

Return of Organization Exempt From Income Tax

2003

Open to Public Inspection

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

Department of the Treasury Internal Revenue Service

A For the 2003 calendar year, or tax year beginning 10/01, 2003, and ending 09/30/2004

- B Check if applicable: Address change, Name change, Initial return, Final return, Amended return, Application pending

C Name of organization: BAPTIST HEALTH SOUTH FLORIDA, INC. Number and street (or P.O. box if mail is not delivered to street address): 6855 RED ROAD Room/suite: 500 City or town, state or country, and ZIP + 4: CORAL GABLES, FL 33143-3632

D Employer identification number: 65-0267668 E Telephone number: (786) 662-7083 F Accounting method: Cash, Accrual (checked)

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

G Website: WWW.BAPTISTHEALTH.NET

J Organization type (check only one): [X] 501(c)(3) ( ) 4947(a)(1) or ( ) 527

K Check here [ ] if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

H and I are not applicable to section 527 organizations. H(a) Is this a group return for affiliates? [ ] Yes [X] No H(b) If "Yes," enter number of affiliates: H(c) Are all affiliates included? [ ] Yes [X] No H(d) Is this a separate return filed by an organization covered by a group ruling? [ ] Yes [X] No I Group Exemption Number: M Check [ ] if the organization is not required to attach Sch B (Form 990, 990-EZ, or 990-PF)

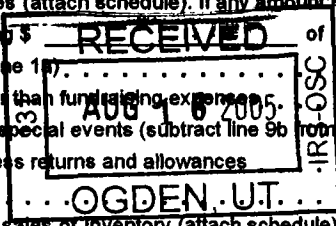
L Gross receipts Add lines 6b, 8b, 9b, and 10b to line 12: 391,726,111.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions)

ENVELOPE POSTMARK DATE AUG 15 2005

SCANNED SEP 12 05

Table with 21 rows and 4 columns. Rows include: 1 Contributions, gifts, grants, and similar amounts received: STMT 1; 2 Program service revenue including government fees and contracts; 3 Membership dues and assessments; 4 Interest on savings and temporary cash investments; 5 Dividends and interest from securities: STMT 2; 6 a Gross rents; 6 b Less: rental expenses; 6 c Net rental income or (loss); 7 Other investment income (describe): STMT 3; 8 a Gross amount from sales of assets other than inventory; 8 b Less: cost or other basis and sales expenses; 8 c Gain or (loss); 8 d Net gain or (loss); 9 Special events and activities (attach schedule); 9 a Gross revenue; 9 b Less: direct expenses other than fundraising expenses; 9 c Net income or (loss); 10 a Gross sales of inventory, less returns and allowances; 10 b Less: cost of goods sold; 10 c Gross profit or (loss); 11 Other revenue (from Part VII, line 103); 12 Total revenue; 13 Program services; 14 Management and general; 15 Fundraising; 16 Payments to affiliates; 17 Total expenses; 18 Excess or (deficit) for the year; 19 Net assets or fund balances at beginning of year; 20 Other changes in net assets or fund balances; 21 Net assets or fund balances at end of year.



For Paperwork Reduction Act Notice, see the separate instructions.

Handwritten initials 'NE' and a checkmark.

Part II Statement of Functional Expenses All organizations must complete column (A) Columns (B), (C), and (D) are required for section 501(c)(3) and (4) organizations and section 4947(a)(1) nonexempt charitable trusts but optional for others (See page 22 of the instructions)

Table with 5 columns: (A) Total, (B) Program services, (C) Management and general, (D) Fundraising. Rows include: 22 Grants and allocations, 23 Specific assistance to individuals, 24 Benefits paid to or for members, 25 Compensation of officers, directors, etc., 26 Other salaries and wages, 27 Pension plan contributions, 28 Other employee benefits, 29 Payroll taxes, 30 Professional fundraising fees, 31 Accounting fees, 32 Legal fees, 33 Supplies, 34 Telephone, 35 Postage and shipping, 36 Occupancy, 37 Equipment rental and maintenance, 38 Printing and publications, 39 Travel, 40 Conferences, conventions, and meetings, 41 Interest, 42 Depreciation, depletion, etc, 43 Other expenses not covered above, 44 Total functional expenses.

Joint Costs. Check [ ] if you are following SOP 98-2. Are any joint costs from a combined educational campaign and fundraising solicitation reported in (B) Program services? [ ] Yes [X] No If "Yes," enter (i) the aggregate amount of these joint costs \$ ; (ii) the amount allocated to Program services \$ ; (iii) the amount allocated to Management and general \$ ; and (iv) the amount allocated to Fundraising \$

Part III Statement of Program Service Accomplishments (See page 25 of the instructions.)

Table with 2 columns: Description, Program Service Expenses. Row a: SEE ATTACHED REPORT (Grants and allocations \$ 190,210,873). Row b: (Grants and allocations \$). Row c: (Grants and allocations \$). Row d: (Grants and allocations \$). Row e: Other program services (attach schedule) (Grants and allocations \$). Row f: Total of Program Service Expenses (should equal line 44, column (B), Program services) 190,210,873.

**Part IV Balance Sheets (See page 25 of the instructions.)**

**Note:** Where required, attached schedules and amounts within the description column should be for end-of-year amounts only.

		(A) Beginning of year		(B) End of year	
<b>Assets</b>	45 Cash - non-interest-bearing . . . . .		45		
	46 Savings and temporary cash investments . . . . .	14,983,231.	46	13,702,770.	
	47a Accounts receivable . . . . .	47a			
	b Less: allowance for doubtful accounts . . . . .	47b		47c	
	48a Pledges receivable . . . . .	48a			
	b Less: allowance for doubtful accounts . . . . .	48b		48c	
	49 Grants receivable . . . . .		49		
	50 Receivables from officers, directors, trustees, and key employees (attach schedule) . . . . .		50		
	51a Other notes and loans receivable (attach schedule) . . . . .	51a			
	b Less: allowance for doubtful accounts . . . . .	51b		51c	
	52 Inventories for sale or use . . . . .		52		
	53 Prepaid expenses and deferred charges . . . . .	STMT 7	3,780,713.	53	3,872,889.
	54 Investments - securities (attach schedule) STMT 8. <input type="checkbox"/> Cost <input checked="" type="checkbox"/> FMV		697,629,392.	54	852,233,477.
	55a Investments - land, buildings, and equipment: basis . . . . .	55a			
	b Less: accumulated depreciation (attach schedule) . . . . .	55b		55c	
56 Investments - other (attach schedule) . . . . .			56		
57a Land, buildings, and equipment: basis . . . . .	57a	153,902,798.			
b Less: accumulated depreciation (attach schedule) . . . . . STMT 8A	57b	55,980,872.	57c	97,921,926.	
58 Other assets (describe <input type="checkbox"/> STMT 9 )		97,617,122.	58	142,585,784.	
59 <b>Total assets</b> (add lines 45 through 58) (must equal line 74) . . . . .		889,255,534.	59	1,110,316,846.	
<b>Liabilities</b>	60 Accounts payable and accrued expenses . . . . .	65,560,781.	60	65,326,017.	
	61 Grants payable . . . . .		61		
	62 Deferred revenue . . . . .		62		
	63 Loans from officers, directors, trustees, and key employees (attach schedule) . . . . .		63		
	64a Tax-exempt bond liabilities (attach schedule) . . . . . STMT 10		217,276,809.	64a	263,507,678.
	b Mortgages and other notes payable (attach schedule) . . . . .			64b	
	65 Other liabilities (describe <input type="checkbox"/> STMT 11 )		NONE	65	637,334.
66 <b>Total liabilities</b> (add lines 60 through 65) . . . . .		282,837,590.	66	329,471,029.	
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 67 through 69 and lines 73 and 74.</b>				
	67 Unrestricted . . . . .	594,586,987.	67	768,124,903.	
	68 Temporarily restricted . . . . .	11,830,957.	68	12,720,914.	
	69 Permanently restricted . . . . .		69		
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 70 through 74.</b>				
	70 Capital stock, trust principal, or current funds . . . . .		70		
	71 Paid-in or capital surplus, or land, building, and equipment fund . . . . .		71		
	72 Retained earnings, endowment, accumulated income, or other funds . . . . .		72		
	73 <b>Total net assets or fund balances</b> (add lines 67 through 69 or lines 70 through 72; column (A) must equal line 19; column (B) must equal line 21) . . . . .		606,417,944.	73	780,845,817.
	74 <b>Total liabilities and net assets / fund balances</b> (add lines 66 and 73) . . . . .		889,255,534.	74	1,110,316,846.

Form 990 is available for public inspection and, for some people, serves as the primary or sole source of information about a particular organization. How the public perceives an organization in such cases may be determined by the information presented on its return. Therefore, please make sure the return is complete and accurate and fully describes, in Part III, the organization's programs and accomplishments.



Part VI Other Information (See page 28 of the instructions.)

Table with columns for question number, question text, and Yes/No checkboxes. Includes questions 76 through 92 regarding organizational activities, financial reporting, and tax information.

**Part VII Analysis of Income-Producing Activities (See page 33 of the instructions.)**

Note: Enter gross amounts unless otherwise indicated.

	Unrelated business income		Excluded by section 512, 513, or 514		(E) Related or exempt function income
	(A) Business code	(B) Amount	(C) Exclusion code	(D) Amount	
93 Program service revenue:					
a <b>MANAGEMENT FEES</b>					242,025,061.
b <b>PARTNERSHIP INCOME</b>	551112	-85,103.			1,416,531.
c					
d					
e					
f Medicare/Medicaid payments . . . . .					
g Fees and contracts from government agencies . . . . .					
94 Membership dues and assessments . . . . .					
95 Interest on savings and temporary cash investments . . . . .					
96 Dividends and interest from securities . . . . .			14	49,490,966.	
97 Net rental income or (loss) from real estate:					
a debt-financed property . . . . .					
b not debt-financed property . . . . .					
98 Net rental income or (loss) from personal property . . . . .					
99 Other investment income . . . . .			14	4,125,645.	
100 Gain or (loss) from sales of assets other than inventory . . . . .			18	-7,095.	
101 Net income or (loss) from special events . . . . .					
102 Gross profit or (loss) from sales of inventory . . . . .					
103 Other revenue: a					
b <b>COMMUNITY/EMPLOYEE</b>					4,475,110.
c <b>SERVICES</b>					
d					
e					
104 Subtotal (add columns (B), (D), and (E)). . . . .		-85,103.		53,609,516.	247,916,702.
105 Total (add line 104, columns (B), (D), and (E)) . . . . .					301,441,115.

Note: Line 105 plus line 1d, Part I, should equal the amount on line 12, Part I.

**Part VIII Relationship of Activities to the Accomplishment of Exempt Purposes (See page 34 of the instructions.)**

Line No.	Explain how each activity for which income is reported in column (E) of Part VII contributed importantly to the accomplishment of the organization's exempt purposes (other than by providing funds for such purposes).
21	STMT 21

**Part IX Information Regarding Taxable Subsidiaries and Disregarded Entities (See page 34 of the instructions.)**

(A) Name, address, and EIN of corporation, partnership, or disregarded entity	(B) Percentage of ownership interest	(C) Nature of activities	(D) Total income	(E) End-of-year assets
STMT 22	%		29,881,465.	96,643,708.
	%			
	%			
	%			

**Part X Information Regarding Transfers Associated with Personal Benefit Contracts (See page 34 of the instructions.)**

(a) Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . . Yes  No   
 (b) Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . . Yes  No

Note: If "Yes" to (b), file Form 8870 and Form 4720 (see instructions).

Under penalties of perjury, I declare that I have examined this return and belief, it is true, correct, and complete declaration of preparer.

**Please Sign Here**

Signature of officer: *Wendy W. Greenleaf*  
**WENDY W. GREENLEAF, CORP VP FIN**  
 Type or print name and title

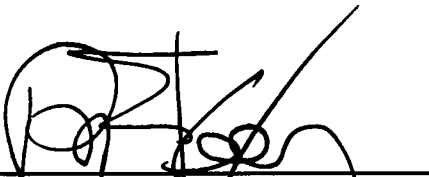
**Paid Preparer's Use Only**

Preparer's signature: *John A. Roman*  
 Firm's name (or yours if self-employed), address, and ZIP + 4: **DELOITTE TAX LLP**  
**200 S. BISCAYNE BOU**  
**MIAMI, FL**

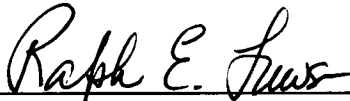
\* SEE ATTACHED ATTESTATION

MANAGEMENT ATTESTATION

The management of Baptist Health South Florida, Inc. (BHSF) is responsible for the integrity, accuracy, and completeness of the tax returns of BHSF and all of its nonprofit, charitable affiliates. This Form 990 has been prepared in conformity with the Internal Revenue Code and Treasury regulations. In accordance with best practices recommendations from the Panel on the Nonprofit Sector in its report to the United States Congress issued June 2005, the officers below certify as to the integrity, accuracy, and completeness of this Form 990.



Brian E. Keeley  
President and Chief Executive Officer  
Baptist Health South Florida, Inc.



Ralph E. Lawson  
Executive Vice President and  
Chief Financial Officer  
Baptist Health South Florida, Inc.

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

**Organization Exempt Under Section 501(c)(3)**

(Except Private Foundation) and Section 501(e), 501(f), 501(k),  
501(n), or Section 4947(a)(1) Nonexempt Charitable Trust

**Supplementary Information - (See separate instructions.)**

▶ **MUST be completed by the above organizations and attached to their Form 990 or 990-EZ**

OMB No 1545-0047

**2003**

Department of the Treasury  
Internal Revenue Service

Name of the organization

**BAPTIST HEALTH SOUTH FLORIDA, INC.**

Employer identification number

**65-0267668**

**Part I Compensation of the Five Highest Paid Employees Other Than Officers, Directors, and Trustees**  
(See page 1 of the instructions. List each one. If there are none, enter "None.")

(a) Name and address of each employee paid more than \$50,000	(b) Title and average hours per week devoted to position	(c) Compensation *	(d) Contributions to employee benefit plans & deferred compensation	(e) Expense account and other allowances
<u>LEE HUNTLEY</u> 6855 RED ROAD, STE 600 CORAL GABLES, FL 33143	CEO-BAPTIST HOSPITAL  FULL	441,157.	73,347.	10,200.
<u>D. WAYNE BRACKIN</u> 6855 RED ROAD, STE 600 CORAL GABLES, FL 33143	CEO-SM HOSPITAL  FULL	390,470.	59,576.	10,200.
<u>WENDY GREENLEAF</u> 6855 RED ROAD, STE 600 CORAL GABLES, FL 33143	VP OF FINANCE  FULL	300,802.	38,013.	5,700.
<u>PHILOMENA TAYLOR</u> 6855 RED ROAD, STE 600 CORAL GABLES, FL 33143	VP OF INF. TECH.  FULL	305,781.	37,414.	7,800.
<u>ALBERT BOULENGER</u> 6855 RED ROAD, STE 600 CORAL GABLES, FL 33143	CEO-HOMESTEAD HOSP.  FULL	294,461.	42,072.	10,200.
Total number of other employees paid over \$50,000 . . . . . ▶	489			

**Part II Compensation of the Five Highest Paid Independent Contractors for Professional Services**  
(See page 2 of the instructions. List each one (whether individuals or firms). If there are none, enter "None.")

(a) Name and address of each independent contractor paid more than \$50,000	(b) Type of service	(c) Compensation
<u>WICKER, SMITH OHARA MCCOY GRAHAM &amp; FORD</u> 2900 SW 28 TERR, MIAMI 33133	MALPRACTICE DEFENSE	1,528,016.
<u>PARENTI FALK WAAS HERNANDEZ &amp; CORTINA</u> 113 ALMERIA AVE, CORAL GABLES 33134	MALPRACTICE DEFENSE	1,363,307.
<u>DELOITTE &amp; TOUCHE</u> 200 BISCAYNE BLVD, STE 400, MIAMI 33131	ACCOUNTING	1,000,180.
<u>NANCY CARR</u> PO BOX 164254, MIAMI, FL 33116-4254	MALPRACTICE CLM MGMT	802,149.
<u>MARLOW, CONNELL, ETAL</u> 4000 PONCE DE LEON BLVD, 570, CORAL GABLE	MALPRACTICE DEFENSE	730,698.
Total number of others receiving over \$50,000 for professional services . . . . . ▶	26	

For Paperwork Reduction Act Notice, see the instructions for Form 990 and Form 990-EZ.

Schedule A (Form 990 or 990-EZ) 2003

\* COMPENSATION, AS SHOWN ABOVE, INCLUDES BASE SALARY, ONE-TIME INCENTIVE AWARD PAYMENTS RELATED TO THE ACHIEVEMENT OF SPECIFIC CORPORATE GOALS UNDER THE CONTINUOUS IMPROVEMENT MANAGEMENT INCENTIVE PLAN AND OTHER TAXABLE BENEFITS.



Part III Statements About Activities (See page 2 of the instructions.)		Yes	No
1	During the year, has the organization attempted to influence national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum? If "Yes," enter the total expenses paid or incurred in connection with the lobbying activities ▶ \$ <u>240,800</u> . (Must equal amounts on line 38, Part VI-A, or line i of Part VI-B.) Organizations that made an election under section 501(h) by filing Form 5768 must complete Part VI-A. Other organizations checking "Yes," must complete Part VI-B AND attach a statement giving a detailed description of the lobbying activities.		X
2	During the year, has the organization, either directly or indirectly, engaged in any of the following acts with any substantial contributors, trustees, directors, officers, creators, key employees, or members of their families, or with any taxable organization with which any such person is affiliated as an officer, director, trustee, majority owner, or principal beneficiary? (If the answer to any question is "Yes," attach a detailed statement explaining the transactions.)		
a	Sale, exchange, or leasing of property? . . . . . <b>SEE POLICY ATTACHED AS EXHIBIT A</b>	2a	X
b	Lending of money or other extension of credit? . . . . .	2b	X
c	Furnishing of goods, services, or facilities? . . . . .	2c	X
d	Payment of compensation (or payment or reimbursement of expenses if more than \$1,000)?, <b>FORM 990, PART V</b> . . . . . <b>SEE POLICY ATTACHED AS EXHIBIT B</b>	2d	X
e	Transfer of any part of its income or assets? . . . . .	2e	X
3a	Do you make grants for scholarships, fellowships, student loans, etc.? (If "Yes," attach an explanation of how you determine that recipients qualify to receive payments.) . . . . . <b>STMT. 23</b>	3a	X
b	Do you have a section 403(b) annuity plan for your employees? . . . . .	3b	X
4	Did you maintain any separate account for participating donors where donors have the right to provide advice on the use or distribution of funds? . . . . .	4	X

**Part IV Reason for Non-Private Foundation Status (See pages 3 through 6 of the instructions.)**

- The organization is not a private foundation because it is: (Please check only ONE applicable box.)
- 5  A church, convention of churches, or association of churches. Section 170(b)(1)(A)(i).
  - 6  A school. Section 170(b)(1)(A)(ii). (Also complete Part V.)
  - 7  A hospital or a cooperative hospital service organization. Section 170(b)(1)(A)(iii).
  - 8  A Federal, state, or local government or governmental unit. Section 170(b)(1)(A)(v).
  - 9  A medical research organization operated in conjunction with a hospital. Section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state ▶ \_\_\_\_\_
  - 10  An organization operated for the benefit of a college or university owned or operated by a governmental unit. Section 170(b)(1)(A)(iv). (Also complete the Support Schedule in Part IV-A.)
  - 11a  An organization that normally receives a substantial part of its support from a governmental unit or from the general public. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
  - 11b  A community trust. Section 170(b)(1)(A)(vi). (Also complete the Support Schedule in Part IV-A.)
  - 12  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its charitable, etc., functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Also complete the Support Schedule in Part IV-A.)
  - 13  An organization that is not controlled by any disqualified persons (other than foundation managers) and supports organizations described in: (1) lines 5 through 12 above; or (2) section 501(c)(4), (5), or (6), if they meet the test of section 509(a)(2). (See section 509(a)(3).)

Provide the following information about the supported organizations. (See page 5 of the instructions.)

(a) Name(s) of supported organization(s)	(b) Line number from above
<b>SEE STATEMENT 24</b>	

- 14  An organization organized and operated to test for public safety. Section 509(a)(4). (See page 6 of the instructions.)

Part IV-A Support Schedule (Complete only if you checked a box on line 10, 11, or 12.) Use cash method of accounting.

Note: You may use the worksheet in the instructions for converting from the accrual to the cash method of accounting NOT APPLICABLE

Table with 6 columns: Calendar year (or fiscal year beginning in), (a) 2002, (b) 2001, (c) 2000, (d) 1999, (e) Total. Rows 15-25 include categories like Gifts, grants, and contributions received; Membership fees received; Gross receipts from admissions, merchandise sold or services performed; Gross income from interest, dividends, amounts received from payments on securities loans; Net income from unrelated business activities; Tax revenues levied; Value of services or facilities furnished; Other income; Total of lines 15 through 22; Line 23 minus line 17; Enter 1% of line 23.

Table for lines 26-27f. Includes instructions for public support calculation: Organizations described on lines 10 or 11; Prepare a list for your records to show the name of and amount contributed by each person; Total support for section 509(a)(1) test; Add: Amounts from column (e) for lines 18, 19, 22, 26b; Public support (line 26c minus line 26d total); Public support percentage (line 26e (numerator) divided by line 26c (denominator)).

27 Organizations described on line 12: a For amounts included in lines 15, 16, and 17 that were received from a "disqualified person," prepare a list for your records to show the name of, and total amounts received in each year from, each "disqualified person." Do not file this list with your return. Enter the sum of such amounts for each year: (2002) (2001) (2000) NOT APPLICABLE (1999)

b For any amount included in line 17 that was received from each person (other than "disqualified persons"), prepare a list for your records to show the name of, and amount received for each year, that was more than the larger of (1) the amount on line 25 for the year or (2) \$5,000. (Include in the list organizations described in lines 5 through 11, as well as individuals.) Do not file this list with your return. After computing the difference between the amount received and the larger amount described in (1) or (2), enter the sum of these differences (the excess amounts) for each year: (2002) (2001) (2000) (1999)

Table for lines 27c-27h. Includes instructions for public support calculation: Add: Amounts from column (e) for lines 15, 16, 17, 20, 21; Add: Line 27a total and line 27b total; Public support (line 27c total minus line 27d total); Total support for section 509(a)(2) test; Public support percentage (line 27e (numerator) divided by line 27f (denominator)); Investment income percentage (line 18, column (e) (numerator) divided by line 27f (denominator)).

28 Unusual Grants: For an organization described in line 10, 11, or 12 that received any unusual grants during 1999 through 2002, prepare a list for your records to show, for each year, the name of the contributor, the date and amount of the grant, and a brief description of the nature of the grant. Do not file this list with your return. Do not include these grants in line 15.

Part V Private School Questionnaire (See page 7 of the instructions.) (To be completed ONLY by schools that checked the box on line 6 in Part IV) NOT APPLICABLE

Table with 3 columns: Question ID, Question Text, and Yes/No columns. Rows include questions 29 through 35 regarding nondiscrimination policies, financial aid, and compliance with Rev. Proc. 75-50.

**Part VI-A Lobbying Expenditures by Electing Public Charities** (See page 9 of the instructions.)

(To be completed **ONLY** by an eligible organization that filed Form 5768)

Check  a if the organization belongs to an affiliated group. Check  b if you checked "a" and "limited control" provisions apply

<b>Limits on Lobbying Expenditures</b>		(a) Affiliated group totals	(b) To be completed for ALL electing organizations
(The term "expenditures" means amounts paid or incurred.)			
<b>36</b>	Total lobbying expenditures to influence public opinion (grassroots lobbying) . . . . .	<b>NONE</b>	<b>NONE</b>
<b>37</b>	Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .	240,800.	240,800.
<b>38</b>	Total lobbying expenditures (add lines 36 and 37) . . . . .	240,800.	240,800.
<b>39</b>	Other exempt purpose expenditures . . . . .	1,517,355,658.	248,580,698.
<b>40</b>	Total exempt purpose expenditures (add lines 38 and 39) . . . . .	1,517,596,458.	248,821,498.
<b>41</b>	Lobbying nontaxable amount. Enter the amount from the following table - If the amount on line 40 is - The lobbying nontaxable amount is - Not over \$500,000 . . . . . 20% of the amount on line 40 . . . . . Over \$500,000 but not over \$1,000,000 . . . \$100,000 plus 15% of the excess over \$500,000 Over \$1,000,000 but not over \$1,500,000 . . \$175,000 plus 10% of the excess over \$1,000,000 Over \$1,500,000 but not over \$17,000,000 . \$225,000 plus 5% of the excess over \$1,500,000 Over \$17,000,000 . . . . . \$1,000,000	1,000,000.	1,000,000.
<b>42</b>	Grassroots nontaxable amount (enter 25% of line 41) . . . . .	250,000.	250,000.
<b>43</b>	Subtract line 42 from line 36. Enter -0- if line 42 is more than line 36 . . . . .		
<b>44</b>	Subtract line 41 from line 38. Enter -0- if line 41 is more than line 38 . . . . .		

Caution: If there is an amount on either line 43 or line 44, you must file Form 4720.

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

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

See the instructions for lines 45 through 50 on page 11 of the instructions.)

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in) ▶	(a) 2003	(b) 2002	(c) 2001	(d) 2000	(e) Total
<b>45</b> Lobbying nontaxable amount . . . . .	1,000,000.	1,000,000.	1,000,000.	1,000,000.	4,000,000.
<b>46</b> Lobbying ceiling amount (150% of line 45(e)) . . . . .					6,000,000.
<b>47</b> Total lobbying expenditures . . . . .	240,800.	242,124.	233,868.	233,868.	950,660.
<b>48</b> Grassroots nontaxable amount . . . . .	250,000.	250,000.	250,000.	250,000.	1,000,000.
<b>49</b> Grassroots ceiling amount (150% of line 48(e)) . . . . .					1,500,000.
<b>50</b> Grassroots lobbying expenditures . . . . .	NONE	12,000.	10,000.	10,000.	32,000.

**Part VI-B Lobbying Activity by Nonelecting Public Charities**

(For reporting only by organizations that did not complete Part VI-A) (See page 12 of the instructions.)

During the year, did the organization attempt to influence national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:

	Yes	No	Amount
<b>a</b> Volunteers . . . . .	N/A		
<b>b</b> Paid staff or management (Include compensation in expenses reported on lines c through h.) . . . . .	N/A		
<b>c</b> Media advertisements . . . . .	N/A		
<b>d</b> Mailings to members, legislators, or the public . . . . .	N/A		
<b>e</b> Publications, or published or broadcast statements . . . . .	N/A		
<b>f</b> Grants to other organizations for lobbying purposes . . . . .	N/A		
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body . . . . .	N/A		
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means . . . . .	N/A		
<b>i</b> Total lobbying expenditures (Add lines c through h.) . . . . .			

If "Yes" to any of the above, also attach a statement giving a detailed description of the lobbying activities.

Part VII Information Regarding Transfers To and Transactions and Relationships With Noncharitable Exempt Organizations (See page 12 of the instructions.)

51 Did the reporting organization directly or indirectly engage in any of the following with any other organization described in section 501(c) of the Code (other than section 501(c)(3) organizations) or in section 527, relating to political organizations?

Table with columns for categories (I) through (vi) and sub-sections a, b, c, and a Yes/No column. Includes rows for Cash, Other assets, Sales or exchanges, Purchases, Rental, Reimbursement, Loans, and Performance of services.

d If the answer to any of the above is "Yes," complete the following schedule. Column (b) should always show the fair market value of the goods, other assets, or services given by the reporting organization. If the organization received less than fair market value in any transaction or sharing arrangement, show in column (d) the value of the goods, other assets, or services received:

Table with 4 columns: (a) Line no., (b) Amount involved, (c) Name of noncharitable exempt organization, (d) Description of transfers, transactions, and sharing arrangements. First row contains 'N/A'.

52a Is the organization directly or indirectly affiliated with, or related to, one or more tax-exempt organizations described in section 501(c) of the Code (other than section 501(c)(3)) or in section 527? Yes No

b If "Yes," complete the following schedule:

Table with 3 columns: (a) Name of organization, (b) Type of organization, (c) Description of relationship. First row contains 'N/A'.

**STATEMENT 1 NOT USED**

FORM 990, PART I - DIVIDENDS AND INTEREST FROM SECURITIES

DESCRIPTION	AMOUNT
INVESTMENT INCOME BANK OF AMERICA	123,048.
INVESTMENT INCOME EMERALD ACCOUNT	81,844.
INVESTMENT INCOME MASTER CUSTODY ACCOUNT	49,286,074.
TOTAL	49,490,966.

FORM 990, PART I - OTHER INVESTMENT INCOME  
=====

DESCRIPTION -----	AMOUNT -----
INVESTMENT INCOME ON '98 BONDS	2,284,855.
INTEREST ON AFFILIATE ADVANCES	1,825,962.
MISCELLANEOUS NON OPERATING	1,652.
INTEREST INCOME FROM PREMIER PURCHASING PARTNERS, L.P. 2000 SCHEDULE K-1	17,848.
INTEREST INCOME FROM MAGELLAN MIDSTREAM PARTNERS. L.P.	96.
INTEREST INCOME ON 2004 BONDS	34,465.
OTHER INVESTMENT INCOME	-39,233.
	-----
TOTAL	4,125,645.
	=====



FORM 990, PART I - OTHER INCREASES IN FUND BALANCES  
=====

DESCRIPTION -----	AMOUNT -----
CHANGE IN BENEFICIAL INTEREST IN BAPTIST HEALTH SOUTH FL. FOUNDATION, INC.	889,957.
INCREASE IN INVESTMENT IN AFFILIATES	31,211,893.
CHANGE IN NET UNREALIZED GAINS AND LOSSES	7,696,117.
INVESTMENT IN PINEAPPLE INSURANCE CO	765,819.
	-----
TOTAL	40,563,786.
	=====

FORM 990, PART I - OTHER DECREASES IN FUND BALANCES  
=====

DESCRIPTION -----	AMOUNT -----
INVESTMENT IN PREMIER PURCHASING PARTNERS, L.P.	1,332,085.
INVESTMENT IN MAGELLAN	1,957.
INVESTMENT IN BHE, INC. & SUBSIDIARIES	7,703,537.
	-----
TOTAL	9,037,579.
	=====

BAPTIST HEALTH SOUTH FLORIDA, INC.

