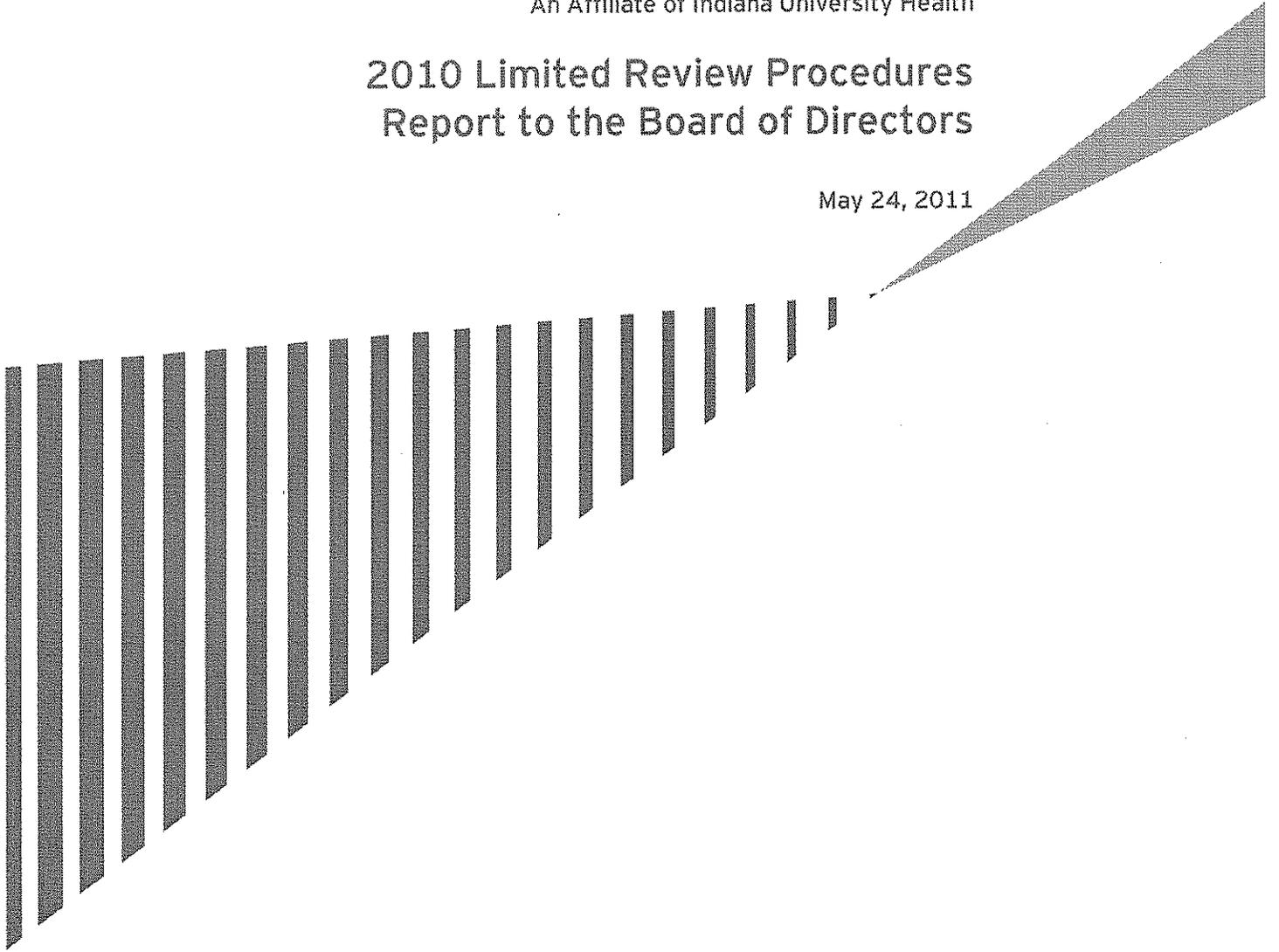


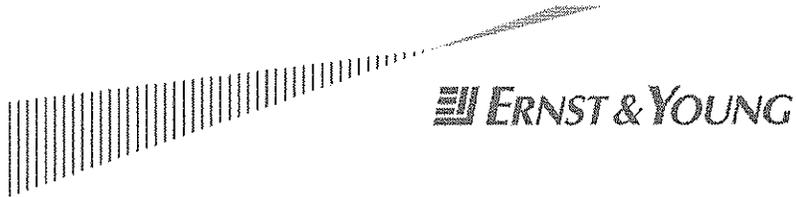
Indiana University Health Bedford Hospital

An Affiliate of Indiana University Health

2010 Limited Review Procedures Report to the Board of Directors

May 24, 2011





Ernst & Young LLP

111 Monument Circle
P.O. Box 44972
Indianapolis, Indiana 46204-2094

Tel: +1 317 681 7000

www.ey.com

The Board of Directors
Indiana University Health Bedford Hospital

Dear Members of the Board of Directors:

We are pleased to present the results of our limited scope procedures on the 2010 Indiana University Health Bedford Hospital financial statements.

This Report to the Board of Directors summarizes the scope of our engagement and the results of our procedures. The document also contains the Audit Committee communications required by our professional standards.

Limited scope procedures were performed to support our audit opinion on the consolidated financial statements of Indiana University Health (IU Health) and, accordingly, included an assessment of risks that could materially affect IU Health's consolidated financial statements.

This report is intended solely for the information and use of the Board of Directors and management, and is not intended to be and should not be used by anyone other than these specified parties.

We appreciate this opportunity to meet with you to discuss the contents of this report and answer any questions you may have about these or any other audit related matters. If you have any questions or comments prior to our meeting, please feel free to contact Randy Koning at (314) 290-1151 or Nate Brames at (317) 681-7608.

Ernst & Young LLP

2010 limited review procedures

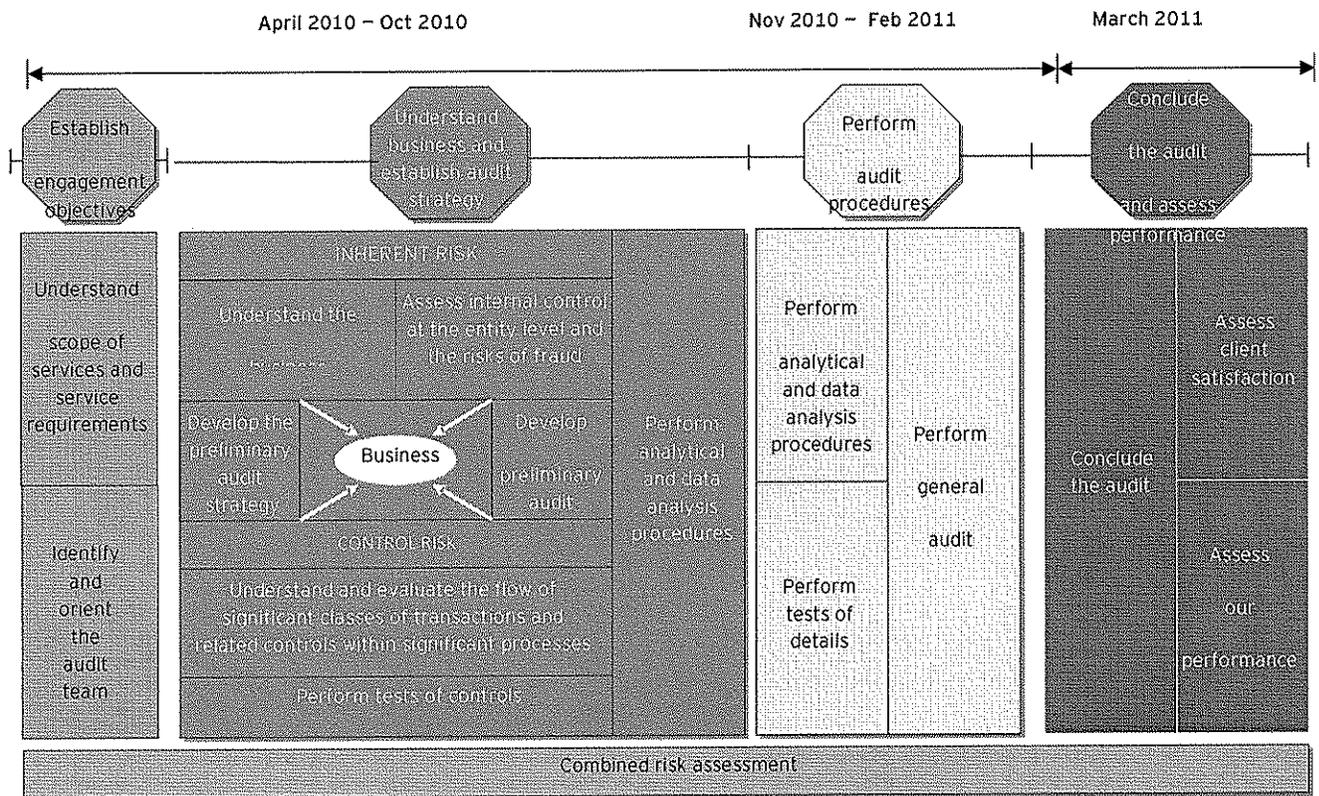
Contents

| | |
|--|----|
| Audit methodology..... | 3 |
| Your Ernst & Young team | 4 |
| Audit scope..... | 5 |
| Fraud considerations and the risk of management override | 6 |
| Required communications..... | 7 |
| Key analytical relationships | 10 |
| Appendix A – Consolidated scope rotation..... | |

