

**SCHEDULE H
(Form 990)**

Department of the Treasury
Internal Revenue Service

Name of the organization

Hospitals

▶ Complete if the organization answered "Yes" to 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.

OMB No. 1545-0047

2014

Open to Public Inspection

FRANCES MAHON DEACONESS HOSPITAL

Employer identification number

81-0231786

Part I Financial Assistance and Certain Other Community Benefits at Cost

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	<input checked="" type="checkbox"/>	
b If "Yes," was it a written policy?	<input checked="" type="checkbox"/>	
2 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. <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input checked="" type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____%	<input checked="" type="checkbox"/>	
b Did the organization use FPG as a factor in determining eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input checked="" type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____%	<input checked="" type="checkbox"/>	
c 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.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	<input checked="" type="checkbox"/>	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	<input checked="" type="checkbox"/>	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	<input checked="" type="checkbox"/>	
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		<input checked="" type="checkbox"/>
6a Did the organization prepare a community benefit report during the tax year?	<input checked="" type="checkbox"/>	
b If "Yes," did the organization make it available to the public? Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.	<input checked="" type="checkbox"/>	

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			503,562		503,562	2.09
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			503,562		503,562	2.09
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)						
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)			4,689,785	2,104,226	2,585,559	10.73
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits			4,689,785	2,104,226	2,585,559	10.73
k Total. Add lines 7d and 7j			5,193,347	2,104,226	3,089,121	12.82

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

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

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	579,954	
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		
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	8,247,823
6 Enter Medicare allowable costs of care relating to payments on line 5 6	8,303,064
7 Subtract line 6 from line 5. This is the surplus (or shortfall) 7	-55,241
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: <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 PRAIRIE RIDGE VILLAGE ASSISTED LIVING		50	0	0
2 NE MT STAT AIR AMBULANCE AIR AMBULANCE		35	0	0
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

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 **FRANCES MAHON DEACONESS 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

- 1 Was the hospital facility first licensed, registered, or similarly recognized by a State as a hospital facility in the current tax year or the immediately preceding tax year?
- 2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C
- 3 During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12
If "Yes," indicate what the CHNA report describes (check all that apply):
 - a A definition of the community served by the hospital facility
 - b Demographics of the community
 - c Existing health care facilities and resources within the community that are available to respond to the health needs of the community
 - d How data was obtained
 - e The significant health needs of the community
 - f Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups
 - g The process for identifying and prioritizing community health needs and services to meet the community health needs
 - h The process for consulting with persons representing the community's interests
 - i Information gaps that limit the hospital facility's ability to assess the community's health needs
 - j Other (describe in Section C)
- 4 Indicate the tax year the hospital facility last conducted a CHNA 2012
- 5 In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted
- 6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C
- 6b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C
- 7 Did the hospital facility make its CHNA report widely available to the public?
If "Yes," indicate how the CHNA report was made widely available (check all that apply):
 - a Hospital facility's website (list url): WWW.FMDH.ORG
 - b Other website (list url): _____
 - c Made a paper copy available for public inspection without charge at the hospital facility
 - d Other (describe in Section C)
- 8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11
- 9 Indicate the tax year the hospital facility last adopted an implementation strategy 2012
- 10 Is the hospital facility's most recently adopted implementation strategy posted on a website?
 - a If "Yes," (list url): WWW.FMDH.ORG
 - b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?
- 11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.
- 12a Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?
- 12b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?
- c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? **\$**

	Yes	No
1		X
2		X
3	X	
5	X	
6a		X
6b		X
7	X	
8	X	
10	X	
10b		X
12a		X
12b		

Part V Facility Information (continued)

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group **FRANCES MAHON DEACONESS HOSPITAL**