65-0267668

FORM 990, PART II LINE 42

=====

LAND IMPROVEMENTS	24,132
BUILDING	173,012
BUILDING IMPROVEMENTS	94,911
LEASEHOLD IMPROVEMENTS	519,872
FURNITURE & FIXTURES	3,365
SOFTWARE	5,943,805
FIXED EQUIPMENT	207,410
MOVEABLE EQUIPMENT	10,144,694
AMORTIZATION	229,523
	<u>17,340,724</u>

FORM 990, PART II - OTHER EXPENSES

DESCRIPTION -----	TOTAL -----	PROGRAM SERVICES -----	MANAGEMENT AND GENERAL -----
PURCHASED SERVICES	16698072.	13692419.	3,005,653.
INSURANCE	60422838.	49546727.	10876111.
MISCELLANEOUS EXPENSES	4,796,691.	3,933,287.	863,404.
SOFTWARE, HARDWARE & MTN	16701270.	13695041.	3,006,229.
COLLECTION EXPENSE	4,268,713.	3,500,345.	768,368.
PARTNERSHIP PORTFOLIO EXPENSES	1,181.		1,181.
PARTNERSHIP CHAR. CONTRIBUTION	826.		826.
	-----	-----	-----
TOTALS	<u>102889591.</u>	<u>84367819.</u>	<u>18521772.</u>

FORM 990, PART IV - PREPAID EXPENSES AND DEFERRED CHARGES

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
PREPAID INSURANCE	2,038,737.	2,520,807.
PREPAID IT EXPENSES	1,741,976.	1,352,082.
	-----	-----
TOTALS	3,780,713.	3,872,889.
	=====	=====

FORM 990, PART IV - INVESTMENTS - SECURITIES

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
INVESTMENTS IN TREASURY NOTES, BONDS AND STOCK (RESTRICTED IN USE)	697,629,392.	852,233,477.
TOTALS	----- 697,629,392. =====	----- 852,233,477. =====

BAPTIST HEALTH SOUTH FLORIDA, INC.

65-0267668

FORM 990, PART IV LINE 57

ENDING BOOK VALUE

=====

=====

PROPERTY PLANT AND EQUIPMENT

LAND	10,595,582
LAND IMPROVEMENTS	354,772
BUILDINGS	17,128,049
BUILDING IMPROVEMENT	1,191,044
LEASEHOLD IMPROVEMENT	5,463,872
FIXED EQUIPMENT	3,686,549
MOVABLE EQUIPMENT	61,061,320
SOFTWARE	33,655,247
CONSTRUCTION IN PROGRESS	20,738,639
PROPERTY CLEARING	27,725

TOTAL 153,902,798

ACCUMULATED DEPRECIATION

LAND IMPROVEMENTS	170,095
BUILDINGS	198,595
BUILDING IMPROVEMENT	298,735
LEASEHOLD IMPROVEMENTS	2,304,638
FIXED EQUIPMENT	1,865,074
MOVABLE EQUIPMENT	35,805,984
SOFTWARE	15,337,752

TOTAL ACCUMULATED DEPRECIATION 55,980,872

## FORM 990, PART IV - OTHER ASSETS

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
INVESTMENT IN AFFILIATE	31,695,996.	55,970,171.
DUE FROM AFFILIATES	35,231,546.	59,173,461.
ACCRUED INTEREST RECEIVABLE	2,060,177.	3,794,817.
DEFERRED BOND ISSUE COSTS	4,673,606.	6,374,851.
DEPOSITS	7,583,987.	3,975,601.
OTHER CURRENT ASSETS	4,499,866.	19,982.
OTHER INVESTMENTS	51,300.	171,300.
BENEFICIAL INTEREST IN ASSETS OF BAPTIST HEALTH SOUTH FLORIDA FOUNDATION, INC.	11,820,644.	12,710,601.
EMPLOYEE RECEIVABLE	NONE	395,000.
TOTALS	----- 97,617,122. =====	----- 142,585,784. =====



## FORM 990, PART IV - TAX-EXEMPT BOND LIABILITIES

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
BONDS PAYABLE - ISSUED 1995	41,910,516.	40,856,519.
BONDS PAYABLE - ISSUED 1998	36,289,562.	26,300,895.
BONDS PAYABLE - ISSUED 2003	145,008,333.	139,113,309.
ORIGINAL ISSUE DISCOUNT - 1998	-1,299,651.	-1,240,714.
ORIGINAL ISSUE DISCOUNT 2003	-4,631,951.	-4,463,407.
BONDS PAYABLE - ISSUED 2004	NONE	61,007,136.
ORIGINAL ISSUE PREMIUM 2004	NONE	1,933,940.
	-----	-----
TOTALS	217,276,809.	263,507,678.
	=====	=====

SEE STATEMENT 10A

FORM 990, PART IV – TAX EXEMPT BOND LIABILITIES

=====

In March 1993, Baptist Hospital issued through the Dade County Health Facilities Authority \$116,400,000 of Hospital Revenue Refunding Bonds, Series 1993A ("1993 Bonds") in accordance with the provisions of the Master Trust Indenture. The 1993 Bonds bear interest at rates ranging from 3.30% to 5.67%, payable semiannually each May 15 and November 15, through May 15, 2021. The 1993 Bonds are insured by Municipal Bond Investors Assurance Corporation ("MBIA"). The net proceeds of the bonds were used to advance refund all of the outstanding Series 1986 Bonds ("1986 Bonds"), issued by Baptist Hospital in 1986, and Series 1991 Bonds ("Baptist 1991 Bonds"), issued by Baptist Hospital in 1991, and pay expenses incidental to the issuance of the 1993 Bonds. Under the terms of the advance refunding, Baptist Hospital irrevocably deposited funds in an escrow account held by an independent trustee in an amount sufficient to meet all scheduled principal and interest payments on the 1986 Bonds and the Baptist 1991 Bonds and to redeem the refunded bonds on their first available redemption dates, which was May 15, 1997, for the 1986 Bonds. The Baptist 1991 Bonds have been legally defeased. Therefore, neither the amount escrowed to satisfy the Baptist 1991 Bonds debt service requirements nor the outstanding obligation are reflected in the financial statements at September 30, 2004 and 2003. The principal amount outstanding at September 30, 2004 and 2003, was \$30,205,000 and \$31,195,000, respectively, but these amounts are considered defeased under these arrangements.

On September 27, 1995, the BHSF Obligated Group, which consists of BHSF and the BHSF Hospitals, issued \$25,000,000 aggregate principal amount of Taxable Variable Rate Direct Note Obligations, Series 1995A (the "Series 1995A Obligations") and \$25,000,000 aggregate principal amount of Taxable Variable Rate Direct Note Obligations, Series 1995B (The "Series 1995B Obligations" and together with the Series 1995A Obligations, the "Series 1995 Obligations") in accordance with the provisions of the Master Trust Indenture. The Series 1995 Obligations are insured by MBIA and bear interest at a weekly rate that is equal to the lowest interest rate which, in the judgment of the remarketing agent, would enable such Series 1995 Obligations to be remarketed at the principal amount thereof, plus accrued interest thereon. In the event and to the extent that the Series 1995 Obligations are tendered and are not resold by the remarketing agent, BHSF has entered into an agreement with a commercial bank which has committed to purchase such obligations. The Series 1995 Obligations are subject to redemption in accordance with the procedures set forth in the Master Trust Indenture beginning May 15, 2000, through May 15, 2026. The proceeds of the Series 1995 Obligations are being used to provide working capital and other needed liquidity and to invest in various health-related ventures consistent with the health care mission of BHSF.

On November 29, 1995, the BHSF Obligated Group issued through the City of South Miami Health Facilities Authority \$69,985,000 of Hospital Revenue Refunding Bonds, Series 1995 ("1995 Bonds") in accordance with the provisions of the Master Trust Indenture. The 1995 Bonds bear interest at rates ranging from 4.15% to 5.50% payable semiannually each April 1 and October 1, through October 1, 2020. The 1995 Bonds are insured by MBIA. The net proceeds of the 1995 Bonds were used to advance refund all of the outstanding Series 1989 Bonds ("1989 Bonds"), issued by South Miami Hospital in 1989, and Series 1991A Bonds ("1991 Bonds"), issued by South Miami Hospital in 1991, and pay expenses incidental to the issuance of the 1995 Bonds. Under the terms of the advance refunding, South Miami Hospital irrevocably deposited funds in an escrow account held by an independent trustee in an amount sufficient to meet all scheduled principal and interest payments on the 1989 Bonds and 1991 Bonds and to redeem the refunded bonds on their first available redemption dates, which was October 1, 2000, for the 1989 Bonds and was October 1, 2002, for the 1991 Bonds.

On October 15, 1998, the BHSF Obligated Group issued through the City of South Miami Health Facilities Authority \$104,205,000 of its Hospital Revenue Bonds, Series 1998 ("1998 Bonds") in accordance with the provisions of the Master Trust Indenture. The 1998 Bonds bear interest at 5% and mature November 15, 2028. The payment of the principal and interest on the 1998 Bonds is insured by MBIA. The proceeds of the 1998 Bonds are being used to finance renovations, new construction and improvements to, and the acquisition of equipment for, the BHSF Hospitals and the other health care facilities of BHSF, and to pay certain expenses incurred in connection with the issuance of the 1998 Bonds.

On January 9, 2003, the BHSF Obligated Group issued through the City of South Miami Health Facilities Authority \$150,000,000 of its Hospital Revenue Bonds, Series 2003 ("2003 Bonds") in accordance with the provisions of the Master Trust Indenture. The 2003 Bonds bear interest at rates ranging from 5.125% to 5.75% and mature beginning November 15, 2023, through November 15, 2033. The payment of the principal and interest on the 2003 Bonds is wholly dependent on the credit of the BHSF Obligated Group. The proceeds of the 2003 Bonds are being used for the costs of acquiring, constructing, renovating, rehabilitating and equipping certain healthcare facilities of BHSF, including the construction and equipping of a new facility for Homestead Hospital to be located on 60 acres of land in Homestead, Florida, and to pay certain expenses incurred in connection with the issuance of the 2003 Bonds.

On August 12, 2004, the BHSF Obligated Group issued through the City of Coral Gables Health Facilities Authority \$149,920,000 of its Hospital Revenue Bonds, Series 2004 ("2004 Bonds") in accordance with the provisions of the Master Trust Indenture. Approximately 16% of the 2004 Bonds bear variable interest at a weekly rate unless and until converted to a different interest rate period or mode at the option of BHSF. The balance of the 2004 Bonds bear interest at rates ranging from 3.375% to 5.250%. The 2004 Bonds mature beginning August 15, 2005, through August 15, 2034. The payment of principal and interest on the 2004 Bonds maturing August 15, 2005, and August 15, 2006, is wholly dependent on the credit of the BHSF Obligated Group. The payment of principal and interest on the 2004 Bonds maturing beginning August 15, 2007, through August 15, 2034, is insured by Financial Security Assurance, Inc. The proceeds of the 2004 Bonds, together with other available funds, are being used for the costs of acquiring, constructing, renovating, rehabilitating and equipping certain healthcare facilities of BHSF, including the acquisition of land, buildings, equipment, fixtures and inventory of Doctors Hospital, and to pay certain expenses incurred in connection with the issuance of the 2004 Bonds.

FORM 990, PART IV - OTHER LIABILITIES

DESCRIPTION -----	BEGINNING BOOK VALUE -----	ENDING BOOK VALUE -----
INSURANCE	NONE	637,334.
TOTALS	NONE	637,334.

FORM 990, PART IV-A - OTHER REVENUE ON BOOKS BUT NOT ON RETURN

DESCRIPTION	AMOUNT
EQUITY IN AFFILIATE	-6,937,718.
TOTAL	-6,937,718.

FORM 990, PART IV-A - OTHER REVENUE ON RETURN BUT NOT ON BOOKS  
=====

DESCRIPTION -----	AMOUNT -----
NET 98 BOND INVESTMENT INCOME	2,284,855.
2004 BOND INVESTMENT INCOME	34,465.
CONTRIBUTIONS FROM AFFILIATES	90,270,627.
INCOME PICKUP - PREMIER K-1	1,334,090.
INCOME PICKUP - MAGELLAN K-1	1,959.
	-----
TOTAL	93,925,996.
	=====

FORM 990, PART IV-B - OTHER EXPENSES ON BOOKS BUT NOT ON RETURN

DESCRIPTION	AMOUNT
INVESTMENT INCOME ON '98 BONDS	-2,284,855.
INVESTMENT INCOME ON 04 BONDS	-34,465.
TOTAL	-2,319,320.

FORM 990, PART IV-B - OTHER EXPENSES ON RETURN BUT NOT ON BOOKS

DESCRIPTION	AMOUNT
PREMIER K-1 EXPENSES	2,005.
MAGELLAN K-1 EXPENSES	2.
TOTAL	2,007.

## FORM 990, PART V - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION -----	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----	EXPENSE ACCT AND OTHER ALLOWANCES -----
GEORGE CORRIGAN 6855 RED ROAD SUITE 500 CORAL GABLES, FLORIDA 33143-3632	ASST TREASURER PART	NONE	NONE	663.
REV. WILLIAM L. CHAMBERS, III 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	NONE
JOHN SCOTT WESTON 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	100.
JUDGE ROBERT DUBE 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	1,482.
CHARLES M. HOOD, III 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	NONE
GEORGE P. HARTH 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	ASST SECRETARY PART	NONE	NONE	NONE
MRS. ROBERTA STOKES 6855 RED ROAD SUITE 500 MIAMI, FLORIDA 33143-3632	TRUSTEE PART	NONE	NONE	NONE
WENDELL R. BEARD 6855 RED ROAD SUITE 500 CORAL GALES, FL 33143-3632	TRUSTEE PART	NONE	NONE	153.



## FORM 990, PART V - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS -----	TITLE AND TIME DEVOTED TO POSITION -----	COMPENSATION -----	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS -----	EXPENSE ACCT AND OTHER ALLOWANCES -----
ARVA MOORE PARKS MCCABE 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	NONE
ROBERT SINGLETON 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	ASST TREASURER PART	NONE	NONE	462.
NORMAN M. KENYON, MD 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	NONE
DR. MARCOS A. RAMOS 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	NONE
REV. WILNER MAXY 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	NONE
REV. DR. WILLIAM W. WHITE 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	NONE
REV. RICHARD LEDGISTER 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	NONE
PAUL D. MAY 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	182.

## FORM 990, PART V - LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS	EXPENSE ACCT AND OTHER ALLOWANCES
H. ROBERT BERRY, SR. 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TREASURER PART	NONE	NONE	540.
REV. DAVID W. CLEELAND 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	SECRETARY PART	NONE	NONE	NONE
JAY A. HERSHOFF, ESQ 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	2,734.
REV. TOM THOMPSON 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	NONE
GEORGE E. CADMAN, III 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	CHAIRMAN PART	NONE	NONE	NONE
W. PETER TEMLING 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	NONE
WILLIAM DICKINSON 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143-3632	TRUSTEE PART	NONE	NONE	NONE
HERBERT H. GREENE, MD 6855 RED ROAD SUITE 500 CORAL GABLES, FL 33143	TRUSTEE PART	NONE	NONE	NONE

## FORM 990, PART V-LIST OF OFFICERS, DIRECTORS, AND TRUSTEES

NAME AND ADDRESS	TITLE AND TIME DEVOTED TO POSITION	COMPENSATION *	CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS **	EXPENSE ACCT AND OTHER ALLOWANCES
JAMES CARR 6855 RED ROAD, STE 600 CORAL GABLES, FL 33143	TRUSTEE PART	NONE	NONE	682
CALVIN BABOCK 6855 RED ROAD, STE 600 CORAL GABLES, FL 33143	TRUSTEE PART	NONE	NONE	25
BRIAN E. KEELEY 6855 RED ROAD, STE 600 CORAL GABLES, FL 33143	CEO FULL	763,484 *	232,444**	10,931
RALPH E. LAWSON 6855 RED ROAD, STE 600 CORAL GABLES, FL 33143	EVP & CFO FULL	543,797 *	87,513**	10,200
JAVIER HERNANDEZ-LICHTL 6855 RED ROAD, STE 600 CORAL GABLES, FL 33143	CAO FULL	443,372 *	61,376**	10,200
FRED MESSING 6855 RED ROAD, STE 600 CORAL GABLES, FL 33143	RETIRED COO	500,520 ***	6,199***	NONE
	GRAND TOTALS	<u>2,251,173 *</u>	<u>387,532**</u>	<u>38,354</u>

\* EXECUTIVE COMPENSATION - A DISCIPLINED AND FORMAL COMPENSATION POLICY IS FOLLOWED TO ESTABLISH EXECUTIVE COMPENSATION LEVELS. ALL TRUSTEES SERVE IN A VOLUNTARY CAPACITY, AND ARE NOT COMPENSATED.

ALL EXECUTIVE COMPENSATION IS REVIEWED AND APPROVED ANNUALLY BY THE COMPENSATION COMMITTEE WHICH IS COMPRISED OF INDEPENDENT, UNCOMPENSATED MEMBERS OF THE BOARD OF TRUSTEES. COMPENSATION LEVELS FOR EACH EXECUTIVE POSITION ARE ESTABLISHED BASED UPON A PEER GROUP MARKET SURVEY CONDUCTED BY AN INDEPENDENT NATIONALLY RECOGNIZED COMPENSATION CONSULTING FIRM. THE COMPENSATION CONSULTING FIRM IS SELECTED AND ENGAGED DIRECTLY BY THE COMPENSATION COMMITTEE TO CONDUCT AN INDEPENDENT SALARY AND BENEFIT SURVEY OF COMPARABLE ORGANIZATIONS TO DETERMINE A COMPETITIVE COMPENSATION RANGE FOR EACH EXECUTIVE POSITION.

THE POLICY OF THE BOARD HAS BEEN TO COMPENSATE EXECUTIVES WITH BASE SALARIES TARGETED TO THE 50TH PERCENTILE OF THE SALARY RANGE, AS DETERMINED BY THE INDEPENDENT COMPENSATION CONSULTING FIRM. TOTAL COMPENSATION WHICH INCLUDES BASE SALARY, BENEFITS AND INCENTIVE COMPENSATION (WHICH IS TOTALLY 'AT RISK' DEPENDING UPON ACTUAL PERFORMANCE) IS TARGETED AT THE 75TH PERCENTILE OF THE ESTABLISHED RANGE, THE ATTAINMENT OF WHICH DEPENDS UPON SUPERIOR PERFORMANCE IN COMPARISON TO CORPORATE OBJECTIVES ESTABLISHED AT THE BEGINNING OF THE FISCAL YEAR BY THE COMPENSATION COMMITTEE.

COMPENSATION FOR BRIAN KEELEY, RALPH LAWSON, AND JAVIER HERNANDEZ-LICHTL INCLUDES BASE SALARIES OF \$615,066, \$373,884, AND \$291,547 RESPECTIVELY. COMPENSATION FOR THESE THREE INDIVIDUALS ALSO INCLUDED PAYMENTS UNDER THE FORMAL INCENTIVE PLAN WHICH REWARDS SUCCESSFUL ACHIEVEMENT OF QUALITY, MISSION CHARITY CARE, AND FINANCIAL CORPORATE OBJECTIVES. THE INDEPENDENT COMPENSATION COMMITTEE OF THE BOARD OF TRUSTEES APPROVES ALL INCENTIVE PAYMENTS IN ADVANCE BASED UPON INCENTIVE PLAN OBJECTIVES AND ACTUAL CORPORATE RESULTS.

**\*\* CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS**-INCLUDES THE VALUE OF BENEFITS AVAILABLE TO ALL FULL TIME EMPLOYEES OF BAPTIST HEALTH SOUTH FLORIDA, INC. AND ITS AFFILIATES INCLUDING RETIREMENT PLAN CONTRIBUTIONS AND HEALTH, DENTAL, LIFE AND LONG TERM DISABILITY INSURANCE. A PORTION OF CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS ALSO INCLUDES THE VALUE OF DEFERRED COMPENSATION THAT IS CONTINGENT ON FUTURE EMPLOYEE PERFORMANCE AND FULFILLMENT OF A SUBSTANTIAL NON-COMPETE AGREEMENT UPON TERMINATION OF EMPLOYMENT. ACCORDINGLY, THE VALUE OF DEFERRED COMPENSATION INCLUDED IN CONTRIBUTIONS TO EMPLOYEE BENEFIT PLANS MAY NEVER BE PAID TO THE EMPLOYEE SINCE IT IS CONTINGENT UPON FUTURE PERFORMANCE AND OTHER CONDITIONS. IF AND WHEN SUCH DEFERRED COMPENSATION AMOUNTS ARE ACTUALLY PAID TO THE EMPLOYEE, CURRENT TAX LAW REQUIRES REPORTING THE PAYMENTS AGAIN ON PART V, RESULTING IN REPORTING THE VALUE OF DEFERRED COMPENSATION TWICE ON FORM 990.

**\*\*\* FRED MESSING** RETIRED FROM SERVICE IN JULY 2003 AFTER 30 YEARS OF CONTINUOUS SERVICE TO BAPTIST HEALTH SOUTH FLORIDA, INC. UPON HIS RETIREMENT, BAPTIST HEALTH SOUTH FLORIDA, INC. PAID HIM PURSUANT TO HIS RETIREMENT AGREEMENT.

FORM 990, PART VI - NAMES OF RELATED ORGANIZATIONS

BAPTIST HOSPITAL OF MIAMI, INC.	-EXEMPT
SOUTH MIAMI HOSPITAL, INC.	-EXEMPT
MARINERS HOSPITAL, INC.	-EXEMPT
SOUTH MIAMI HEALTH SYSTEM, INC.	-EXEMPT
BAPTIST HEALTH SOUTH FLORIDA FOUNDATION, INC.	-EXEMPT
BHSF REAL ESTATE FOUNDATION, INC.	-EXEMPT
HOMESTEAD HOSPITAL, INC.	-EXEMPT
BAPTIST HEALTH ENTERPRISES, INC. & SUBSIDIARIES	NON-EXEMPT
BAPTIST OUTPATIENT SERVICES, INC.	-EXEMPT
DOCTORS HOSPITAL, INC.	-EXEMPT
WEST KENDALL BAPTIST HOSPITAL, INC.	EXEMPTION PENDING

FORM 990, PART VIII - ACCOMPLISHMENT OF EXEMPT PURPOSES

LINE NO.	EXPLANATION OF HOW EACH ACTIVITY FOR WHICH INCOME IS REPORTED IN COLUMN (E) OF PART VII CONTRIBUTED IMPORTANTLY TO THE ACCOMPLISHMENT OF EXEMPT PURPOSES
-------------	--

93A	SEE THE ATTACHED REPORT TO THE COMMUNITY AND ARTICLES DESCRIBING BAPTIST HEALTH'S CHARITY CARE PROGRAM.
93B	ALLOCABLE SHARE OF PARTNERSHIP INCOME FROM MATERIALS MANAGEMENT AND GROUP PURCHASING PROGRAM ON BEHALF OF BAPTIST HEALTH'S AFFILIATED HOSPITALS. THE GROUP PURCHASING PROGRAM IS STRUCTURED TO REDUCE THE COST OF MEDICAL RELATED SUPPLIES INCURRED BY BAPTIST HEALTH'S HOSPITAL AFFILIATES.

FORM 990, PART IX - INFORMATION REGARDING TAXABLE SUBSIDIARIES

NAME AND ADDRESS EMPLOYER IDENTIFICATION NUMBER -----	PERCENTAGE OWNERSHIP INTEREST -----	NATURE OF BUSINESS ACTIVITIES -----	TOTAL INCOME -----	ENDING ASSETS -----
BAPTIST HEALTH ENTERPRISES 6855 RED ROAD CORAL GABLES, FL 33143-3632 59-2572862	100.000000	DIAG SVC & RE	29,881,465.	96,643,708.
PINEAPPLE INSURANCE COMPANY 3RD FL-BARCLAYS HSE SHEDDEN RD BOX 101GT GRGETWN GRAND CAYMAN	100.000000	INSURANCE		
AESCULAPIUS INSURANCE COMPANY 3RD FL-BARCLAYS HSE SHEDDEN RD BOX 101GT GRGETWN GRAND CAYMAN	100.000000	INSURANCE		
TOTAL INCOME			<u>29,881,465.</u>	<u>96,643,708.</u>

SCHEDULE A, PART III - EXPLANATION FOR LINE 3A  
=====

BAPTIST HEALTH SOUTH FLORIDA, INC. HAS A TUITION REIMBURSEMENT PROGRAM WHEREBY AN EMPLOYEE MAY QUALIFY FOR UP TO \$4,000 FOR UNDERGRADUATE PROGRAM OR UP TO \$6,000 FOR GRADUATE PROGRAM FOR WORK RELATED COURSES. THE EMPLOYEE MUST MAINTAIN A "C" OR BETTER AVERAGE AND CONTINUE EMPLOYMENT FOR ONE YEAR.

BAPTIST HEALTH SOUTH FLORIDA, INC. HAS A SCHOLARS PROGRAM WHICH PROVIDES INDIVIDUALS INTERESTED IN SELECT FIELDS OF MEDICAL SERVICE WITH A FULL TUITION SCHOLARSHIP TO AN IN-STATE SCHOOL, PLUS A STIPEND FOR BOOKS AND FEES. THE INDIVIDUALS MUST MEET CERTAIN ELIGIBILITY REQUIREMENTS, INCLUDING MAINTAINING A "C" AVERAGE OR BETTER AS WELL AS HONORING A 12-MONTH COMMITMENT OF FULL-TIME EMPLOYMENT AT A BAPTIST HEALTH SOUTH FLORIDA AFFILIATE AFTER GRADUATION.



SCHEDULE A, PART IV - INFORMATION ABOUT SUPPORTED ORGANIZATIONS

NAME(S) OF SUPPORTED ORGANIZATION(S) -----	BOX NUMBER FROM PART IV -----
BAPTIST HOSPITAL OF MIAMI, INC.	07
BAPTIST HEALTH SOUTH FLORIDA FOUNDATION, INC.	13
SOUTH MIAMI HOSPITAL, INC.	07
HOMESTEAD HOSPITAL, INC.	07
MARINERS HOSPITAL, INC.	07
SOUTH MIAMI HEALTH SYSTEM, INC.	13
BHSF REAL ESTATE FOUNDATION, INC.	13
DOCTORS HOSPITAL, INC.	07
WEST KENDALL BAPTIST HOSPITAL, INC.	07
BAPTIST OUTPATIENT SERVICES, INC.	07

**Information Return of U.S. Persons With  
Respect To Certain Foreign Corporations**

**File In Duplicate**

(Rev. January 2003)  
Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.  
Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning **10/01**, **20 03**, and ending **09/30**, **20 04**

(see When and Where  
To File on page 1 of the  
instructions)

Name of person filing this return <b>BAPTIST HEALTH SOUTH FLORIDA, INC.</b>	<b>A Identifying number</b> 65-0267688
Number, street, and room or suite no (or P O box number if mail is not delivered to street address) <b>6855 RED ROAD, SUITE 500</b>	<b>B Category of filer</b> (See page 1 of the instructions Check applicable box(es)) 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3 <input type="checkbox"/> 4 <input checked="" type="checkbox"/> 5 <input checked="" type="checkbox"/>
City or town, state, and ZIP code <b>CORAL GABLES, FL 33143</b>	<b>C Enter the total percentage of the foreign corporation's voting stock you owned at the end of its annual accounting period</b> <u>100.00</u> %
Filer's tax year beginning <b>OCTOBER 1</b> , 20 <b>03</b> , and ending <b>SEPTEMBER 30</b> , 20 <b>04</b>	

**D Person(s) on whose behalf this information return is filed.**

(1) Name	(2) Address	(3) Identifying number	(4) Check applicable box(es)		
			Shareholder	Officer	Director

**Important: Fill in all applicable lines and schedules. All information must be in English. All amounts must be stated in U.S. dollars unless otherwise indicated.**

<b>1a Name and address of foreign corporation</b> PINEAPPLE INSURANCE COMPANY C/O MARSH MANAGEMENT SERVICES CAYMEN, INC. 3RD FLOOR, BARCLAYS HOUSE, SHEDDEN ROAD, P.O. BOX 101GT GEORGETOWN, GRAND CAYMAN, CAYMAN ISLANDS				<b>b Employer identification number, if any</b> _____	
<b>d Date of incorporation</b> 08/30/2002				<b>c Country under whose laws incorporated</b> CAYMAN ISLANDS	
<b>e Principal place of business</b> CAYMAN ISLANDS		<b>f Principal business activity code number</b> 524140	<b>g Principal business activity</b> INSURANCE		<b>h Functional currency</b> US DOLLARS

**2 Provide the following information for the foreign corporation's accounting period stated above.**

<b>a Name, address, and identifying number of branch office or agent (if any) in the United States</b> NONE		<b>b If a U S income tax return was filed, enter</b>	
		(i) Taxable income or (loss) NONE	(ii) U S income tax paid (after all credits) NONE
<b>c Name and address of foreign corporation's statutory or resident agent in country of incorporation</b> MARSH MANAGEMENT SERVICES CAYMEN, INC. 3RD FLOOR, BARCLAYS HOUSE, SHEDDEN ROAD, P.O. BOX 101GT GEORGETOWN, GRAND CAYMAN, CAYMAN ISLANDS BWI		<b>d Name and address (including corporate department, if applicable) of person (or persons) with custody of the books and records of the foreign corporation, and the location of such books and records, if different</b>	

**Schedule A Stock of the Foreign Corporation**

**Part I — All Classes of Stock**

(a) Description of each class of stock	(b) Number of shares issued and outstanding	
	(i) Beginning of annual accounting period	(ii) End of annual accounting period
COMMON STOCK	201,000	120,000

**Part II — Additional Information for Preferred Stock**  
(To be completed only by Category 1 filers for foreign personal holding companies.)

(a) Description of each class of Preferred stock (Note: This description should match the corresponding description entered in Part I, column (a).)	(b) Par value in functional currency	(c) Rate of dividend	(d) Indicate whether the stock is cumulative or noncumulative



**Schedule E** Income, War Profits, and Excess Profits Taxes Paid or Accrued (See page 5 of instructions.)

(a) Name of country or U.S. possession	Amount of tax		
	(b) In foreign currency	(c) Conversion rate	(d) In U.S. dollars
1 U.S.			
2			
3			
4			
5			
6			
7			
8 Total			

**Schedule F** Balance Sheet

**Important:** Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See page 5 of the instructions for an exception for DASTM corporations.

