <b>Exempt Positions</b>      |             |
| Years Job-Related Experience       | Compa-Ratio | Years Job-Related Experience | Compa-Ratio |
| 1yr                                | 82%         | 1yr                          | 79%         |
| 2yrs                               | 84%         | 2yrs                         | 81%         |

|       |      |       |      |
|-------|------|-------|------|
| 3yrs  | 86%  | 3yrs  | 83%  |
| 4yrs  | 88%  | 4yrs  | 85%  |
| 5yrs  | 90%  | 5yrs  | 87%  |
| 6yrs  | 91%  | 6yrs  | 88%  |
| 7yrs  | 92%  | 7yrs  | 89%  |
| 8yrs  | 93%  | 8yrs  | 90%  |
| 9yrs  | 94%  | 9yrs  | 91%  |
| 10yrs | 95%  | 10yrs | 92%  |
| 11yrs | 96%  | 11yrs | 93%  |
| 12yrs | 97%  | 12yrs | 94%  |
| 13yrs | 98%  | 13yrs | 95%  |
| 14yrs | 99%  | 14yrs | 96%  |
| 15yrs | 100% | 15yrs | 97%  |
|       |      | 16yrs | 98%  |
|       |      | 17yrs | 99%  |
|       |      | 18yrs | 100% |

For example, a new employee with 7 years of job-related experience hired into the following non-exempt pay range may have a starting rate of \$15.87.

| GRADE           | MIN     | MID     | MAX     |
|-----------------|---------|---------|---------|
| Non-Exempt (NE) | \$13.89 | \$17.25 | \$20.62 |

From the table for non-exempt jobs, 7 years of job-related experience places the employee in their pay range with a Compa-ratio of 92%. To arrive at the starting rate of pay, the pay range midpoint is multiplied by the Compa-ratio ( $\$17.25 \times .92 = \$15.87$ ).

In another example, a new employee with 11 years of job-related experience hired into the following exempt pay range would have a starting rate of \$23.98.

| GRADE       | MIN     | MID     | MAX     |
|-------------|---------|---------|---------|
| Exempt (EX) | \$19.85 | \$25.79 | \$31.72 |

From the table for exempt jobs, 11 years of job-related experience places the employee in their pay range with a Compa-ratio of 93%. To arrive at the starting rate of pay, the pay range midpoint is multiplied by the Compa-ratio ( $\$25.79 \times .93 = \$23.98$ ).

Please note that for candidates with years of experience not shown on the above tables, each additional year of experience yields an additional percentage over a pay range's midpoint. For example, a new employee with 27 years of job-related experience hired into the following exempt pay range would have a starting rate of \$28.11.

| GRADE | MIN | MID | MAX |
|-------|-----|-----|-----|
|-------|-----|-----|-----|

|             |         |         |         |
|-------------|---------|---------|---------|
| Exempt (EX) | \$19.85 | \$25.79 | \$31.72 |
|-------------|---------|---------|---------|

From the table for exempt jobs, 27 years of job-related experience places the employee in their pay range with a Compa-ratio of 109% (18 years of experience yields 100% (or the midpoint of the pay range) and nine additional years with another 1% over the midpoint for each year of experience yields a Compa-ratio of 109%). To arrive at the starting rate of pay, the pay range midpoint is multiplied by the Compa-ratio ( $\$25.79 \times 1.09 = \$28.11$ ).

**6. Determining Promotional Increases:**

Placement of current employees being promoted into higher pay grades is based on the midpoint differentials between the employee's current and new job pay range, as well as the employee's Compa-ratio in their new pay range using their current (pre-promotion) rate of pay. The following tables illustrate the corresponding promotional increase available as determined by an employee's Compa-ratio in their new range using their current (pre-promotion) rate of pay. **The employee's promotional increase is most often either the percentage difference between the midpoints of their new and current pay ranges or as depicted in the table below, whichever is less.**