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
13	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	X	
If "Yes," indicate the eligibility criteria explained in the FAP:			
a	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>100</u> % and FPG family income limit for eligibility for discounted care of <u>200</u> %		
b	<input type="checkbox"/> Income level other than FPG (describe in Section C)		
c	<input checked="" type="checkbox"/> Asset level		
d	<input checked="" type="checkbox"/> Medical indigency		
e	<input checked="" type="checkbox"/> Insurance status		
f	<input checked="" type="checkbox"/> Underinsurance status		
g	<input type="checkbox"/> Residency		
h	<input type="checkbox"/> Other (describe in Section C)		
14	Explained the basis for calculating amounts charged to patients?	X	
15	Explained the method for applying for financial assistance?	X	
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):			
a	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
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		
c	<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		
d	<input checked="" type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e	<input type="checkbox"/> Other (describe in Section C)		
16	Included measures to publicize the policy within the community served by the hospital facility?	X	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):			
a	<input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>WWW . FMDH . ORG</u>		
b	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>WWW . FMDH . ORG</u>		
c	<input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>WWW . FMDH . ORG</u>		
d	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e	<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)		
f	<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)		
g	<input checked="" type="checkbox"/> Notice of availability of the FAP was conspicuously displayed throughout the hospital facility		
h	<input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i	<input checked="" type="checkbox"/> Other (describe in Section C)		

Billing and Collections

17	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 non-payment?	X	
18	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:		
a	<input type="checkbox"/> Reporting to credit agency(ies)		
b	<input type="checkbox"/> Selling an individual's debt to another party		
c	<input type="checkbox"/> Actions that require a legal or judicial process		
d	<input type="checkbox"/> Other similar actions (describe in Section C)		
e	<input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		

Part V Facility Information (continued)

Name of hospital facility or letter of facility reporting group **FRANCES MAHON DEACONESS HOSPITAL**

19 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?

	Yes	No
19		X

If "Yes," check all actions in which the hospital facility or a third party engaged:

- a** Reporting to credit agency(ies)
- b** Selling an individual's debt to another party
- c** Actions that require a legal or judicial process
- d** Other similar actions (describe in Section C)

20 Indicate which efforts the hospital facility or other authorized party made before initializing any of the actions listed (whether or not checked) in line 19 (check all that apply):

- a** Notified individuals of the financial assistance policy on admission
- b** Notified individuals of the financial assistance policy prior to discharge
- c** Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- d** Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- e** Other (describe in Section C)
- f** None of these efforts were made

Policy Relating to Emergency Medical Care

21 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?

	Yes	No
21	X	

If "No," indicate why:

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

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

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

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

	Yes	No

23 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?

	Yes	No
23		X

If "Yes," explain in Section C.

24 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?

	Yes	No
24	X	

If "Yes," explain in Section C.

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, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 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.

Facility 1, FRANCES MAHON DEACONESS HOSPITAL - Part V, Line 5

A SURVEY WAS MAILED TO A RANDOMLY CHOSEN SAMPLE OF 800 RESIDENTS IN OUR PRIMARY SERVICE AREA TO SOLICIT THEIR INPUT. ALSO, FOCUS GROUPS WERE HELD IN GLASGOW AND SURROUNDING COMMUNITIES WHICH REPRESENTED VARIOUS CONSUMER GROUPS OF HEALTH CARE INCLUDING SENIOR CITIZENS, MENTAL HEALTH REPRESENTATIVES, AND LOCAL COMMUNITY MEMBERS. ADDITIONALLY, FMDH SOUGHT INPUT FROM VARIOUS GROUPS THROUGHOUT THE COMMUNITY THAT HAVE SPECIAL KNOWLEDGE REGARDING THE NEEDS OF VARIOUS GROUPS WITHIN THE SERVICE AREA. THESE GROUPS WERE IDENTIFIED THROUGH INPUT FROM FMDH LEADERSHIP AS WELL AS THE FMDH BOARD OF TRUSTEES BASED ON DISCUSSION OF POPULATION DEMOGRAPHICS FROM THE US CENSUS AS WELL AS INTERNAL SOURCES. THE IDENTIFIED GROUPS WERE CONTACTED AND MEETINGS WERE ESTABLISHED WITH APPROPRIATE MEMBERS OF FMDH LEADERSHIP. THE FOLLOWING CONSTITUTES A LIST OF PARTIES CONSULTED WHICH INCLUDED MENTAL HEALTH PROFESSIONALS, INDIAN HEALTH SERVICES, SECONDARY MARKET AREA REPRESENTATIVES, PUBLIC HEALTH SERVICES, AND EDUCATIONAL PROFESSIONALS.