Assets		(a)	(b)
		Beginning of annual accounting period	End of annual accounting period
1 Cash	1	23,828,156	15,162,867
2a Trade notes and accounts receivable	2a		
b Less allowance for bad debts	2b	( )	( )
3 Inventories	3		
4 Other current assets (attach schedule) STMT 3	4	11,301,292	24,110,260
5 Loans to shareholders and other related persons	5		
6 Investment in subsidiaries (attach schedule)	6		
7 Other investments (attach schedule) STMT 4	7	-6,087,078	-9,499,252
8a Buildings and other depreciable assets	8a		
b Less accumulated depreciation	8b	( )	( )
9a Depletable assets	9a		
b Less accumulated depletion	9b	( )	( )
10 Land (net of any amortization)	10		
11 Intangible assets:			
a Goodwill	11a		
b Organization costs	11b		
c Patents, trademarks, and other intangible assets	11c		
d Less accumulated amortization for lines 11a, b, and c	11d	( )	( )
12 Other assets (attach schedule)	12		
13 Total assets	13	41,216,526	48,772,379
<b>Liabilities and Shareholders' Equity</b>			
14 Accounts payable	14	49,895	218,130
15 Other current liabilities (attach schedule) STMT 5	15	40,918,536	47,610,518
16 Loans from shareholders and other related persons	16		
17 Other liabilities (attach schedule)	17		
18 Capital stock:			
a Preferred stock	18a		
b Common stock	18b	1,200	1,200
19 Paid-in or capital surplus (attach reconciliation)	19	118,800	118,800
20 Retained earnings	20	128,095	823,731
21 Less cost of treasury stock	21	( )	( )
22 Total liabilities and shareholders' equity	22	41,216,526	48,772,379

**Schedule G Other Information**

- Yes No
- 1 During the tax year, did the foreign corporation own at least a 10% interest, directly or indirectly, in any foreign partnership?     
 If "Yes," see page 5 of the instructions for required attachment.
  - 2 During the tax year, did the foreign corporation own an interest in any trust?
  - 3 During the tax year, did the foreign corporation own any foreign entities that were disregarded as entities separate from their owners under Regulations sections 301.7701-2 and 301.7701-3?     
 If "Yes," attach a statement listing the name, country under whose laws the entity was organized, and EIN (if any) of each entity.

**Schedule H Current Earnings and Profits** (See page 5 of the instructions.)

**Important:** Enter the amounts on lines 1 through 5c in functional currency.

1 Current year net income or (loss) per foreign books of account . . . . .	<b>1</b>	NONE
2 Net adjustments made to line 1 to determine current earnings and profits according to U.S. financial and tax accounting standards (see instructions):		
	<b>Net Additions</b>	<b>Net Subtractions</b>
a Capital gains or losses . . . . .		
b Depreciation and amortization . . . . .		
c Depletion . . . . .		
d Investment or incentive allowance. . . . .		
e Charges to statutory reserves . . . . .		
f Inventory adjustments . . . . .		
g Taxes . . . . .		
h Other (attach schedule) . . . . .	165,702	
3 Total net additions . . . . .	165,702	
4 Total net subtractions . . . . .		
5a Current earnings and profits (line 1 plus line 3 minus line 4) . . . . .	<b>5a</b>	165,702
b DASTM gain or (loss) for foreign corporations that use DASTM (see instructions) . . . . .	<b>5b</b>	
c Combine lines 5a and 5b . . . . .	<b>5c</b>	165,702
d Current earnings and profits in U.S. dollars (line 5c translated at the appropriate exchange rate as defined in section 989(b) and the related regulations (see instructions)) . . . . .	<b>5d</b>	

Enter exchange rate used for line 5d ▶

**Schedule I Summary of Shareholder's Income From Foreign Corporation** (See page 5 of instructions.)

1 Subpart F income (line 40b, Worksheet A in the instructions) . . . . .	<b>1</b>	
2 Earnings invested in U.S. property (line 17, Worksheet B in the instructions) . . . . .	<b>2</b>	
3 Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions) . . . . .	<b>3</b>	
4 Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions) . . . . .	<b>4</b>	
5 Factoring income . . . . .	<b>5</b>	
6 Total of lines 1 through 5. Enter here and on your income tax return. See page 6 of instructions	<b>6</b>	
7 Dividends received (translated at spot rate on payment date due under section 989(b)(1)) . . . .	<b>7</b>	
8 Exchange gain or (loss) on a distribution of previously taxed income. . . . .	<b>8</b>	

- Yes No
- Was any income of the foreign corporation blocked?
  - Did any such income become unblocked during the tax year (see section 964(b))?
- If the answer to either question is "Yes," attach an explanation.

**SCHEDULE J  
(Form 5471)**

(Rev. January 2003)  
Department of the Treasury  
Internal Revenue Service

**Accumulated Earnings and Profits (E&P)  
of Controlled Foreign Corporation**

OMB No. 1545-0704

▶ Attach to Form 5471. See instructions for Form 5471.

Name of person filing Form 5471

BAPTIST HEALTH SOUTH FLORIDA, INC.

Identifying number

65-0267688

Name of foreign corporation

PINEAPPLE INSURANCE COMPANY

Important: Enter amounts in functional currency.	(a) Post-1986 Undistributed Earnings (post-86 section 959(c)(3) balance)	(b) Pre-1987 E&P Not Previously Taxed (pre-87 section 959(c)(3) balance)	(c) Previously Taxed E&P (see instructions) (sections 959(c)(1) and (2) balances)			(d) Total Section 964(a) E&P (combine columns (a), (b), and (c))
			(i) Earnings Invested in U.S. Property	(ii) Earnings Invested in Excess Passive Assets	(iii) Subpart F Income	
1 Balance at beginning of year	(235,885)					(235,885)
2a Current year E&P	165,702					
b Current year deficit in E&P						
3 Total current and accumulated E&P not previously taxed (line 1 plus line 2a or line 1 minus line 2b)	(70,183)					
4 Amounts included under section 951(a) or reclassified under section 959(c) in current year						
5a Actual distributions or reclassifications of previously taxed E&P						
b Actual distributions of nonpreviously taxed E&P						
6a Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)						
b Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)	(70,183)					
7 Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.)	(70,183)					(70,183)

For Paperwork Reduction Act Notice, see the instructions for Form 5471.

Schedule J (Form 5471) (Rev 1-2003)

**SCHEDULE M  
(Form 5471)**

(Rev. January 2003)  
Department of the Treasury  
Internal Revenue Service

**Transactions Between Controlled Foreign Corporation  
and Shareholders or Other Related Persons**

OMB No. 1545-0704

▶ Attach to Form 5471. See instructions for Form 5471.

Name of person filing Form 5471

Identifying number

**BAPTIST HEALTH SOUTH FLORIDA, INC.**

**65-0267668**

Name of foreign corporation

**PINEAPPLE INSURANCE COMPANY**

**Important: Complete a separate Schedule M for each controlled foreign corporation. Enter the totals for each type of transaction that occurred during the annual accounting period between the foreign corporation and the persons listed in columns (b) through (f). All amounts must be stated in U.S. dollars translated from functional currency at the average exchange rate for the foreign corporation's tax year. See page 10 of the instructions.**

Enter the relevant functional currency and the exchange rate used throughout this schedule ▶

(a) Transactions of foreign corporation	(b) U S person filing this return	(c) Any domestic corporation or partnership controlled by U S person filing this return	(d) Any other foreign corporation or partnership controlled by U S person filing this return	(e) 10% or more U S shareholder of controlled foreign corporation (other than the U S person filing this return)	(f) 10% or more U S shareholder of any corporation controlling the foreign corporation
1 Sales of stock in trade (inventory) . . . . .					
2 Sales of property rights (patents, trademarks, etc.) . .					
3 Compensation received for technical, managerial, engineering, construction, or like services . . . . .					
4 Commissions received . . . . .					
5 Rents, royalties, and license fees received . . . . .					
6 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income)					
7 Interest received . . . . .					
8 Premiums received for insurance or reinsurance					
9 Add lines 1 through 8 . . . . .					
10 Purchases of stock in trade (inventory) . . . . .					
11 Purchases of tangible property other than stock in trade . . . . .					
12 Purchases of property rights (patents, trademarks, etc.) . .					
13 Compensation paid for technical, managerial, engineering, construction, or like services . . . . .					
14 Commissions paid . . . . .					
15 Rents, royalties, and license fees paid . . . . .					
16 Dividends paid . . . . .					
17 Interest paid . . . . .					
18 Add lines 10 through 17 . . . . .					
19 Amounts borrowed (enter the maximum loan balance during the year) — see instructions					
20 Amounts loaned (enter the maximum loan balance during the year) — see instructions					

**SCHEDULE N  
(Form 5471)**

(Rev. January 2003)

Department of the Treasury  
Internal Revenue Service

**Return of Officers, Directors, and 10% or More  
Shareholders of a Foreign Personal Holding Company**

OMB No 1545-0704

▶ Attach to Form 5471. See instructions for Form 5471.

Name of person filing Form 5471

Identifying number

**BAPTIST HEALTH SOUTH FLORIDA, INC.**

**65-0267688**

Name of foreign corporation

**PINEAPPLE INSURANCE COMPANY**

**Important:** All amounts must be stated in U.S. dollars translated from functional currency. See page 10 of the instructions for the relevant exchange rate.

Enter the relevant functional currency and the exchange rate(s) used throughout this schedule ▶

**Part I Shareholder Information**

**Section A — Outstanding Securities Convertible Into Stock of the Corporation or Options Granted by the Corporation**

Description of securities (attach a complete, detailed statement of conversion privileges)	Interest rate (%)	Face value	
		Beginning of year	End of year

**Section B — List of Holders of Convertible Securities or Options Granted by the Corporation**

Name and address of each holder of convertible securities or options (designate nonresident aliens)	Class of securities	Securities held				Explanation and date of any change in holdings of securities during the year
		Beginning of year		End of year		
		Number	Face value	Number	Face value	

**Part II Income Information**

**Section A — Undistributed Foreign Personal Holding Company Income**

1	Gross income as defined in section 555 (attach schedule) . . . . .	1	
2	Deductions allowable under section 161 (attach schedule) . . . . .	2	
3	Taxable income or (loss) (subtract line 2 from line 1) . . . . .	3	
4	Adjustments to taxable income or (loss) (see page 12 of instructions):		
a	Taxes (see instructions) . . . . .	4a	
b	Charitable contributions . . . . .	4b	
c	Special deductions disallowed . . . . .	4c	
d	Net operating loss . . . . .	4d	
e	Expenses and depreciation applicable to property of the taxpayer . . . . .	4e	
f	Taxes and contributions to pension trusts . . . . .	4f	
g	Total adjustments (combine lines 4a through 4f) . . . . .	4g	
5	Combine line 3 and line 4g . . . . .	5	
6	Deduction for dividends paid during tax year. Enter the amount from Section B, line 12, below . . . . .	6	
7	Subtract line 6 from line 5 . . . . .	7	
8	Deduction allowed under section 563(c) for dividends paid after close of tax year (see instructions). Attach designation required by Rev. Proc. 90-26, 1990-1 C.B. 512 . . . . .	8	
9	Undistributed foreign personal holding company income (subtract line 8 from line 7) . . . . .	9	

**Section B — Deduction for Dividends Paid During Tax Year (see instructions)**

10	Taxable dividends paid during tax year:	Date paid	Amount
a	Cash . . . . .		10a
b	Property other than cash or the corporation's own securities (indicate nature of property) . . . . .		10b
c	Obligations of the corporation (bonds, notes, scrip, etc.) . . . . .		10c
11	Consent dividends (attach schedule) . . . . .		11
12	Deduction for dividends paid during tax year (add lines 10a through 11). Enter here and on line 6 above . . . . .		12

For Paperwork Reduction Act Notice, see the instructions for Form 5471.

Schedule N (Form 5471) (Rev. 1-2003)



**SCHEDULE O  
(Form 5471)**

(Rev. January 2003)

Department of the Treasury  
Internal Revenue Service

**Organization or Reorganization of Foreign  
Corporation, and Acquisitions and  
Dispositions of its Stock**

OMB No. 1545-0704

▶ Attach to Form 5471. See instructions for Form 5471.

Name of person filing Form 5471 <b>BAPTIST HEALTH SOUTH FLORIDA, INC.</b>	Identifying number <b>65-0267688</b>
Name of foreign corporation <b>PINEAPPLE INSURANCE COMPANY</b>	

**Important: Complete a separate Schedule O for each foreign corporation for which information must be reported.**

<b>Part I To Be Completed by U.S. Officers and Directors</b>				
(a) Name of shareholder for whom acquisition information is reported	(b) Address of shareholder	(c) Identifying number of shareholder	(d) Date of original 10% acquisition	(e) Date of additional 10% acquisition

**Part II To Be Completed by U.S. Shareholders**  
*Note: If this return is required because one or more shareholders became U.S. persons, attach a list showing the names of such persons and the date each became a U.S. person.*

<b>Section A — General Shareholder Information</b>				
(a) Name, address, and identifying number of shareholder(s) filing this schedule	(b) For shareholder's latest U.S. income tax return filed, indicate:			(c) Date (if any) shareholder last filed information return under section 6046 for the foreign corporation
	(1) Type of return (enter form number)	(2) Date return filed	(3) Internal Revenue Service Center where filed	
<b>BAPTIST HEALTH SOUTH FLORIDA, INC. 6855 RED ROAD, STE 500 CORAL GABLES, FL 33143</b>	<b>990</b>	<b>08/15/2005</b>	<b>OGDEN, UT</b>	<b>N/A</b>

<b>Section B — U.S. Persons Who Are Officers or Directors of the Foreign Corporation</b>				
(a) Name of U.S. officer or director	(b) Address	(c) Social security number	(d) Check appropriate box(es)	
			Officer	Director

<b>Section C — Acquisition of Stock</b>						
(a) Name of shareholder(s) filing this schedule	(b) Class of stock acquired	(c) Date of acquisition	(d) Method of acquisition	(e) Number of shares acquired		
				(1) Directly	(2) Indirectly	(3) Constructively

For Paperwork Reduction Act Notice, see the instructions for Form 5471.

Schedule O (Form 5471) (Rev 1-2003)

(f) Amount paid or value given	(g) Name and address of person from whom shares were acquired

**Section D — Disposition of Stock**

(a) Name of shareholder disposing of stock	(b) Class of stock	(c) Date of disposition	(d) Method of disposition	(e) Number of shares disposed of		
				(1) Directly	(2) Indirectly	(3) Constructively

(f) Amount received	(g) Name and address of person to whom disposition of stock was made

**Section E — Organization or Reorganization of Foreign Corporation**

(a) Name and address of transferor	(b) Identifying number (if any)	(c) Date of transfer

(d) Assets transferred to foreign corporation			(e) Description of assets transferred by, or notes or securities issued by, foreign corporation
(1) Description of assets	(2) Fair market value	(3) Adjusted basis (if transferor was U.S. person)	

**Section F — Additional Information**

**(a)** If the foreign corporation or a predecessor U.S. corporation filed (or joined with a consolidated group in filing) a U.S. income tax return for any of the last 3 years, attach a statement indicating the year for which a return was filed (and, if applicable, the name of the corporation filing the consolidated return), the taxable income or loss, and the U.S. income tax paid (after all credits).

**(b)** List the date of any reorganization of the foreign corporation that occurred during the last 4 years while any U.S. person held 10% or more in value or vote (directly or indirectly) of the corporation's stock ►

**(c)** If the foreign corporation is a member of a group constituting a chain of ownership, attach a chart, for each unit of which a shareholder owns 10% or more in value or voting power of the outstanding stock. The chart must indicate the corporation's position in the chain of ownership and the percentages of stock ownership (see page 13 of the instructions for an example).

**Baptist Health South Florida, Inc.**

**65-0267688**

**Form 5471, Schedule C - Other Income**

Realized Gain

\$641,189

**Form 5471, Schedule C - Other Deductions**

Loss-adjustment expenses and retrospective premium adjustments	\$36,751,333
Brokerage expenses	200,000
Claims administration expenses	35,670
Investment management fees	213,918
Management fees	50,000
Actuarial fees	42,660
Audit fees	20,887
Insurance consulting fees	20,125
Legal fees	17,422
Custodian fees	10,778
Government fees	9,468
Other expenses	8,240
	<u>\$37,380,501</u>

**Form 5471, Schedule F - Other Current Assets**

Securities available for sale	\$23,977,082
Futures and forward foreign currency exchange contracts	133,178
	<u>\$24,110,260</u>

**Form 5471, Schedule F - Other Investments**

Insurance premiums receivable	\$9,276,074
Accrued interest receivable	220,651
Other	2,527
	<u>\$9,496,725</u>

**Form 5471, Schedule F - Other Current Liabilities**

Loss-adjustment expenses and retrospective premium adjustments	\$47,547,523
Futures and forward foreign currency exchange	<u>62,995</u>
	<u><u>\$47,610,518</u></u>

**EXHIBIT A**

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# Baptist Health South Florida

BAPTIST HOSPITAL OF MIAMI • SOUTH MIAMI HOSPITAL • DOCTORS HOSPITAL  
BAPTIST CHILDREN'S HOSPITAL • HOMESTEAD HOSPITAL • MARINERS HOSPITAL  
BAPTIST OUTPATIENT SERVICES • BAPTIST CARDIAC & VASCULAR INSTITUTE

POLICY NO: 203.BHSF

Administrative  
Divisional  
Departmental

<b>SUBMITTED BY:</b>	<i>Wendy W. Greenleaf</i> Wendy W. Greenleaf Corporate Vice President, Finance	<b>APPROVED BY:</b>	<i>Brian E. Keeley</i> Brian E. Keeley President and Chief Executive Officer
<b>APPROVAL DATE:</b>	7/26/05	<b>APPROVED BY:</b>	<i>Ralph E. Lawson</i> Ralph E. Lawson Executive Vice President & Chief Financial Officer
<b>REVIEW DATE(S):</b>	_____		
<b>REVISION DATE(S):</b>	_____		

**SUBJECT:**

Loans to Officers, Directors and Trustees

**POLICY STATEMENT:**

Baptist Health South Florida and each of its affiliates may not make loans or advances to any executive (vice president and above) or to any officer, director or trustee of the Governing Board of BHSF or any affiliate entity. This policy is not intended to preclude a routine travel advance being made to an executive in accordance with BHSF Policy No. 27.

**EXHIBIT B**

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# Baptist Health South Florida

Policy No.: 27.01.BHSF

BAPTIST HOSPITAL OF MIAMI • SOUTH MIAMI HOSPITAL • DOCTORS HOSPITAL  
BAPTIST CHILDREN'S HOSPITAL • HOMESTEAD HOSPITAL • MARINERS HOSPITAL  
BAPTIST OUTPATIENT SERVICES • BAPTIST CARDIAC & VASCULAR INSTITUTE

Administrative  
 Departmental

SUBMITTED BY:  
TITLE:

*Wendy W. Greenleaf*  
Wendy W. Greenleaf  
Corporate Vice President  
Finance

APPROVED BY:  
TITLE:

*Brian E. Keeley*  
Brian E. Keeley  
President and Chief  
Executive Officer

APPROVAL DATE:

July 26, 2005

APPROVED BY:  
TITLE:

*Ralph E. Lawson*  
Ralph E. Lawson  
Executive Vice President and  
Chief Financial Officer

REVIEW DATE(S): \_\_\_\_\_

REVISION DATE(S): \_\_\_\_\_

**SUBJECT:**

Board Member Travel Policy and Reimbursement Procedure

**POLICY STATEMENT:**

On occasion it may be necessary for a member of the Governing Board of Baptist Health South Florida and or one of its affiliates ("BHSF") to travel for BHSF business purposes. These occasions are expected to be rare. A BHSF executive must accompany any Board Member traveling on BHSF business. BHSF will reimburse Board members for reasonable, properly approved and substantiated travel in accordance with BHSF Policy No. 27. BHSF will not reimburse for any expense amounts not actually incurred.

**PROCEDURE FOR IMPLEMENTATION:**

The appropriate BHSF executive should submit a written request to have a BHSF Board Member accompany him/her on a business-related trip. Such request must clearly outline the business purpose of the trip.

Requests for Board Member travel must be approved in advance by the BHSF President and Chief Executive Officer.



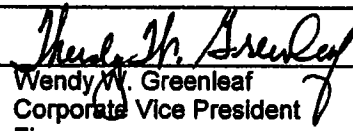
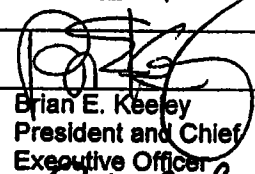

# Baptist Health South Florida

Policy No.: 27.02.BHS

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 Departmental

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SUBMITTED BY: TITLE:	 Wendy M. Greenleaf Corporate Vice President Finance	APPROVED BY: TITLE:	 Brian E. Keeley President and Chief Executive Officer
APPROVAL DATE:	<u>9/28/98</u>	APPROVED BY: TITLE:	 Ralph E. Lawson Executive Vice President and Chief Financial Officer
REVIEW DATE(S):	<u>7/26/05</u>		
REVISION DATE(S):	_____		

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**SUBJECT:**

Senior Executive Air Travel

**POLICY STATEMENT:**

To promulgate the standard air-travel policy for Senior Executives. "Senior Executives" of Baptist Health South Florida are defined as the President, Executive Vice Presidents, and entity Chief Executive Officers.

**PROCEDURES FOR IMPLEMENTATION:**

**I. Travel of Multiple Senior Executives**

BHSF Executives should consciously avoid air-travel arrangements when possible where more than two such individuals are intentionally travelling aboard the same aircraft. This is intended to minimize the possibility, beyond the potentially tragic personal losses involved should an aircraft tragedy occur, where BHSF might be overwhelmed by the simultaneous loss of multiple key Executives. Unless extenuating circumstances dictate otherwise, Senior Executives should not travel on the same flight together.

**II. Upgraded Class**

In accordance with BHSF Travel Policy, Senior Executives, as with all employees, should routinely travel at the lowest cost airline fare available from a regularly scheduled major carrier at a reasonably convenient time to an appropriate airport. Reservations should routinely be made sufficiently in advance (usually two weeks) whenever possible to secure the most favorable pricing. However, unlike other employees, Senior Executives, due to business reasons, are required to travel more than others, many times to distant locations.

Under very limited circumstances, the Senior Executive may upgrade at Corporate expense to the next higher available class of service (e.g. business class.) These circumstances are generally limited to:

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(A) If an additional overnight accommodation can be avoided, and the upgraded seat is a cost-effective alternative (e.g. a "red-eye flight" which enables the executive to sleep during the flight and thereby avoid the cost of an overnight stay).

(B) Where flight duration is in excess of six hours (i.e. cross-country or overseas) and the Senior Executive contemplates working during most of the flight.

All BHSF executives should always be aware of our image and role as a not-for-profit organization, and assure that any such upgrades are used appropriately and discreetly.



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SUBMITTED BY:	<u>Wendy W. Greenleaf</u> Wendy W. Greenleaf Corporate Vice President, Finance	APPROVED BY:	<u>Ralph E. Lawson</u> Ralph E. Lawson Executive Vice President & Chief Financial Officer
APPROVAL DATE:	<u>May 22, 2000</u>		
REVIEW DATE(S):	_____		
REVISION DATE(S):	<u>July 26, 2005</u>		

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**SUBJECT:**

Travel, Business Meals and Business Entertainment Expense Policy and Reimbursement Procedure

**POLICY STATEMENT:**

To establish guidelines for cost-effective travel and the timely reimbursement of employee travel, business meals and business entertainment expenses. Baptist Health South Florida and affiliates ("BHSF") will reimburse employees for reasonable, properly approved and substantiated travel and business entertainment expenses in accordance with these policy guidelines. BHSF will not reimburse for any expense amounts not actually incurred and not properly documented. Employees traveling, dining and/or entertaining are expected at all times to exercise good judgment to protect the business interests and reputation of Baptist Health.

**PROCEDURE FOR IMPLEMENTATION:**

**I. IN TOWN TRAVEL**

**A. DAY TRIP MEALS**

In the case of a day trip away from the employee's usual place of business which does not involve an overnight stay, only lunch expense will be allowable for reimbursement unless the trip extends beyond a reasonable time for an evening meal. This type of expenditure should occur on an infrequent basis and the employee will be reimbursed only for the actual cost of such meals. BHSF will not reimburse for meals if a third party has provided or paid for the meal.

**B. TRAVELING BETWEEN BHSF FACILITIES**

If attending a meeting, seminar or other event, BHSF will reimburse tolls paid and miles in excess of the miles from your home to your customary place of business. Standardized cost for travel between BHSF facilities will be based on the miles listed in the chart attached hereto as Appendix A at the IRS mileage rate in effect at the time of travel. The business purpose of the travel must be reported on the reimbursement request.

Employees receiving an automobile allowance benefit will only be reimbursed for parking fees and



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tolls paid for both in town and inter-facility travel.

### **II. OUT OF TOWN TRAVEL**

#### **A. GENERAL**

Travel and entertainment expenses should be incurred only to accomplish an important business purpose and then only if considered reasonable, ordinary and prudent. It is BHSF'S intent that its employees should neither lose nor gain financially as a result of business travel. Employees who incur travel expenses must carefully consider the value of each intended business trip, use good judgment in incurring reasonable travel expenses, timely report actual expenses and obtain prior approval for items not covered by this policy.

Non-reimbursable and/or excessive travel-related activity expenses will not be reimbursed. Adherence to the requirements of this travel policy in both content and spirit is mandatory. Cases of significant abuse may result in disciplinary action, including termination.

It is recognized that circumstances out of the control of persons traveling can cause the incurrence of higher than reasonable expenses (e.g., an air fare which is higher than the lowest air fare available for the flight required due to changed schedules). When these circumstances occur, it is the responsibility of the employee to fully explain and justify the necessity for incurring the higher than normal expense. Reimbursement should not be expected and will not be made for unjustified or undocumented expenses of this nature.

#### **B. APPROVAL**

All travel must be pre-approved by the employee's Department Head and/or other appropriate executive. Travel expense reports must be signed by the employee and approved consistent with approval levels specified in Policy No. 211.BHSF. Travel expense reports for all vice presidents and above must be approved by the Corporate Vice President of Finance.

The act of signing and/or approving a travel expense reimbursement request is a representation that the expenses were incurred, are reasonable, adequately documented, serve a legitimate business purpose, and are in full accord with BHSF policies.

#### **C. RECEIPTS REQUIREMENTS**

Receipts are required for all expenses incurred regardless of dollar amount with the exception of miscellaneous tips. Certain types of travel-related expenses will require specified documentation as follows:



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<u>Expense Item</u>	<u>Required Documentation</u>
Air	Original passenger coupon, copy of travel agency invoice or e-ticket receipt
Hotel	Detailed original or internet folio, plus proof of payment
Car Rental	Original rental agreement with proof of payment
Meals and Entertainment	Customer charge/credit card copy or cash register receipt for cash items
Other	Customer charge/credit card copy or cash register receipt for cash items

## **D. TRAVEL ARRANGEMENTS**

### **1. Designated agency**

The agency listed in Appendix B is designated to handle BHSF's travel arrangements, including air, hotel, and car rental reservations. If your trip arrangements necessitate the assistance of a travel agent you must use the designated agency. The information provided to BHSF by this agency assists BHSF to manage its travel and business expense costs more effectively and negotiate better rates. Always identify yourself as a BHSF employee.

Occasionally, group/discounted airfares and hotel rates are arranged through the meeting host. Attendees should use the discounted rates contracted for unless lower rates can be obtained through the designated travel agency.

## **E. AIR TRAVEL**

Reservations for business travel may be made through the designated travel agency, directly through the airlines or online. Employees should book all travel arrangements as early as possible in order to take advantage of every possible discount.

### **1. Class of service**

- a. **Domestic travel:** All employees are expected to book all domestic tickets at the lowest coach or economy fare available that permits travel at reasonable times with reasonable itineraries. There is no objection to employees upgrading from a reimbursable class of service to a higher class of service at their own expense. The cost of upgrading (i.e., the charge to upgrade plus the differential between the lowest coach or economy fare available and any higher fare that is required to upgrade) is a personal expense. All upgrades made will be paid for by the employee at the time of the upgrade and not billed to the BHSF corporate account.





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### 2. Discounted fares

- a. When booking flights through the designated travel agency, the agency representative will advise you of alternative flights within two hours before and/or after the desired departure time, penalty air fares, discount options, alternative airports and routings to the cities you have requested. If any of these flights will save \$100 or more, the employee is expected to take the less expensive flight, provided he/she will arrive/depart in time for the scheduled business meetings. Employees making their flight arrangements directly are expected to consider alternative flights and airports (e.g., use of the Ft. Lauderdale International Airport as opposed to the Miami International Airport) in order to obtain the best rates. Be aware that discount fares have restrictions. Where discounted fares are available only with penalties for cancellation or change, the probability of cancellation or change should be weighed against the amount of the discount, the size of the penalty, and the likelihood of future use. Last minute changes may disqualify discounted fares, and almost always result in additional costs; however, the discounted fares may still result in savings even after change fees are applied. Please be sure you understand all conditions of the tickets you are purchasing.
- b. Saturday night stay over: Ordinarily there is no objection to individuals departing one or two days early (e.g., on a Saturday for a meeting beginning on Monday morning) or staying one or two extra days (e.g., until Sunday after a meeting ending on Friday or Saturday) if by doing so they are able to obtain a discounted airfare for which they would not otherwise be eligible, and as long as the combined cost of the discounted airfare, and the additional hotel, meal and other allowable expenses is less than the cost of the lowest airfare otherwise available. This option would normally apply to weekend travel, where airlines offer a discounted airfare in connection with a Saturday night stay. (This policy does not imply that individuals may leave one business day early or return one business day late.) Such stay-overs must be pre-approved. BHSF will reimburse the cost of hotel, meal and other expenses relating to arrivals in advance or departures subsequent to a business meeting or function only for the minimum number of days required to obtain the discounted fare. The cost of hotel, meal and other expenses relating to arrivals prior to the latest arrival date or subsequent to the earliest departure date should be considered personal expenses and such additional days missed from work taken as paid time off, or unpaid time if benefit time is unavailable. The advance departure or extended stay and the estimated savings must be well documented and submitted with the receipts for such travel.

### 3. Payment of airfare

Airfare must be paid on a personal credit card for all personal travel by an employee and for family travel. It is preferred that employees also pay for business travel on a personal credit card and submit for reimbursement from BHSF. Ordinarily, requests for reimbursement of airfares should be made only after travel has occurred. However, where purchase is required well in advance, reimbursement may be requested before travel has occurred, but a full accounting for the trip must be submitted upon completion of the business travel.

### 4. Frequent flyer award programs

- a. Employees may use frequent flyer miles or points earned through business travel for personal purposes.