| Promotions in Non-Exempt Positions       |                      | Promotions in Exempt Positions           |                      |
|--|----------------------|--|----------------------|
| Compa-Ratio of Current Rate in New Range | Promotional Increase | Compa-Ratio of Current Rate in New Range | Promotional Increase |
| <70%                                     | 10%                  | <70%                                     | 15%                  |
| 70% - 79%                                | 8%                   | 70% - 79%                                | 13%                  |
| 80% - 89%                                | 6%                   | 80% - 89%                                | 11%                  |
| 90% - 99%                                | 5%                   | 90% - 99%                                | 9%                   |
| 100% - 109%                              | 4%                   | 100% - 109%                              | 7%                   |
| 110% - 119%                              | 3%                   | 110% - 119%                              | 5%                   |
| >119%                                    | 2%                   | >119%                                    | 3%                   |

For example, an employee currently earns \$16.50 in a job in the following pay range:

| GRADE           | MIN     | MID     | MAX     |                   |
|-----------------|---------|---------|---------|-------------------|
| Non-Exempt (NE) | \$13.89 | \$17.25 | \$20.62 | Current Pay-Grade |

and is being promoted in a job with the following pay range:

| GRADE           | MIN     | MID     | MAX     |               |
|-----------------|---------|---------|---------|---------------|
| Non-Exempt (NE) | \$15.34 | \$19.05 | \$22.77 | New Pay-Grade |

The employee's Compa-ratio in their new job is 87% their current (pre-promotion) rate of pay of \$16.50 divided by the midpoint of the new pay range ( $\$16.50/\$19.05 = 87\%$ ). Accordingly, the employee is eligible for a 6% promotion increase based on the above 'Promotions into Non-Exempt Jobs' table. The midpoint difference between the pay grades is actually 10% ( $\$19.05/\$17.25 = 110\%$ ), and the promotional increase is the lesser of the two. Therefore the employee will receive a 6% promotion increase with the rate of \$17.49 ( $\$16.50 \times 1.06 = \$17.49$ ).



In another example, an employee currently earns \$16.05 in a job in the following pay range:

| GRADE           | MIN     | MID     | MAX     |                   |
|-----------------|---------|---------|---------|-------------------|
| Non-Exempt (NE) | \$15.18 | \$18.87 | \$22.54 | Current Pay-Grade |

and is being promoted in a job with the following pay range:

| GRADE       | MIN     | MID     | MAX     |               |
|-------------|---------|---------|---------|---------------|
| Exempt (EX) | \$15.96 | \$20.72 | \$25.49 | New Pay-Grade |

The employee's Compa-ratio in their new job is 77% their current (pre-promotion) rate of pay of \$16.05 divided by the midpoint of the new pay range ( $\$16.05/\$20.72 = 77\%$ ). Accordingly, the employee is eligible for a 13% promotion increase based on the above 'Promotions into Exempt Jobs' table. The midpoint difference between the grades is actually 10% ( $\$20.72/\$18.87 = 110\%$ ). Therefore, the employee will receive a 10% promotion increase with the rate of \$17.66 ( $\$16.05 \times 1.10 = \$17.66$ ).

Employees bypassing several pay grades associated with a promotion and where the promotional increase calculation yields a rate below the new pay grade minimum may be approached as discussed in "Determining Starting Rates of Pay". **Employees are not typically allowed to pass through the Maximum of their pay range by way of a promotional or any other type of increase.**

**7. Transfers:**

Transfers from one position to another position within the same pay range, either in the employee's current department or another, will not be eligible for an increase.

**8. Movement Into Lower-Graded Positions:**

Rate of pay calculations for current employees being moved into lower pay grades for any reason is typically based on the midpoint difference between the employee's current and new position pay ranges or the employee's Compa-ratio in their new pay range using their current (higher pay grade) rate of pay – whichever yields the lower decrease. All efforts are made to maintain equity within a department when calculating movement into lower graded positions.