Facility 1, FRANCES MAHON DEACONESS HOSPITAL - Part V, Line 11

AS REQUIRED BY THE IRS IMPLEMENTING REGULATIONS, FMDH PRIORITIZED THE IDENTIFIED NEEDS TO IDENTIFY THOSE NEEDS THAT IT COULD EFFICACIOUSLY ADDRESS GIVEN THE RESOURCE LIMITATIONS INHERENT IN A SMALL RURAL HOSPITAL OPERATION. PRIORITIZATION WAS ACCOMPLISHED USING A PRIORITIZATION TOOL THAT SCORED EIGHT VARIABLES FOR EACH DISEASE CATERGORY RELATED TO THE IDENTIFIED NEEDS. A RELATIVE NEED PERCENTAGE WAS ASSIGNED TO EACH DISEASE CATEGORY BASED ON THE SCORING. A RELATIVE NEED PERCENTAGE OF 30 OR MORE WAS IDENTIFIED AS A NATURAL BREAK IN THE AGGREGATE SCORE, SO THOSE NEEDS WITH A

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, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 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.

RELATIVE NEED PERCENTAGE OF LESS THAN 30 WERE NOT ADDRESSED.

FMDH PRIORITIZED DEVELOPING IMPLEMENTATION STRATEGIES THAT ADDRESS THE NEEDS ASSOCIATED WITH SEVEN DISEASE GROUPS. THESE GROUPS INCLUDE RESPIRATORY DISEASE, HYPERLIPIDEMIA, HYPERTENSION, CARDIOVASCULAR DISEASE, CANCER, OB/GYN/PRENATAL, AND MENTAL HEALTH & SUBSTANCE ABUSE. COMMUNITY AWARENESS STRATEGIES WERE DEVELOPED FOR ALL DISEASE CATEGORIES AND INCLUDE THE TOPICS TO BE COVERED IN THE COMMUNITY AWARENESS CAMPAIGN. ADDITIONALLY, DISEASE SPECIFIC STRATEGIES WERE DEVELOPED THAT ARE RELEVANT TO EACH IDENTIFIED HIGH-NEED DISEASE, AS DOCUMENTED IN THE IMPLEMENTATION PLAN.

Facility 1, FRANCES MAHON DEACONESS HOSPITAL - Part V, Line 16i

The financial assistance policy does address how the patient is notified. Information about our policy can be found on the hospital website, referenced in a billing stuffer, and referenced in various letters before an account is outsourced to a third party collection agency. The final letter notifying the patient that we are forwarding their account to a collection agency if we do not hear from them includes the actual application. The application also informs the patient of the policy and is available on the website and at registration areas. We employ a financial counselor (patient advocate) that helps a patient navigate through their financial options and her contact information is made available in our local newspaper as well as on our website. Our financial counselor also actively communicates with various organizations in our community for them to counsel patients on financial options (i.e. mental health facility, state health and insurance assistance program, Medicaid office, women's

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, 16i, 18d, 19d, 20e, 21c, 21d, 22d, 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.

resource center). Because this position is a patient advocate, she also
keeps up to date on other financial resources that may be available to our
patients. The hospital Board of Trustees has also provided community
education at various organizations.

Facility 1, FRANCES MAHON DEACONESS HOSPITAL - Part V, Line 24

Some services provided by the hospital are considered elective. Elective
services are not eligible for financial assistance thus a person qualifying
for a discount for medically necessary services may need to pay full price
for elective services. The FAP addresses what services are deemed elective.

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.

Part I, Line 7g - Subsidized Health Services Explanation

PHYSICIAN PROFESSIONAL SERVICES MAKE UP \$1,958,381 OF COLUMN C, \$634,531 OF COLUMN D, AND \$1,323,850 OF COLUMN E. THE COST OF BAD DEBT REMOVED FROM THE COMMUNITY BENEFIT EXPENSE IN COLUMN C IS \$111,223.