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- b. Employee selection of air carrier: Selection of an air carrier will be made in accordance with the lowest airfare guidelines given above. Selection of a specific carrier solely for the purpose of increasing frequent flyer bonuses is prohibited.
- c. Membership dues in frequent flyer and similar award programs are personal expenses and will not be reimbursed by BHSF.

### 5. Number of employees travelling together

Beyond the obvious tragic personal and family implications, certain combinations of employees flying on the same aircraft at the same time create a significant operational liability for BHSF should these employees be simultaneously injured or killed. When a number of individuals from the same office or functional department are traveling to the same destination, good judgment should limit the number traveling on the same plane.

### 6. Excessive baggage

Employees will be reimbursed for excess baggage charges only when traveling with heavy or bulky materials or equipment necessary for business or when the excess baggage consists of company records or property.

### 7. Unused air tickets

All unused air tickets must be reported and turned in to the Finance Department at the employee's facility as soon as possible. All unused tickets must be noted on the travel itinerary as unused for the appropriate segment of the itinerary. The travel itinerary along with air receipts are to be attached to the expense report form.

### 8. Insurance coverage

The employee will bear the expense or cost of additional airline related insurance coverage purchased.

### 9. Lost or stolen airline tickets

Employees are encouraged to purchase electronic tickets which can not be lost or stolen. Immediately upon discovery of a lost/stolen hard-copy ticket, the employee must fill out a lost ticket application at the airline ticket counter. The employee is responsible for the value of lost tickets. BHSF will not absorb the cost of lost tickets including fees charged by the airlines for processing the lost ticket application.

## F. LODGING

### 1. Hotels to be used/corporate/negotiated rates

When making lodging reservations, employees should refer to the list of hotels maintained by Materials Management offering BHSF employees a corporate rate or access the discounted rate that may be available from the organization they are visiting. If for some reason no rooms are available at these rates, a cost-effective alternative should be arranged.



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If lodging arrangements are being made through the designated travel agency, the representative will obtain for you a corporate rate and/or the lowest rate available at hotels in the area to which you are traveling where a special negotiated rate has not been established. Often times, a seminar's sponsor will arrange for package rates at area hotels. Discuss the rates with the designated travel agent who will determine if a better rate can be obtained through them. If not, you may make the hotel arrangements directly with the hotel.

### 2. Guaranteed reservation procedures/no-show charges

The designated travel agency representative will guarantee reservations for late arrival by providing the hotel with your personal credit card number. If you are unable to make the trip, call the travel agent representative or the hotel directly before the cancellation time for the hotel in order to cancel your reservation and to avoid paying a no-show penalty. Be sure to obtain your cancellation number.

Should circumstances prevent you from informing the hotel of your change in plans (e.g., flight delayed, missed connections due to airline delay forcing you to stay in another city), contact the travel agency or the hotel directly as soon as possible to inform them of your situation. Failure to contact the hotel, under any circumstances, will generally cause the hotel to bill for one night's stay. Should this charge be incurred and no corresponding record of change or cancellation by you be recorded with the hotel or explained in writing by you on your expense report, you will not be reimbursed for the amount billed.

### 3. Personal phone calls while traveling

- a. BHSF believes that employees traveling away from home have a need to and should remain in contact with family members. Employees will be reimbursed reasonable costs for personal telephone calls while traveling on business. Employees receiving a cell phone allowance are expected to use their cell phone to make business and/or personal calls while traveling.
- b. Airplane Phone Usage - Because of the high cost of phone service often offered on airplanes, use of air phones should be avoided. Employees may use an air phone only if an emergency or critical business issue is involved. All such calls must be fully justified and documented.
- c. Employees calling into a BHSF facility should call 1-800-327-2491 to take advantage of this toll-free service.

### 4. Health club

For the health and safety of our employees, health club fees not to exceed \$12 per day, will be reimbursed for use of a hotel health club when traveling overnight. Personal care services such as massages, facials and the like are not reimbursable.

### 5. Documentation required

The detailed hotel invoices and the credit card receipts must be submitted with the expense report. If the employee does not have a credit card, then all appropriate receipts must accompany the expense report.



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Lodging includes only the cost of the room and related taxes. Meal costs included on the hotel bill should be classified as "Meals". Other business expenses included on the hotel bill should be accurately classified. Personal expenses included on the hotel bill should not be submitted for reimbursement.

### **G. CAR RENTALS**

#### **1. Rental car guidelines**

Employees may rent a car at their destination when it is less expensive than other transportation modes such as taxis, airport limousines and airport shuttles. The rental vehicle should be thoroughly inspected prior to leaving the rental agencies premises. Any damage must be immediately reported to the rental car agent and noted on the rental car agreement. Employees will be held liable for damages to rental cars.

#### **2. Responsible Employee Behavior**

Employees renting automobiles are expected to exercise good judgment to protect the business interests and reputation of Baptist Health. No employee should rent or drive an automobile unless they possess a valid driver's license and are recognized as an authorized driver on the rental car agreement. Employees are strictly prohibited from operating any motor vehicle after consumption of any alcoholic beverage. Employees should not speed or engage in reckless operation of any vehicle. Irresponsible behavior could result in disciplinary action, including termination of employment. Any alcohol related losses (including losses resulting from denial of insurance coverage) or any losses resulting from other irresponsible employee behavior will be the responsibility of the employee and will not be reimbursed to the employee by BHSF.

#### **3. Compare rates/preferred vendors**

Materials Management maintains a list of rental car agencies offering discounts to BHSF employees. Employees making rental car arrangements directly with the rental agency should consult this list to make the most cost effective arrangement. The designated travel agency also maintains a list of preferred car rental agencies for BHSF. The lowest priced automobiles will be booked for you by the designated travel agency in the event the preferred vendor is unable to serve you.

#### **4. Automobile size limits**

When a rental is needed, a small or an intermediate sized car must be reserved by all employees. All upgrades must be documented and approved.

#### **5. Optional Insurance coverage**

When renting an automobile for company business, employees must charge the rental to their personal credit card and should accept the liability insurance coverages that are offered by the rental car company. Any employee renting without liability coverage will be personally responsible for any damage to, or theft of, the rental car. Should a rental car accident occur, employees



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should immediately contact the rental car company, local authorities and BHSF Risk Management.

### 6. Number of employees travelling together

The guidelines set forth in Section II.E.5. above apply for traveling in automobiles.

### 7. Documentation required

The receipt from the rental car company and any credit card receipts must be submitted with the expense report along with any receipts for gasoline, tolls, parking, or other automobile related items purchased.

## H. OTHER TRANSPORTATION

### 1. Private automobiles

- a. Appropriate use and guidelines: In circumstances where the use of a private automobile will be approximately equal to the cost of alternative transportation, a private automobile or rental car may be used at the discretion of the employee. In choosing whether to fly or use alternative transportation, the employee should be cognizant of the number of business hours required to travel via private automobile versus alternative transportation and make the proper business decision.
- b. Reimbursable mileage rate: All business related miles driven will be reimbursed at the published IRS standard mileage rates in effect at the time.
- c. Receipts and mileage log requirements: There are no receipt requirements for the use of automobiles when using the standard mileage allowance. The automobile mileage rate reimbursement is calculated to cover all expenses of automobile operations for the miles driven. Unless an internet map and mileage calculation (e.g., MapQuest) are provided or if mileage in excess of the calculated miles is submitted for reimbursement, a daily and accurate beginning and ending odometer reading and calculation of miles is required to be reported on the expense report in addition to the date, location, and business purpose of the trip. Tolls and parking expenses are not included in the standard mileage rate and may be added with appropriate documentation. Refer to Section I.B. for reimbursement guidelines for inter-facility travel.

Employees will not be reimbursed for any physical or mechanical repairs to their personal car even if these costs result from business travel.

## I. SPOUSE AND OTHER ACCOMPANIMENT

Spouse or dependent travel, and any expenses connected thereto, will not be reimbursed or paid for by BHSF.



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A spouse, family member or other individual may accompany an employee on a business trip at the employee's expense. Airfare and other travel-related expenses for individuals accompanying an employee must be paid on a personal credit card.

### **J. BUSINESS TRAVEL-RELATED DEPENDENT CARE**

Employees will be eligible for dependent care reimbursement when they are required to travel out of town on Baptist Health business. Reimbursement will be limited to reasonable expenses required for the provision of care outside of normal business hours for dependent children under the age of 18. Reimbursement will be only for those additional care expenses that would not have been otherwise incurred had the employee not been required to travel out of town on Baptist Health business. Amounts paid to spouses, partners or relatives are not reimbursable. The Internal Revenue Service requires that reimbursement for dependent care expenses be included as taxable income and included with the employee's bi-weekly regular pay.

To be eligible for this reimbursement, the employee's supervisor must approve the employee's eligibility and anticipated additional dependent care expenses in advance of actual travel. Appropriate documentation must be submitted and approved as called for in Section II. B. of this policy. Appropriate documentation must include the amount paid to the caregiver, name and address of the caregiver, and a signature of the caregiver acknowledging receipt of funds. Reimbursement will be limited to \$50 per night out of town, not to exceed \$250 per week.

### **K. NON-REIMBURSABLE EXPENSES**

The following are examples of items not reimbursed by BHSF:

- X Luggage and briefcase replacement
- X Airline club dues
- X Frequent traveler award program dues
- X Personal entertainment (movie rentals, city tours, etc.)
- X Traffic fines
- X Parking fines
- X Annual credit card fees
- X Baby-sitting
- X In-room movies
- X Hair cut
- X Manicure
- X Massage
- X Kennel fees
- X In-flight movies
- X Car washes
- X Laundry\*
- X Dry cleaning\*
- X Shoe polishing
- X Other personal items such as toiletries

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Additionally, unreasonably costly expenditures (e.g., expensive wines and liquors; meals at inappropriately expensive restaurants) are not reimbursable.



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- \* Laundry and/or dry cleaning expenses will be reimbursed if incurred on business trips for which the length of stay is more than five consecutive business days. Receipts and proof of payment must accompany the reimbursement request.

### K. CASH TRAVEL ADVANCES

#### 1. Criteria for issuance

Although the need for temporary travel advances is minimized by the use of credit cards, cash advances may be issued when any of the following criteria are met:

- a. Out-of-town travel is required where out-of-pocket expenses will exceed \$500.
- b. Anticipated out-of-pocket expenses are considered excessive for the employee to bear.

#### 2. Pre-trip issuance

Cash travel advances should not be requested unless pre-approved and will not be issued more than two weeks prior to travel occurrence.

#### 3. Settlement

Cash travel advances must be settled with the filing of the travel expense report for the trip for which the cash advance was obtained. When a cash travel advance has been issued, the travel expense report is required to be filed within twenty business days from the completion of the trip. Travel advances are subject to payroll deduction if not settled promptly.

No travel advances will be issued until prior travel advances have been settled, unless travel for which a prior advance was issued has not yet occurred or the trips are within twenty business days of each other.

The employee receiving the travel advance is completely responsible for the safe keeping of such funds. Any funds lost will remain a financial obligation of the employee.

### III. MEALS AND ENTERTAINMENT

#### A. DEFINITIONS

**Business meals:** Business meals are those meals consumed by an employee of BHSF and other business persons that have a direct business purpose.

**Business Entertainment:** Business entertainment expenditures are those legitimate and reasonable meals, beverages and other activities provided in an appropriate location. The expenditure must have been incurred in connection with bona fide and substantial business discussions.

Employees are expected to exercise good judgment when selecting the venue where BHSF business will be conducted. BHSF reserves the right to deny reimbursement for entertainment expenses incurred in unsuitable business settings.

**B. RECEIPT REQUIREMENTS**

Receipts are required for all meals and entertainment expenditures. Appropriate and acceptable receipts are original cash receipts and/or customer copies of the credit card charge tickets. Photocopies and tear-tab receipts are not acceptable.

**C. EMPLOYEES DINING TOGETHER**

As a general rule, BHSF will not reimburse employees for meals and/or entertainment purchase for other BHSF employees. On those infrequent occasions when an important business purpose is served, it is recommended that the most senior level employee should pay for such meals. A complete listing of the names of all other BHSF employees whose meals were provided and a description of the business discussions held must be submitted with the expense reimbursement request.

**D. IRS DOCUMENTATION REQUIREMENTS**

On any occasion when a meal, beverage and/or entertainment are purchased for employees, customers, and/or persons outside BHSF, the following information must be provided on the expense report:

- The names, titles and company of attendees.
- The specific business topic(s) discussed.

Expense reports submitted without the above information will not be processed.

**E. ALCOHOLIC BEVERAGES**

Excessive provision and/or consumption of alcoholic beverages under any circumstances is not only unhealthy and costly, but also creates a potential liability for BHSF. In all cases, moderation and good judgment should be exercised/by all BHSF employees.





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 Departmental

APPENDIX A

BHSF Inter-Facility Mileage (One-way)

	Bell South Bldg.	BHM	BHM Pediatric Rehab	BMP Beacon	BMP Coral Gables	BMP Doral	BMP Palmetto Bay	BMP West Kendall	BMP Westchester	BOS Home Health	Business Support & Call Ctr	Corp Ofc. / Park Place	DH	Doral Data Center	HH	Ludlum Garden	Macy's Mammo	MH	MH O/P PT	Ocean Reef Club	SMH
Bell South Building	X	3	4	11	11	12	8	2	8	3	6	7	9	11	21	6	5	58	49	42	7
BHM	3	X	2	10	8	12	5	4	4	2	8	4	6	10	22	3	2	58	50	43	3
BHM Pediatric Rehab	4	2	X	9	8	12	6	6	3	1	9	4	6	9	24	3	3	60	51	44	3
BMP Beacon	11	10	9	X	8	4	13	11	4	9	16	10	9	1	31	10	9	68	58	51	9
BMP Coral Gables	11	8	8	8	X	11	10	12	6	9	16	4	3	8	30	5	7	68	58	50	5
BMP Doral	12	12	12	4	11	X	15	12	9	12	17	12	11	4	32	13	12	68	60	53	12
BMP Palmetto Bay	8	5	6	13	10	15	X	9	9	7	7	6	8	13	18	5	5	53	45	38	6
BMP West Kendall	2	4	6	11	12	12	9	X	7	5	5	8	10	12	22	7	6	58	49	42	8
BMP Westchester	6	4	3	4	6	9	9	7	X	3	12	5	5	6	28	5	5	62	54	47	5
BOS Home Health	3	2	1	9	9	12	7	5	3	X	10	4	7	9	25	3	4	60	51	44	4
Business Support & Call Ctr	6	8	9	16	16	17	7	5	12	10	X	12	14	16	20	11	11	56	47	40	12
Corp. Ofc./Park Place	7	4	4	10	4	12	6	8	5	4	12	X	2	10	27	2	3	62	54	47	1
DH	9	6	6	9	3	11	8	10	5	7	14	2	X	9	28	3	4	64	55	48	3
Doral Data Center	11	10	9	1	8	4	13	12	6	9	16	10	9	X	31	10	9	67	58	51	10
HH	21	22	24	31	30	32	18	22	26	25	20	27	28	31	X	25	26	39	30	23	28
Ludlum Garden	6	3	3	10	8	13	5	7	5	3	11	2	3	10	25	X	1	61	52	45	1
Macy's Mammo	5	2	3	9	7	12	5	6	5	4	11	3	4	9	28	1	X	61	52	44	2
MH	58	58	60	66	66	66	53	58	62	60	56	62	64	67	39	61	61	X	9	27	62
MH O/P PT	49	60	51	58	58	58	45	49	54	51	47	54	55	58	30	52	52	9	X	18	53
Ocean Reef Club	42	43	44	51	50	53	38	42	47	44	40	47	48	51	23	45	45	27	18	X	48
SMH	7	3	3	9	5	12	6	8	5	4	12	1	3	10	26	1	2	62	53	46	X



## **Baptist Health South Florida**

BAPTIST HOSPITAL OF MIAMI • SOUTH MIAMI HOSPITAL • DOCTORS HOSPITAL  
BAPTIST CHILDREN'S HOSPITAL • HOMESTEAD HOSPITAL • MARINERS HOSPITAL  
BAPTIST OUTPATIENT SERVICES • BAPTIST CARDIAC & VASCULAR INSTITUTE

**POLICY NO.: 27.BHSF**

**Administrative  
Divisional  
Departmental**

### **APPENDIX B**

#### **Designated Travel Agency:**

**Express Travel of Miami  
395 Alhambra Circle, Suite 301  
Coral Gables, Florida 33134**

**Telephone: (305) 341-1200  
(800) 544-1222**

**Fax: (305) 341-1211**

**E-mail: [www.expresstravelmia.com](http://www.expresstravelmia.com)**



# Baptist Health South Florida

BAPTIST HOSPITAL OF MIAMI • SOUTH MIAMI HOSPITAL • DOCTORS HOSPITAL  
BAPTIST CHILDREN'S HOSPITAL • HOMESTEAD HOSPITAL • MARINERS HOSPITAL  
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POLICY NO.: 27.BHSF

Administrative  
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Departmental

APPENDIX C

## TRAVEL/EDUCATION EXPENSE REIMBURSEMENT REQUEST

### INSTRUCTIONS

1. Complete Part A and obtain appropriate authorization in accordance with established approval levels.
2. Department Head/Manager will keep original and follow-up on completion of Part B 20 business days after trip/program.
3. If payment by BHSF or an advance check to the employee is requested, forward a copy of the approved request form to Accounts Payable. A check will be issued in accordance with established check writing procedures.
4. Within 20 business days after completion of trip/program, Part B is to be completed and forwarded to Accounts Payable even if there is no balance to settle. If a balance is due Baptist Health South Florida ("BHSF"), present the completed form to the cashier and receive a receipt for the balance paid. The cashier must forward original form and all attachments to Accounts Payable.
5. It is imperative that adequate documentation (original receipts, detailed hotel bills, airline passenger receipts, etc.) be a part of this accounting.

Please refer to Policy No. 27.BHSF for guidance and documentation requirements.

### PART A

#### REQUEST FOR APPROVAL (to be completed PRIOR to travel/education program) ESTIMATED EXPENSES

Employee Name: _____	Airfare: _____
Employee Address: _____	Mileage @40.5¢: _____
_____	Taxi or Other Transportation: _____
Business Phone: _____ Extension: _____ Entity: _____	Hotel: _____
Department Name: _____ Cost Center: _____	Registration: _____
Travel Dates: _____ To: _____	Meals: _____
Method of Travel: _____	Other: _____
Destination (City and State): _____	Total: _____
Reason for Trip: _____	Advance Request: _____
_____	_____
Submitted By: _____	Date: _____
Approved by Dept. Head/Manager: _____	Date: _____
Approved by Vice President: _____	Date: _____

### PART B

#### ACCOUNTING FOR TRIP (to be completed within 10 business days subsequent to travel/education program)

#### ACTUAL EXPENSES

Airfare: _____	Total Expense: _____
Mileage @40.5¢: _____	Less Advance: _____
Taxi or Other Transportation: _____	Less Amounts Paid: _____
Hotel: _____	Directly by BHSF: _____
Registration: _____	Balance: _____
Meals: _____	Due Employee: _____
Other (explain): _____	Due BHSF: _____
_____	BHSF Receipt No.: _____
Submitted By: _____	Date: _____
Approved by Dept. Head/Manager: _____	Date: _____
Approved by Vice President: _____	Date: _____

Note: By signing this form, you are representing that to the best of your knowledge and belief that all expenses submitted for reimbursement on this form were incurred for a legitimate business purpose and in compliance with BHSF policies.



**Baptist Health Systems  
of South Florida**

BAPTIST HOSPITAL OF MIAMI • SOUTH MIAMI HOSPITAL  
BAPTIST CHILDREN'S HOSPITAL • HOMESTEAD HOSPITAL  
MARINERS HOSPITAL • MIAMI CARDIAC & VASCULAR INSTITUTE

**POLICY NO.: 16.BHS**

✓ Administrative  
Divisional  
Departmental

SUBMITTED BY:

\_\_\_\_\_  
Carl A. Gustafson  
Corporate Vice President,  
Human Resources

APPROVED BY:

\_\_\_\_\_  
Brian E. Keeley  
President/CEO

APPROVAL DATE:

July 13, 1998  
\_\_\_\_\_

REVIEW DATE(S):

\_\_\_\_\_

REVISION DATE(S):

\_\_\_\_\_

**SUBJECT:**

Executive Compensation Philosophy

**POLICY STATEMENT:**

The Board seeks executives of vision and leadership to steer the System and its affiliates through times of turbulent change in the health care field. The Board expects these executives to provide business preeminence in South Florida and national recognition for quality of services and excellence of programs. Furthermore, the Board expects overall Systems and individual affiliate operations to be fiscally sound while meeting their community service and charity care responsibilities as articulated in our mission statement. The Board expects executive integrity and loyalty in the performance of their responsibilities and requires annual declarations identifying any potential conflict of interest and rigorous adherence to the BHS compliance program. Executive compensation is considered to be the foundation for attraction and retention of executives with the talent, experience, and character to meet the above expectations.

The Compensation Committee, comprised exclusively of outside Board members, is responsible for reviewing the performance and approving the compensation for all executives. The term "executive" refers to the President, affiliate Chief Executive Officers (CEO), Executive Vice Presidents, and all Vice Presidents within the System, its affiliates and subsidiaries. The term "compensation" includes salaries, incentives, benefits and perquisites.

Currently, the Compensation Committee consists of the Executive Committee of Baptist Health Systems, which is responsible for establishing and maintaining the Executive Compensation policy and program.

The Compensation Committee adequately documents its pay determinations to facilitate possible third party review of the reasonableness of them by the use of independent compensation surveys and consultants engaged by and reporting to the Baptist Health Systems Executive Committee.



Compensation Committee decisions are based on the following considerations:

**1. Total Compensation Package**

Recruitment and retention of capable, productive executives is accomplished through design of a total compensation package that provides superior economic gain for superior performance in comparison to competitor organizations, with substantial pay "at risk" if performance objectives are not met. This is accomplished by indexing base salaries of fully productive executives to the median (50th percentile) salary paid by surveyed competitors, but offering executive incentive plan(s) for special achievements that will provide total pay at the 75th percentile of the executive's peer group. Benefits will also be pegged at the 75th percentile of the peer group.

Total compensation is comprised of the following three components: 1) base salaries, 2) at risk incentive compensation (short term and long term), and 3) executive benefits and perquisites. Long term incentives, non-compete agreements, and deferred income provisions are designed to create a form of "handcuffs" to retain key executives. A standard severance package is available for removal of executives who do not meet the needs of the organization.

**2. Performance Based Salary Increases**

One of the key elements of the Baptist executive compensation philosophy is "pay for performance". Salary increases are based upon the degree to which each executive achieves his/her performance objectives. Annually, under a Management By Objectives system, each executive agrees to a specific set of individual performance goals tied to corporate objectives which the executive team is committed to achieve during the fiscal year. Individual and group performance against those objectives is reviewed annually after the close of the fiscal year.

**3. Market Based Salary Increases**

The Compensation Committee reviews the "market" value of executive positions annually to assure Baptist pay levels are competitive. The Vice President of Human Resources, under the direction of the President, is responsible for obtaining executive salary information reflecting salaries for functionally comparable positions at similar institutions within the State of Florida and nationwide. Compensation surveys by nationally recognized independent firms are used. Independent, outside consultants, engaged by and reporting to the Executive Committee, may also be used. The Committee, relying on the aforementioned salary survey data and the recommendation of the President/CEO, may approve equity adjustments to bring executive salaries to competitive levels if performance also warrants their retention.

**4. No Guaranteed Salary Increases**

Although the Compensation Committee reviews the competitive position of executive salaries annually and the executives' performance, there is no guarantee of annual executive salary increases. Salary increases depend on the Systems and affiliate ability to pay, the executive's current salary in relation to market, the executive's current performance level, and internal pay relationships to peers. The Committee, upon the President's recommendation, may award an executive a lump sum payment as recognition in lieu of an increase in the executive's salary rate or may give no increase.



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**POLICY NO.: 16.BHS**

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Divisional  
Departmental

There are no automatic across-the-board/cost-of-living salary increases.

**5. Incentive Plans**

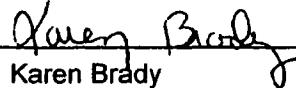
The Compensation Committee administers two incentive plans: One is based on annual results (The Baptist Health Systems Management Performance Improvement Incentive Plan, the other (Baptist Health Systems Executive Long Term Incentive Plan) rewards results that are maintained for a longer term. Certain executives, who because of their positions control particularly significant assets or have a major impact on operations, are selected by the President/CEO and approved by the Executive Committee, to participate in one or both incentive plans. These incentive plans are used to focus executive action on pre-determined key "performance thresholds" and corporate goals that are approved by the Executive Committee or Board of Trustees. The accomplishment of these goals requires extraordinary effort, commitment and achievement. In accomplishing these goals, executives participating in the incentive plan are eligible for an incentive award (based on degree of achievement and determined as a percentage of base salary). The incentive component of the total compensation package is variable and totally "at risk" depending upon annual and long term achievement of the agreed upon goals.

**\*Approved by the Baptist Health Systems Executive Committee July 13, 1998**

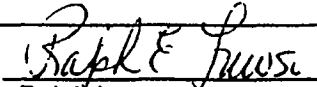
**EXHIBIT C**

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SUBMITTED BY:

  
Karen Brady  
Corporate Vice President,  
Audit and Compliance

REVIEWED BY:

  
Ralph Lawson  
Executive Vice President  
& Chief Financial Officer

APPROVED BY:

  
Brian Keeley  
President &  
Chief Executive Officer

APPROVAL DATE: 10/98

REVIEW DATE(S): 04/02

REVISION DATE(S): 04/02, 02/04, 03/05

**SUBJECT:****Employee Conflict of Interest**

An actual, potential or perceived conflict of interest occurs in those circumstances where an employee's judgment could be affected because the employee has a personal interest, other than the receipt of compensation from Baptist Health South Florida, Inc. and its affiliates ("BHSF"), in the outcome of a decision over which the employee has control or influence. For the purposes of this policy, it is presumed that managers have control or influence over any decision affecting a matter for which a manager has responsibility. A manager is an employee with a "department head" or higher designation (an "M" grade employee or higher). A personal interest exists when an employee or a member of his or her family stands to directly or indirectly obtain financial gain as a result of a decision.

This policy is intended for all employees in order that they may understand, identify, manage and appropriately disclose those transactions which could result in an actual, potential or perceived conflict of interest.

**POLICY STATEMENT:**

In accordance with our Code of Ethical and Legal Conduct, high ethical standards must be observed in the negotiation and execution of all business activities conducted at, by or with BHSF. Any decisions made by BHSF employees must be made in compliance with applicable laws and regulations, with the best organizational interests of BHSF as the highest priority and without regard to the personal gain or interest of any other person or entity. Likewise, the appearance of any such improper influence on any decisions should be consciously avoided. Employees should also review policy 828.BH on vendor sponsored travel and policy 829.BH on the acceptance of honorariums and policy 831.BH on philanthropic solicitation of vendors.

A potential or perceived conflict of interest may exist irrespective of the intent of the employee.



**PROCEDURES:**

1. BHSF employees and members of their families will not solicit, accept, offer or pay bribes, kickbacks or other illegal incentives under any circumstances.
2. BHSF employees and members of their families will not give or receive gifts, other than of nominal value, from or to any person or company doing business with, seeking to do business with, or competing with BHSF. A non-cash gift, discount or entertainment of less than \$150 per occurrence, with an annual total value not to exceed \$300, to or from the same source, will be considered nominal.
3. BHSF employees and members of their family will not offer or accept cash or cash equivalents (e.g. gift certificates, gift cheques, or other negotiable instruments) in any amount from any person or company doing business with, seeking to do business with or competing with BHSF. Any offer of a cash or cash equivalent gift must be reported immediately to your manager.
4. An employee must disclose their employment, contractual relationship or other financial relationship other than their employment with BHSF (employees must include any other job or independent contractor relationship including the receipt of honorariums).
5. An employee must disclose the employment, contractual relationship or other financial relationship, of their family members with any business doing business with, seeking to do business with or competing with BHSF.
6. An employee must disclose if they or their family members hold a Board position or substantial investment in any business doing business with, seeking to do business with or competing with BHSF. For purpose of this policy, a substantial investment is the ownership of one percent (1%) or more of the outstanding stock of any publicly held corporation or any interest in a privately held corporation.
7. Managers must review this policy with each member of their staff at least annually. This policy may be reviewed at a regularly scheduled inservice or departmental meeting or reviewed individually with the employee. If any issues are identified, the conflict of interest disclosure form should be completed by the employee and the manager and sent to the Audit and Compliance Department.
8. The Audit and Compliance Department will review all disclosure forms and investigate as appropriate. Unresolved conflicts will be taken to the CEO Group for ultimate resolution. All disclosures made by Vice Presidents will be taken to the Skunkworks Group (CEO, CFO and CAO) and disclosures made by an entity CEO or the BHSF CEO, CFO or CAO will be reviewed with the BHSF Ethics Committee of the Board of Trustees for consideration.

**Disclosure**

1. An employee must complete the attached disclosure form as soon as an actual, potential, or perceived conflict of interest arises. The employee should submit this form to his/her manager for completion prior to submitting to the Audit and Compliance Department. The responsibility to promptly report such actual or potential conflict rests with the individual employee.
2. Each manager ("M" grade employee or higher) and member of the Materials Management Department, Construction Management Department and certain members of the food services staff must complete the attached disclosure form at least annually (even in the absence of a potential conflict of interest), have his/her manager complete the form and submit it to the Audit and Compliance Department. All conflicts, even if reported in previous years, should be disclosed annually until there is a change in circumstances.
3. In the event a potential conflict should arise (other than at the time of the annual disclosure), any employee must immediately complete a disclosure form and submit it to his/her manager. The manager must complete the form and submit to the Audit and Compliance Department.

### **Conflict of Interest Disclosure Form**

An employee must complete this form as soon as he/she becomes aware of a situation which may result in an actual, potential or perceived conflict of interest for the employee and/or a member of his/her family.

Members of management ("M" grade employee or higher designation) and members of the Materials Management Department, the Construction Management Department and certain members of the food services staff with negotiating, inventory and/or purchasing responsibilities must complete this form at least annually (even in the absence of a potential conflict of interest).

Managers must review this policy with each member of their staff at least annually. If any issues are identified, the conflict of interest disclosure form must be completed immediately.

Please submit this form to your manager for completion prior to submitting to the Audit and Compliance Department. **Please note that responding "yes" does not necessarily indicate that you have conflict.**

1. Do you work for, or have any financial relationship with, any business or individuals other than your employment with Baptist Health South Florida (BHSF) (please include any other job or independent contractor relationships you may have including the receipt of honorariums)?