2010 limited review procedures

Audit methodology

The Ernst & Young audit approach



2010 limited review procedures

Your Ernst & Young team

Our service philosophy includes putting forth experienced teams distinguished by relevant credentials. The enthusiasm and commitment of the team members results in responsive, innovative, and high-quality service. Your engagement team is as follows:

| Name | Role | Years of experience | Phone | Email address |
|----------------|--------------------------------------|---------------------|-----------------|--|
| Randy Koning | Coordinating partner | 18 | +1 314 290 1151 | randy.koning@ey.com |
| JoEllen Helmer | Independent review partner | 18 | +1 312 879 5262 | joellen.helmer@ey.com |
| Michael Porter | Technology and risk services partner | 18 | +1 317 681 7223 | michael.porter@ey.com |
| Lucille White | Tax partner | 26 | +1 312 879 2670 | lucille.white@ey.com |
| Nate Brames | Audit senior manager | 12 | +1 317 681 7608 | nathan.brames@ey.com |
| Lindsey Roe | Audit manager | 8 | +1 317 681 7236 | lindsey.roe@ey.com |

2010 limited review procedures

Audit scope

We were engaged to audit the consolidated financial statements of Indiana University Health and subsidiaries as of and for the year ended December 31, 2010. We designed our procedures to allow us to issue a report on the IU Health consolidated financial statements. In certain circumstances, these audit procedures also extend to affiliates of IU Health. The scope of our 2010 consolidated audit included the performance of limited scope review procedures on the financial statements of Indiana University Health Bedford Hospital (Bedford Hospital). Our procedures were substantially less in scope than audit procedures required to issue an opinion on the financial statements of Bedford Hospital. As a result, no opinion has been, or will be, issued on any financial statements of Bedford Hospital.

The primary differences between the limited scope procedures performed and those performed in the other scopes available under the IU Health audit approach are as follows:

| Level | Type of procedures |
|----------------------------|--|
| Separate opinion | Perform procedures necessary to render our opinion on the entity's financial statements in accordance with auditing standards generally accepted in the United States. |
| Full scope (FS) | <p>Subject to the same types of procedures necessary to issue an audit opinion, including obtaining an understanding of internal control to determine the nature, timing and extent of procedures to be performed and tests of controls or substantive procedures to determine that significant account balances are not materially misstated at year-end. These procedures, however, are conducted at a materiality level sufficient to support the consolidated audit, not necessarily a separate opinion audit. Examples of full scope procedures include:</p> <ul style="list-style-type: none">» Gain an understanding of significant processes, including documentation and walkthroughs of transactions and tests of controls, where appropriate.» Substantive testing of account balances, including vouching of transactions to source documents and obtaining direct confirmation of account balances.» Testing of significant management judgments and estimates, including tests of underlying data and hindsight review of prior year estimates, where appropriate. |
| Specific scope (SS) | Subject to comparative analytical review with prior balances and discussions with management, supplemented by selected full scope testing of certain higher-risk accounts. See below for specific areas tested. |
| Limited scope (LS) | Subject to comparative analytical review with prior balances and discussions with management, supplemented by additional analytical reviews of certain higher-risk accounts. See below for specific areas. |

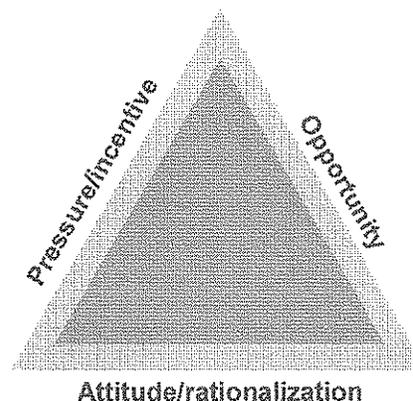
2010 limited review procedures

Fraud considerations and the risk of management override

We are responsible for planning and performing the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether caused by error or by fraud (Statement on Auditing Standards (SAS) No. 99, *Consideration of Fraud in a Financial Statement Audit*).

Our audit procedures considered the requirements of SAS No. 99: brainstorming; gathering information to facilitate the identification of and response to fraud risks; and performing mandatory procedures to address the risk of management override (including examining journal entries, reviewing accounting estimates and evaluating business rationale of significant unusual transactions).

- ▶ We evaluated the risk of management override using the fraud triangle and considered the actions management has taken to respond to those risks.
- ▶ We considered, among other things:
 - ▶ Code of conduct/ethics
 - ▶ Effective and independent oversight by the Board of Directors
 - ▶ Process for dealing with whistle-blower allegations
 - ▶ Internal audit activity
 - ▶ Entity's risk assessment processes
- ▶ Role and oversight responsibilities of the Board of Directors:
 - ▶ Management's assessment of the risks of fraud
 - ▶ Programs and controls to mitigate the risk of fraud
 - ▶ Process for monitoring multiple locations for fraud
 - ▶ Management communications of its views on business practices and ethical behavior to employees



Occupational Fraud and Abuse, by Joseph T. Wells, CPA, CFR
(Obsidian Publishing Co, 1997);
Fraud Examination, by W. Steve Albrecht (Thomson South-Western Publishing, 2003)

Our procedures, including inquiries of management and governance, did not disclose any matter which would result in a material misstatement caused by fraud.

2010 limited review procedures

Required communications

SAS No. 112 and No. 114 and other professional standards require the auditor to communicate certain matters to the Board of Directors that may assist the Committee in overseeing management's financial reporting and disclosure process. Below we summarize these required communications as they apply to Bedford Hospital.

| Area | Comments |
|--|---|
| <p>Auditors' responsibilities under generally accepted auditing standards (GAAS)</p> <p>The financial statements are the responsibility of management. Our audit was designed in accordance with auditing standards generally accepted in the United States to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatement. As a part of our audit, we obtained an understanding of internal control sufficient to plan our audit and to determine the nature, timing, and extent of testing performed. However, we were not engaged to and we did not perform an audit of internal control over financial reporting.</p> | <p>We have concluded that the 2010 consolidated financial statements of IU Health are fairly presented, in all material respects, in accordance with U.S. generally accepted accounting principles (GAAP). Accordingly, we issued an unqualified opinion on the consolidated financial statements of Indiana University Health and subsidiaries as of and for the years ended December 31, 2010 and 2009.</p> <p>In connection with our audit of the consolidated financial statements of IU Health, we performed limited scope procedures of Bedford Hospital as noted earlier. We were not engaged to form, and therefore, we did not form, an opinion on the financial statements of Bedford Hospital.</p> |
| <p>Critical accounting policies and practices</p> <p>We report all critical accounting policies and practices used by Bedford Regional Medical Center in preparing the financial statements and our assessment of the disclosure of such policies.</p> <p>The expectation is that the discussion of critical accounting estimates and the selection of initial accounting policies will include the reasons why estimates or policies are, or are not, considered critical, and how current and anticipated future events affect those determinations.</p> | <p>Based on our limited scope procedures, nothing came to our attention that would indicate that accounting policies and practices were not in conformity with industry requirements. IU Health management exercises reasonable analysis and assessment of policies deemed to be critical to the System.</p> |
| <p>Our judgments about the quality of accounting principles</p> <p>We discuss our judgments about the quality, not just the acceptability, of the accounting policies as applied in Bedford Regional Medical Center's financial reporting, including the consistency of the accounting policies and their application and the clarity and completeness of the financial statements and related disclosures.</p> | <p>Based on our limited scope procedures, nothing came to our attention that would indicate that accounting policies and practices were not in conformity with industry requirements.</p> |