FRANCES MAHON DEACONESS HOSPITAL'S EFFORTS TO RECRUIT AND RETAIN PHYSICIANS AND OTHER PROVIDERS ARE DEPENDENT ON OUR ABILITY TO COMPETE WITH ALL OTHER COMMUNITIES THAT ARE RECRUITING SIMILAR PHYSICIANS AND PROVIDERS. BECAUSE OF OUR SMALL COMMUNITY SIZE AND REMOTE LOCATION FAR REMOVED FROM MEDICAL COMMUNITIES OF GREATER SCOPE, WE EMPLOY PHYSICIANS AND SUBSIDIZE PHYSICIAN PRACTICES TO OFFER APPROPRIATELY COMPETITIVE SALARIES AND PRACTICE ENVIRONMENTS (SPECIFICALLY, REASONABLE CALL SCHEDULES). WE BELIEVE OUR ABILITY TO OFFER CORE NECESSARY PRIMARY CARE AND EMERGENCY SERVICES IS DEPENDENT ON SUBSIDIZATION.

Part I, Line 7 - Costing Methodology Explanation

USED ADJUSTED COST TO CHARGE RATIOS FOR PATIENT CARE FROM THE MEDICARE COST REPORT, ADJUSTED FOR BED TAX AND COMMUNITY BENEFIT. BAD DEBT EXPENSE AND CHARITY CARE ARE ALREADY EXCLUDED FROM THE MEDICARE COST REPORT.

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.

Part III, Line 2 - Bad Debt Expense Methodology

THE ORGANIZATION'S PATIENT CARE COST TO CHARGE RATIO, AFTER ELIMINATING BAD DEBT, CHARITY CARE, BED TAX, AND COMMUNITY BENEFIT EXPENSE, IS APPLIED TO GROSS BAD DEBT CHARGES TO ARRIVE AT THE COST OF BAD DEBT. DISCOUNTS REDUCE REVENUE AND ARE NOT RECORDED AS BAD DEBT. PAYMENTS RECEIVED ON PREVIOUSLY WRITTEN OFF ACCOUNTS ARE RECORDED AS RECOVERIES OF BAD DEBT WHICH REDUCE BAD DEBT EXPENSE. NONE OF THE BAD DEBT IS CONSIDERED ATTRIBUTABLE TO PATIENTS WHO WOULD QUALIFY FOR FINANCIAL ASSISTANCE. BAD DEBTS ARE AN INEVITABLE RESULT OF OPERATING A NON PROFIT HOSPITAL.

Part III, Line 4 - Bad Debt Expense Footnote to Financial Statements

THE BAD DEBT EXPENSE FOOTNOTE IS ON PAGES 7 & 8 OF THE AUDITED FINANCIAL STATEMENTS.

Part III, Line 8 - Medicare Explanation

THERE IS A MEDICARE SHORTFALL SINCE CRITICAL ACCESS HOSPITALS ARE REIMBURSED 101 PERCENT OF COST FROM MEDICARE, BUT THIS IS THEN REDUCED BY

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.

THE 2 PERCENT SEQUESTRATION ADJUSTMENT. THIS MEDICARE SHORTFALL IS CONSIDERED A COMMUNITY BENEFIT SINCE THE HOSPITAL IS PROVIDING MEDICARE PATIENT CARE SERVICES AT LESS THAN THE COST. MEDICARE COSTS ON PART III, LINE 6 ARE DIRECTLY FROM THE MEDICARE COST REPORT. MEDICARE REVENUE ON PART III, LINE 5 IS DIRECTLY FROM THE MEDICARE COST REPORT. THE ELECTRONIC HEALTH RECORD CAPITAL COSTS AND RELATED INCENTIVE PAYMENTS ARE EXCLUDED FROM THIS CALCULATION.

Part III, Line 9b - Collection Practices Explanation

THE ORGANIZATION USES A SLIDING SCALE BASED ON FEDERAL POVERTY GUIDELINES, COMBINED WITH AN ASSET TEST AND A MEDICALLY INDIGENT TEST REGARDLESS OF INCOME, TO DETERMINE ELIGIBILITY FOR FREE OR DISCOUNTED CARE. THE ORGANIZATION DOES NOT ATTEMPT TO COLLECT CHARGES APPROVED AS CHARITY OR FINANCIAL ASSISTANCE. FOR PATIENTS THAT HAVE HAD A PORTION OF THEIR ACCOUNT WRITTEN OFF AS FINANCIAL ASSISTANCE AND THAT LATER DEFAULT ON THE PORTION THAT WAS DETERMINED TO BE THEIR RESPONSIBILITY, AND THEREFORE IS NOT

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.

