

BAPTIST HEALTH SYSTEM, INC.

Community Benefit Report
Year ended December 31, 2013

BAPTIST HEALTH SYSTEM, INC.

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Community Benefit Report Year ended December 31, 2013

	Princeton Baptist	Shelby Baptist	Walker Baptist	Citizens Baptist	2013 Total	2012 Total
Charity Care:						
Charity Care, at cost	\$ 10,286,855	\$ 2,623,879	\$ 1,518,578	\$ 210,538	\$ 14,639,852	\$ 14,021,309
Government-Sponsored Health Care	<u>9,313,191</u>	<u>6,756,479</u>	<u>2,530,218</u>	<u>(168,980)</u>	<u>18,430,907</u>	<u>25,033,795</u>
Total Charity Care	<u>19,600,046</u>	<u>9,380,358</u>	<u>4,048,796</u>	<u>41,558</u>	<u>33,070,759</u>	<u>39,055,104</u>
% of Total Operating Expense	9.64%	6.36%	4.58%	0.12%	6.71%	8.22%
Other Benefits:						
Community Health Improvement Services	190,446	131,706	97,084	31,881	451,117	541,055
Health Professions Education	3,394,942	217,596	279,907	1,800	3,894,245	3,823,350
Financial and In-kind Contributions to Other Community Groups	66,343	260,536	45,518	19,401	391,798	516,453
Community Building Activities	2,472	20,226	24,208	17,084	63,990	62,357
Community Benefit Operations	<u>2,446</u>	<u>2,569</u>	<u>2,440</u>	<u>1,929</u>	<u>9,384</u>	<u>8,174</u>
Total Other Benefits	<u>3,656,649</u>	<u>632,633</u>	<u>449,157</u>	<u>72,095</u>	<u>4,810,534</u>	<u>4,951,389</u>
Total Community Benefit	<u>\$ 23,256,695</u>	<u>\$ 10,012,991</u>	<u>\$ 4,497,953</u>	<u>\$ 113,653</u>	<u>\$ 37,881,293</u>	<u>\$ 44,006,493</u>
% of Total Operating Expense	11.44%	6.78%	5.09%	0.33%	7.67%	9.26%

BAPTIST HEALTH SYSTEM, INC.

SCHEDULE A

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General

Baptist Health System, Inc., (the “System”) continues to respond to community needs with programs and services that increase access to health care and improve the health of our community. Effective in 2009, the Internal Revenue Service (the “IRS”) introduced reporting requirements for tax-exempt hospitals in the revised Form 990, Return of Organization Exempt from Income Tax, asking important questions about the community benefits provided, charity care and other information related to how we serve our communities. The cost related to Charity Care and Government Sponsored Healthcare was calculated using worksheets provided by the Internal Revenue Service in the 2013 Form 990, Schedule H instructions. The System collected information to quantify and assess its community benefit for Other Benefits for the year ended December 31, 2013 using the 2012 edition of *A Guide for Planning and Reporting Community Benefit* (“Guide”), published by the Catholic Health Association of the United States (“CHA”). The 2012 edition incorporates the IRS reporting and accounting requirements and the expertise of community benefit leaders in the field to determine appropriate costs of the reportable programs and services. These guidelines were reviewed with System personnel to determine appropriate methods to quantify applicable costs. The data were then aggregated and reported using the community benefit categories prescribed by the Guide.

Charity Care

Charity care represents the cost of providing free or discounted health services to indigent patients who meet certain criteria in the System’s financial assistance policy. This includes Medicaid Charity, which is the cost of providing care to patients covered by Medicaid who have exhausted the benefits provided by the Medicaid program. Charity care does not include bad debt expense. Charity care is calculated based on a cost to charge ratio.

Government-Sponsored HealthCare

Government-sponsored health care represents the unpaid costs of treating patients covered by the Alabama Medicaid program. The shortfall is calculated as the excess of the total costs for providing care to Medicaid recipients less the net revenues received from the Medicaid program. As described above, the System records services provided to Medicaid recipients after annual benefits are exhausted as charity care. These amounts have therefore been excluded from government-sponsored health care.