The following tables illustrate the corresponding pay rate decreases as determined by an employee's Compa-ratio in their new range using their current (higher pay grade) rate of pay. **The employee's rate of pay decrease will be either the percentage difference between the midpoints of their new and current pay ranges or as depicted in the table below, whichever is the lesser reduction.**

| <b>Movement into Lower-Graded Positions Chart</b> |                   |  |                   |
|---|-------------------|--|-------------------|
| <b>Movement in Non-Exempt Positions</b>           |                   | <b>Movement in Exempt Positions</b>      |                   |
| Compa-Ratio of Current Rate in New Range          | Pay-Rate Decrease | Compa-Ratio of Current Rate in New Range | Pay-Rate Decrease |
| <70%  | 2%                | <70%                                     | 3%                |
| 70% - 79%   | 3%                | 70% - 79%                                | 5%                |
| 80% - 89%   | 4%                | 80% - 89%                                | 7%                |
| 90% - 99%   | 5%                | 90% - 99%                                | 9%                |
| 100% - 109%                                       | 6%                | 100% - 109%                              | 11%               |
| 110% - 119%                                       | 8%                | 110% - 119%                              | 13%               |

|       |     |       |     |
|-------|-----|-------|-----|
| >119% | 10% | >119% | 15% |
|-------|-----|-------|-----|

For example, an employee currently earns \$30.57 (\$63,586 annualized) in the following pay range:

| GRADE       | MIN   | MID   | MAX   |                   |
|-------------|-------|-------|-------|-------------------|
| Exempt (EX) | 27.03 | 35.11 | 43.19 | Current Pay Grade |

and is moving into the following lower graded position:

| GRADE       | MIN   | MID   | MAX   |                     |
|-------------|-------|-------|-------|---------------------|
| Exempt (EX) | 24.97 | 32.42 | 39.88 | New Lower Pay Grade |

The employees Compa-Ratio in their new position is 94% their current rate of pay of \$30.57 divided by the midpoint of the new pay range ( $\$30.57/32.40 = 94\%$ ). Therefore, the employee's pay would be decreased 9% according to the 'Movement in Exempt Positions' table. The midpoint difference between the pay grades is actually 8% ( $\$35.11/32.42 = 108\%$ ). Therefore, the employee will receive an 8% decrease for a rate of \$28.12 ( $\$30.57 \times .92 = \$28.12$  or  $\$30.57 \times .08 = \$2.45$  subtract \$2.45 from \$30.57 = \$28.12).

An employee whose base rate of pay exceeds the maximum of their new lower pay range will be "**red-circled**" regarding future increases. Employees who are "red-circled" will not receive base rate of pay increases of any nature (COLA, market or compression) until the pay range they are in "catches up to them" through the process of structure and/or market movement.

Please reference the Promotions and Transfer Policy for more information on these types of job changes.

#### 9. **Competitive Compensation Market Review**

At least annually RRMC job pay ranges are compared to those of similar jobs in our comparative local and national labor markets. Each year Human Resources participates in wage and salary surveys conducted by local and national Human Resource consulting firms. Using this aggregate wage and salary survey data RRMC's pay ranges and market pay for jobs are compared to determine if market adjustment is necessary to remain competitive. This survey process and pay range comparison may be conducted more frequently, as needed, for certain specialized, typically clinical and/or technical jobs. The competitive compensation market review does not focus on the individuals in the jobs being reviewed rather the job duties themselves.

Employees in jobs that are determined to be "below market" when compared to our competitive labor market may receive a **market adjustment** which is a one-time increase to their base rate of pay. This will typically also involve the employee's job being reassigned to a higher pay grade as a result of the competitive market review. **Employees will not be allowed to pass through the maximum of their assigned pay range as a result of receiving a market adjustment; nor will employees receive a lump sum payment for potential earnings in excess of their range maximum.**

Market adjustment of base rates of pay occurs in accordance with established RRMC budgets for the incremental expense. Therefore, market adjustments should never be perceived as mandatory, required or guaranteed.

#### 10. **Internal Equity Adjustments :**

In the same manner that RRMC strives to ensure equity to the external market, similar focus is given to internal equity among jobs and the incumbents in them. Human Resources looks at many options

including hiring decisions, adjustment of base rates of pay and/or reassignment of pay grades to correct and restore internal equity.

Internal equity adjustments should never be perceived as mandatory, required or guaranteed.