**CONSIDERED CHARITY CARE OR FINANACIAL ASSISTANCE, THE
ORGAINIZATION DOES ATTEMPT TO COLLECT THIS BALANCE.**

Part VI, Line 2 - Needs Assessment

PURSUANT TO THE PROVISIONS OF THE AFFORDABLE CARE ACT, FRANCES MAHON DEACONESS HOSPITAL COMPLETED A COMMUNITY NEEDS ASSESSMENT AND IMPLEMENTATION PLAN DURING FISCAL YEAR 2013 (TAX YEAR 2012). HOWEVER, FRANCES MAHON DEACONESS HOSPITAL (FMDH) HAS TRADITIONALLY INCLUDED COMMUNITY NEEDS ASSESSMENTS IN ITS PLANNING FOR MANY YEARS AND UTILIZES MANY METHODS OF ASSESSING THE PATIENT SERVICES NEEDS FOR OUR SERVICE AREA. THESE INCLUDE BUT ARE NOT LIMITED TO: ANALYSIS OF OUTMIGRATION STATISTICS OBTAINED THROUGH ACCESS TO THE COMPDATA DATABASE PROVIDED THROUGH THE MONTANA HOSPITAL ASSOCIATION AND MODELING OF PATIENT TO POPULATION RATIOS TO IDENTIFY AND PLAN FOR THE APPROPRIATE PROVIDER MIX TO SERVE THE COMMUNITY. IN ADDITION, FMDH PARTICIPATED IN AN AREA HEALTH EDUCATION CENTER LEAD COMMUNITY HEALTH SERVICES DEVELOPMENT ASSESSMENT. IDEAS GENERATED OUT OF EACH OF THESE EFFORTS ARE THEN EVALUATED AS TO THE CAPABILITIES OF OUR ORGANIZATION TO DEVELOP IDENTIFIED SERVICES. MINIMUM

Part VI Supplemental Information

Provide the following information.

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- 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.

CRITERIA FOR DEVELOPMENT OF NEW OR MODIFICATION OF EXISTING SERVICES ARE:

THE NEW OR MODIFIED SERVICE CAN REASONABLY FINANCIALLY SUPPORT ITS

OPERATION; WE HAVE OR CAN ACQUIRE THE NECESSARY PERSONNEL WITH THE

CREDENTIALS TO DELIVER THE SERVICE AND RETAIN ENOUGH PERSONNEL WITH THE

REQUIRED SKILL SETS TO AVOID INTERRUPTION OF SERVICE DELIVERY IF SAID

PERSONNEL TURN OVER; THE SERVICES CAN BE DELIVERED IN A MANNER THAT

ACHIEVES APPROPRIATELY HIGH LEVELS OF PATIENT SATISFACTION.

Part VI, Line 3 - Patient Education of Eligibility for Assistance

FRANCES MAHON DEACONESS HOSPITAL EMPLOYS A FINANCIAL COUNSELOR WHO HAS THE

SOLE RESPONSIBILITY TO WORK WITH PATIENTS TO NAVIGATE OUR FINANCIAL

ASSISTANCE PROGRAM. ALL PATIENTS ARE SENT INFORMATION AT THE INITIAL

BILLING FOR DELIVERED PATIENT SERVICES THAT DESCRIBES OUR FINANCIAL

ASSISTANCE PROGRAM. OUR WEBSITE HAS INFORMATION ABOUT OUR FINANCIAL

ASSISTANCE PROGRAM ALONG WITH ACCESS TO THE APPLICATION.

Part VI, Line 4 - Community Information

FRANCES MAHON DEACONESS HOSPITAL IS LOCATED IN GLASGOW MONTANA WHICH IS

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.