2010 limited review procedures

| Area | Comments |
|---|---|
| <p>Sensitive accounting estimates</p> <p>The preparation of the financial statements requires the use of accounting estimates. Certain estimates are particularly sensitive due to their significance to the financial statements and the possibility that future events may differ significantly from management's current judgments.</p> <p>We determine that the Board of Directors is informed about management's process for formulating particularly sensitive accounting estimates and about the basis for our conclusions regarding the reasonableness of those estimates.</p> | <p>Based on our limited scope procedures, nothing came to our attention that would indicate that accounting policies and practices were not in conformity with industry requirements.</p> |
| <p>The adoption of, or a change in, an accounting principle</p> <p>We determine that the Board of Directors is informed about the initial selection of, and any changes in, significant accounting principles or their application when the accounting principle or its application, including alternative methods of applying the accounting principle, has a material effect on the financial statements.</p> | <p>We are not aware of any changes in significant accounting policies or their application during the year ended December 31, 2010 that impacted Bedford Hospital.</p> |
| <p>Methods of accounting for significant unusual transactions and for controversial or emerging areas</p> <p>We determine that the Board of Directors is informed about the methods used to account for significant unusual transactions and the effects of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.</p> | <p>We are not aware of any significant unusual transactions recorded by Bedford Hospital or of any significant accounting policies used by Bedford Hospital related to controversial or emerging areas for which there is a lack of authoritative guidance.</p> |
| <p>Significant audit adjustments</p> <p>We provide the Board of Directors with information about adjustments arising from the audit (whether recorded or not) that could in our judgment, either individually or in the aggregate, have a significant effect on Bedford Regional Medical Center's consolidated financial statements.</p> | <p>No audit adjustments were recorded.</p> |
| <p>Unrecorded audit differences considered by management to be immaterial</p> <p>We inform the Board of Directors about unrecorded audit differences accumulated by us (i.e., adjustments either identified by us or brought to our attention by management) during the current audit and pertaining to the latest period presented that were determined by management to be immaterial, both individually and in the aggregate, to the financial statements as a whole.</p> | <p>There were no unrecorded audit differences.</p> |

2010 limited review procedures

| Area | Comments |
|--|---|
| <p>Fraud and illegal acts</p> <p>We report to the Board of Directors fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the financial statements.</p> | <p>Management did not inform us of any fraud or illegal acts, nor did we become aware of any fraud or illegal acts while conducting our audit procedures.</p> |
| <p>Material weaknesses in internal control</p> <p>We are required to communicate all material weaknesses in internal control, which may have been identified during the course of our audit. In addition, professional standards require communicating other less significant deficiencies in internal controls and financial accounting and reporting.</p> | <p>Because a limited scope engagement consists primarily of analytical procedures and inquiries of management, no work is performed on understanding and evaluating significant processes or significant classes of transactions.</p> <p>However, based upon our limited scope procedures, nothing came to our attention that would indicate the presence of a material weakness in internal control.</p> |
| <p>Disagreements with management</p> | <p>There were no disagreements with management on financial accounting and reporting matters.</p> |
| <p>Serious difficulties encountered in dealing with management when performing the audit</p> | <p>None.</p> |
| <p>Major issues discussed with management in connection with initial or recurring retention</p> | <p>None.</p> |
| <p>Consultation with other accountants</p> | <p>We are not aware of any consultations by management with other accountants about significant accounting and reporting matters.</p> |
| <p>AICPA Ethics Ruling regarding third-party service providers</p> <p>AICPA Ethics Ruling No. 112 under Rule 102, "Integrity and Objectivity," requires that we inform clients whenever we use a third-party service provider in providing professional services to a client. The Rule has broadly defined "third-party service provider" to include an individual who is not employed by our U.S. firm. Accordingly, third-party service providers might include, but not be limited to, the following examples: non-U.S. personnel who work for Ernst & Young affiliate firms (e.g., Ernst & Young United Kingdom), non-U.S. personnel working in the United States on a foreign secondment, non-U.S. personnel working at Ernst & Young IT shared service centers.</p> | <p>We did not use a third-party service provider in providing professional audit services to Bedford Hospital in 2010.</p> |

2010 limited review procedures

Key analytical relationships

The following key relationships were reviewed, among others, as part of our limited scope review procedures:

| | 2010 | 2009 | Change | |
|--|----------------|----------------|--------------|--------|
| Gross Patient Revenue | \$ 136,768,815 | \$ 130,978,084 | \$ 5,790,731 | 4.0% |
| Less: Contractuals and Charity Care | (86,532,703) | (78,883,834) | (7,648,869) | 10.0 |
| Net Patient Revenue | \$ 50,236,112 | \$ 52,094,250 | (1,858,138) | (4.0) |
| Gross Patient Accounts Receivable | \$ 13,848,554 | \$ 14,148,723 | (300,169) | (2.0) |
| Less: Allowance for uncollectible accounts | (3,233,158) | (3,298,768) | 65,610 | (2.0) |
| Less: Contractual allowances | (4,932,696) | (5,802,591) | 869,895 | (15.0) |
| Net Patient Accounts Receivable | \$ 5,682,700 | \$ 5,047,364 | \$ 635,336 | 13.0% |

Observations:

Gross patient revenue was primarily impacted by the standard rate increase. This rate increase was offset by a slight decrease in admissions and patient days from prior year. Contractuals and charity care increased as a result of management's efforts to identify additional patients which qualify for charity care during 2010.

| | 2010 | 2009 | Change | |
|---------------------------------------|---------------|---------------|--------|------|
| Salaries and services expense | \$ 25,531,909 | \$ 24,789,976 | | |
| Full time equivalents (FTEs) at 12/31 | 421 | 425 | | |
| Salaries and wages per FTE | \$ 60,646 | \$ 58,329 | | 4.0% |

Observations:

The increase in salaries and wages per FTE is consistent with the increase noted across most other IU Health facilities due to a 3% gross wage increase implemented during 2010.

Indiana University Health, Inc.
Audit Scope Rotation

Several years ago we and IU Health co-developed a scope rotation plan that would provide for various levels of audit procedures at statewide and suburban affiliates on an alternating basis. This rotation plan was established in an effort to balance the most efficient approach to completing the consolidated audit with a recognition of the needs and desires of affiliates and their diverse stakeholders.

We executed on this agreed upon rotation plan for the 2010 audit, though in certain situations (e.g., debt compliance requirements) we subsequently completed standalone opinion audits for certain affiliates.

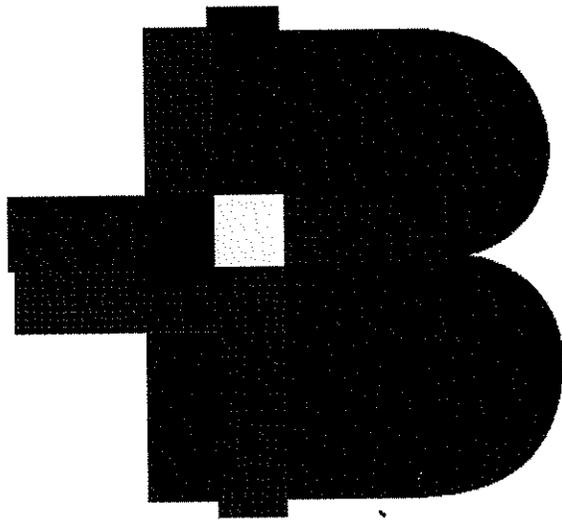
The 2011 scopes presented below represent a continuation of this scope rotation.

| Consolidated Methodist /IU/Riley Suburban Locations* | 2008 | | 2009 | | 2010 | | 2011 | | 2012 | | 2013 | | 2014 | |
|--|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| | Opinion | FS |
| North | FS | FS | Opinion | FS | SS | SS | FS | FS | SS | SS | SS | SS | FS | FS |
| West | SS | SS | FS | FS | SS | SS | SS | SS | FS | FS | SS | SS | SS | SS |
| Statewide: ** | | | | | | | | | | | | | | |
| Goshen | FS | FS | SS | SS | SS | SS | FS | FS | SS | SS | SS | SS | FS | FS |
| LaPorte | SS | SS | SS | SS | FS | FS | SS | SS | SS | SS | FS | FS | SS | SS |
| Arnett | SS | SS | SS | SS | FS | FS | SS | SS | FS | FS | SS | SS | SS | SS |
| Ball Memorial | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Bloomington | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Bedford | LS |
| Tipton | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Other | SS / LS |

* Historically: Opinion every three years, with SS and FS in the interim only to the extent of physician ownership. Consistent with the plan to convert or purchase the non-controlling interests in North and West they are being converted to the rotation schedule for statewide hospitals.

** Except as required for debt compliance purposes, statewide affiliates are FS every three years with SS in the interim. Bedford and Tipton are exceptions to this rule and receive LS procedures each year, except where debt agreements require separate opinions.