***Employees will not be allowed to pass through the maximum of their assigned pay range as a result of an internal equity adjustment; nor will employees receive a lump sum payment for potential earnings in excess of their range maximum.***

11. **Cost of Living Adjustment (COLA):**

Cost of living adjustments are generally considered on an annual basis and are separate from market, internal equity or promotional increases. In addition, cost of living adjustment of base rates of pay occurs in accordance with established RRMC budgets for the incremental expense. Therefore, cost of living adjustment should never be perceived as mandatory, required or guaranteed. ***Employees will not be allowed to pass through the maximum of their assigned pay range as a result of receiving a COLA increase; however employees can receive a lump sum "COLA" payment for earnings in excess of their range maximum.***

## RELATED POLICIES AND FORMS

Shift Differential Policy

Overtime Policy

Meal Period and Break Time Policy

Promotions and Transfers Policy

Leader Evaluation Manager (LEM)

Rewards and Recognition Program

Retirement Savings Plan Summary Plan Document

Payroll Authorizations

Wage and Hour Policy

## REFERENCES

Fair Labor Standards Act of 1938: <https://www.dol.gov/whd/regs/statutes/fairlaborstandact.pdf>

### DISCLAIMER

This policy may be altered or modified at any time as required. Where union contract language differs from this policy, the contract language will take precedence. Nothing in the RRMC Compensation Policy should be construed as a contract of employment between RRMC and an employee.

### Attachments:

No Attachments

## **EXHIBIT E**

### **Employed Physician Compensation and Benefits**



## Rutland Regional Medical Center

**Origination:** 2/9/2015  
**Effective:** 2/15/2019  
**Last Revised:** 2/15/2019  
**Owner:** JOHN WALLACE: GENERAL  
 COUNSEL CHIEF COMP  
 OFF  
**Area:** Compliance, Risk and Legal  
 Services  
**Reference Groups:** Admin Manual

# Employed Physician Compensation and Benefits

## A. SCOPE

Employed Physicians

Administration

Departments with Employed Physicians

Finance and Human Resources

## B. PURPOSE

To provide a framework for consistency regarding physician compensation, and ensure compliance with the Stark, Anti-Kickback, and tax laws.

## C. POLICY

1. All employment contracts with physicians, for clinical and/or administrative services must be in writing, signed by the parties and be consistent with this policy unless an exception to this policy has been authorized by the physician's Vice President. All payments to employed physicians for such services must be supported by a written contract.
2. The amounts paid to physicians under an employment contract shall be no greater than the Fair Market Value for the services provided, shall not be based upon the value or volume of referrals or any referral relationship between the physicians and RRMCMC, and shall be commercially reasonable even if no referrals were made to the employer by the physician. Fair Market Value shall be based on an assessment performed in accordance with the Employed Physician Contracting Procedure.
3. *Medical Directorships* – Physicians may be compensated for medical director services provided that there is a business and clinical need for administrative services, a written contract for such services specifying the duties and responsibilities, and the physician obtains a satisfactory performance evaluation and completes necessary documentation of time and effort to support cost reporting requirements. RRMCMC may not make payments for medical director services unless the applicable department leader approves and signs the documentation of time and effort that is required by the department.
4. *Methods of Compensation* The method of compensation of employed physicians with RRMCMC may vary based on department and may be based on a fixed salary, shift pay, or minimum annual salary with a productivity incentive bonus basis.