OVER FOUR HOURS HIGHWAY TRAVEL TIME AWAY FROM ANY TERTIARY MEDICAL CENTER. OUR PRIMARY SERVICE AREA CONSISTS OF GLASGOW MONTANA AND VALLEY COUNTY, POPULATIONS OF 3250 AND 7659, RESPECTIVELY (BASED ON 2010 CENSUS DATA AND THE 2015 CENSUS BUREAU ESTIMATES, RESPECTFULLY). OUR SPECIALTY SERVICES DRAW FROM PORTIONS OF THE SURROUNDING COUNTIES OF DANIELS, ROOSEVELT, AND PHILLIPS COUNTY. THE AREA IS PRIMARILY AGRICULTURAL BASED WITH LOW POPULATION DENSITIES. OUR POPULATION IS AN OLDER POPULATION WITH 20.8% OF THE POPULATION OVER THE AGE OF 65 (BASED ON THE 2014 CENSUS BUREAU ESTIMATES). THE POPULATION IS MOSTLY WHITE, BUT PORTIONS OF OUR EXTENDED SERVICE AREA HAVE HIGH POPULATIONS OF NATIVE AMERICAN ANCESTRY (58.0% IN ROOSEVELT COUNTY BASED ON THE 2014 CENSUS BUREAU ESTIMATES) TO WHICH WE PROVIDE SERVICES.

Part VI, Line 5 - Promotion of Community Health

FRANCES MAHON DEACONESS HOSPITAL MAINTAINS AN OPEN MEDICAL STAFF. WE ARE GOVERNED BY A VOLUNTARY BOARD OF COMMUNITY PERSONS REPRESENTING MOST OF THE INDIVIDUAL TOWNS OR GEOGRAPHICAL AREAS OF OUR PRIMARY SERVICE AREA. FOR NONELECTIVE SERVICES, WE TREAT PATIENTS WITHOUT REGARD TO ABILITY TO PAY,

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.

CONSISTENT WITH OUR ORIGINS AS A HILL BURTON FUNDED FACILITY. ALTHOUGH OUR HILL BURTON OBLIGATION WAS SATISFIED MANY YEARS AGO, WE STILL ADHERE TO THE PRINCIPLES INHERENT IN THAT OBLIGATION. SURPLUS FUNDS ARE RETAINED WITHIN THE ORGANIZATION TO ASSURE FULFILLMENT OF OUR CHARITABLE MISSION BOTH IN THE PRESENT AND IN THE FUTURE.

Part VI, Line 6 - Affiliated Health Care System

FRANCES MAHON DEACONESS HOSPITAL PROVIDES HOSPITAL INPATIENT AND OUTPATIENT SERVICES. GLASGOW CLINIC PC PROVIDES PROFESSIONAL PRIMARY CARE PHYSICIAN AND MIDLEVEL PROVIDER SERVICES. HI-LINE MEDICAL SERVICES INC PROVIDES SPECIALTY PHYSICIAN AND RETAIL PHARMACY SERVICES.

Additional Information

PART I, LINE 6A: THE FORM 990 SCHEDULE H IS CONSIDERED AN ANNUAL COMMUNITY BENEFIT REPORT AND IT IS AVAILABLE TO THE PUBLIC.

PART V: GLASGOW CLINIC PC IS A SEPARATE ORGANIZATION THAT IS A RURAL HEALTH CLINIC AND IS OPERATED BY FRANCES MAHON DEACONESS HOSPITAL (FMDH). THEIR

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.

REVENUE AND EXPENSES ARE NOT INCLUDED ON FMDH'S FORM 990. HI-LINE MEDICAL SERVICES, INC IS A SEPARATE ORGANIZATION THAT INCLUDES SPECIALTY PHYSICIAN PRACTICES AND A RETAIL PHARMACY. FMDH MANAGES THIS ENTITY AND SUBSIDIZES THE PHYSICIAN PRACTICES AS NEEDED. THEIR REVENUE AND EXPENSES ARE NOT INCLUDED ON FMDH'S FORM 990, EXCEPT THAT THE SUBSIDIZED PHYSICIAN ACTIVITY IS SHOWN ON SCHEDULE H, PART I, LINE 7G.