Yes ( ) No ( ) If yes describe: \_\_\_\_\_  
\_\_\_\_\_

2. Does any member of your family work for, own or have a financial interest in any company that does business with, is seeking to do business with or competes with BHSF or any of its affiliates?

Yes ( ) No ( ) If yes describe: \_\_\_\_\_  
\_\_\_\_\_

3. Do you, or a member of your family, have a substantial investment in any business that does business with, is seeking to do business with or competes with BHSF or any of its affiliates? A substantial investment is either an ownership of one percent (1%) or more of the outstanding stock of any publicly held corporation or any interest in a privately held corporation.

Yes ( ) No ( ) If yes describe: \_\_\_\_\_  
\_\_\_\_\_

4. Are you, or any member of your family, a board member of an organization that does business with, is seeking to do business with or competes with BHSF or any of its affiliates?

Yes ( ) No ( ) If yes describe: \_\_\_\_\_  
\_\_\_\_\_

5. Have you, or a member of your family, received any gift, favor, discount or entertainment from any individual or organization that does business with, is seeking to do business with or competes with BHSF or any of its affiliates, which exceeded \$150 per occurrence or more than \$300 total for the year?

Yes ( ) No ( ) If yes describe: \_\_\_\_\_  
\_\_\_\_\_

**CONFLICT OF INTEREST POLICY FOR  
BAPTIST HEALTH SOUTH FLORIDA, INC.  
AND ITS AFFILIATES**

**I. PURPOSE**

The purpose of this Conflict of Interest Policy is (A) to protect the interests of Baptist Health South Florida, Inc. ("Baptist Health") and its affiliates and subsidiaries (Baptist Health and each affiliate and subsidiary individually referred to as a "Corporation", and collectively referred to as the "Corporations"), when contemplating entering into transactions or arrangements that might benefit (i) the private interest of a board member of a Corporation (or his or her immediate family), (ii) an organization which is controlled by a board member of a Corporation (or his or her immediate family), or (iii) an organization in which a board member of a Corporation (or his or her immediate family) has a material interest, and (B) to protect the interests of the Corporations with regard to competing organizations. The term "board member" refers to the members of the Board of Trustees of Baptist Health, and the members of the Board of Directors of the affiliates and subsidiaries of Baptist Health. The term "board" refers to the Board of Trustees of Baptist Health, and the Board of Directors of the affiliates and subsidiaries of Baptist Health.

The proper governance of the Corporations depends upon board members who give of their time for the benefit of the Corporations. This service carries with it a requirement of loyalty and fidelity to the Corporations. It is the responsibility of the members of the boards to govern the affairs of the Corporations with honesty and integrity, exercising their best care, skill and judgment for the benefit of the Corporations. The giving of this service, because of the varied interests and backgrounds of the board members, may on occasion result in an actual, potential or perceived conflict of interest. It is recognized that the appearance of a conflict of interest can be as damaging to the Corporations as actually permitting a conflict of interest to exist.

The members of the boards of the Corporations also recognize that a conflict of interest may exist when a member of a board is employed by, has control<sup>1</sup> of or has a material interest<sup>2</sup> in

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<sup>1</sup> The term "control" means having the ability to influence the decision making of an organization.

an organization which does business with a Corporation, is engaged to provide a service to a Corporation which could be performed by other qualified individuals or organizations, or which competes with a Corporation.

## II. RELATIONSHIPS CONSTITUTING A CONFLICT

A. Voting members of a board of a Corporation and organizations in which they are employed, have control of or have a material interest in, shall not be employed by or engaged to provide services to any of the Corporations (i) in exchange for compensation or (ii) under any exclusive arrangement for which services are billed directly to patients, to third parties or any of the Corporations. This provision shall not prohibit a member of the medical staff of a Corporation who serves as a member of a board of one of the Corporations by reason of having been elected as an officer of the medical staff from continuing to provide services or maintain an established business relationship with any of the Corporations, excepting that no new business relationships or benefits shall be permitted. A medical staff officer who is a voting member of a board of a Corporation and who directly or indirectly receives compensation from a Corporation may provide information relating to physician compensation, but shall not participate in discussions relating to such compensation and shall not vote on such matter. Additionally, no member of a board of a Corporation shall be employed by, have control of or have a material interest in an organization that competes with any of the Corporations.

B. The immediate family<sup>3</sup> of a voting member of the board of a Corporation, and organizations in which they are employed, have control of or have a material interest in shall not be engaged to do business with or provide services to any of the Corporations, and shall not be employed in a management capacity at any of the Corporations, in exchange for compensation, unless specifically approved by the Board of Trustees of Baptist Health, and then only on the condition that the Board of Trustees of Baptist Health determines that such person or organization has unique expertise or capabilities in the services to be provided and that the compensation to be paid is reasonable for the services to be provided. Additionally, the immediate family of a member of a board of a Corporation shall not be employed by, have

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<sup>2</sup> The term "material interest" means an interest, whether financial or otherwise, that gives the governing board member the ability to exercise more than an insignificant degree of influence over the decision making of an organization.

<sup>3</sup> The term "immediate family" means the spouse, parents, step-parents, brothers and sisters, step-brothers and step-sisters, children and step-children, and grandchildren and step-grandchildren of a governing board member, and the parents, brothers and sisters and the children of the brothers and sisters of the spouse.

control of or have a material interest in an organization that competes with any of the Corporations.

C. Members of the boards of the Corporations shall not accept any gifts, favors, or hospitality that might influence their decision making or actions affecting the Corporations. This shall not, however, restrict the accepting of gifts or favors of nominal value<sup>4</sup> which are given as tokens of friendship or recognition, provided, however, that under no circumstances shall board members accept gifts of cash or cash equivalent. The term "cash equivalent" shall include, but not be limited to, checks, money orders, gift certificates, and other negotiable instruments.

D. If a voting member of a board of a Corporation has an actual, potential or perceived conflict of interest that is not expressly prohibited by the provisions of paragraphs A., B. or C. above, the Board of Trustees of Baptist Health may determine that the conflict of interest is of a nature such that it may be resolved by having the board member leave the board or committee meeting at which issues relating to the matter that gave rise to the conflict of interest are discussed and/or voted on.

### **III. DUTY TO DISCLOSE**

A. Each board member shall submit to the President of Baptist Health an annual written declaration in a form approved by the Board of Trustees of Baptist Health, which may require each board member to answer questions regarding actual or potential conflicts of interest, and which shall require each board member to (i) certify that to the best of the board member's knowledge there are no actual, potential or perceived conflicts of interest with regard to any of the Corporations, or (ii) disclose any actual, potential or perceived conflict of interest. Additionally, each board member shall promptly notify the President of Baptist Health in writing upon becoming aware of any actual, potential or perceived conflict of interest. All written declarations and notices shall be reviewed by the Baptist Health Compliance Officer. If, based on such disclosures or notices, or based on any other information that comes to his or her attention, the Baptist Health Compliance Officer determines that an actual, potential or perceived conflict of interest may exist with regard to any board member, the Compliance Officer shall contact the affected board member to discuss the matter and to determine if there is any additional information the affected board member wishes to provide. The Compliance Officer shall provide to the Baptist Health Ethics Committee (the "Ethics Committee"), copies of

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<sup>4</sup> The term "nominal value" means gifts or entertainment with a value of not more than \$150, with a combined total value in any calendar year not to exceed \$300.

declarations and notices where board members have disclosed actual, potential or perceived conflicts of interest, and shall present the information gathered with regard to an actual, potential or perceived conflict of interest to the Ethics Committee at its next regularly scheduled meeting or at a specially called meeting.

#### **IV. DETERMINING WHETHER A CONFLICT EXISTS**

A. The Ethics Committee shall review and consider the information relating to any actual or potential conflict of interest. If the Ethics Committee determines that no actual, potential or perceived conflict of interest exists, it shall report its findings to the Board of Trustees of Baptist Health, at its next regularly scheduled meeting. The Board of Trustees of Baptist Health may accept the report of the Ethics Committee, or may remand the matter back to the Ethics Committee for further evaluation. If the Ethics Committee determines that an actual, potential or perceived conflict of interest exists or may exist, or if a matter is remanded to the Ethics Committee by the Board of Trustees of Baptist Health for further evaluation, the Chairperson of the Ethics Committee, or his or her designee, shall contact the affected board member to discuss the actual, potential or perceived conflict of interest and to invite the affected board member to the next meeting of the Ethics Committee.

B. At the next meeting of the Ethics Committee, the members of the Ethics Committee shall discuss with the affected board member the actual, potential or perceived conflict of interest that exists or that may exist, and shall give the affected board member an opportunity to ask questions of and to respond to the members of the Ethics Committee. After having heard the affected board member and considered the relevant information presented, the Chairperson of the Ethics Committee shall cause a written summary of the information presented to the Ethics Committee to be prepared and submitted to the Board of Trustees of Baptist Health at its next regularly scheduled meeting. A copy of the summary shall be provided to the affected board member prior to the meeting of the Board of Trustees which the affected board member is invited to attend. The matter shall be considered by the Board of Trustees of Baptist Health, at its next regularly scheduled meeting, or at such later meeting as the Chairperson of the Board of Trustees may designate, and notice shall be sent inviting the affected board member to the meeting of the Board of Trustees to present any information that may be relevant, and to ask and answer questions. The affected board member, after having been given an opportunity to present information to and ask and answer question of the Board of Trustees, shall be excused and the

Board of Trustees shall make a determination as to whether an actual, potential or perceived conflict of interest, or the appearance of a conflict of interest exists.

## **V. PROCEDURES FOR ADDRESSING A CONFLICT OF INTEREST**

A. If the Board of Trustees determines that a conflict of interest does exist, it shall determine the necessary action(s) to be taken to resolve the conflict of interest, and the time frame within which such action(s) is to be taken. Necessary actions may include, but shall not be limited to the following:

(i) requiring the board member to eliminate the conflict of interest or resign from the board,

(ii) eliminating the business or other relationship which gives rise to the conflict of interest,

(iii) removing the board member from the board,

(iv) require that the board member become a non-voting honorary member of the board as a condition of continued membership on the board,

(v) if the provisions of Section II D. above are applicable, requiring the board member to leave the board or committee meeting at which issues relating to the matter that gave rise to the actual, potential or perceived conflict of interest are discussed and/or voted on, or

(vi) requiring that the situation giving rise to the conflict of interest be modified in a manner such that a conflict of interest no longer exists.

The Chairperson of the Board of Trustees of Baptist Health shall cause a written statement of the decision of the Board of Trustees to be prepared and sent to the affected board member. If the board member does not take appropriate action to eliminate the conflict of interest in a manner acceptable to the Board of Trustees within the required period of time, the Board of Trustees may take such action(s) as it deems necessary to address the conflict of interest including, when appropriate, the removal of the affected board member as a board member.

## **VI. DISTRIBUTION OF CONFLICT OF INTEREST POLICY**

A copy of this policy shall be provided to each board member annually and to each potential board member prior to his or her appointment to a board.

## CONFLICT OF INTEREST

### GUIDANCE FOR DISCLOSURE OF GIFTS AND ENTERTAINMENT

The Baptist Health South Florida (“BHS”) Conflict of Interest Policy prohibits board members from accepting any gifts, favors, or hospitality that might influence their decision-making or actions affecting the Corporations. The intent of this restriction is to ensure that board members with direct influence over BHS business relationships do not have a financial relationship with individuals and organizations competing with or seeking to do business with BHS or any of its affiliates. BHS and its affiliates track conflicts of interest by requiring board members to complete a Conflict of Interest Declaration. This process also enables BHS to comply with the Internal Revenue Services requirements to monitor conflicts of interest among board members. BHS recognizes that board members are esteemed members of the South Florida business community and often serve on multiple community boards. Accordingly, board members may receive, gifts, favors, or hospitality from businesses or individuals competing with or doing business with or seeking to do business with BHS or an affiliate in connection with business or personal relationships which are clearly unrelated to BHS or its affiliates. The following guidance is intended to provide direction with respect to a board member’s annual disclosure of gifts, favors, or hospitality.

**Disclosures Generally:** Board members should disclose any gifts, favors or hospitality from any single individual/business which exceeds \$150 for any single gift or favor, including entertainment, or more than \$300 in the aggregate in any year. In no case shall a board member accept cash or cash equivalent. The term “cash equivalent” includes, but is not limited to, checks, money orders, gift certificates, and other negotiable instruments. If you have any doubt about whether gifts or entertainment have surpassed the limit, make the disclosure with an explanation of the reason you are uncertain if it must be disclosed.

#### **Exceptions:**

- 1) Gifts or hospitality provided to all members of a governing board or community board on which the BHS (or affiliate) board member sits.

#### **Examples:**

- Florida Power and Light invites all of the members of the Orange Bowl Committee to a reception.
- Av Med invites Ryder executives to a reception related to employee health insurance at which it hands out scarves as gifts.
- Greenberg Traurig invites the members of the board of the University of Miami to a golf outing. The outing includes green Fees, cart fees, gifts of golf balls and a luncheon.



2) Gifts or hospitality exchanged between individuals on a strictly social basis which can not be tied, directly or indirectly, to business with BHS or its affiliates.

- A Board member has a dear friend for many years who is a lawyer. The two frequently socialize and host one another for dinner. The lawyer joins a firm with which BHS does business but does not personally perform legal services for BHS. The two continue the prior pattern of socializing unrelated to the law firm business.

**CONFLICT OF INTEREST DECLARATION**

I am a member of the following Board(s) (check all that are applicable):

- |  |  |
|--|--|
| <input type="checkbox"/> Board of Trustees, Baptist Health South Florida, Inc.                 | <input type="checkbox"/> Board of Directors, Baptist Outpatient Services, Inc.             |
| <input type="checkbox"/> Board of Directors, Baptist Hospital of Miami, Inc.                   | <input type="checkbox"/> Board of Directors, Baptist Health Enterprises, Inc.              |
| <input type="checkbox"/> Board of Directors, South Miami Hospital, Inc.                        | <input type="checkbox"/> Board of Directors, Baptist Health South Florida Foundation, Inc. |
| <input type="checkbox"/> Board of Directors, Homestead Hospital, Inc.                          | <input type="checkbox"/> Board of Directors, BHSF Real Estate Foundation, Inc.             |
| <input type="checkbox"/> Board of Directors, Mariners Hospital, Inc.                           | <input type="checkbox"/> Board of Directors, Baptist Medical Transport Services, Inc.      |
| <input type="checkbox"/> Board of Directors, Homestead Hospital Indigent Care Foundation, Inc. |  |

Baptist Health South Florida, Inc. (hereinafter referred to as "Baptist Health") and the above named affiliates are hereinafter collectively referred to as the Corporations.

The purpose of this Declaration is to disclose any conflict of interest and is being made consistent with and in conjunction with the terms of the Baptist Health Conflict of Interest Policy.

1. Are you employed by or on the governing board of an organization that does business with or provides goods or services to any of the Corporations, or that competes with any of the Corporations?  
Yes ( ) No ( ) If yes describe: \_\_\_\_\_  
\_\_\_\_\_
  
2. Is any immediate family<sup>i</sup> member employed by an organization that does business with or provides goods or services to any of the Corporations, or that competes with any of the Corporations?  
Yes ( ) No ( ) If yes describe: \_\_\_\_\_  
\_\_\_\_\_
  
3. Do you or any member of your immediate family have control<sup>ii</sup> of or a material interest<sup>iii</sup> in any organization that does business with or provides goods or services to any of the Corporations, or that competes with any of the Corporations?  
Yes ( ) No ( ) If yes describe: \_\_\_\_\_  
\_\_\_\_\_
  
4. Is any immediate family member employed in a management capacity at any of the Corporations?  
Yes ( ) No ( ) If yes describe: \_\_\_\_\_  
\_\_\_\_\_
  
5. Have you received any gifts or favors (including entertainment) from any individual or organization that does business with or provide goods or services to any of the Corporations, or that competes with any of the Corporations, during the immediately preceding calendar year, which exceeds \$150 in value, or the total of which exceeds \$300 in value?  
Yes ( ) No ( ) If yes describe: \_\_\_\_\_  
\_\_\_\_\_

6. Do you or any members of your immediate family serve on the governing boards of other organizations?  
Yes ( ) No ( ) If yes describe: \_\_\_\_\_

7. Do you or any member of your immediate family have any relationships with individuals or organizations, financial or otherwise, which could result in the appearance of a conflict of interest with your duties and obligations as a board member of one or more of the Corporations?  
Yes ( ) No ( ) If yes describe: \_\_\_\_\_

8. Do you know of any other facts that might create an actual or perceived conflict of interest?  
Yes ( ) No ( ) If yes describe: \_\_\_\_\_

By signing this Declaration, I acknowledge that I have received a copy of the Baptist Health Conflict of Interest Policy, that I have read the Conflict of Interest Policy, that I understand and acknowledge the requirements of the Conflict of Interest Policy, and that I agree to abide by the provisions of the Conflict of Interest Policy. I agree to deal honestly, fairly and with integrity in all matters relating to the Corporations and will not use my position or knowledge gained therefrom to the detriment of the Corporations or to my personal benefit or the benefit of a member of my immediate family or an organization which I have control of or a material interest in. I agree to promptly report to the President of Baptist Health in writing if there are any changes with regard to the statements made in this Declaration, or if any circumstances arise which create an actual, potential or perceived conflict of interest.

I understand that I have a duty of loyalty, care and fidelity to the Corporations.

The foregoing information is true and accurate to the best of my knowledge as of the date of this Declaration.

By signing this Declaration, I also acknowledge that I have received a copy of the Baptist Health Confidentiality Policy, that I understand and acknowledge the requirements of the Confidentiality Policy, and that I agree to abide by the provisions of the Confidentiality Policy.

DATED this \_\_\_\_\_ day of \_\_\_\_\_, 200\_\_\_\_\_.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name: (Please Print)

<sup>1</sup> The term "immediate family" means the spouse, parents, step-parents, brothers and sisters, step-brothers and step-sisters, children and step-children, and grandchildren and step-grandchildren of a governing board member, and the parents, brothers and sisters and the children of the brothers and sisters of the spouse.

<sup>2</sup> The term "control" means having the ability to influence the decision making of an organization.

<sup>3</sup> The term "material interest" means an interest, whether financial or otherwise, that gives the governing board member the ability to exercise more than an insignificant degree of influence over the decision making of an organization.

From Good to

# Great

2004 Report to the Community

Community Foundation  
of the  
Pineapple State

COMMUNITY FOUNDATION OF THE PINEAPPLE STATE  
1000 BROADWAY, SUITE 1000, HONOLULU, HI 96813  
TEL: 808-531-1234 FAX: 808-531-1235 WWW: WWW.CFPI.COM

# Dear Friends

How do you define greatness? Greatness is a journey that begins when "good" isn't good enough. It's a journey that never ends.

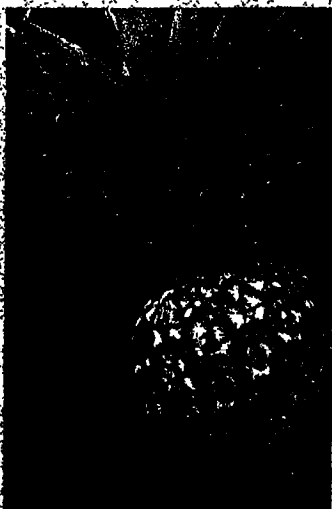
In the pages of this report, you will read about many of the wonderful achievements that Baptist Health has made over the past few years. Our physical growth, for instance, enables us to serve more members of the community more efficiently than ever before. This includes the new Tassell Medical Arts Building at Mariner's Hospital, a new Medical Arts Building under construction at South Miami Hospital, the construction of a new Homestead Hospital (to be completed in 2006), and new high-tech outpatient centers. We are also planning a new Emergency Center and bed tower at Baptist Hospital.

In October 2003, Doctors Hospital in Coral Gables became part of Baptist Health. By bringing Doctors Hospital into the Baptist Health family, we add their considerable resources and expertise to ours, while bringing our high standard of healthcare excellence to the people of Coral Gables.

We've also seen major technological upgrades. Baptist Health is the first company in the world to install the Pyxis PatientStation, a revolutionary new medication management system. Our diagnostic centers now use the latest

## COVER IMAGE

The pineapple became a symbol of hospitality in Europe during the Italian Renaissance. American inn-keepers later adopted the European custom of putting pineapples on their doors, and visitors to these inns found themselves in friendly and comfortable surroundings. Baptist Health's pineapple logo is a symbol of our hospitality and commitment to excellent service.



computer-assisted mammography, and we're slated to fully convert to digital imaging in 2004. Baptist Health will be one of the first hospital systems in the U.S. to install digital imaging, which stores diagnostic images in computers and eliminates X-ray film. And Baptist Health was named one of the nation's "100 Most Wired Hospitals and Health Systems" by the American Hospital Association.

Facilities and technology are essential, but it is our people who guide us on the path to success. From doctors and nurses to employees, from executives to volunteers, we associate with talented individuals who are passionate about what they do. On every level, the people of Baptist Health create a caring environment that benefits employees and patients alike. We've repeatedly been honored by *Fortune* magazine as one of the nation's top 100 employers. And we've received similar accolades from AARP and *Working Mother* magazine. Our commitment to excellence is also exemplified in our successful campaign of nurse recruitment and retention — including a nursing scholars program that helps us give our most motivated individuals the tools they need to excel.

Charitable care has always been a mainstay of our faith-based, not-for-profit mission. By continuing to expand and improve our capabilities,



our services and our priceless human resources, we also increase our ability to help the poor and underserved within our community.

Our focus on service is good news to the people of South Florida — those we employ and those we serve. But as I said earlier, "good" isn't good enough. Which brings us back to the original question: How do you define greatness?

I believe that if you surround yourself with the best people, give them the resources and support they need, and let your common passion for excellence flourish, you won't need to define greatness. Greatness will define you.

**Brian Keeley**  
President and CEO

# The Faces of *Greatness*



## PATIENT SATISFACTION

The most important resource that any organization can have is a wealth of intelligent and motivated people. This is especially true in the field of healthcare, where human qualities — warmth, compassion, dedication, communication and pride — separate good organizations from great ones. Our patients' satisfaction underlies everything we do at Baptist Health. As a faith-based, not-for-profit organization, it is part of the fabric of who we are.





*“The price of  
greatness is  
responsibility.”*

— Sir Winston Churchill

**O**ur goal is to achieve the 90th percentile in patient satisfaction scores, compared to hospitals nationwide. The most recent year-end patient surveys revealed a marked increase in satisfaction with inpatient care. Our outpatient diagnostic results, as well as our home care and outpatient surgery scores, were also quite high.





# The Faces of *Greatness*



## WHO WE ARE

**I**n a way, Baptist Health is like an American city. We're cosmopolitan, diverse and focused on a common goal. Our people encompass a wide variety of professions and abilities. They are a talented and dedicated group of doctors, nurses, healthcare professionals and volunteers of all descriptions. And without them, "greatness" would be just a word.

*"Take care of those who work for you and you'll float to greatness on their achievements."*

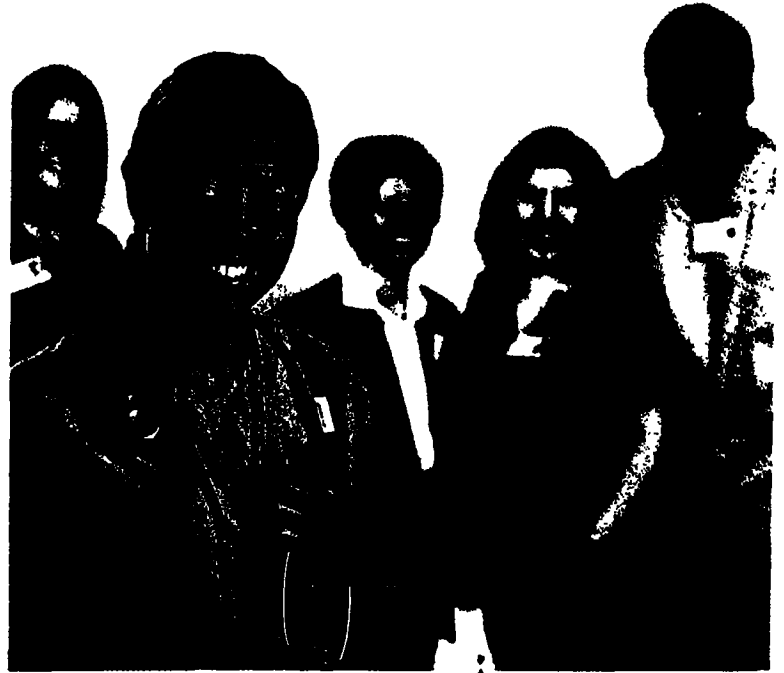
— H.S.M. Burns, President, Shell Oil Co.



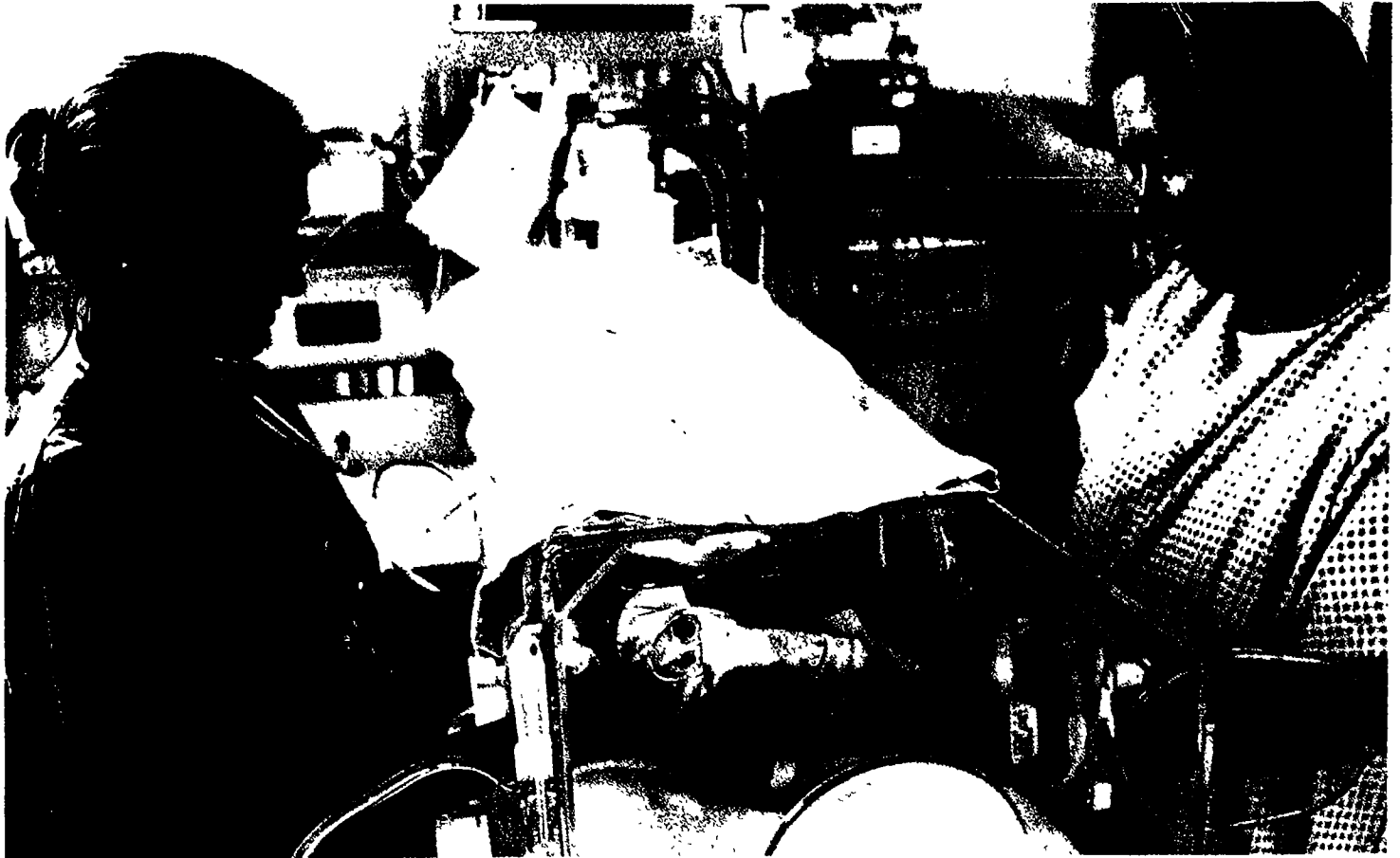
## NURSING RECRUITMENT AND RETENTION

**I**t's a worldwide problem: not enough nurses to go around. Over the past few years, Baptist Health has taken a proactive approach to this issue. And the results have been outstanding.

Our registered nurse vacancy rate has fallen to just 5 percent, compared with a statewide RN vacancy rate of nearly 10 percent. Our nursing turnover is only 9 percent, while the statewide average is 12.4 percent. Our Nurse Scholars Program contributes to our success. In 2003, we awarded 167 nursing scholarships, and enrollment continues to be high.



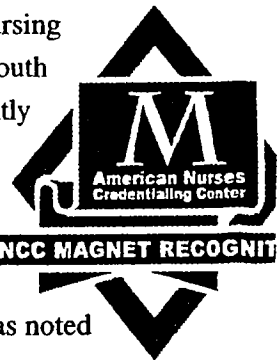
# The Faces of *Greatness*



**A**long with high levels of recruitment and retention come the highest standards for nursing excellence. Baptist Hospital was the first in Florida to be awarded Magnet status.

Magnet certification is the nursing profession's highest honor. South Miami Hospital has also recently achieved this rare and impressive standard by earning Magnet certification.

The hospital's level of commitment to excellence was noted by one of the on-site Magnet surveyors, who commented that South Miami "set a gold standard for the Magnet survey process."



# In Recognition of *Greatness*

## AWARDS

**B**uildings are built from the bottom up. But establishing a culture of service excellence is best accomplished from the top down. When we take good care of our employees, we create an atmosphere of caring that is passed along to co-workers, patients and families. Highly competitive pay, generous benefits, special programs for older employees and working mothers, and employee involvement in decision-making help us attract and retain the best and most dedicated employees.



But don't take our word for it. We gratefully acknowledge the praise of outside observers such as these:

- Baptist Health was named to *Fortune* magazine's list of "100 Best Companies to Work For" for the fourth time. We were cited for low employee vacancy and turnover rates, which are less than half of the industry standard.



- We were chosen as "One of the 25 Best Companies in the U.S. for Older Workers" by AARP, and selected as the number-one company in 2003.