5. *Productivity Requirement* - Certain physicians may be compensated on a minimum annual base salary with a productivity incentive compensation component where it is feasible and furthers organizational goals.
  - a. Compensation based on productivity may only be based upon services that are personally performed by the employed physician.
  - b. Physicians earn productivity compensation based on Work RVU's (WRVUs) that are personally performed by the physician. Physicians earn productivity compensation when their level of productivity exceeds the annual production level of established WRVUs, indicated in Schedule A of their employment contract.
  - c. *WRVU calculation* - WRVUs are calculated on a monthly basis. The source of the WRVU value is the Medicare Physician Fee Schedule (MPFS) unless the procedure/CPT code is not included in the MPFS. The source of the WRVU value for the fiscal year (October 1-September 30) is the MPFS that is effective on January 1 of each year prior to October 1.
    - i. *New agreements* - Where the commencement date of the employment contract is before October 1, the source of the WRVU value will be the MPFS that was in effect as of the prior October 1 until the next October 1. The Finance Department calculates productivity compensation on a fiscal year basis so if the commencement dates of the employment contract is after October 1, the annual base WRVU level will be prorated for the remaining period of the fiscal year.
6. *Productivity Compensation Settlement* – A physician can elect to receive an annual settlement payment or quarterly payments for the productivity component. The settlement method should be specified in the employment contract. If not, productivity compensation will be settled annually. Electing quarterly payments involves the risk that physician may owe sums back to RRMCA.*Annual Compensation*
  - a. *Settlement Payments* – The Finance Department is responsible for calculating productivity compensation within 45 days of the end of each fiscal year. The Finance Department will make the annual settlement payment to the physician, if any, in the pay period following the completion of the calculation. .
  - b. *Quarterly Compensation Settlement Payments* - The Finance Department is responsible for calculating productivity compensation within 45 days of the end of each fiscal quarter. The compensation is based on the physician's contracted salary, as well as their WRVU production. If WRVUs produced exceed the targeted amount for their given period, a settlement will be made to the physician during the following pay period. The acceptance of quarterly payments involve a risk that the physician may owe sums back to RRMCA at fiscal year end, and in accepting the quarterly payments the physician agrees to reimburse RRMCA for such overpayment amounts. If the physician is still employed by RRMCA, RRMCA will recoup the overpayments on a pro rata basis from the next succeeding four (4) bi-weekly paychecks. If the physician is no longer employed by RRMCA, the physician shall pay RRMCA the difference within thirty (30) days of the notification to the physician of the amount due from physician.
7. *Calculation for Compensation for Legal Work Services* - Physicians may on occasion perform independent medical exams and other legal work ("Legal Work Services") for RRMCA. Legal Work Services are not included in the process for calculating surrogate Work RVU values. To compensate for independent medical exams and other legal work personally provided by physicians for RRMCA, physicians will be credited 1.5 WRVU's per \$100.00 if the Legal Work Services are provided without a patient encounter that occurs within a RRMCA facility and 1 wRVU per \$100.00 if the physician Legal Work

Services involves a patient encounter within a RPMC facility. The payment conversion factor for the Legal Work Services shall be physician's tier 1 conversion factor in their employment contract to earn incentive compensation for WRVUs over the annual production level. If physician has more than one tier for conversion factors, the tier 1 conversion factor will be used as the conversion factor for the Legal Work Services. To be compensated for Legal Work Services, the provision of such services must be approved in writing by the Vice President leader of the department at RPMC in which physician provides medical services.

8. *Compensation Cap* - Each physician's final annual total compensation for clinical and administrative services from all RPMC sources may not exceed the 90<sup>th</sup> percentile for the physician's specialty as published in the MGMA Physician Compensation Survey that was available as of the start of the fiscal year being measured. In exceptional circumstances, a physician's total compensation may exceed the 90<sup>th</sup> percentile if the organization has obtained a letter or opinion from a qualified third party, which states that the total compensation does not exceed fair market value.
9. *Surrogate WRVUs* – CPT codes with no published WRVU value will qualify for a Surrogate WRVU as long as the service is personally performed by the physician, and RPMC will receive payment for the service.
  - a. If the CPT code had a published WRVU value in a different version of the Medicare Physician Fee Schedule, the surrogate value will be based on the most recent MPFS WRVU value.
  - b. If the CPT code does not have a value reported in the MPFS the Finance Department will calculate a system wide surrogate value based on the average Gross Revenue for the CPT divided by weighted conversion. The calculated surrogate value for a CPT will be the same across all departments ever where there are differences in the charge amounts.
  - c. Surrogate values are recalculated each fiscal year as of September 30, and prior year surrogate values are not carried over to the next fiscal year.
  - d. If during the fiscal year, a new service is assigned a CPT code with a published WRVU value in a different version of the Medicare Physician Fee Schedule, the service will no longer be subject to the surrogate WRVU process, and Physician will receive WRVU credit when the service is performed based on the published WRVU value, rather than at the fiscal year end reconciliation process with surrogate WRVUs.
10. *Modifiers* – WRVUs that are affected by modifiers are valued based on official guidelines for the use of the applicable modifiers.
  - a. *Bilateral Services reported with a 50 Modifier* – Bilateral services are procedures that are performed on both sides of the body during the same session or on the same day. For CPT codes that are reported with a modifier 50 (bilateral), the physician is credited for both procedures in that the physician is credited 100 percent of the WRVU value for the first unit, and 50 percent for the second unit for a total of 150 percent of WRVUs for the procedures regardless of whether the payer requires that the bilateral procedures be reported on a single-line or two-lines.