FS = Full Scope Audit (non-opinion)
SS = Specific Scope procedures
LS = Limited Scope procedures



**Bedford
Regional
Medical
Center**

**BEDFORD REGIONAL MEDICAL CENTER
FINANCIAL STATEMENT
DECEMBER 2010**

**Regional Medical Center
Financial Analysis
December 2010**

Operating Statements:

During December BRMC operated at a net loss of \$178,805 which compares to a budgeted loss of \$3,538 for the month. Gross patient revenues were below budget by \$916,193 for the month, while deductions from revenue were \$175,145 below budget, leaving net patient revenue \$741,048 below budget. Contractual adjustments were \$618,538 below budget, while Charity Care was \$443,393 above budget. Contractuals were 56.7% of revenue as compared to a budget of 57.6%. Total deductions from revenue were 64.4% of revenue as compared to a budget of 60.6%.

Outpatient ancillary revenues were \$122,970 below budget, and \$492,365 less than November. Inpatient revenue was \$984,311 less than budget and approximately \$506,542 less than November revenues. Inpatient revenue per admission was \$2,872 less than budget and \$4,966 less than November, while admissions were 24.4% less than budget and 12.8% less than December, 2009. Physician revenue was over budget by \$191,088 for the month and \$7,293 greater than November. In total, revenues were \$991,614 less than November and \$916,193 less than budget.

During December there were 28 patients with charges in excess of \$20,000, totaling \$807,775 of which we wrote off \$569,262 or 70.5%.

Expenses for the month were under budget by \$565,572. Significant variances include 1) Salary expense was under budget by \$79,348, 2) Professional fees were over budget by \$45,905, 3) Supply Expense was under budget by \$20,549, 4) Employee Benefits were under budget by \$12,576, 5) Purchased Services were over budget by \$29,733, 6) other Expenses were under budget by \$43,353 and 7) Bad Debt Expense was under budget by \$437,601.

The Salary expense variance was due to decreases in the hospital (\$52,463) and the clinic (\$26,885). The increase in Professional Fees was in Radiology (mammography and Dr. Lach). The Purchased Services variance was primarily in I.S. and HIM. Bad Debt Expense and Charity Care combined were \$5,792 above budget.

The loss for the month created a negative variance of \$175,267 from budget and a negative variance of \$396,916 from last year. Year to date BRMC has a net income of \$3,339,441, which is \$1,161,728 greater than budget and \$1,281,837 greater than the prior year.

In analyzing the financial results for December, additional points to consider:

1. The Hospital portion of BRMC was under budget by \$369,903 and had a net loss of \$126,872 for the month.
2. During the month the Clinic produced a loss of \$51,933 as compared to a budgeted loss of \$246,569. Patient volume in the clinic was 4.1% above budget for the month and 3.1% less than December, 2009.
3. In reviewing overall BRMC financial results relative to volume, one must take into account each line of business and their interdependence when drawing conclusions.
4. Included in the financial statements are individual profit and loss statements for Clinic and Hospital operations.

Key Financial and Statistical Indicators:

During the month of December inpatient admissions totaled 102 as compared to budgeted admissions of 135 and 117 admissions in December, 2009. Patient days amounted to 287 as compared to budgeted days of 527. Average length of stay for the month amounted to 2.8 days. The Medicare average length of stay was 2.9 days. ICCU days were at 66 days, as compared to budgeted days of 90. Surgery volume was 3.8% less than budget. Physician office visits were 4.1% above budget for the month. Full time employee equivalents for December were 418.0 which are 1.9% above budget.

Balance Sheets and Cash Flows:

In December, cash balances amounted to \$12,511,692, an increase of \$561,824 from last month. The budget for cash was \$9,891,146 for the month. Average daily cash receipts for December amounted to \$149,531 while average daily cash expenses were \$123,863. Days Cash on hand amounted to 101 days at December 31, 2010. BRMC is current on all of its long term debt payments to Clarian.

Accounts Receivable and Aging Analysis:

Hospital gross accounts receivable balances decreased \$1,474,614 for the month. Gross days in A/R, which includes both the hospital accounts receivable and physician accounts receivables, decreased to 38 days for the month, while net days decreased to 42 days. The net accounts receivable balance decreased by \$631,296 from November. The net realizable AR decreased to 41.0% from 41.8%. As of December 31, we did establish a separate reserve for charity care, based on an analysis of the various categories of self pay accounts. We have also established new procedures within the Business Office for writing off accounts to charity care. We will continue to monitor this reserve to determine whether we need to make any modifications to the calculation of this reserve.

Bedford Regional Medical Center
Key Financial and Statistical Indicators
December 31, 2010