Community Health Improvement Services

Community Health Improvement Services is the unreimbursed cost of providing, funding, or otherwise financially supporting educational benefits, services and programs for patients and the

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community at large; including community health education through informational programs, publications and outreach activities in response to community needs.

The System has identified the following community benefits that meet the definition of community health improvement services:

- A. Community Health Education such as speaking engagements, workshops, public service announcements, newsletters, health fairs, support groups, self-help programs, and pastoral care programs;
- B. Community-Based Clinical Services such as health screenings, clinics for underinsured/uninsured and one-time or occasionally held clinics;
- C. Health Care Support Services such as blood drives, enrollment assistance in public programs (Medicaid), and case management of underinsured/uninsured patients that goes beyond routine discharge planning.

Costs in this area include items such as staff time, materials, and other costs. Staff time is calculated using the number of hours employees provided for the events multiplied by an average hourly rate based on the type of employees providing the service and an employee benefit factor. Materials are valued at cost. Other costs consist primarily of estimated costs for meeting room space, travel expenses, postage, and advertising for community events. Travel expenses principally include mileage calculated using the federal mileage reimbursement rate. Meeting room space is calculated by multiplying the hourly market value for such space, as compared to other non-System facilities, by the number of hours used.

Health Professions Education

Health Professions Education is the unreimbursed cost of providing, funding, or otherwise financially supporting educational benefits, services, programs and research activities. This includes education for medical professionals and other health care providers, scholarships, and funding to medical schools, colleges and universities.

The System has identified the following activities that meet the definition of community education and outreach:

- A. Physician/Medical Student Education Programs,
- B. Nursing/Nursing Student Education Programs,
- C. Other Health Professions Education Programs,
- D. Scholarship/Funding for Professional Education.

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Costs in this area include primarily staff time. Staff time is calculated using the number of hours employees provided multiplied by an average hourly rate based on the type of employees providing the service and an employee benefit factor. Additionally, physician/medical student education program costs reported by Baptist Princeton include the excess of expenses over revenues for operating the Graduate Medical Education Program, reduced by Graduate Medical Education reimbursement received from Medicare.

Cash and In-kind Contributions to Other Community Groups

Cash and In-kind Contributions to Other Community Groups is the cost of providing support to local non-profit agencies serving the needs of the System's communities, including the cost of System-sponsored volunteer activities.

The System has identified the following activities that meet the definition of partnering with community organizations:

- A. Cash Donations;
- B. In-Kind Donations such as employee costs associated with health related and other community boards or groups, donating meeting room space for not-for-profit organizations and other community organizations, donating equipment and medical supplies, providing emergency medical care at community events, and coordinating community events not sponsored by the System.

Costs in this area include items such as cash donations, materials, food, staff time and costs of meeting room space provided to the community. Materials and food are valued at cost. Staff time is calculated using the number of hours employees provided multiplied by an average hourly rate based on the type of employees providing the service and an employee benefit factor. Meeting room space is calculated by multiplying the hourly market value of such space, as compared to other local non-System facilities, by the hours donated.

Community-Building Activities

Community-building activities include programs that address the root causes of health problems, such as poverty, homelessness, and environmental problems. These activities support community assets by offering the expertise and resources of the health care organization. This includes involvement in physical improvements and housing such as Habitat for Humanity, economic development by participation in various chambers of commerce, leadership development and training for community members and workforce development such as school-based programs on health care careers.

BAPTIST HEALTH SYSTEM, INC.**SCHEDULE A**
December 31, 2013**Community Benefit Operations**

Community Benefit Operations include staff time and other costs associated with community health needs as well as other costs associated with community benefit strategy and operations. All costs reported represent amounts expended to accumulate, summarize, report, and publicize the community benefits for the System.