| <b>Example: WRVU Credit for Bilateral Procedures Reported with 50 Modifier</b> |       |                                    |                             |
|--|-------|------------------------------------|-----------------------------|
| Single-Line Reporting (Medicare/Medicaid) joint injection                      |       |                                    |                             |
| CPT Code   | Units | WRVU                               | Payment                     |
| 20610-50   | 1     | $(0.79)+(0.79 \times .50) = 1.185$ | $($46)+(46 \times .50)=$69$ |
| Two-Line Reporting   |       |                                    |                             |

|          |   |                             |                            |
|----------|---|-----------------------------|----------------------------|
| 20610    | 1 | .79                         | \$46                       |
| 20610-50 | 1 | $(0.79 \times .50) = 0.395$ | $(\$46 \times .50) = \$23$ |

- b. *Multiple Procedures subject to a 51 Modifier payment reduction* – Some procedures when performed during that same session are subject to a multiple procedure payment reduction. Multiple procedures are listed in ranked RVU order with the highest weighted procedure listed first. The Modifier 51 multiple procedure payment reduction applies to the second-listed and applicable subsequent procedures.

| <b>Example: WRVU Credit for Multiple Procedures Reported with 51 Modifier</b> |       |                             |                                   |
|---|-------|-----------------------------|-----------------------------------|
| Single-Line Reporting (Medicare/Medicaid) joint Injection                     |       |                             |                                   |
| CPT Code  | Units | WRVU                        | Payment                           |
| 20610   | 1     | 0.79                        | \$47.20                           |
| 20605-51  | 1     | $(0.68 \times 0.50) = 0.34$ | $(\$37.15 \times 0.50) = \$18.57$ |
| 20605-51  | 1     | $(0.68 \times 0.50) = 0.34$ | $(\$37.15 \times 0.50) = \$18.57$ |

- c. *Assistant at surgery services reported with a Modifier 80 or 81* – For services that are eligible for assistant at surgery reimbursement when reported with a Modifier 80 (assistant at surgery), and Modifier 81 (minimal assistant at surgery) the assisting is be credited with 25 percent of the WRVU value. The bilateral and multiple procedure reductions apply the proportionally the same way as they would for the primary surgeon.

| <b>Example: WRVU Credit for Assistant at surgery services reported with Modifier 80 or 81 (low back disk surgery)</b> |       |                               |          |
|---|-------|-------------------------------|----------|
| CPT Code  | Units | WRVU                          | Payment  |
| 63030   | 1     | 13.18                         | \$965.77 |
| 63030-80  | 1     | $(13.18 \times 0.25) = 3.295$ |          |

- d. CPT codes that are reported with a Professional Component (PC) modifier are given WRVU credit. There is no WRVU credit for CPT codes that are reported with Technical Component (TC) modifier because they involve a hospital technical service as opposed to a physician professional service.
11. *Supervision* – Physicians may be compensated for reasonable clinical supervision of Advance Practice Providers, other clinical staff, and/or relevant hospital services, provided that the compensation for supervision is allowed under the law and is consistent with Fair Market Value for the supervision, which may be compensated at a set hourly, monthly, or other unit based rate.
12. *Healthcare Reform Transition Process* – This physician compensation policy is intended to be aligned with the current healthcare reimbursement systems. Future changes in reimbursement systems may necessitate changing compensation methods to adapt to new reimbursement models such as global budgets, bundled payments, and/or population based payment.
- a. *One –Year Transition Period* – RRMC may initiate a transition period for a change in compensation method for an individual specialty or department by providing the affected physicians written notice of the need to change the compensation method. In such an event, RRMC and the physician will have one hundred and eighty (180) days to reach an agreement on changes to the compensation method. If RRMC and any physician are not able to reach an agreement within the one hundred and eighty (180) day period, either party may terminate the employment contract with an additional one hundred and eighty (180) day notice period by providing written notice of intent to terminate the employment