| | Month | | | | | Year to Date | | | | |
|---------------------------------------|------------------|------------------|---------|------------------|---------|------------------|------------------|---------|------------------|---------|
| | Dec-10 Actual | Dec-10 Budget | Percent | Dec-09 Actual | Percent | Dec-10 Actual | Dec-10 Budget | Percent | Dec-09 Actual | Percent |
| A. PATIENT VOLUMES | | | | | | | | | | |
| 1 Patient Days | 287 | 527 | -45.5% | 413 | -30.5% | 5,354 | 5,811 | -7.9% | 5,443 | -1.6% |
| 2 Routine Days | 221 | 437 | -49.4% | 355 | -37.7% | 4,435 | 4,831 | -8.2% | 4,436 | 0.0% |
| 3 Admissions | 102 | 135 | -24.4% | 117 | -12.8% | 1,398 | 1,490 | -6.2% | 1,433 | -2.4% |
| 4 Admissions per Day | 3.3 | 4.4 | -24.4% | 3.8 | -12.8% | 3.8 | 4.1 | -6.2% | 3.9 | -2.4% |
| 6 Average Daily Census | 9.3 | 17.0 | -45.3% | 13 | -30.1% | 14.7 | 15.9 | -7.5% | 15 | -1.3% |
| 7 Average Length of Stay - All | 2.8 | 3.9 | -28.2% | 3.5 | -20.0% | 3.8 | 3.9 | -1.5% | 3.8 | 1.3% |
| Medicare | 2.9 | 3.6 | -19.4% | 3.6 | -19.4% | 4.2 | 4.2 | -0.6% | 4.2 | -0.6% |
| Anthem | 2.8 | 3.4 | -17.6% | 3.4 | -17.6% | 3.2 | 3.0 | 4.4% | 3.0 | 4.4% |
| Commercial | 2.3 | 2.0 | 15.0% | 2.0 | 15.0% | 3.0 | 2.7 | 12.7% | 2.7 | 12.7% |
| 8 ICCU Patient Days | 66 | 90 | -26.7% | 58 | 13.8% | 919 | 980 | -6.2% | 959 | -4.2% |
| 11 Swing Bed Patient Days | 77 | 65 | 18.5% | 72 | 6.9% | 519 | 585 | -11.3% | 561 | -7.5% |
| 12 Observation Days | 6 | 100 | -93.7% | 97 | -93.5% | 259 | 1,175 | -78.0% | 1,104 | -76.6% |
| B. KEY OPERATING DATA | | | | | | | | | | |
| 1 FTE Paid | 418.0 | 410.1 | 1.9% | 411.7 | 1.5% | 420.6 | 410.1 | 2.6% | 421.2 | -0.1% |
| Days | 31 | 31 | | 31 | | 365 | 365 | | 365.0 | |
| 2 Equivalent EPOB - All | 8.2 | 6.2 | 33.0% | 7.2 | 14.0% | 6.6 | 6.5 | 1.3% | 6.9 | -4.3% |
| Equivalent EPOB - net of clinic | 6.9 | 5.0 | 37.2% | 6.0 | 13.7% | 5.5 | 5.3 | 3.3% | 5.8 | -5.2% |
| Clinic FTES | 89.1 | 88.1 | 1.2% | 83 | 7.1% | 86.1 | 88.1 | -2.2% | 85.7 | 0.5% |
| 3 Avg. Daily Cash Collections -AR | 148,374 | 135,193 | 9.8% | 138,960 | 6.8% | 139,800 | 138,881 | 0.7% | 134,687 | 3.8% |
| Avg. Daily Cash Collections - Other | 1,157 | 1,105 | 4.7% | 1,545 | -25.1% | 1,585 | 1,123 | 41.1% | 1,661 | -4.6% |
| Total Daily Cash Collections | 149,531 | 136,298 | 9.7% | 140,505 | 6.4% | 141,385 | 140,004 | 1.0% | 136,348 | 3.7% |
| Average Daily Cash Expenses | 123,863 | 126,747 | -2.3% | 118,511 | 4.5% | 128,307 | 128,086 | 0.2% | 125,099 | 2.6% |
| Excess/(deficit) | 25,668 | 9,551 | 168.7% | 21,994 | 16.7% | 13,078 | 11,918 | 9.7% | 11,249 | 16.3% |
| 4 Case Mix Index | 1.1540 | 1.0486 | 10.1% | 1.2855 | -10.2% | 1.1648 | 0.9640 | 20.8% | 1.1037 | 5.5% |
| 5 Outpatient Registrations | 6,809 | 6,400 | 6.4% | 6,503 | 4.7% | 86,468 | 78,950 | 9.5% | 81,418 | 6.2% |
| C. CLINICAL VOLUMES | | | | | | | | | | |
| 1 Surgical Procedures | | | | | | | | | | |
| Inpatient | 25 | 28 | -10.7% | 25 | 0.0% | 366 | 357 | 2.5% | 333 | 9.9% |
| Outpatient | 76 | 77 | -1.3% | 59 | 28.8% | 841 | 953 | -11.8% | 877 | -4.1% |
| | 101 | 105 | -3.8% | 84 | 20.2% | 1,207 | 1,310 | -7.9% | 1,210 | -0.2% |
| 2 Radiology | | | | | | | | | | |
| Inpatient | 84 | 127 | -33.9% | 108 | -22.2% | 1,376 | 1,622 | -15.2% | 1,488 | -7.5% |
| Outpatient | 1,889 | 1,644 | 14.9% | 1,856 | 1.8% | 21,688 | 20,396 | 6.3% | 22,365 | -3.0% |
| | 1,973 | 1,771 | 11.4% | 1,964 | 0.5% | 23,064 | 22,018 | 4.8% | 23,853 | -3.3% |
| 3 CT Scans | | | | | | | | | | |
| Inpatient | 32 | 46 | -30.4% | 37 | -13.5% | 531 | 587 | -9.5% | 565 | -6.0% |
| Outpatient | 400 | 413 | -3.1% | 382 | 4.7% | 4,904 | 5,124 | -4.3% | 5,144 | -4.7% |
| | 432 | 459 | -5.9% | 419 | 3.1% | 5,435 | 5,711 | -4.8% | 5,709 | -4.8% |
| 4 Emergency Room Visits | 1,070 | 1,050 | 1.9% | 1,157 | -7.5% | 14,055 | 13,022 | 7.9% | 14,720 | -4.5% |
| 5 Laboratory Tests | | | | | | | | | | |
| Inpatient | 1,460 | 2,820 | -48.2% | 1,690 | -13.6% | 25,118 | 36,117 | -30.5% | 27,768 | -9.5% |
| Outpatient | 13,431 | 15,583 | -13.8% | 13,441 | -0.1% | 170,747 | 193,333 | -11.7% | 170,933 | -0.1% |
| | 14,891 | 18,403 | -19.1% | 15,131 | -1.6% | 195,865 | 229,450 | -14.6% | 198,701 | -1.4% |
| 5.5 Physical Therapy | | | | | | | | | | |
| Inpatient | 121 | 97 | 24.7% | 103 | 17.5% | 1,309 | 1,242 | 5.4% | 1,104 | 18.6% |
| Outpatient | 1,462 | 1,614 | -9.4% | 1,852 | -21.1% | 19,632 | 20,024 | -2.0% | 20,488 | -4.2% |
| | 1,583 | 1,711 | -7.5% | 1,955 | -19.0% | 20,941 | 21,266 | -1.5% | 21,592 | -3.0% |
| 6 Cardio Pulmonary | | | | | | | | | | |
| Inpatient | 1,111 | 2,098 | -47.0% | 1,855 | -40.1% | 20,803 | 26,867 | -22.6% | 24,503 | -15.1% |
| Outpatient | 239 | 368 | -35.1% | 340 | -29.7% | 3,714 | 4,570 | -18.7% | 4,415 | -15.9% |
| | 1,350 | 2,466 | -45.3% | 2,195 | -38.5% | 24,517 | 31,437 | -22.0% | 28,918 | -15.2% |
| 7 Home Care Visits | 0 | 0 | 0.0% | - | 0.0% | 0 | 0 | 0.0% | - | 0.0% |
| 8 Ambulance Runs | 176 | 167 | 5.4% | 165 | 6.7% | 2,156 | 2,072 | 4.1% | 2,050 | 5.2% |
| 9 Physician Office Visits | 4,795 | 4,605 | 4.1% | 4,948 | -3.1% | 60,047 | 58,880 | 2.0% | 61,869 | -2.9% |
| 10 Physician Office Visits/Clinic Day | 228 | 219 | 4.1% | 236 | -3.1% | 236 | 232 | 2.0% | 244 | -2.9% |

**Bedford Regional Medical Center
Balance Sheets (Unaudited)**

| | Dec-10 Actual | Dec-10 Budget | Dec-09 Actual |
|--|--------------------------|--------------------------|--------------------------|
| Current Assets | | | |
| Cash | 12,511,692 | 9,891,146 | 9,126,168 |
| Accounts Receivable - Patient | 7,341,749 | 9,573,148 | 8,075,764 |
| Less: Allowance for Bad Debts | (1,659,448) | (3,065,452) | (3,028,798) |
| Net Patient Accounts Receivable | 5,682,302 | 6,507,696 | 5,046,966 |
| Accounts Receivable - Other | 32,683 | 368,039 | 357,034 |
| Inventories | 805,233 | 828,655 | 798,766 |
| Prepaid Insurance and Expenses | 465,416 | 602,501 | 535,583 |
| Total Current Assets | 19,497,326 | 18,198,038 | 15,864,517 |
| Property, Plant & Equipment | | | |
| Land & Land Improvements | 1,976,142 | 1,250,927 | 1,257,427 |
| Buildings and Improvements | 15,603,596 | 14,970,432 | 15,015,672 |
| Equipment | 21,793,815 | 22,989,257 | 20,683,338 |
| Total | 39,373,553 | 39,210,616 | 36,956,437 |
| Less Accumulated Depreciation | (25,293,607) | (25,613,361) | (23,173,208) |
| Net Fixed Assets | 14,079,946 | 13,597,255 | 13,783,229 |
| Other Assets | 0 | 0 | 0 |
| Total Assets | 33,577,272 | 31,795,293 | 29,647,746 |
| Current Liabilities | | | |
| Accounts Payable - Vendors | 1,276,157 | 1,410,140 | 1,055,477 |
| Accounts Payable - Other | (65,380) | 434,133 | 165,862 |
| Medicare & Other Settlements | 2,045,574 | 1,067,279 | 1,067,279 |
| Accrued Salaries, Taxes and Related Liabilities | 2,517,782 | 2,070,413 | 1,532,881 |
| Accrued Pension | 100,657 | 0 | 142,138 |
| Accrued Interest - Clarian-Construction | 261 | 261 | 261 |
| Current Portion of Long Term Debt | 1,376,112 | 1,308,485 | 1,321,543 |
| Total Current Liabilities | 7,251,163 | 6,290,711 | 5,285,441 |
| Long Term Debt | | | |
| Note Payable - Clarian Loan #12790 (2000) | 3,774,723 | 3,842,350 | 4,584,169 |
| Note Payable - Clarian Loan #12791 (2001) | 3,306,876 | 3,306,876 | 3,873,542 |
| Note Payable - Clarian (No Interest) | 0 | 0 | 0 |
| Note Payable - Clarian Loan #12792 (2003-\$2.5M) | 0 | 0 | 0 |
| Total Long Term Debt (less current portion) | 7,081,599 | 7,149,226 | 8,457,711 |
| Net Assets (Deficit) | 19,244,510 | 18,355,356 | 15,904,594 |
| Total Liabilities and Net Assets (Deficit) | 33,577,272 | 31,795,293 | 29,647,746 |