- Baptist Health was named among "100 Most Wired Hospitals/Health Systems in the U.S." by *Hospital and Health Networks* magazine, the journal of the American Hospital Association. We are one of only five hospital organizations in Florida named to the list.
- Baptist Hospital and South Miami Hospital were the only two in Miami-Dade County to make Solucient's nationwide list of the "Top 100 Hospitals."



- Baptist Hospital received National Research Corporation's "Consumer Choice Award" as the most preferred hospital in Miami.
- *Working Mother* magazine chose Baptist Health as one of the "Top 100 Companies in the U.S."
- *South Florida Parenting* magazine recognized Baptist Children's Hospital with

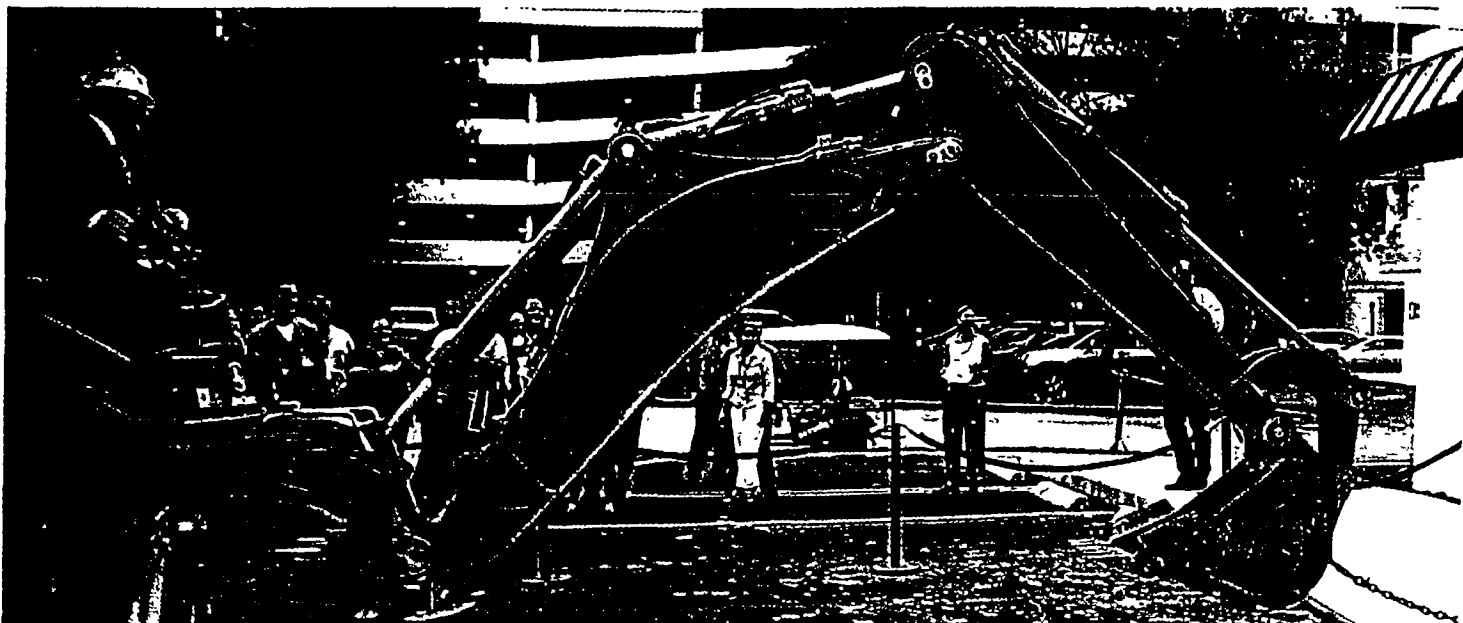


their "Kids' Crown Award" for pediatrics. The award represents parents' favorites in South Florida. The magazine also selected South Miami Hospital as "best place to give birth."

*"God is what makes you aspire beyond yourself."*

— José Limon

# Building *Greatness*



*South Miami Hospital CEO Wayne Brackin officiated at a “wall-breaking” ceremony at the site of the new Medical Arts Building.*

## **BAPTIST AND SOUTH MIAMI HOSPITALS**

**T**he next generation of emergency care is coming to Baptist and South Miami Hospitals. Bigger, better and streamlined for the 21st century, the new emergency centers will blend the most advanced technology and industrial design with good old-fashioned hands-on care.

The multimillion-dollar projects will address an issue that has become a nationwide concern: overcrowded emergency rooms. In addition to new emergency centers, the project at Baptist Hospital will include up to 80 additional inpatient beds.

The new emergency center at South Miami Hospital is part of a major expansion and renovation project. The first phase of the \$130 million project is a six-story Medical Arts Building that will house an outpatient diagnostic and ambulatory surgery center, which will open in 2005. Other exciting changes will include additional inpatient surgical suites and completely renovated cardiovascular services.



## **MARINERS HOSPITAL**

**T**he Upper Keys is served by just one hospital, and it just keeps getting better: Mariners Hospital. In November 2002, the hospital expanded its service with the opening of the Leslie E. Tassell Medical Arts Building on the Mariners campus. The building houses the popular Mariners Wellness Center — which attracted more than 700 members in its first year — along with physician offices, cardiac and pulmonary rehabilitation, an MRI unit, a physical therapy center with an aquatic therapy pool, and an outpatient laboratory.



## HOMESTEAD HOSPITAL

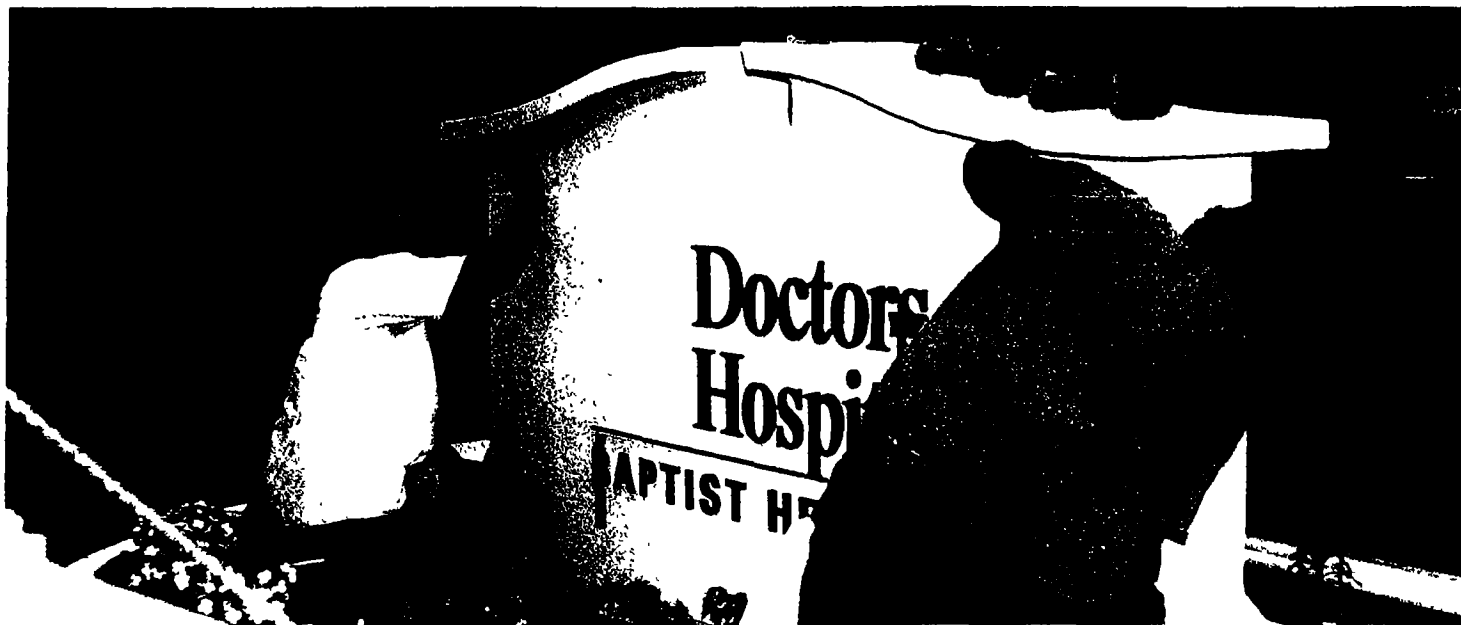
**B**reaking new ground: As south Miami-Dade County continues to grow, Baptist Health is building for the future now, by breaking ground on a new Homestead Hospital. The \$130 million project is the first new hospital to be built in Miami-Dade County in 30 years. And speaking of groundbreaking, the new 120-bed hospital will be a prototype for the future. When it opens in 2006, it will be the most advanced hospital in the county, featuring the latest all-digital technology, all private patient rooms, an emergency center three times the size of the current one, and a medical office building. The new Homestead Hospital will be located on a 60-acre site on Campbell Drive, about a mile east of the Florida Turnpike.



*Nearly 300 attended the groundbreaking for the new Homestead Hospital. Left to right are Wendell Beard, Homestead Hospital Board of Directors; City of Homestead Mayor Roscoe Warren; Rev. William Chambers III, chair of Homestead Hospital Board of Directors; Bo Boulenger, CEO of Homestead Hospital; Brian Keeley, president and CEO of Baptist Health; George E. Cadman III, chair of the Baptist Health Board of Trustees; and Dr. Rudy Gossmar, chief of the medical staff at Homestead Hospital.*



# Building *Greatness*



## DOCTORS HOSPITAL

**D**octors in the family: The addition of Doctors Hospital to the Baptist Health family in October 2003 was a true win-win situation for all concerned. The Coral Gables community benefited from improvements in patient care services that come from being a part of Baptist Health, and Baptist Health gained a hospital with a great reputation and a proven, professional staff. The 281-bed Coral Gables hospital was acquired from HealthSouth Corporation. Doctors is especially noted for sports medicine and minimally invasive surgery, as well as Florida's first Gamma Knife program for treating brain tumors without surgery.

In the years ahead, the hospital will be totally renovated and equipped with the latest surgical and digital imaging technology.



## BAPTIST CARDIAC & VASCULAR INSTITUTE

**T**here's a lot to be said for star power. Since 1987, Baptist Cardiac & Vascular Institute (formerly Miami Cardiac & Vascular Institute) has been a star in the Baptist family. Now, it's also one of the nation's largest cardiovascular facilities. Two floors were added to the Institute building, which provide additional space for patient rooms.

The brightest stars are the members of the Institute's medical and professional staff. Baptist Cardiac & Vascular Institute was founded upon a vision of innovation. The Institute was one of the nation's first five medical centers to conduct trials on aortic stent grafts, and pioneered new methods used in angioplasty. The medical staff is actively involved in 70 federally approved research studies to find better ways of diagnosing and treating cardiovascular disease.

The Institute has been selected as a Cardiac Center of Excellence by United Healthcare.

*"The only way to remain great is to keep applying the fundamental principles that made you great."*

— Jim Collins, *Good to Great*



## BAPTIST CHILDREN'S HOSPITAL

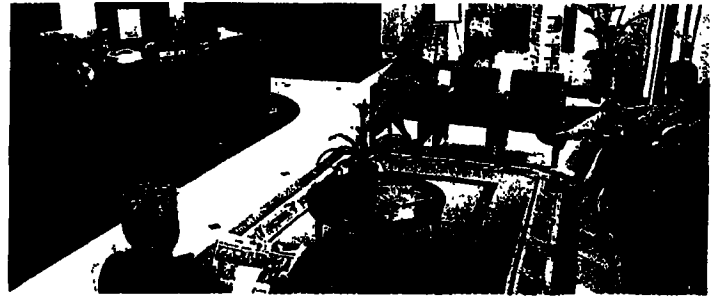
**C**aring for growing bodies requires a large commitment. Over the last few years, Baptist Children's Hospital has grown to meet that commitment. The expanded Neonatal Intensive Care Unit is a Level 3 unit, meaning it can accommodate the sickest babies with the lowest birth weights. Children's rehabilitation services have also grown. Baptist Children's Hospital now has its own 5,000-square-foot space with gym and private therapy rooms in the Martha Ware Rehabilitation Center.

Baptist Children's provides treatment for patients from birth to 18 years of age with all types of childhood cancers. The hospital also has a Pediatric Oncology Support Team to help patients and family members cope with the treatment process.

Baptist Children's Hospital's 24-hour Children's Emergency Center now treats 20,000 children in our community each year.

*"The secret of success is consistency of purpose."*

— Benjamin Disraeli



## BAPTIST OUTPATIENT SERVICES

**B**aptist Health delivers. A vital part of our not-for-profit mission is to bring outpatient care to the communities we serve. To extend this mission, we have established Baptist Outpatient Services, a charitable, tax-exempt organization.

The expansion of our outpatient facilities (now numbering eight) continued with the opening of Baptist Medical Plaza at West Kendall and Baptist Medical Plaza at Doral. The new outpatient centers provide diagnostic services and urgent care, and feature Health Resource Centers for health information and education.

In Palmetto Bay, our outpatient center has both a new name and new, high-tech equipment. Baptist Medical Plaza at Palmetto Bay (formerly King's Bay) also offers urgent care, as does Baptist Medical Plaza at Westchester.



*Baptist Medical Plaza at Doral extends health services to this growing community.*



# Wired for Greatness

## INVESTING IN TECHNOLOGY

**W**e all know people who buy the latest high-tech gadgets just to impress friends and neighbors. When Baptist Health invests in new technology, however, we do it to enhance our ability to fulfill our faith-based, not-for-profit mission. Our healthy financial picture allows us to fund new technology that will allow Baptist Health to provide better care to more patients into the foreseeable future.

### Robotic Surgery

This new helping hand is made of metal. At Baptist Hospital, robots are working alongside surgeons. While it may seem like science fiction, the fact is that robots and computers are beginning to revolutionize surgery. A voice-controlled robotic arm helps position a laparoscope, which is connected to a video monitor. The surgeon can communicate with the robot using voice commands while watching the video display. Doctors who have worked

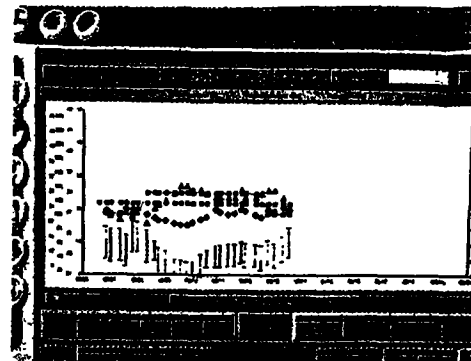


*Robots now assist surgeons with delicate maneuvers.*

with robotic assistance say it's like having an extra pair of hands. And because the robot also controls other equipment during surgery, nurses report that they have more opportunity to concentrate on caring for the patient.

### Back to the Bedside

It's history in the making: Baptist Health is the first healthcare organization in the world to install the Pyxis PatientStation. This new bedside technology improves



patient safety by significantly reducing medication errors while giving nurses more time to spend with patients.

When a nurse scans a patient's bar-coded ID bracelet, the patient's medication information appears on a computer screen affixed to a mobile arm. The nurse then chooses the medication by touching the screen, and the locked medication drawer opens. The bar code on the medication is then scanned, and the computer cross-checks this information with the patient's information.

This revolutionary technology will be installed in all Baptist Health hospitals by 2006.

### Tools to Tackle Cancer

Picture perfect: Radiologists at Baptist Health mammography sites now use a computer-aided system that helps review mammograms. The new device works like a spell-checker in a word processing program. The result: the physician can more easily detect problems early on, when cancer is most treatable.

**IMRT** — intensity modulated radiation therapy — is a high-tech breakthrough in cancer treatment. In use at Baptist and South Miami Hospitals, it transmits computer-controlled X-ray beams that are precisely shaped to match

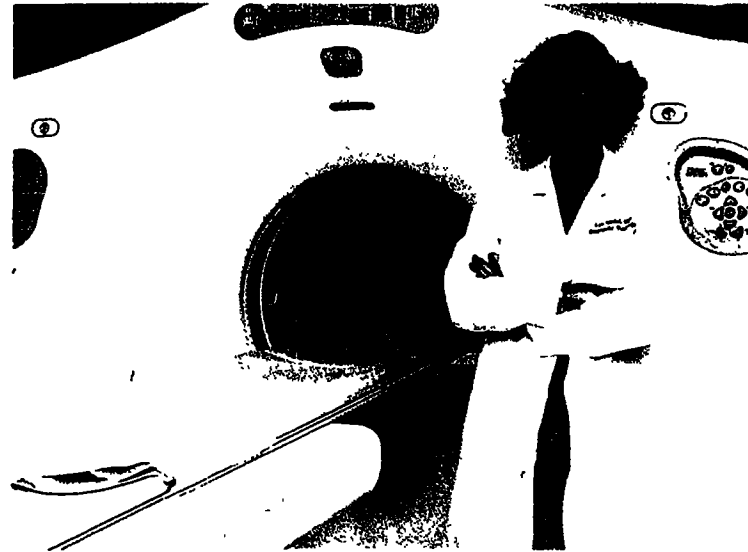


the tumor. The high level of precision means more tumor cells are destroyed with less harm to surrounding tissue.

**PET/CT** — positron emission tomography/computed tomography — is an advanced imaging technology that can quickly detect and identify abnormal growths within the body. Baptist Health now has three PET/CT scanners.

*“Good-to-great organizations avoid technology fads...yet they become pioneers in the application of carefully selected technologies.”*

— Jim Collins, *Good to Great*



*Baptist Medical Plaza at Palmetto Bay offers state-of-the-art diagnostic services including MRI and PET/CT scans. Lyn Nadel, M.D., is one of the highly trained radiologists who interpret the tests.*



*When Kaylee Holler was born two months premature and with six ribs missing, sophisticated CT images like the one below helped Baptist Children's Hospital doctors diagnose the problem. They figured out a way to fashion the front half of Kaylee's rib cage out of titanium mesh. She had the surgery at 7 weeks old. Kaylee and her parents, Mitzi and Michael Holler, are shown here a few days before Kaylee went home.*



# The Soul of *Greatness*



*Mariya Klymenko, 7, a brave little girl from the Ukraine, is back at Baptist Children's Hospital, where plastic surgeon John Cassel, M.D., is continuing a series of reconstructive operations he started when Mariya was 2. She was severely burned when boiling water accidentally spilled on her. The hospital, Dr. Cassel and several other doctors are all donating their services.*

## COMMUNITY SERVICE/CHARITABLE CARE

**T**here can be no greatness without compassion. The best illustration of Baptist Health's faith-based, not-for profit mission is our commitment to charitable care and community service. We are deeply committed to providing compassionate, high-quality care without regard to religion, creed, race or national origin.

Our doctors are a major factor in our ability to provide charitable care. They routinely donate their services to uninsured patients in our hospitals. They also give their time and support to the Good News Care Center and Open Door Health Center, two community clinics that help meet the needs of uninsured patients in Homestead and Florida City, and now at the Good Health Clinic in Tavernier.



*Briana Guzman gets a kiss from her grandmother before surgery to repair her cleft lip. Plastic surgeon Joel Levin, M.D., donated his services, as did Baptist Hospital, because Briana's family had no health insurance.*

Baptist Health South Florida

# Foundation

Following the tragic 9/11 event, we approached our fundraising goals with a good deal of trepidation. Most of the articles being published on philanthropy in those days warned of expectations of sharp declines in giving. That was the bad news. In retrospect, the good news is that the years 2002 and 2003 were the best our Foundation has ever experienced in terms of total donations. In those two years, we received almost \$12 million in support of our Baptist Health hospitals.

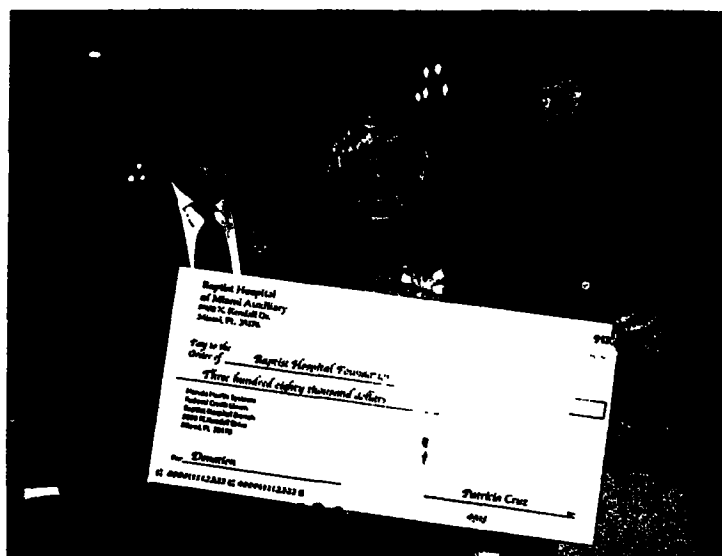
You might ask, how does one account for this? There are no simple answers. One observation is that the people of this community are insisting on the finest in healthcare services and, to the extent that philanthropy can help make this happen, that is where they choose to invest their monies. The second observation is that the volunteers who give their time to these efforts are single-minded in their support and tend to defy national trends.

An important issue to donors is accountability; that is, where are their donated dollars going? Some years back, Baptist Health Foundation introduced what we call Project/Program Fundraising. The hospital chief executive officers make their needs known to the Foundation members, who, in turn, make them known to the community. In this way, potential donors can give support to the projects/programs of their choice and then watch them come to fruition. We feel that this might be another reason for the success of our Foundation in the post-9/11 period.

So, it is with gratitude that we present this report to the community. The philanthropic support and the time and effort given by our volunteers are simply awesome.

**James Carr**  
Chairman of the Board

**Robert G. Baal**  
Chief Executive Officer



*Baptist Hospital Auxiliary Treasurer Mary Cobb presents a check for \$380,000 to Robert Baal (left), CEO of Baptist Health Foundation, and James Carr, chair of the Baptist Health Foundation Board of Directors.*

# Baptist Health South Florida Foundation

■ Baptist Children's Hospital Foundation's largest single cash donation is a \$1 million gift from **The Ware Foundation**. This gift will support Baptist Children's Hospital's outpatient rehabilitation program,

which was named in honor of Martha Ware in a special dedication ceremony. When asked what prompted her to give this gift to Baptist Children's

Hospital, Mrs. Ware responded, "I have always been passionate about children and their health. I want to see children be children and not see a single child go hungry or hurting. I want to give them an opportunity to reach their highest potential." The Martha Ware Rehabilitation Center treats children with developmental and motor delays, speech and language delays and other neurological conditions.



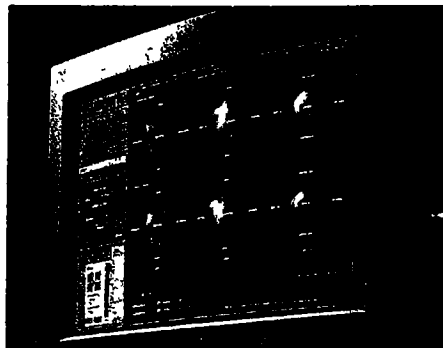
*Martha Ware and her son, Mark Edwards, executive director of the Ware Foundation.*



■ Baptist Health Foundation raised \$5.7 million in 2001, the second-highest fundraising year in Foundation history.

■ Mariners Hospital raised over \$100,000 for a wellness fund to support community events that encourage Upper Keys residents to make healthy lifestyle choices.

■ Through the combined fundraising efforts of Baptist Health Foundation and Baptist Cardiac & Vascular Institute, over \$1 million was raised in support of a new magnetic resonance imaging (MRI) machine for cardiac and vascular scans. This equipment is one of the most advanced diagnostic imaging tools available in medicine today. Using magnetic fields and radiofrequency coils, the MRI scan takes remarkably detailed three-dimensional images of the body to help doctors diagnose suspected blood flow problems.



■ Saks Fifth Avenue of Dadeland, as part of a nationally recognized program, created Fashion Targets Breast Cancer in support of breast cancer programs at both Baptist and South Miami Hospitals. Over \$50,000 has been raised.

■ The Foundation raised more than \$1.5 million for South Miami Hospital's Child Development Center. These gifts include substantial support from long-time donors, the **Peacock Foundation** and the **Decade Charitable Lead Annuity Trust**.

■ **Leslie E. Tassell** donated \$850,000, the largest individual cash donation given to Mariners Hospital, to create the **Leslie E. Tassell Medical Arts Building**.

■ The Founders Society has grown to nearly 160 members, with gifts ranging from \$50,000 to \$10 million. The Founders Society has raised approximately \$41 million in support of Baptist Health programs and projects.

■ Through a gift from the **Vaughn-Jordan Foundation**, the Vaughn-Jordan Meditation Garden was dedicated and is located adjacent to the Armando Alejandro Jr. Center for Pastoral Care at South Miami Hospital.



■ **Miccosukee Tribe of Indians of Florida** donated \$250,000 in support of the Baptist Emergency Center through the tribe's business council chair, Billy Cypress.

■ **The Homestead Hospital Gala**, presented by host-sponsor the **Homestead Miami Speedway**, raised a record-breaking \$260,000 for children's services.

■ **Baptist Children's Hospital's "Once Upon a Time" Ball** is unique because it is family-oriented. In the two years since its inception, the **Ball** has raised over \$400,000. Proceeds have been used for the renovation and expansion of the **Children's Emergency Center**.

■ To date, nearly \$1.5 million has been raised for the **Center for Excellence in Nursing**. The funds are used for nursing education, professional development, nurse retention, nursing scholars and mentors, technologies specifically designed to improve the quality of care and allow nurses more time at the bedside, and hospital-specific items identified by our nurses.

■ Nearly \$300,000 was raised for advanced surgery technology at **Baptist Hospital**. This includes a robotics system for heart surgery and image-guided technology for minimally invasive surgery on the brain, sinuses and other areas.

■ A \$330,000 charitable gift annuity was received from the **Richard Alger family** made in honor of **Mason and Dorothy Alger**, founders of **Alger Farms of Homestead**. Funds will be used to purchase new equipment to enhance services at **Homestead Hospital**.

■ **Baptist Health** dedicated the **Armando Alejandro Jr., Center for Pastoral Care** at **South Miami Hospital** through a \$250,000 donation made in memory of **Armando Alejandro Jr.**, one of the four men shot down by Cuban MIGs in 1996 during a **Brothers to the Rescue** flight.

	2001	2002	2003
<b>Net Assets, Beginning of Year</b> .....	\$28,321,758	\$27,266,918	\$26,072,951
Unrestricted revenues, gains and other support .....	1,141,930	255,571	1,565,201
Total expenses .....	2,363,577	2,202,605	2,037,031
Excess of (expenses over revenues) revenue over expenses .....	(1,221,647)	(1,947,034)	(471,830)
Change in net unrealized gains and losses on investments .....	(2,925,329)	(522,030)	4,569,164
Temporarily restricted donations .....	4,714,753	4,021,494	4,549,966
Restricted investment income (loss) on temporarily restricted contributions .....	(90,622)	282,592	31,049
Change in value of split-interest agreements .....		(239,765)	
Contributions to affiliates .....	(1,531,995)	(2,789,224)	(26,290)
Increase (decrease) in net assets .....	(1,054,840)	(1,193,967)	(1,153,453)
<b>Net Assets, End of Year</b> .....	<u>\$27,266,918</u>	<u>\$26,072,951</u>	<u>7,498,606</u>
<b>Assets</b> .....	<u>\$28,677,222</u>	<u>\$30,587,847</u>	<u>\$33,571,557</u>
<b>Liabilities and Net Assets:</b>			
Liabilities .....	\$1,410,304	\$ 4,514,896	\$ 4,425,921
Net assets .....	27,266,918	26,072,951	33,571,557
Total liabilities and net assets .....	<u>\$28,677,222</u>	<u>\$30,587,847</u>	<u>\$37,997,478</u>
<b>Total Funds Raised</b> .....	<u>\$ 5,744,065</u>	<u>\$ 5,245,541</u>	<u>\$ 5,950,160</u>

*Baptist Health South Florida Foundation extends its sincere gratitude to the following donors who have generously supported Baptist, South Miami, Baptist Children's, Homestead, Doctors and Mariners Hospitals and Baptist Cardiac & Vascular Institute in their efforts to provide healthcare services to the South Florida community.*

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**\$500,000 and over**

Baptist Hospital of Miami  
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Batchelor Foundation  
James & Susan Carr  
Victor E. Clarke  
Cook, Inc.  
Bernard & Ellen Costello  
Mr. & Mrs. Guy de Gunzburg  
Homestead Hospital Auxiliary  
The Mary Hillman Jennings  
Foundation  
Gloria Vasta Lewis  
Heinz & Marianne Luedeking  
The Marmot Foundation  
Philip J. Scutieri, in memory of  
Carleen & Linda Scutieri  
South Miami Hospital Associates  
South Miami Hospital Volunteers  
Leslie E. Tassell  
The Ware Foundation  
James Warrington, M.D.  
L. Austin & Marta Weeks

**TOWER CLUB**  
**\$250,000-\$499,999**

Marlene Alejandre-Fernandez &  
Marlene V. Alejandre-Traina  
Richard T. Alger, in memory of  
Dorothy & Mason Alger  
Decade Charitable Lead Annuity  
Trust  
Gerhard & Helene Fritzsche  
Robert Q. Keasbey  
Medical Guild of South Miami  
Hospital  
Miami Cardiology Group  
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Florida  
Pharmed Group  
Philips Medical Systems  
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Florida, P.A.  
Hazel M. Ross  
Carmen Valicenti Trust

**CENTURY CLUB**  
**\$100,000-\$249,999**

Arthur Vining Davis Foundation  
Leon & Muriel Aydelotte  
Bank of America  
Oscar & Ana Barbara  
Barbara A. Calev, in memory of  
my husband, Stephen V. Calev  
Canadian Airlines International,  
Ltd.  
Cardinal Health Medical  
Products & Services  
Catlin, Saxon, Tuttle & Evans  
Robert B. Cole, Esq.  
Paul & Barbara Collins, in honor  
of Margaret, Marti & Courtney  
Comprehensive Pathology  
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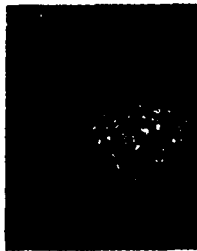
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The Schenkman Family Pavilion,  
provided by Drs. Joel & Randy  
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**Established May 1999**

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Thomas Bales & Constance Ryan  
Shelia & Rodney Barreto  
James W. Barrow, M.D.  
Sarah Bartolomeo, in memory of  
my husband, Vincent  
Bartolomeo  
Drs. James & Susan Benenati  
Maryanne & James Bokor

Joy & Rod Borden Jr.  
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Eleanor & James Bott  
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Joseph & Lolita LoBue  
Samuel & Sandie LoBue  
Harold & Florence Lowenstein  
Claudia & Alan Luedeking, in  
honor of our parents  
Heinz Josef Luedeking  
Luis & Ana Machado  
Eugene & Simone Mariutto  
Charlie & Maite Martinez  
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Daniel Marks  
Daniel S. McBride  
Gale Young McBride  
Jane & William McGinley  
D. Richard Mead  
Lincoln & America Mendez

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Manuel & Lourdes Modroño  
Nancy & Melvin C.  
Morgenstern, the Manny &  
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Peter & Electra Spillis  
Rene W. & Alice Taylor  
W. Peter & Kersti Temling, in  
honor of our parents  
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Juan & Nancy Wong Jr.  
The Anne & Henry Zarrow  
Foundation  
Dr. Gerald & Jill Zemel  
Richard & Susan Zinn



**I**n addition to providing support for these vital clinics, Baptist Health and our employees contribute to La Liga Contra Cancer and Children's Cancer Caring Center. We also help worthwhile organizations through cosponsorships and employee fundraising, including United Way and the annual Susan G. Komen Breast Cancer Race for the Cure.