contract. Thus, the duration of the transition period that results in a termination of the employment contract is a 360 day period from the start of the process, unless the parties agree otherwise in writing.

13. *Fringe Benefits* - Physicians are eligible to participate in all RRMC physician fringe benefit plans upon meeting requirements for participation. The Fringe Benefits are as set forth in the RRMC *Physician Summary of Benefits* as maintained by the Human Resources Department and change from time to time. RRMC has the right at any time to amend, modify or terminate any of these benefits. Changes in benefits are made to all members of an employee class and changes are not made to individual employees. Nothing in this policy obligates RRMC to put into effect any plans or benefits not presently in existence, to continue in effect any plan or benefit currently in existence, or to provide special benefits to physicians.
14. *Professional Fees, Dues and Education Expenses* – RRMC shall pay (1) physician's Vermont (and New York, if applicable) medical license fee(s); (2) DEA registration fee(s); (3) RRMC Medical Staff dues; (4) membership fees for up to three professional medical societies or academies, and the Vermont Medical Society; (5) the application and testing fees for board recertification; and (6) if the physician is at least a 0.50 FTE employee of RRMC, annual CME costs of up to \$6,000. A physician department's Vice President may authorize additional education expenses where it is necessary to further the needs of the business unit, department, or organization. Such additional authorization must be in writing.
  - a. *CME Payments* - Physicians may use the annual CME allowance to maintain and improve their administrative and clinical skills. CME funds may be used for professional books, journals, and other educational materials, courses and where applicable associated travel costs. CME funds may not be used for electronic devices or hardware or for non-CME expenses. CME expenditures are accrued on the date of receipt and not the date that they are ordered so that the physician must receive the education materials or participate in the conferences by the end of the RRMC fiscal year in order to be recorded as part of that year's CME expense.
  - b. *CME Related Travel* – CME related travel expenses are subject to advance approval in accordance with the RRMC Travel Requisition policy. CME expenses may not be reimbursed without receipts.
  - c. Annual CME amount does not carry over year to year. Any unused CME allowance is forfeited at the end of each RRMC fiscal year. Annual CME allowance is prorated based on employed physician commencement date
15. *Department Coverage* - Physicians are required to work the amount of time that is necessary to perform the clinical and administrative duties as set forth in their employment contract. The physician's department schedules vacation and holiday time off in a manner that ensures that there is sufficient coverage in the department for patient care, call coverage and to ensure adequate time to perform clinical and administrative duties.
16. *Disability* - If a physician becomes disabled as a result of injury or sickness and becomes unable to attend full-time to the material and substantial duties of the job as described in their employment contract, physician's compensation will be as described below. For the purposes of this provision, material and substantial duties means responsibilities that are normally required to perform the job as described in their employment contract and cannot be reasonably eliminated or modified.
  - a. *Short term disability* – Short term disability compensation is paid pro rata based on the length of the period of the disability, until the earlier of one hundred eighty (180) days from the start date of the disability, or termination of the disability, after which the physician will no longer be entitled to disability benefits based upon regular compensation under physician's employment contract.
    - i. Short term disability compensation is calculated based on the total cash compensation that

RRMC paid to the physician pursuant to physician's employment contract in the four (4) previously completed quarters.