**Bedford Regional Medical Center
Hospital Operations Breakout**

| | YTD | | | |
|-------------------------------|--------------|--------------|------------------------------------|-----------------------------------|
| | Dec-10 | | Variance Favorable / (Unfavorable) | Percent Favorable / (Unfavorable) |
| | Actual | Budget | | |
| PATIENT REVENUE: | 7,486,363 | 8,905,472 | (1,419,109) | -15.9% |
| ROUTINE SERVICES | 24,090,386 | 25,866,925 | (1,776,539) | -6.9% |
| ANCILLARY SERVICES: | 93,090,020 | 90,644,678 | 2,445,342 | 2.7% |
| INPATIENT | - | - | - | 0.0% |
| OUTPATIENT | 124,666,769 | 125,417,075 | (750,306) | -0.6% |
| PHYSICIAN REVENUE | (9,273,480) | (3,767,758) | (5,505,722) | 146.1% |
| GROSS PATIENT REVENUE | 115,393,289 | 121,649,317 | (6,256,028) | -5.1% |
| CHARITY CARE | (71,859,510) | (73,841,473) | 1,981,963 | -2.7% |
| DEDUCTIONS FROM GROSS REVENUE | (71,859,510) | (73,841,473) | 1,981,963 | -2.7% |
| CONTRACTUAL ALLOWANCES | 43,533,779 | 47,807,844 | (4,274,065) | -8.9% |
| TOTAL DEDUCTIONS | 568,531 | 411,004 | 157,527 | 38.3% |
| NET PATIENT REVENUE | 44,102,310 | 48,218,848 | (4,116,538) | -8.5% |
| OTHER REVENUE | 18,813,039 | 18,392,229 | (420,810) | -2.3% |
| TOTAL NET OPERATING REVENUE | 839,928 | 660,480 | (179,448) | -27.2% |
| EXPENSES | 5,987,270 | 6,180,864 | 193,594 | 3.1% |
| SALARIES - OTHER | 2,584,536 | 2,752,820 | 168,284 | 6.1% |
| PROFESSIONAL FEES | 2,401,879 | 2,640,780 | 238,901 | 9.0% |
| SUPPLIES | 4,986,415 | 5,393,600 | 407,185 | 7.5% |
| EMPLOYEE BENEFITS LESS INSUR. | 649,061 | 652,956 | 3,895 | 0.6% |
| EMPLOYEE HEALTH INSURANCE | 831,274 | 876,732 | 45,458 | 5.2% |
| TOTAL EMPLOYEE BENEFITS | 2,095,536 | 2,318,207 | 222,671 | 9.6% |
| INTEREST EXPENSE | 4,115,556 | 3,861,167 | (254,389) | -6.6% |
| UTILITIES AND LAUNDRY | 2,714,871 | 2,572,240 | (142,631) | -5.5% |
| DEPRECIATION & AMORTIZATION | (1,621,906) | 2,799,216 | 4,421,122 | 157.9% |
| PURCHASED SERVICES | 39,411,044 | 43,707,691 | 4,296,647 | 9.8% |
| OTHER EXPENSE | 4,691,266 | 4,511,157 | 180,109 | 4.0% |
| PROVISION FOR UNCOLLECTIBLES | 77,919 | 86,796 | (8,877) | -10.2% |
| TOTAL EXPENSE | 4,769,185 | 4,597,953 | 171,232 | 3.7% |
| OPERATING INCOME (LOSS) | | | | |
| TOTAL EXPENSE | | | | |
| OPERATING INCOME (LOSS) | | | | |
| NON-OPERATING REVENUE | | | | |
| NET INCOME OR (LOSS) | | | | |

| | Month | | | |
|-------------------------------|-------------|-------------|------------------------------------|-----------------------------------|
| | Dec-10 | | Variance Favorable / (Unfavorable) | Percent Favorable / (Unfavorable) |
| | Actual | Budget | | |
| PATIENT REVENUE: | 435,025 | 805,638 | (370,613) | -46.0% |
| ROUTINE SERVICES | 1,409,007 | 2,022,705 | (613,698) | -30.3% |
| ANCILLARY SERVICES: | 7,188,187 | 7,311,157 | (122,970) | -1.7% |
| INPATIENT | - | - | - | 0.0% |
| OUTPATIENT | 9,032,219 | 10,139,500 | (1,107,281) | -10.9% |
| PHYSICIAN REVENUE | (764,380) | (304,609) | (459,771) | 150.9% |
| GROSS PATIENT REVENUE | 8,267,839 | 9,834,891 | (1,567,052) | -15.9% |
| CHARITY CARE | (5,274,859) | (5,988,243) | 693,384 | -11.6% |
| DEDUCTIONS FROM GROSS REVENUE | (5,274,859) | (5,988,243) | 693,384 | -11.6% |
| CONTRACTUAL ALLOWANCES | 2,992,980 | 3,866,648 | (873,668) | -22.6% |
| TOTAL DEDUCTIONS | 34,662 | 34,257 | 405 | 1.2% |
| NET PATIENT REVENUE | 3,027,642 | 3,900,905 | (873,263) | -22.4% |
| OTHER REVENUE | 1,521,734 | 1,574,197 | 52,463 | 3.3% |
| TOTAL NET OPERATING REVENUE | 95,945 | 50,040 | (45,905) | -91.7% |
| EXPENSES | 486,309 | 498,118 | 11,809 | 2.4% |
| SALARIES - OTHER | 234,519 | 230,373 | (4,146) | -1.8% |
| PROFESSIONAL FEES | 203,540 | 220,140 | 16,600 | 7.5% |
| SUPPLIES | 438,059 | 450,513 | 12,454 | 2.8% |
| EMPLOYEE BENEFITS LESS INSUR. | 49,716 | 54,413 | 4,697 | 8.6% |
| EMPLOYEE HEALTH INSURANCE | 68,553 | 73,061 | 4,508 | 6.2% |
| TOTAL EMPLOYEE BENEFITS | 168,574 | 206,205 | 37,631 | 18.2% |
| INTEREST EXPENSE | 352,981 | 318,474 | (34,507) | -10.8% |
| UTILITIES AND LAUNDRY | 170,685 | 213,780 | 43,095 | 20.2% |
| DEPRECIATION & AMORTIZATION | (192,205) | 226,306 | 418,511 | 184.9% |
| PURCHASED SERVICES | 3,160,351 | 3,665,107 | 504,756 | 13.8% |
| OTHER EXPENSE | (132,709) | 235,798 | (368,507) | -156.3% |
| PROVISION FOR UNCOLLECTIBLES | 5,837 | 7,233 | (1,396) | -19.3% |
| TOTAL EXPENSE | (126,872) | 243,031 | (369,903) | -152.2% |
| OPERATING INCOME (LOSS) | | | | |
| TOTAL EXPENSE | | | | |
| OPERATING INCOME (LOSS) | | | | |
| NON-OPERATING REVENUE | | | | |
| NET INCOME OR (LOSS) | | | | |

**Bedford Regional Medical Center
Clinic Operations Breakout**

| | Month | | | YTD | | |
|--|------------------|------------------|------------------------------|--------------------|------------------------------|------------------------------|
| | Dec-10 | Dec-10 | Variance / | Dec-10 | Variance / | Percent |
| | Actual | Budget | Favorable / (Unfavorable) | Actual | Favorable / (Unfavorable) | Favorable / (Unfavorable) |
| Physician Gross Patient Revenue | 1,082,681 | 891,593 | 191,088 | 12,102,046 | 11,582,984 | 4.48% |
| Reductions from Charges | | | | | | |
| Contractual Adjustments | (459,798) | (384,952) | (74,846) | (5,176,174) | (5,001,032) | 3.50% |
| Charity Care | (12,645) | (29,023) | 16,378 | (223,539) | (377,052) | -40.71% |
| Total Reductions | (472,443) | (413,975) | (58,468) | (5,399,713) | (5,378,084) | 0.40% |
| Net Patient Revenue | 610,238 | 477,618 | 132,620 | 6,702,333 | 6,204,900 | 8.02% |
| Other Revenue | 1,200 | - | 1,200 | 9,900 | 9,900 | |
| Total Net Operating Revenue | 611,438 | 477,618 | 133,820 | 6,712,233 | 6,204,900 | 8.18% |
| Expenses | | | | | | |
| Salaries | 494,471 | 521,356 | 26,885 | 5,882,543 | 6,089,610 | 3.40% |
| Professional Fees | - | - | - | - | - | 0.00% |
| Supplies | 26,326 | 35,066 | 8,740 | 341,530 | 454,375 | 24.84% |
| Employee Benefits Less Health Ins. | 51,447 | 57,921 | 6,474 | 715,135 | 743,582 | 3.83% |
| Employee Health Insurance | 42,006 | 35,654 | (6,352) | 441,455 | 406,560 | -8.58% |
| Total Employee Benefits | 93,453 | 93,575 | 122 | 1,156,590 | 1,150,142 | -0.56% |
| Purchased Services | 8,611 | 13,385 | 4,774 | 145,401 | 167,286 | 13.08% |
| Depreciation & Amortization | 3,837 | 4,784 | 947 | 51,726 | 57,408 | 9.90% |
| Utilities | - | - | - | - | - | 0.00% |
| Other Expenses | 32,925 | 33,183 | 258 | 368,673 | 409,617 | 10.00% |
| Provision for Bad Debts | 3,748 | 22,838 | 19,090 | 195,514 | 296,702 | 34.10% |
| Total Expenses | 663,371 | 724,187 | 60,816 | 8,141,977 | 8,625,140 | 5.60% |
| Operating Income/(Loss) | (51,933) | (246,569) | 194,636 | (1,429,744) | (2,420,240) | -40.93% |
| Non-operating Revenue | - | - | - | - | - | 0.00% |
| Net Income/(Loss) | (51,933) | (246,569) | 194,636 | (1,429,744) | (2,420,240) | -40.93% |