Our charitable care is coordinated through Pastoral Care Services. During 2003, we nearly doubled the charity care we provided from \$36 million to almost \$58 million. And we expect our level of charitable care to continue to grow year after year.



*Jawaan Sanders, 8, jokes with anesthesiologist Vincent Conte, M.D., before his surgery to repair a scar caused by a curling iron.*



*Mary Harvey, 61, suffers from emphysema. Open Door provides her with a free oxygen machine for home and discounted oxygen tanks for when she goes out. Baptist Health volunteer physicians have also cared for her without charge.*



*Thelma Fleming hugs her daughter Lydia, 10, following a successful procedure at the Day of Smiles.*

*"The purpose of life is a life of purpose."*

— Robert Byrne



# The Soul of *Greatness*



*ABC news anchor Robin Roberts signs an autograph for Carolyn Ross at Women's Health Day. More than 2,000 free health screenings were provided to those attending the annual event.*

**B**aptist Health's community outreach continues through our popular Women's Health Day, Children's Health Day and Men's Health Day events. These and other educational programs and health fairs drew nearly 15,000 area residents of all ages. And we extend our mission of caring by hosting more than 50 ongoing support groups.

*More than 100 cancer survivors, their families and friends got a good dose of laughter at the national Cancer Survivor's Day celebration at South Miami Hospital.*



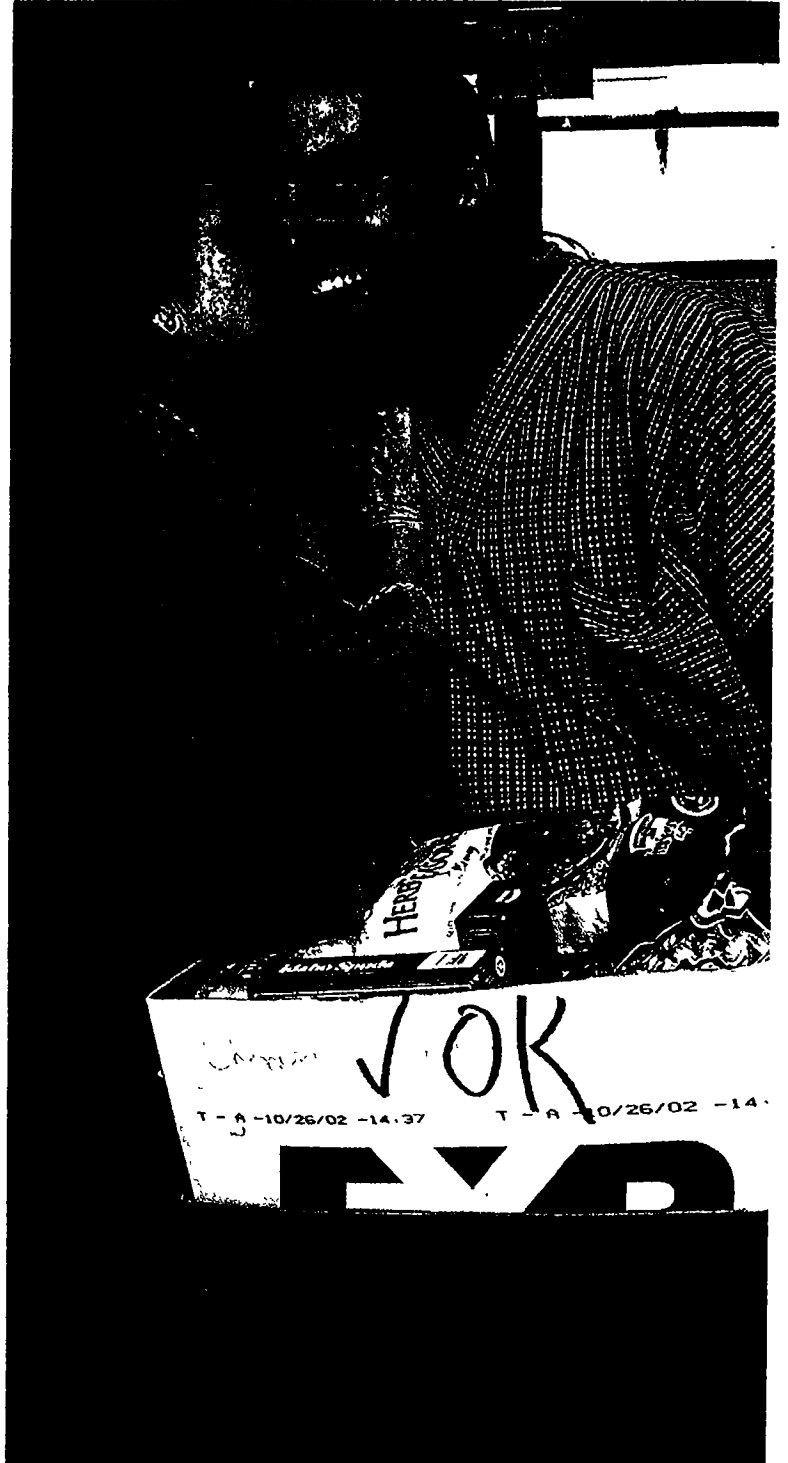


*“The test of our progress is not whether we add more to the abundance of those who have much; it is whether we provide enough for those who have too little.”*

— Franklin D. Roosevelt



*Calvin Babcock, top, chair of the Baptist Hospital Board of Directors, pauses as he paints a hallway in a new Habitat for Humanity home. This is the third Habitat house that Baptist Health has supported with dollars and volunteer labor. Above, Grace Daudier and her daughters, Monica, 9, and Janneh, 7, pose outside their nearly finished house in Overtown.*



*Every year, South Miami Hospital conducts a holiday food drive for the residents of South Miami Senior Center. It's a 20-year tradition.*

# The Soul of *Greatness*



*Jacqueline Osejo, 7, gets a checkup for participation in Special Olympics activities. Baptist Health doctors and staff volunteered their time to provide free physicals for about 100 children.*

**T**hrough Pastoral Care's Community Health Alliance Ministry Program (CHAMP), Baptist Health collaborates with 50 churches and synagogues to provide screenings and other health services. Last year we provided 953 blood pressure screenings, more than 300 screenings for diabetes, and 112 cholesterol screenings to local congregations.

*Baptist Health CEO Brian Keeley presents Laura Bush with a crystal pineapple. Surrounded by female heart attack survivors, the First Lady spoke at Baptist Hospital to raise awareness of heart disease in women.*





*Gerry Howlett, left, celebrates her 100th birthday with friends from the Dadeland Mall Walkers, sponsored by Baptist Health. Her walking buddy, Kay Sestock, 83, is a former professional dancer who still dances three times a week.*

***“Patients won’t remember what you said to them, patients won’t remember what you did to them, but they will always remember how you made them feel.”***

**— Todd Taylor, M.D.,  
quoted in the *Press Ganey  
Satisfaction Monitor.***

## OUR MISSION

The mission of Baptist Health is to improve the health and well-being of individuals, and to promote the sanctity and preservation of life in the communities we serve. Baptist Health is a faith-based organization guided by the spirit of Jesus Christ and the Judeo-Christian ethic. We are committed to maintaining the highest standards of clinical and service excellence, rooted in utmost integrity and moral practice.

Consistent with its spiritual foundation, Baptist Health is dedicated to providing high-quality, cost-effective, compassionate healthcare services to all, regardless of religion, creed, race or national origin, including, as permitted by its resources, charity care to those in need.

## GUIDING PRINCIPLE

Through our compassionate healthcare services, we seek to reveal the healing presence of God.

## OUR VISION

Baptist Health will be the pre-eminent healthcare provider in the communities we serve: the organization that people instinctively turn to for their healthcare needs. Baptist Health will offer a broad range of services with superior clinical outcomes, and attain the highest levels of patient and physician satisfaction through the high quality and compassionate treatment we provide. Baptist Health will be a national and international leader in healthcare innovation.



# Statistics\*

	FY2001	FY2002	FY2003
<b>SUMMARY OF PATIENT SERVICES</b>			
Admissions	55,948	57,848	58,719
Patient days	273,323	284,688	299,954
Intensive care days	23,502	24,007	24,341
Neonatal intensive care days	12,929	14,553	15,029
Average length of stay	4.89	4.92	5.11
Births	9,080	9,005	8,526
Days of nursery care	20,843	21,440	21,395
Total surgical cases	38,378	43,659	43,101
Emergency center visits	161,838	152,196	148,510
Urgent care center visits	20,070	22,003	32,620
Volunteer hours	135,068	169,113	183,794
Heart catheterization cases	4,516	4,919	5,045
Pharmaceutical doses dispensed	4,425,946	6,221,003	6,529,590
Laboratory tests	2,345,936	2,526,085	2,788,273
Imaging procedures	466,638	541,557	635,346
Physical and occupational therapy treatments	509,184	529,613	449,318

<b>BEDS</b>			
Licensed	1,158	1,158	1,158
Routine medical/surgical	877	905	905
Intensive care (includes cardiac and pediatric)	102	94	94
Neonatal intensive care (level II)	35	35	35
Neonatal intensive care (level III)	7	7	7
Rehabilitation	69	69	69
Skilled nursing	20	—	—
Substance abuse	48	48	48



\* Does not include Doctors Hospital.

FY2001                      FY2002                      FY2003

**STAFF**

Medical staff .....	1,806	1,806	1,812
Employees .....	8,163	8,602	9,214
Full-time equivalent employees .....	6,643	7,272	7,852

**FINANCIAL HIGHLIGHTS (in thousands)**

Net operating revenue .....	\$823,750	\$925,832	\$1,088,560
Expenses incurred for the care of patients .....	701,131	811,659	969,516
Income from operations .....	122,619	114,173	119,044
Investment income <loss> and unrestricted donations .....	<12,802>	<25,445>	<1,555>
Available for investment in future community healthcare needs .....	\$109,817	\$88,728	\$117,489

**COMMUNITY BENEFIT HIGHLIGHTS (in thousands)**

Charity care and uncompensated services .....	\$121,098	\$143,499	\$201,023
Educational programs, free healthcare screenings and similar free services .....	2,878	3,794	4,153
Total .....	\$123,976	\$147,293	\$205,176

*“The secret of success is to do the common things uncommonly well.”*

— John D. Rockefeller



**Baptist Health South Florida**

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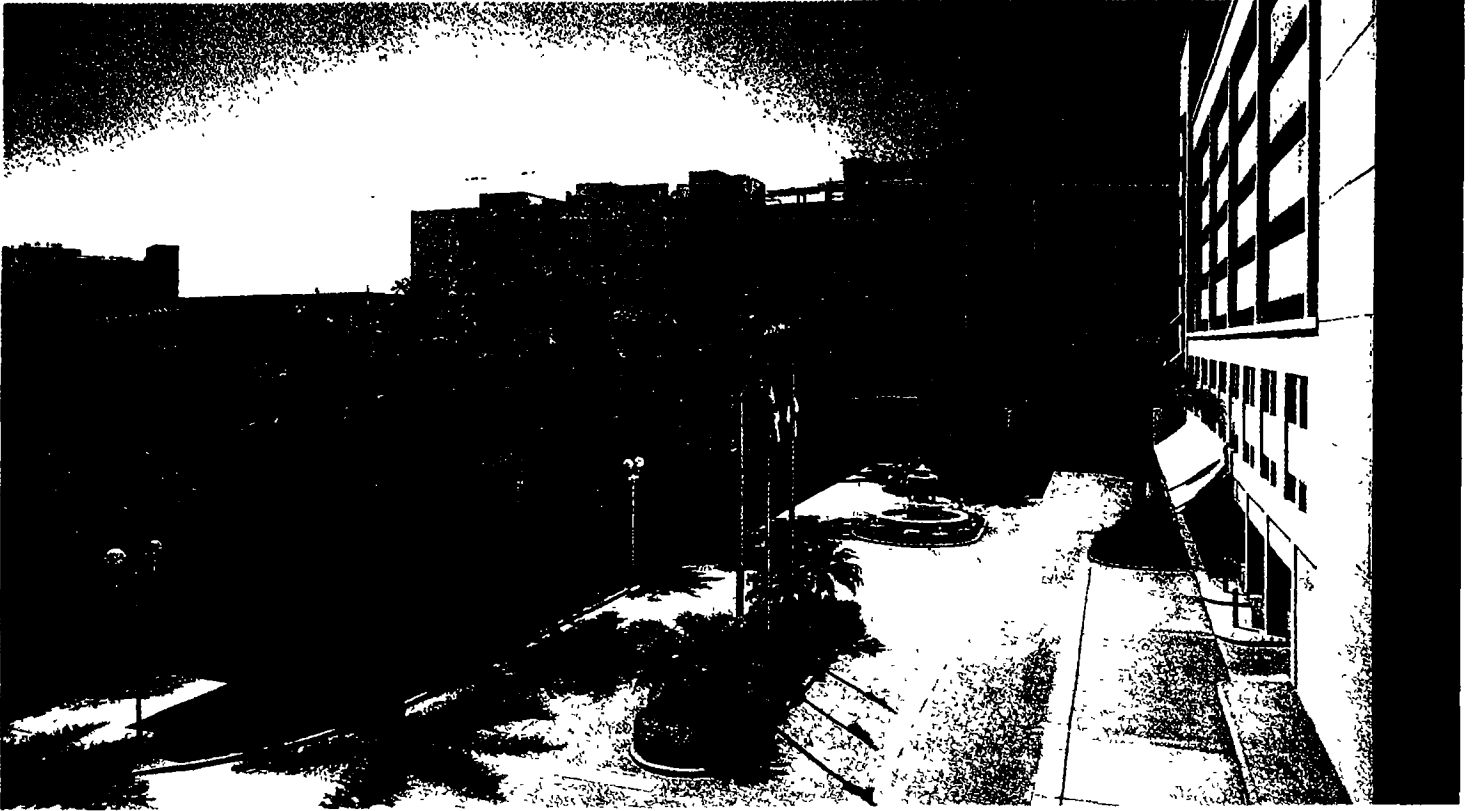
Stuart Weiss



**Baptist  
Hospital**



## South Miami Hospital



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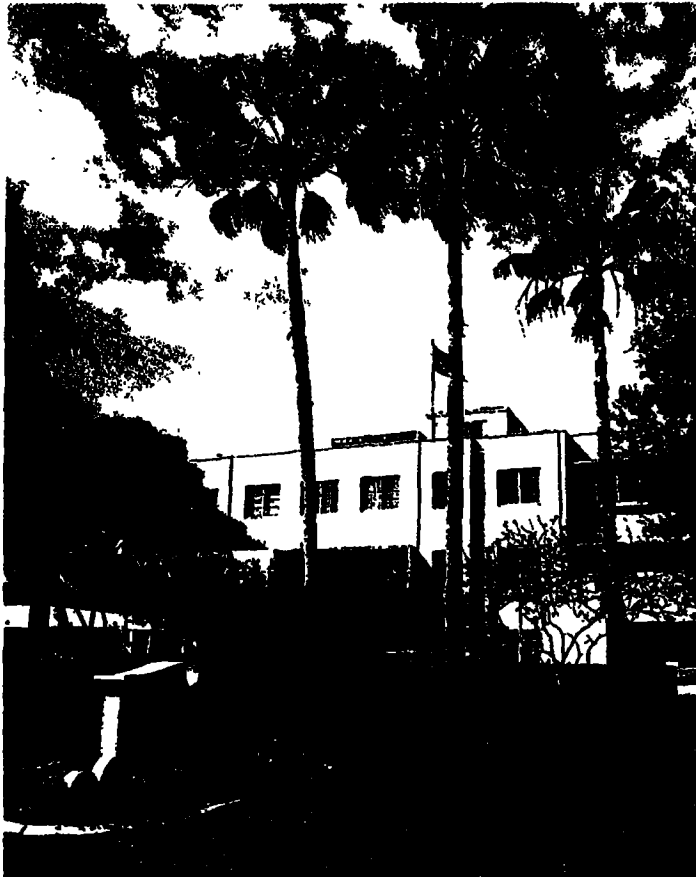
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**South Miami**  
**Hospital**

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Audrey Ross



**Doctors  
Hospital**

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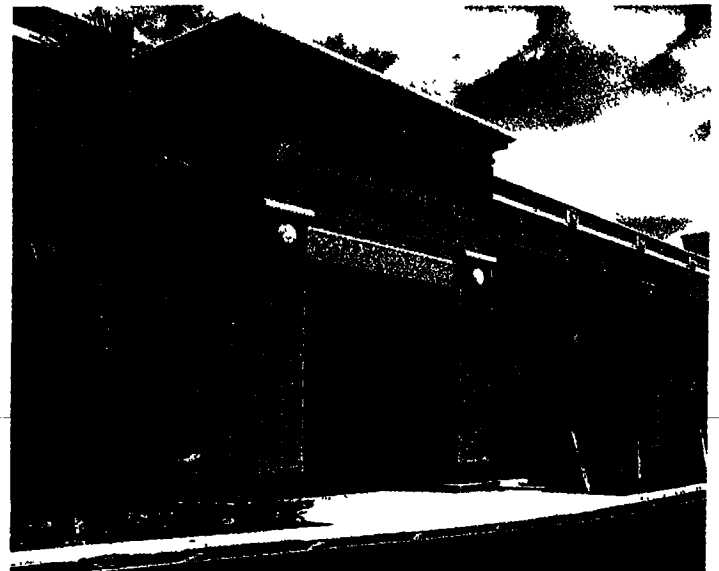
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# Baptist Health South Florida

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Jo Baxter  
Corporate Vice President



**Baptist Health  
South Florida**

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2005

# HEALTH CARE *Heroes*<sup>®</sup>

## AWARDS

Created by Miami Chamber of Commerce  
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## **WHO IS A HEALTH CARE HERO?**

An Individual, institution, professional, student, volunteer or program who, through their individual or collective actions have made an extraordinary impact in the South Florida health care community. The nominee might be working in one of the following fields: bio-medical, community health, education, private practice, government, public service or the news media.

Their acts of heroism represent a display of dedication to excellence in their area of expertise beyond the scope of their jobs. Through their commitment to their profession and community, they serve as an inspiration to others in an effort to improve the quality of health care and discover new ways to assist those in need.

---

# HEALTH CARE HEROES<sup>®</sup>

## FINALISTS

### INSTITUTIONS/PROGRAMS

**Baptist Health Expands Charity Care Program, Baptist Health South Florida.** It's no secret that there is a national crisis of the medically uninsured in America. In Miami-Dade County alone, it's estimated that more than 500,000 residents have no health insurance.

Baptist Health has stepped up to the plate to help the community it serves, going far beyond what is required to provide free care for people in need. Through its charity care program, Baptist Health gave uninsured patients who qualified an estimated \$93 million in free services in 2004, an increase of more than 60 percent from 2003. Part of Baptist Health's mission as a faith-based organization is to take care of uninsured residents of our community who are unable to pay. Baptist Health has reached out to help those in need by providing financial support, medications, supplies and volunteers as well as through community partnerships that promote community health and well-being through faith-based programs such as health education, preventive care, health screenings, home visitation of the sick or recently discharged patients, bereavement support groups and care teams.



## Baptist Health South Florida

**Ryder Trauma Center, Jackson Memorial Hospital.** The Ryder Trauma Center of Jackson Memorial Hospital plays a key role in providing specialized Trauma Services to the Miami-Dade County community and other communities. From resuscitation to rehabilitation, the Center provides a comprehensive continuum of care. The specialized training, experience and skills of the Center's surgeons, physicians and staff are responsible for saving lives and hastening patient recoveries at every stage of the process. The Center is the only Level I Trauma Center in Miami-Dade County. Education is another important role of the Center. They provide various Trauma Prevention Programs for children, teenagers and adults throughout the community. Also, in the year since September 11, 2001 more than 300 U.S. Army surgeons, nurses and paramedics have been trained in trauma skills they can use to treat the victims of combat or terrorism.

# Jackson



HEALTH SYSTEM

**School of Nursing, Medical Center Campus Miami Dade College.** The School of Nursing has had an extraordinary impact on the local health care community by educating graduates for registered nurse practice for more than forty years while demonstrating a commitment to community service that exceeds the scope of its mission. It has graduated a total of 9,828 nurses since 1963, when the first class of 17 completed the Associate in Science Degree Program. In 2003 almost 500 new nurses graduated from the program. Approximately 75% of the new nursing graduates in Miami-Dade County are educated at Miami Dade College, and 9 out of 10 stay in South Florida. While substantially addressing the nursing shortage in the South Florida area, the School of Nursing is committed to providing students with high quality education in nursing that is both affordable and accessible. In addition, the school of nursing has reached out to the local educational and health care communities to establish partnerships that benefit both students and community residents, including among others, The Mission Project and the SHARP Project.



## Miami Dade College

# INSTITUTIONS/PROGRAMS

## Baptist Health Expands Charity Care Program Baptist Health South Florida

*"Baptist Health has gone far beyond any obligation to meet the needs of the uninsured and underinsured.*

*We view Baptist Health as a tremendous asset and hospital organization."*

*- Daniela Lavina, Executive Director  
Human Services Coalition of Dade County*

Through its charity care program, Baptist Health gave uninsured patients who qualified an estimated \$93 million in free services in 2004, an increase of more than 60 percent from 2003. Part of Baptist Health's mission as a faith-based organization is to take care of uninsured residents of our community who are unable to pay.

Baptist Health has reached out to help those in need by providing financial support, medications, supplies and volunteers as well as through community partnerships that promote community health and well-being through faith-based programs such as health education, preventive care, health screenings, home visitation of the sick or recently discharged patients, bereavement support groups and care times.

Partners include the Susan G. Komen Breast Cancer Race for the Cure, United Way (to which employees and Baptist Health contributed more than \$500,000 in the past two years), La Liga Contra El Cáncer and the Children's Cancer Caring Center (to which Baptist Health contributed \$250,000 each for free care for cancer patients.)



**Baptist Health  
South Florida**

## Ryder Trauma Center Jackson Memorial Hospital

*"Since its founding in the 1960s, the Burn Center within the Trauma Center has been a focal point of treatment, rehabilitation and follow-up care for thousands of children, teenagers, and adults."*

*- Adriano Ayala, Vice President, Corporate Solutions, Cardinal Health*

The Ryder Trauma Center of Jackson Memorial Hospital plays a key role in providing specialized Trauma Services to the Miami-Dade County and surrounding communities. From resuscitation to rehabilitation, the Center provides a comprehensive continuum of care. The specialized training, experience and skills of the Center's surgeons, physicians and staff are responsible for saving lives and hastening patient recoveries at every stage of the process. The Center is the only Level I Trauma Center in Miami-Dade County.

Education is another important role of the Center. They provide various Trauma Prevention Programs for children, teenagers and adults throughout the community. Also, in the years since September 11, 2001, more than 300 U.S. Army surgeons, nurses and paramedics have been trained in trauma skills they can use to treat the victims of combat or terrorism.

The Center has been selected by the U.S. Army as its national Army Training Center. The Burn Center within the Trauma Center is also one of the leading burn treatment facilities in the Nation and the only such center in South Florida.

**Jackson**  
HEALTH SYSTEM



## School of Nursing Medical Center Campus Miami Dade College

*"It has voluntarily provided excellent health care screening and education and impacted the lives of hundreds of men, women, and children who live on the borders of poverty."*

*- Rev. Ronald Brummitt, Executive Director  
Miami Rescue Mission/Broward Outreach Centers*

The School of Nursing has had an extraordinary impact on the local health care community by educating graduates for registered nurse practice for more than forty years while demonstrating a commitment to community service that exceeds the scope of its mission. It has graduated a total of 9,828 nurses since 1963, when the first class of 17 completed the Associate in Science Degree Program. In 2003 almost 500 new nurses graduated from the program. Approximately 75 percent of the new nursing graduates in Miami-Dade County are educated at Miami Dade College, and 9 out of 10 stay in South Florida.

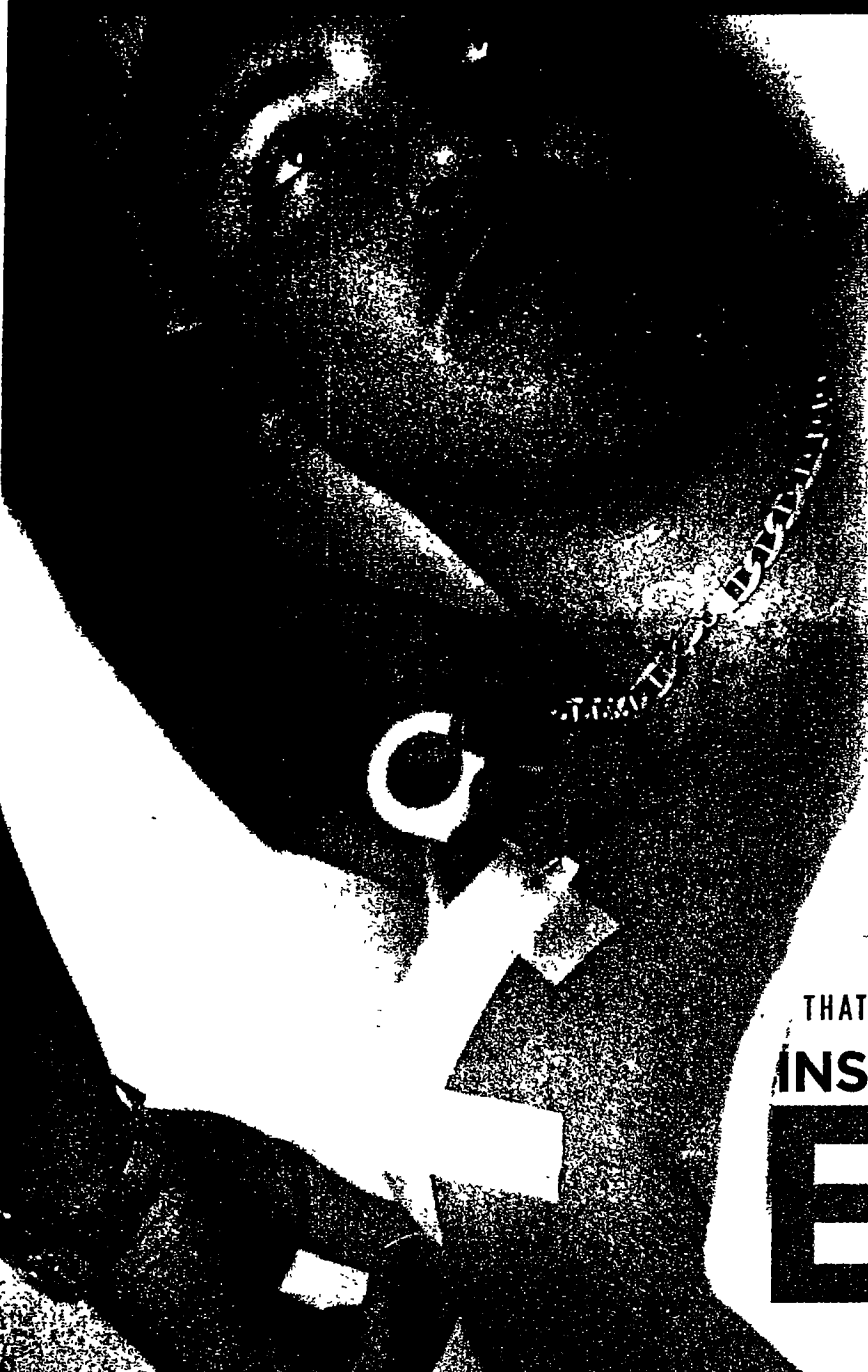
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In addition, the School of Nursing has reached out to the local educational and health care communities to establish partnerships that benefit both students and community residents, including among others, The Mission Project and the SHARP Project.



**Miami Dade  
College**

# BUSINESS MONDAY



SOME PATIENTS CAN PAY FOR EMERGENCY ROOM CARE. OTHERS CAN'T. THAT'S THE PROBLEM

# INSIDE THE ER

PAGE 22

## INSIDE



ROCK AND ROLL LEFT BEHIND MADE SELF-MADE JEWELRY

PAGE 4



GRS AND ITS NICHE IN BEAUTY

PAGE 6



HOW TO BALANCE A FULL-TIME JOB WITH THE BURDEN OF AN MBA

PAGE 33

CLASSIFIED INSIDE

## KENDALL REGIONAL MEDICAL CENTER

Entire day, April 22  
 MEASURING ONLY ER PATIENTS WHO WERE NOT  
 ADMITTED TO THE HOSPITAL

INSURANCE	GROSS CHARGES*	HOSP. NET REVENUE	COST FOR HOSPITAL
Private Insurance	\$209,421	\$64,368	\$19,675
Medicare	\$45,312	\$3,699	\$4,015
Medicaid	\$80,752	\$8,073	\$8,365
Uninsured	\$48,935	\$1,040	\$5,396
<b>TOTALS</b>	<b>\$348,420</b>	<b>\$77,170</b>	<b>\$37,449</b>

\*Reporter visited Kendall Regional Medical Center from 10 a.m. to 10 p.m., but hospital provided data for entire day.

### TOTAL CHARGES FOR ER PATIENTS ADMITTED

INSURANCE	GROSS CHARGES*	HOSP. NET REVENUE	COST FOR HOSPITAL
Private Insurance	\$411,259	\$134,604	\$77,252
Medicare	\$125,969	\$44,274	\$24,753
Medicaid	\$177,148	\$21,263	\$29,084
Uninsured	\$19,426	\$1,166	\$3,040
<b>TOTALS</b>	<b>\$733,802</b>	<b>\$201,307</b>	<b>\$134,129</b>

\*Reporter visited Kendall Regional Medical Center from 10 a.m. to 10 p.m., but hospital provided data for entire day.