- ii. In the event that a physician has been employed by RRMC for less than four (4) complete quarters, the calculation will be based on the physician's base salary as set forth in the physician's employment contract.
- iii. The short-term disability benefit is comprised of (1) all compensation payments that the physician receives in their bi-weekly paycheck while they are out-of-work for up to one hundred eighty (180) days; and (2) any additional payments the physician receives pursuant to the calculations described in sections 16.1.1 and 16.1.2.

b. *Long Term Disability* – After the expiration of short term disability period, physician will no longer be compensated under physician's employment agreement, and the RRMC Long Term Disability Program, will govern, if physician elected to participate in the RRMC Long Term Disability Program. If a physician does not elect to participate in the RRMC Long Term Disability Program, no benefits shall be payable to physician under that program or the employment contract. For purposes of this provision, RRMC Long Term Disability Program means the long term disability plan/policy that RRMC has in place at the time of the disability that physician would be eligible for benefits under. Meaning and intending that for long term disability, the terms of the plan policy will govern any benefits due to physician and how physician is compensated, not physician's employment contract. Physician must meet the terms of the RRMC Long Term Disability Program for benefits paid under it.

17. *Paid Sick Leave* –The Vermont Paid Sick Leave law provides standards for employees to take time off from work for certain covered events. Compensation for paid sick time is included within the compensation described in each the physician's employment contract. Physicians employed by RRMC are compensated by different methods of compensation, generally either by (i) fixed salary, (ii) minimum annual salary with a productivity incentive bonus, or (iii) shift pay.

a. *Physician Employment Contracts with Combined or Earned Time Off provided for in the contract* -

For physician employment contracts that include Combined or Earned Time Off provision in the contract, RRMC already provides *Combined/Earned Time Off* ("CTO") that includes and can be used for time away from work as required by the Vermont Paid Sick Leave law. It is the physician's responsibility to monitor, use and retain sufficient CTO to use as paid sick leave when and if necessary during the course of the year. CTO in the employment contracts includes the paid sick time for the year.

b. *Physician Employment Contracts with Productivity Based Compensation* - Physician employment contracts that include productivity based compensation do not place specific requirements on a physician's days at work so long as physician fulfills the duties of the contract, and therefore the physician is afforded time away from work that meets or exceeds the paid sick time required by Vermont law.

c. *Physician Employment Contracts with Shift Based Compensation* – Shift based physician employment contracts that do not include specific provision for Combined or Earned Time off provide for a specific number of shifts to be worked annually for the annual base salary. The physician participates in forming a schedule that meets the requirements of the contract and the physician's time away from work. The number of shifts required for the annual base salary includes earned time off and therefore the physician is afforded time away from work that meets or exceeds the paid sick time required by Vermont law.

d. *Paid Sick Leave* - It is the physician's responsibility to monitor and use sufficient time as needed for

purposes of paid sick leave when and if necessary during the course of the year.

- i. RRMC will work with physicians when a physician needs time off from already scheduled coverage because of unanticipated needs that would otherwise qualify for paid sick time. Physicians are not responsible for finding a replacement for an absence associated with sick time and are not responsible for making up for missed time.
  - ii. Physicians should make reasonable efforts to avoid scheduling routine or preventive health care during regularly scheduled hours.
  - iii. *Notice* - Physicians will provide reasonable notice to their department leader before using sick time and where possible provide the estimated duration of their absence.
- e. *Paid sick time covered events* - The following are examples of events that would qualify for paid sick time: (1) physician's own illness or injury, (2) obtaining professional diagnostic, preventive, routine, or therapeutic health care, (3) caring for a sick or injured parent, grandparent, spouse, child, brother, sister, parent-in-law, grandchild, or foster child, including helping that individual obtain diagnostic, preventive, routine, or therapeutic health treatment, or accompanying your parent, grandparent, spouse or parent-in-law to an appointment related to his/her long-term care, (4) arranging for social or legal services or obtaining medical care or counseling for your own or your parent, grandparent, spouse, child, brother, sister, parent-in-law, grandchild, or foster child, who is a victim of domestic violence, sexual assault, or stalking or who is relocating as the result of domestic violence, sexual assault, or stalking

## D. DEFINITIONS

N/A

## E. PROCEDURE

N/A

## RELATED POLICIES AND FORMS

N/A

## REFERENCES

N/A

### Attachments:

No Attachments

### Approval Signatures

**Approver**

**Date**

John Wallace: GENERAL COUNSEL CHIEF COMP OFF

2/15/2019