**Bedford Regional Medical Center
Statement of Cash Flows (Unaudited)**

| | Month | | Year to Date | |
|---|-------------------|-------------------|----------------------|----------------------|
| | Dec-10 Actual | Dec-10 Budget | Dec-10 YTD Actual | Dec-10 YTD Budget |
| Net Income or Loss | (178,805) | (3,538) | 3,339,441 | 2,177,713 |
| Restricted Donations for Property | (138) | 0 | 471 | 0 |
| Net Increase (Decrease) in Net Assets | (178,943) | (3,538) | 3,339,912 | 2,177,713 |
| Depreciation and Amortization | 172,411 | 210,989 | 2,147,262 | 2,375,615 |
| Changes in Assets and Liabilities | | | | |
| Patient AR | 807,933 | 95,858 | (635,336) | (86,133) |
| Inventories | (19,109) | 0 | (6,467) | 0 |
| Prepaid Expenses and Other | 1,555,559 | 0 | 394,518 | 0 |
| Accounts Payable - Vendors | 339,689 | 0 | 220,680 | 0 |
| Accounts Payable - Others | (351,730) | 0 | (231,242) | 0 |
| Accrued Expense (Pension) | (173) | 0 | (41,481) | 0 |
| Accrued Interest | 0 | 0 | 0 | 0 |
| Other Liabilities | (1,487,546) | 0 | 1,963,196 | 0 |
| Net Cash Provided (Used in) by Operating Activities | 838,091 | 303,309 | 7,151,042 | 4,467,195 |
| Investing Activities | | | | |
| Purchase of Property, Plant and Equipment (net of disposals) | (211,330) | (225,000) | (2,443,979) | (2,500,000) |
| Other Change in Net Assets | 1 | (1) | 4 | 5 |
| (Increase) / Decrease in Funds Held by Trustee | 0 | 0 | 0 | 0 |
| Net Cash Used in Investing Activities | (211,329) | (225,001) | (2,443,975) | (2,499,995) |
| Financing Activities | | | | |
| Increase / (Decrease) in Debt | (64,938) | (348,271) | (1,321,543) | (1,321,543) |
| Net Cash Provided / (Used) in Financing Activities | (64,938) | (348,271) | (1,321,543) | (1,321,543) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 561,824 | (269,963) | 3,385,524 | 645,656 |
| Cash and Cash Equivalents at the Beginning of the Period | 11,949,868 | 10,161,109 | 9,126,168 | 9,245,490 |
| Cash and Cash Equivalents at the End of the Period | 12,511,692 | 9,891,146 | 12,511,692 | 9,891,146 |

Bedford Regional Medical Center
Accounts Receivable Aging Analysis
December 31, 2010

| Days | Medicare | Medicaid | Blue Cross | Other Ins | Self Pay | Total | Prior Month | Change | % Change |
|-------------------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|--------------------|---------------|
| In-house and not billed | 587,081 | 46,334 | 140,812 | 53,572 | 34,927 | 862,726 | 1,005,581 | (142,855) | -14.2% |
| 0-30 | 2,621,484 | 599,726 | 1,507,638 | 1,142,208 | 396,601 | 6,267,657 | 7,398,306 | (1,130,649) | -15.3% |
| 31-60 | 260,935 | 216,044 | 288,208 | 581,948 | 452,730 | 1,799,865 | 2,467,867 | (668,002) | -27.1% |
| 61-90 | 103,358 | 120,348 | 159,130 | 278,986 | 405,779 | 1,067,601 | 934,571 | 133,030 | 14.2% |
| 91-120 | 11,256 | 36,995 | 45,140 | 138,848 | 411,894 | 644,133 | 594,860 | 49,273 | 8.3% |
| 121-150 | 1,828 | 47,016 | 7,957 | 53,298 | 369,254 | 479,353 | 390,056 | 89,297 | 22.9% |
| 151-180 | 5,464 | 33,387 | 12,217 | 37,804 | 258,545 | 347,417 | 303,063 | 44,354 | 14.6% |
| 181-365 | (33,014) | (28,991) | 38,078 | 129,331 | 915,038 | 1,020,442 | 869,504 | 150,938 | 17.4% |
| Total | 3,558,392 | 1,070,859 | 2,199,180 | 2,415,995 | 3,244,768 | 12,489,194 | 13,963,808 | (1,474,614) | -10.6% |

| | | | | | | | | | |
|--------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|--------------------|---------------|
| Total | 3,558,392 | 1,070,859 | 2,199,180 | 2,415,995 | 3,244,768 | 12,489,194 | 13,963,808 | (1,474,614) | 100.0% |
|--------------|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|--------------------|---------------|

Other Items:

| | | | | | | | | | |
|---|--|--|--|--|--|-----------------------|-------------------|--------------------|-------------|
| GE System | | | | | | 1,236,593 | 1,177,874 | 58,719 | 5% |
| Miscellaneous Accounts Receivable | | | | | | 122,037 | (49,722) | 171,759 | -345% |
| Adjusted AR | | | | | | (A) 13,847,824 | 15,091,960 | (1,244,136) | -8% |
| Less: Allowance for Contractuals | | | | | | (6,506,074) | (6,150,236) | (355,838) | 6% |
| Gross Accounts Receivable after allowance for contractuals | | | | | | 7,341,750 | 8,941,724 | (1,599,974) | -18% |
| Less: Allowance for Bad Debts | | | | | | (1,659,448) | (2,628,126) | 968,678 | -37% |
| Net Accounts Receivable | | | | | | (B) 5,682,302 | 6,313,598 | (631,296) | -10% |
| Analytical Relationships (anticipated net realizable % of Adjusted AR) | | | | | | 41.0% | 41.8% | | |

Gross Days = (A)/ Gross Charges per Day

Net Days = (B)/ Net Charges per Day

Gross Charges per Day

Net Charges per Day

| | | | | | | | | | |
|--|---------|---------|----------|----------|----------|----------|----------|----------|------|
| | 38 | 40 | (2) | (2) | (2) | (2) | (2) | (2) | -5% |
| | 42 | 46 | (4) | (4) | (4) | (4) | (4) | (4) | -8% |
| | 326,287 | 370,217 | (43,930) | (43,930) | (43,930) | (43,930) | (43,930) | (43,930) | -12% |
| | 116,233 | 136,402 | (20,169) | (20,169) | (20,169) | (20,169) | (20,169) | (20,169) | -15% |

| | | | | | | | | |
|---|--------|--------|---------|---------|--------|--------|---------|---------|
| BRMC | | | | | | | | |
| ADMISSIONS BY SPECIALTY AND PAYCLASS | | | | | | | | |
| INCLUDING SWINGBED AND NEWBORNS | | | | | | | | |
| FOR THE MONTHS ENDING DECEMBER 2010 AND DECEMBER 2009 | | | | | | | | |
| | | | # | % | | | # | % |
| | | | VAR. | VAR. | | | VAR. | VAR. |
| | 1 MO | 1 MO | 2010 VS | 2010 VS | FYTD | FYTD | 2010 VS | 2010 VS |
| SPECIALTY | Dec-10 | Dec-09 | 2009 | 2009 | Dec-10 | Dec-09 | 2009 | 2009 |
| INTERNAL MEDICINE | 80 | 81 | -1 | -1% | 928 | 866 | 62 | 7% |
| OB/GYN | 0 | 0 | 0 | #DIV/0! | 0 | 64 | -64 | -100% |
| PEDIATRICS | 1 | 7 | -6 | -86% | 28 | 92 | -64 | -70% |
| SURGICAL | 19 | 25 | -6 | -24% | 295 | 229 | 66 | 29% |
| FAMILY PRACTICE | 14 | 15 | -1 | -7% | 236 | 294 | -58 | -20% |
| TOTALS | 114 | 128 | -14 | -11% | 1,487 | 1,545 | -58 | -4% |
| | ===== | ===== | ===== | | ===== | ===== | ===== | |
| PAYCLASS | | | | | | | | |
| MEDICARE | 77 | 97 | -20 | -21% | 990 | 1012 | -22 | -2% |
| COMMERCIAL | 4 | 3 | 1 | 33% | 124 | 113 | 11 | 10% |
| SELF PAY | 4 | 4 | 0 | 0% | 71 | 98 | -27 | -28% |
| MEDICAID | 13 | 8 | 5 | 63% | 103 | 107 | -4 | -4% |
| BLUE CROSS | 16 | 16 | 0 | 0% | 199 | 215 | -16 | -7% |
| TOTALS | 114 | 128 | -14 | -11% | 1,487 | 1,545 | -58 | -4% |
| | ===== | ===== | ===== | | ===== | ===== | ===== | |
| PAYCLASS-% OF TOTAL | | | | | | | | |
| MEDICARE | 67.5% | 75.8% | -8.2% | -11% | 66.6% | 65.5% | 1.1% | 2% |
| COMMERCIAL | 3.5% | 2.3% | 1.2% | 50% | 8.3% | 7.3% | 1.0% | 14% |
| SELF PAY | 3.5% | 3.1% | 0.4% | 12% | 4.8% | 6.3% | -1.6% | -25% |
| MEDICAID | 11.4% | 6.3% | 5.2% | 82% | 6.9% | 6.9% | 0.0% | 0% |
| BLUE CROSS | 14.0% | 12.5% | 1.5% | 12% | 13.4% | 13.9% | -0.5% | -4% |
| TOTALS | 100% | 100% | 0% | 0% | 100% | 100% | 0% | 0% |
| | ===== | ===== | ===== | | ===== | ===== | ===== | |

IU Health Bedford Business Office

Financial Assistance Policy

I. PURPOSE:

Indiana University Health Bedford Hospital is dedicated to serving the healthcare needs of its patients. To assist in meeting those needs, IU Health Bedford Hospital has established this 'Indigency Policy' to provide financial relief to those patients who ask for assistance after care has been rendered and who are unable to meet their financial obligation, including low-income, uninsured or medically indigent. This policy was developed and is utilized to determine patients' financial ability to pay for services. "Medically indigent" is defined for those patients whose health insurance coverage, if any, does not provide full coverage for all of their medical expenses and that their medical expenses, in relationship to their income, would make them indigent if they were forced to pay full charges for their medical expenses.

II. DEFINITIONS:

- A. **Charity (Indigent)** means household income that is equal to or less than 100% of the Federal Poverty guidelines. (Qualifying applicants will receive 100% relief from their hospital obligation.)
- B. **Uninsured** means without medical insurance.
- C. **Limited Means** means an inability to pay full charges of the hospital obligation. The guarantor must request financial assistance, be ineligible for Charity and have income between 100% and 200% of the Federal Poverty guidelines. Qualifying applicants will receive partial adjustments.
- D. **Financial Assistance Committee** meets routinely with the task of determining exceptions under the Financial Assistance policy per request of a patient.
- E. **Asset Determination** means a financial need assessment performed by a third party before the Financial Assistance application is submitted to the Financial Assistance Committee.
- F. **Interest-free Payment Arrangements** mean an invoice payment program that allows a patient up to twenty-four (24) months to pay an outstanding balance without accruing interest.
- G. **Financing** means third party credit for extended payment arrangements on any balances that cannot be paid within 24 months.

III. POLICY STATEMENTS:

- A. Any IU Health Bedford patient that is determined to be a candidate for the Financial Assistance Program will receive an application. If the completed application is not returned within 30 days the Financial Assistance by Credit Scoring Policy will apply. In order for a patient to be considered for IU Health Bedford's Financial Assistance Program a signed and completed copy of the application, including required documentation, must be returned to the Patient Financial Services or IU Health Bedford Physicians Patient Accounts Departments. Combined balance of all hospital and Physicians accounts must be over \$100.00 to be considered for financial assistance. IU Health Bedford Physicians surgical and obstetric services may be subject to alternate financial arrangements.

B. Eligibility

1. This Policy applies only to charges for hospital and physician services provided by IU Health Bedford Hospital.
2. All third party resources and non-hospital financial aid programs, including public assistance available through HIP and Medicaid, must be exhausted before financial assistance can be requested.
3. Any inpatient or outpatient account may be eligible for financial assistance if the patient/guarantor asks for assistance and is determined to be:
 - Indigent
 - Uninsured or
 - Limited Means
4. To determine eligibility, the patient/guarantor must participate and cooperate fully with the approval process including submitting an application including:
 - Copies of the most recent state and federal income tax forms
 - Copies of any pay stubs received within the last three months
 - Copies of most recent bank statements
 - Copies of most recent statement from all investment plans
 - Number of dependents.
 - Proof of non-IU Health Bedford medical bills
 - A letter of explanation is required for all applicants that do not file a tax return.
 - Signed copy of the Financial Assistance application
5. Financial assistance eligibility is valid for one year from approval. The above information is not required for subsequent visits within the same calendar year; any changes in financial circumstances must be reported to Patient Financial Services.
6. Falsification of any portion of an application or refusal to cooperate may result in denial of financial assistance.
7. For a patient who chooses not to participate or is denied financial assistance, the full measure of collection activity will continue through the billing cycle up to and including referral to a collection agency.
8. IU Health Bedford may suspend collection activity on an account while an application is being processed and considered.

C. Program Administration

The IU Health Bedford Financial Assistance Program will be administered by the Patient Financial Services according to the following guidelines:

1. All patients will be billed for gross charges.
2. Patients must request assistance and complete and sign a Financial Assistance application.

3. Upon receipt of the Financial Assistance application, the Patient Financial Services will first determine if the patient/guarantor qualifies for financial assistance. If the patient/guarantor qualifies for financial assistance, they will be notified and the account adjusted per the Write Off and Adjustment Procedure.
4. If the patient/guarantor does not qualify for financial assistance, but qualifies for Limited Means assistance, a reduction in liability will be made to the account and the guarantor/patient will be notified via mail or telephone. At the guarantor's request, payment arrangements will be made for the remaining balance.
5. If the patient/guarantor does not qualify for financial assistance and has been determined to be Uninsured, a 40% discount will be made to the hospital account. At the guarantor's request payment arrangements will be made for the remaining balance.
6. For patients/guarantors qualifying for assistance and whose hospital liability is greater than \$15,000, there may be an Asset Determination.
7. If after the determination of a financial assistance award, the patient/guarantor requests further financial relief, they can request their account go to the Financial Assistance Committee. Applications will be re-reviewed only if new or updated information has been provided. Before going to the Committee, an Asset Determination will be performed. All Committee determinations are final.
8. Once financial assistance has been granted, the guarantor will not be supplied with documentation required to bill insurance companies. This includes UB, 1500 and or detailed itemization of charges.
9. IU Health Bedford reserves the right to review the financial assistance determination if the guarantor's financial circumstances have changed.
10. The Financial Assistance policy applies to deceased patients when it has been determined that there are no assets of value in the estate.
11. Financial assistance may be granted to patients who qualify for government programs when funding has delayed payment. If later government assistance is awarded, the account adjustment will be reversed.

IV. EXCEPTIONS:

Any exceptions to the policy require Committee approval and appropriate account documentation.

V. RESPONSIBILITY:

Directors, Hospital and Physician Business Offices

VI. APPROVAL BODY:

VP of Finance

VII. DATES:

Approval Date: October 2002

Effective Date: October 2002

Review/Revision Date: January 2008, March 2009, December 2009, March 2011

**IU Health Bedford
Business Office**

Financial Assistance by Credit Score Policy and Procedure

I. Purpose:

To provide financial assistance to patients that are unable or unwilling to return required financial information. Those that have a sufficiently poor financial status, as indicated by their credit score, will receive financial assistance without the required information.

II. Scope:

Hospital Business Office

III. Definitions:

Poor Credit Score: A FICO score or Vantagescore of 600 or below indicates that a person is in the bottom 10% of the credit population. Patients with a score of 600 or below automatically meets criteria for 100 % financial assistance.

IV. Policy Statement:

A credit report will be run on patients that do not return required financial information for assistance. Patients with a credit score of 600 or lower will automatically qualify for 100% financial assistance.

V. Procedure:

Patients identified as in need of financial assistance will be sent an application and will follow the Financial Assistance Policy and Procedure

A credit report will be run for patients that do not return their information in the allotted time

Patients with a credit score of 600 or less will qualify for 100% assistance

All applicable balances will be adjusted off with a transaction code indicating this as a Credit Report Financial Assistance adjustment

VI. Exceptions:

VII. Cross reference:

**Financial Assistance Policy and Procedure
Medical Credit Report Usage Policy and Procedure**

VIII. Responsibility:

Director of the Business Office

IX. Approval Body:

VP of Finance

X. Dates:

**Approval Date: December 2009
Effective Date: January 2010
Review/Revision Date: March 2011**