Nelson Ruiz, stomach problem  
 Rosey Suarez, foot injury  
 Evelyn Castro, upset stomach  
 Alexander Polo, motorcycle accident

### FOUR PATIENTS WHO VISITED THE ER ON APRIL 22

	COVERAGE	GROSS CHARGES*	HOSP. NET REVENUE	COST FOR HOSPITAL
Nelson Ruiz	Medicaid	\$7,803	\$1,161	\$412
Rosey Suarez	United HMO	\$2,477	\$1,121	\$285
Evelyn Castro	Medicaid	\$11,598	\$549	\$799
Alexander Polo	uninsured	\$2,042	\$200	\$277
<b>TOTALS</b>		<b>\$23,920</b>	<b>\$3,031</b>	<b>\$1,773</b>

\*Gross charges are the full list charges. Some consumer advocates complain that only the uninsured pay such high rates. Insurers pay only a small portion of that, which is shown here as net revenue.

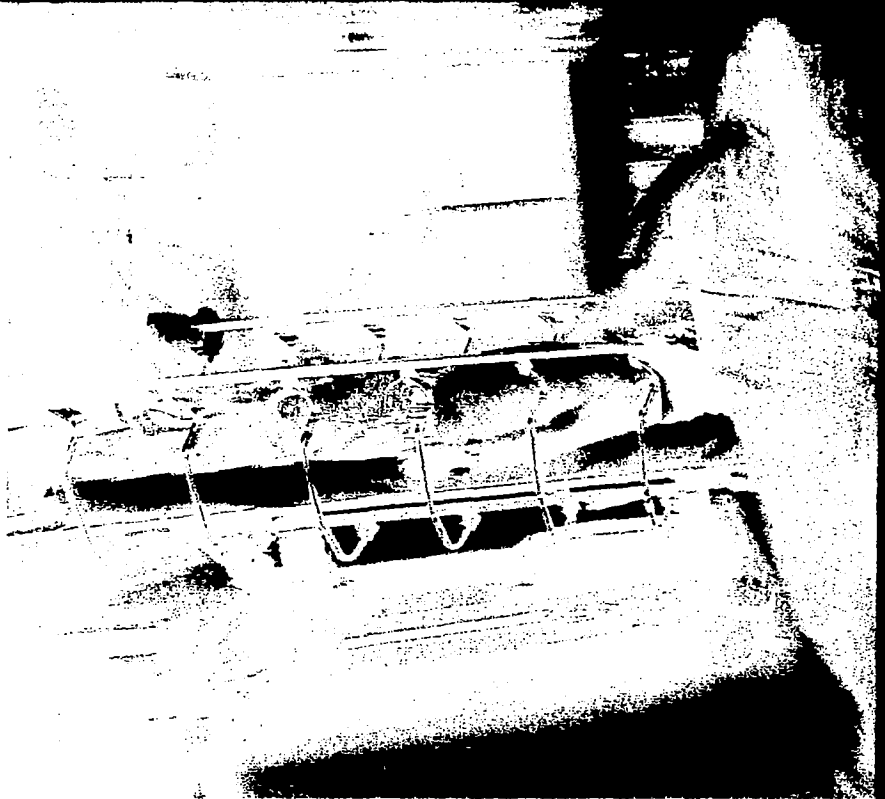
Hospital executives say few uninsured patients pay anything and that the gross charges are largely abstract. HCA executive Jim Petkas has a study showing that the Kendall rates are not marked up as high as some other hospital groups, but he acknowledges that the system is flawed.

"It's crazy," he says, "but it has developed over time, as Medicare and managed care plans have contracted rates that are a percentage of gross charges. The industry is looking at this, to see what we can do."

Under costs shown above, Kendall Regional does not include depreciation, interest, taxes and amortization. The hospital warns that costs on an individual basis are only approximate.

These charges are for hospitals only. The corporations for ER doctors and radiologists who read X-rays and CT-scans send out their own bills, which can add several hundred dollars in charges.

**SCENES FROM THE ER:** A possible drug overdose victim, above, is rushed into the Homestead ER. Evelyn Castro, 13, at right, is treated for stomach problems at Kendall Regional's Kidsville.



# INSIDE THE ER



STORY BY JOHN DORSCHNER  
PHOTOS BY C.W. GRIFFIN

All of America's healthcare problems end up in the ER.  
People battered in traffic accidents. Heart attack victims.  
Coughing children who can't get in to see their doctors.  
Uninsured people who have postponed care.  
Some can pay. Some can't. That's the problem.

**M**onday mornings are the busiest times for emergency rooms, and shortly after 11 a.m., the radio at the central nurse's station at Homestead Hospital squawked: A traffic accident victim was two minutes away. Twenty-five-year-old male. Abrasions right shoulder and face.

The radio barked numbers: Blood pressure. Pulse rate.

Paul Edwards, the head nurse, scribbled them down.

The double doors to the ER slammed open, and the blue-suited rescue team raced in with a gurney.

Dennis Salazar, a physician, rushed to the gurney and peered down. The man's face and shirt were caked with blood.

"He hit a car," said Fire Rescue.

"What?"

"Yep. Walked out of a cantina and straight into a car going down the street."

Salazar sighed. He's seen dozens of people

like this. "Payday. Migrant worker. I'll bet there are a bunch of bills in his wallet. Drank all night. His insurance is what we call Mutual of Homestead."

He meant the man had no health insurance, and Homestead Hospital would be stuck with the cost. The facility is in an impoverished area where one in every four of its ER patients don't have insurance. Another two in five have low-paying Medicaid, the government program for the poor. Only 20 percent have private insurance.

Cut, switch, to a Thursday morning at Kendall Regional Medical Center, 24 miles from Homestead in a thoroughly middle-class neighborhood, much like the national average, with 13 percent uninsured and another 13 percent on Medicaid. Fifty-six percent have private insurance.

A hospital staffer was pushing Rosey Suarez in a wheelchair into the ER. Her bare right foot

•TURN TO ER, 25

### HOMESTEAD HOSPITAL

10 a.m. to 10 p.m. Monday, March 29

Excludes only ER patients who were not admitted to the hospital

INSURANCE	PATIENTS	EXPECTED PAYMENT
Private Insurance	16	\$8,435
Medicaid	6	\$1,878
Workers Comp	1	\$187
Medicaid	1	\$5,179
Uninsured	20	\$469
<b>TOTALS</b>	<b>54</b>	<b>\$16,276</b>

ESTIMATED COST FOR TREATING ABOVE PATIENTS **\$23,250**



Hospitals are big Robin Hoods. They take from the rich, and they give to the poor.

— Jim Petkas, HCA official

I love it here... This is still in the United States, but it's frontier medicine.

— Dennis Salazar, Homestead ER physician, below

### HOW THE PROJECT WAS DONE

In February, Business Monday published the cover story *ER — High-cost nightmare* about how health insurers, the uninsured and the underinsured are concerned about huge mark-ups in emergency room prices. Those who don't have a network contract for a hospital can face charges up to five times what those with contracts pay. A simple paper gown that costs 36 cents can be marked up to \$79 — an increase of 944 percent.

Hospitals say that these prices are meaningless because virtually no one pays them, but the fact that such billing systems exist is staggering for the average patient.

As a follow-up, we decided to look at how emergency rooms work from the hospitals' perspective. In the spring, Herald reporter John Dorschner and C.W. Griffin, a Herald photographer, spent 12 hours each at two hospitals: Homestead Hospital, which serves many poor patients, and Kendall Regional Medical Center, which is in a middle-class suburban neighborhood.

The hospitals were then asked to provide financial information — detailed information that the public rarely sees — about what happened on the days The Herald team visited.

Kendall Regional provided detailed figures of gross charges — meaning full charges without any managed care or governmental discounts — as well as net revenue (showing how much the hospital received from each source) and the hospital's estimated costs.

Homestead declined to show detailed charges, but reported estimated payment received for each patient group, as well as the hospital's overall costs.

Because of strict federal privacy regulations, the journalists were allowed access on the condition that they would not print a patient's name, show patients' faces in photographs or give financial details of their care without written permission.

Some patients gave permission; some didn't. A Homestead man, who was injured in a traffic accident the day the journalists visited, was not asked for permission while he was in the ER because he was so inebriated that his answer wouldn't be binding. In the story he is referred to as Cantina Guy because he walked into a car as he was leaving a cantina.

Later, the hospital asked permission in a letter to the address he had given. It was returned as undeliverable.



PLAYING IT SAFE: Gussie Dempson, 78, came to the Homestead ER, top photo, with stomach problems on a Monday morning 'just to be on the safe side.'

CALL OF THE ER: Physician Dennis Salazar, above, works in the Homestead Hospital's emergency room.

# ERs take on the role of Robin Hood

\*ER, FROM 22

was reddish and swollen. "Been bothering me for three weeks. Might have been from a fall. I decided I needed to do something. It's been getting worse. Maybe it's broken."

She didn't know what doctor to go to, and so she chose the nearest ER. She wasn't concerned about the cost: She had good insurance, UnitedHealthcare, through the bank where she worked.

## POLAR OPPOSITES

These two patients, Suarez and the unidentified man who walked into the car, represent polar opposites in the patients who are seen in America's emergency rooms, the place where all of America's health-care woes come together.

By federal law, no person can be turned away from an American emergency room. The patient must be treated and stabilized, regardless of his or her ability to pay.

To see how the ER functions, a Herald reporter and photographer spent 12 hours each at the two hospitals, one that struggles with patients that can't pay, the other in a typical middle-class suburb. Later the hospitals provided financial information on the cost of care during the period when The Herald team visited.

As it turns out, the Rosey Suarezes of the world and their employers end up paying for all the uninsured guys who walk into cars.

"Hospitals are big Robin Hoods," says Jim Petkas, chief financial officer for HCA's East Florida hospital division, which includes Kendall Regional. "They take from the rich, and they give to the poor."

Though that may seem patently unfair to the Rosey Suarezes and their employers, it seems at least on the surface to keep the system working. But for how long?

## OUT OF BALANCE

"The problem is that the system is not in balance," says Brian Kiepper, head of the Center for Practical Health Reform. "It's eroding."

In 1989, 80 percent of all full-time workers had medical benefits, according to the U.S. Bureau of Labor Statistics. By 2003, that had shrunk to 56 percent, and experts expect



PHOTOS BY C.W. GRIFFIN/HERALD STAFF

INSIDE HOMESTEAD HOSPITAL'S ER: Dr. Craig Travis, left, and Dr. Dennis Salazar converse during a shift change in the ER at Homestead Hospital. Homestead's ER patient load has increased 30 percent in the past seven years — to 100 a day. It is constructing a completely new hospital, costing \$130 million, with an ER triple the size of the existing facility.



BALANCING ACT: Rosey B. Suarez is wheeled out of the emergency room at Kendall Regional Medical Center. She has good insurance, UnitedHealthcare, through the bank where she works. As it turns out, the Rosey Suarezes of the world and their employers end up paying for all the uninsured guys who walk into ERs because the amount they are charged must help balance out the amount lost on patients who are not covered by health insurance plans.

that shrinkage to continue.

"This is not a sustainable business model," says Brian Keeley, chief executive of the nonprofit Baptist Health South Florida.

"The more we rely on pri-

vate insurance, the more expensive it becomes, and the more expensive it is, the less and less people can afford it. That's particularly true in South Florida, where we have mostly mom-and-pop

employers. They can't afford the premium, so they opt out."

So far the system seems to have worked at Kendall Regional, where more patients had private insur-

*In 1989, 80 percent of all full-time workers had medical benefits, according to the U.S. Bureau of Labor Statistics. By 2003, that had shrunk to 56 percent, and experts expect that shrinkage to continue.*

ance. It had a healthy profit of \$29.6 million on net revenue of \$171 million in 2003, according to state financial data.

But Homestead lost \$800,000 in 2002, according to state data, and its executives say it will lose close to \$11 million this year. But Homestead is part of Baptist Health, with several hospitals in the affluent southern suburbs. The system had a net return of \$95 million in 2002, according to state data.

## PROBLEMS IN COMMON

Despite their financial differences, the two hospitals share some basic characteristics. As with many hospitals across the nation, both Homestead and Kendall Regional have seen their numbers of ER patients climb steadily in recent years. They are frequently overcrowded.

Homestead's ER patient load has increased 30 percent in the past seven years — to 100 a day. It is constructing a completely new hospital, costing \$130 million, with an ER triple the size of the existing facility.

Kendall is even busier. Its ER visits have more than doubled in the past six years — now averaging 150 a day — and the hospital is planning a \$110 million hospital expansion that would increase the size of its ER five-fold.

In both places, staffers superstitiously don't like to utter the "Q-word" when the day seems quiet because they fear they'll be instantly overloaded.

Some complain of "granny dumping" just before three-day holiday weekends, when relatives drop off aging relatives, particularly those on

\*TURN TO ER, 25

## COVER STORY

## ER business booms on Monday mornings



PHOTOS BY C.W. GRIFFIN/HERALD STAFF

**STRESSFUL NIGHT:** With patients forced to sit in chairs, ER nurse Sherry George at Homestead Hospital calls to find out where all the beds are.

\*ER, FROM 25

the road to Alzheimer's, so they can enjoy their days off.

In Homestead and Kendall, as almost everywhere, Monday mornings are the busiest time. Staffers theorize that some folks don't want to waste their free time, and so they wait until they're supposed to go back to work before seeking medical help. Or maybe it "legalizes a sick call," as one staffer put it. Or they call their doctor on Monday morning and find they can't get an appointment for several days. Or they drink too much or get too much sun on the weekend.

Here is an inside look at what our reporting team found in the two emergency rooms:

## HOMESTEAD

On this Monday morning in Homestead, the waiting room is perhaps half-full of listless people watching Bob Barker boom on *The Price Is Right*: "It's a new car! A Ford Explorer XLS!"

Staffers avoided the "Q-word," but the day started slowly. Even so, the 14 ER beds were filled: a middle-aged woman with a severe migraine; a man with a chest pain; a HIV-positive woman with complications; a 33-year-old man with sickle cell anemia suffering from pain and dehydration; a woman in her 40s with Down's syndrome who had congenital digestive track problems; and several elderly patients who were quiet clumps in beds.

In the waiting room, Susana Sanchez, 21, was curled in a chair, her head resting on her husband's shoulder. Five-and-a-half-months pregnant, she had a sore throat and had been

*According to the Center for Studying Health System Change, the number of visits by uninsured people to physicians' offices dropped by 36.9 percent during a five-year period, 1996-2000, while their visits to ERs climbed 10.3 percent.*

coughing and vomiting for three days, unable to eat. She had two kids at home, no health insurance and no regular doctor.

She came to the ER because she had no place else to go. "I need something," she said softly.

Like many of the 43 million uninsured Americans, she avoided primary care because she couldn't afford it and waited until her condition worsened and she ended up in the ER, where treatment tends to be considerably more expensive. According to the Center for Studying Health System Change, the number of visits by uninsured people to physicians' offices dropped by 36.9 percent during a five-year period, 1996-2000, while their visits to ERs climbed 10.3 percent.

If Sanchez weren't pregnant, she could have been seen quickly in the ER's Fast Track Unit, which has a doctor and dentist-style chairs for less severe cases. Fast Track is quicker, but not cheaper: Though it is called an urgent care center, billing is still done as an ER visit. That means those people with insurance might find a co-pay of \$100 for the ER, rather than \$15 for



**LITTLE REST FOR THE WEARY:** Clifford Cook awaits treatment in the ER at Homestead Hospital. He suffers from sickle cell anemia and gout. The ER was so crowded on the day he was there that he had to slide from his bed to a chair. He even moved his IV stand himself.

urgent-care.

But as it is, Sanchez was both pregnant and not extremely sick by ER standards, which meant that, though she arrived at 8:30 a.m., she was still in the waiting room in the late morning.

Meanwhile, inside the unit, Salazar was examining the man who walked into the car. The hospital would not release his name, and so we will call him Cantina Guy.

Salazar ordered a "rainbow of tests" for him, meaning everything imaginable, including a complete blood workup and CT-scans of his head, neck and chest, searching for broken bones or ruptured organs. Since he appeared unconscious or in a deep sleep, he couldn't say where he hurt and the doctor had to guess. A

nurse put a neck brace on him as a precaution. An aide went through his pockets and, as Salazar predicted, found a wad of payday cash.

The man moaned. "Cerveza!" he demanded. Salazar shook his head. This guy didn't need another beer.

The day was just getting started. Shortly after 11 a.m., an ambulance crew rushed in an elderly man with high blood pressure. "I don't have a place for him," said Edwards, the head nurse. He asked Clifford Cook, 33, the sickle-cell patient, to slide from his bed to a chair. Cook obliged, even moving his IV stand himself.

Moments later, another ambulance crew brought an elderly man from a

•TURN TO ER, 27



# The uninsured rack up the bills in ERs



**AWAITING TEST RESULTS:** Beatriz Ruiz and husband Nelson accompany their son, center, in the ER of Kendall Medical Center. For several days, Nelson Jr. had a severe pain in his stomach and hadn't eaten. Doctors thought it might be appendicitis, so they ordered blood tests and a CT-scan.

\*ER, FROM 26

nursing home, where he was reported to be disoriented and lethargic. A nurse walked up to him with a chart. "Sir, do you know your height and weight?"

"Yes!" said the man with an amazed expression, as if he couldn't imagine who wouldn't know such basic information. Then he lapsed into silence.

Shortly after 1:30 p.m., Cantina Man was wheeled back from radiology. Apparently, he awoke during the tests, because basic personal information was now on the chart. Under social security number, someone had written: 777-77-7777. Meaning he didn't have one. Illegal alien.

Salazar shook his head when he examined the blood work. His alcohol level was 409.8. The doctor translated: "Forty percent of his blood is alcohol."

A nurse said she didn't believe humans could live with that level. Salazar shrugged. The guy seemed to be sleeping peacefully.

Trained in Costa Rica, a veteran of ERs in Oklahoma, Salazar has come to embrace Homestead. "I love it here. This is a very unique little hospital. This is still in the United States, but it's frontier medicine."

New cases kept coming through the ambulance bay. In the waiting

room, Sanchez, the pregnant mother, was wrapped in a blanket, snoozing, oblivious to Dr. Phil, who was introducing his next guest: "She has gone from a Size 30 to ..."

At 3:30 p.m., the radio blared that Fire Rescue was on its way with a woman from a halfway house for the developmentally disabled. She had been smashed in the head with a bat by another resident.

Edwards, the charge nurse, groaned. Head injuries meant neurosurgeons. Because of enormous malpractice insurance premiums, most neurosurgeons don't want to risk serving in ERs.

Edwards raced toward the ambulance bay. Halfway down the corridor, the doors swung open and the rescue team pulled in a gurney.

"No!" said Edwards, holding up his hand. "We can't handle neurosurgery cases!"

Salazar was right behind him. "She's in," he said. Meaning under federal law, they had to treat her.

But how? She was huge, her arms and legs thrashing wildly. Her head was smeared with blood. Edwards ran to the medicine cabinet, which opened at the touch of his finger. He pulled out several vials. "Chemical restraints. This stuff will knock out a horse."

At 3:42 p.m., the radio squawked again. Elderly woman, hypertension.

"Bring extra oxygen," the nurse snapped over the microphone. "We don't have a bed right now."

Within moments, an elderly red-headed woman was wheeled in. Edwards took her pulse and blood pressure. She was not nearly as serious as other cases. He helped her into a wheelchair and an aide pushed her toward the waiting room.

"I don't want to wait for hours," she shouted. Like many people, she assumed that arriving by ambulance would move her to the head of the line, but that's not the way the system works. "We treat the worst first," said Edwards.

"Where are my smokes?" the red-head asked as she was wheeled away. "I want a cigarette."

The retarded woman continued to thrash wildly. The injection that "would knock out a horse" had done nothing. Two security guards, two nurses, a paramedic, a physician's assistant and a doctor wrestled to tie her down with straps.

"Restraints quadruple the amount of paperwork," Edwards said as he ran back to the medicine chest for more drugs.

At 4:05 p.m., the waiting room was packed. Oprah was expressing open-mouth shock to something a television guest had just said. After seven and a half hours in the waiting room, Susana Sanchez, the 21-year-old pregnant

*Head injuries mean neurosurgeons. Because of enormous malpractice insurance premiums, most neurosurgeons don't want to risk serving in ERs.*

woman, and her husband worked up the courage to complain loudly to the waiting room receptionist. The receptionist asked Edwards to speak directly to them.

"There are no beds available," the nurse told the couple. "I'm sorry. You're next on the list." He didn't add that the list was always shifting.

He trudged back to ER, head down, exhausted. He began his day at 7 a.m. and was on duty till 7 p.m. before he could retreat to the 38-foot sailboat where he lived. "One day you save someone's life, and you see that in their eyes and that makes up for a whole bad year," he said.

Shortly before 5 p.m., after a patient was transferred to a room upstairs, Susana Sanchez was finally brought in and put on a gurney beside the nurse's station.

Cantina Guy, sitting on the side of his bed, stared at her. Then he looked around the room, soaking in the reality that he had woken up in a hospital.

The doctor came over and saw the results of his CT-scan tests had arrived. No broken bones, no damaged organs. "We need to do a road test," Salazar said. "See if he can walk, eat, let him go."

A meal was ordered, and a physician's assistant stitched up the cuts on his face.

At 6:45 p.m., in the waiting room, an elderly guy, teeth clenched, insisted on seeing the charge nurse. "This is ridiculous. My wife was a nurse for 50 years. She worked here for 30 years. She had diverticulitis eight months ago." The same pain had returned. "I want a gurney where she can lie down. She's been here four hours."

Edwards said he was sorry, but he had no gurney for her.

"This has been very good for a Monday," Salazar said abstractly, looking around the crowded room. He meant that it wasn't too busy. His shift was over.

But the day kept getting worse. A young tattooed man, slumped in a wheelchair, was brought in. A drug overdose, he had a team of a half-dozen suctioning his stomach, giving him injections, putting him on a respirator. Then a huge man suffering from shortness of breath arrived in a wheelchair. He looked to be in his mid-30s, but as soon as the late-shift physician, Craig Travis, saw the chest X-ray he

\*TURN TO ER, 28

COVER STORY

# ERs struggle to balance the books

\*ER, FROM 27

had a bad verdict: congestive heart failure.

The patient was occupying Bed 2, where Cantina Guy had spent most of the day. Cantina Guy was now in a chair beside the bed, wolfing down a tray of food. "He's good to go," said a nurse, but he had no shirt, which had been cut off him when he arrived. An aide went to a storeroom, where charity clothing was stored.

The place was so busy that two ambulance crews waited an hour just to get their gurneys back: No ER beds were available for the patients on the gurneys to be moved to.

Finally, when that patient seemed to be stabilized, Travis sat down beside the pregnant Sanchez. "On a scale of one to 10, how is your pain?" he asked. She said a three or four.

He checked the results of her tests. Everything seemed normal. Apparently she was suffering from a simple flu bug. The ultra-sound showed she was having a boy. She beamed when she heard the news, and her husband squeezed her hand.

"Go see your doctor," a nurse advised her. She nodded, but she had no doctor.

Shortly before 10 p.m., with a new T-shirt, Cantina Guy turned to a nurse. "Me voy," he said. "I'm going." He wandered out the double doors that led to the ambulance bay.

In his 12 hours, he had cost the hospital more than \$3,500, plus hundreds more for the ER physician and the radiologist who studied his X-ray and CT-scans.

Cantina Guy had no idea of the expense. He might have qualified for charity care, but he never talked to the hospital people who take insurance data. He never even received a bill. When the hospital attempted to reach him later, at the address he had given, the letter was returned as undeliverable.

## KENDALL REGIONAL

In marked contrast to Homestead, Kendall Regional Medical Center has a much larger ER operation that sprawls over perhaps three times the space of Homestead's.

"People really hate to wait,"



C.W. GUSTON/HERALD STAFF

HELPING HANDS: Dr. Craig Travis and the medical team work on an overdose patient who was rushed to the ER at Homestead Hospital.

*HCA reported that 13 of the 15 uninsured patients who used the ER on that Thursday made no payments at all in the four months since they were treated.*

says Freds Arzadon, the hospital's ER director. She had structured the flow so that people rarely had to spend more than 15 or 20 minutes in the front waiting room before they were called in. The seriously ill moved straight to a bed while others were sent to a corridor with a long row of chairs that functioned as a second waiting room.

The average time from entry to leaving at Kendall is three and a half hours, compared to three hours, 45 minutes at Homestead, according to the two hospitals.

Kendall Regional is in a middle-class, largely Hispanic neighborhood, and compared to the high drama of Homestead, its rhythm on this Thursday morning seemed steady.

In Section A, where the seriously ill are taken, most were elderly patients who lay quietly in their beds: a liver problem, congestive heart failure, chest pain, someone who passed out at home and was "feeling very weak," a cancer patient with "swelling in the extremities."

The one oddity was an armed guard outside a glass-enclosed room. A prisoner inside had suffered a seizure.

"He comes in on a regular basis," said Ruth Taylor, the

head nurse for the section. A bullet was lodged in his brain — impossible to remove by operation — and it periodically caused seizures.

Rosey Suarez, the bank employee with the swollen foot, had come because she figured it was the easiest way to get treated. "It's hard to see a doctor. My gynecologist didn't even have an appointment for me for three months."

She was taken to the back waiting area, had an X-ray taken and then was told to wait for the results. They showed no broken bones, and she was told to see a podiatrist for further tests.

Suarez is part of the fastest growing segment of ER patients — those with private insurance. According to the Center for Studying Health System Change, ER visits by those with private insurance increased 24.3 percent between 1996 and 2001 — more than twice the increase of those with no insurance and those with Medicare.

Many experts theorize the reason is that primary-care physicians, squeezed by low rates from managed care plans, are so overloaded that patients have to wait days or even weeks before they can get in to see their doctors.

In Kidsville, the ER section

devoted to children, two nurses guess that between 10 and 30 percent of the patients don't belong there. They've come because they have no regular doctor or because their doctor can't see them right away.

On this Thursday morning, Evelyn Castro, a slender 13-year-old, was curled up in a Kidsville bed, a plastic bedpan beside her. Her sister, Michelle Yepes, had brought her. Castro was on Medicaid and, like many people with government insurance, had no regular doctor. That's why, when she had been vomiting for more than a day, she was brought to the ER. Doctors ordered a broad range of tests.

In a nearby bed was listless Nelson Ruiz, 12, with his parents, Nelson and Beatriz, sitting in plastic chairs beside him. He, too, was a Medicaid patient. For several days, he had a severe pain in his stomach and hadn't eaten. Doctors thought it might be appendicitis, or something more complicated, or simply an upset stomach. They ordered blood tests and a CT-scan.

In another section, Alex Polo, 20, lay on a gurney, grimacing. He had just been in a motorcycle accident, and his hands and knees were scraped up. A nurse was applying an antibiotic cream and — as gentle as the nurse was trying to be, the touches sent spasms of pain through Polo.

Polo, an employee of the Collection car dealership, was scheduled next to have a CT-scan, to see if he had damaged

organs.

At a desk area nearby, two doctors talked about how threats of lawsuits lead to more tests. Contrary to what she had learned in medical school, said B.J. O'Sullivan, "in the real world you do everything on everybody."

"If he walks in the door," said Richard Mason, another physician, "he's going to get a CT-scan."

Kendall Regional's CT-scan machine cost \$1.1 million, with installation. It gets used for virtually everything, at least partly because physicians fear that if they don't use it, that decision might later haunt them in court.

"That one-in-a-thousand chance the CT-scan would show something could mean a \$10 million lawsuit," said Russian Ivanov, an ER physician born in Russia. "The American people don't accept room for error. In the end, the whole society pays for it."

"We waste a lot of money. If we could remove this burden of liability, care would be much cheaper. The Czech Republic spends about \$400 per capita [a year] for health-care, and America spends about \$4,000, and Americans don't live any longer."

Polo, the motorcyclist, didn't hear what Ivanov said, but he decided that a CT-scan was something he didn't want and couldn't afford, because he didn't have insurance.

When his hands and knees were covered with ointment and bandaged, he decided he had had enough.

His shirt had been cut off after the accident, and he was dressed in one of those flimsy hospital gowns open in the back. With a hand behind him, holding the gown shut, he hobbled out of the emergency room.

He ended up with gross charges of \$2,042 for the day. If he had coverage, his insurance probably would have paid about \$500 at highly discounted rates. As it is, he has made two monthly payments of \$100 each.

HCA reported that 13 of the 15 uninsured patients who used the ER on that Thursday made no payments at all in the four months since they were treated. That means, in the "Robin Hood" tradition that hospital executives talk about, their bills will be made up by the higher costs charged to those with insurance.

Amended and Restated  
Articles of Incorporation  
of

FILED

05 JAN 27 PM 5: 01

SECRETARY OF STATE  
TALLAHASSEE, FLORIDA

BAPTIST HEALTH SOUTH FLORIDA, INC.  
(A Not For Profit Corporation)

ARTICLE I - NAME

The name of the Corporation shall be BAPTIST HEALTH SOUTH FLORIDA, INC., and it shall be located at 6855 Red Road, Coral Gables, Florida 33143.

ARTICLE II - PURPOSES & ACTIVITIES

(a) EXEMPT PURPOSES

This Corporation is organized as a not for profit corporation under Chapter 617, Florida Statutes, on a nonstock basis exclusively for charitable, religious, educational, and scientific purposes, including, for such purposes, the making of distributions to organizations that qualify as exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the "Code"), or corresponding section of any future United States internal revenue law.

(b) CLASSIFICATION

To satisfy the requirements of Section 509(a)(3) of the Internal Revenue Code of 1986 and the equivalent section of any future United States internal revenue law this Corporation:

- (1) is organized and at all times hereafter shall be operated, exclusively for the benefit of, to perform the functions of, or to carry out the purposes of Baptist Hospital of Miami, Inc.; South Miami Hospital, Inc.; Homestead Hospital, Inc.; Mariners Hospital, Inc.; Doctors Hospital, Inc., Baptist Outpatient Services, Inc., West Kendall Baptist Hospital, Inc., Baptist Health South Florida Foundation, Inc.; and BHS Real Estate Foundation, Inc., so long as they are described in Section 509(a)(1) or 509(a)(2) of the Code,
- (2) shall be operated in connection with the organizations described in (b)(1) above, and
- (3) shall not be controlled directly or indirectly by one or more disqualified persons (as defined in Section 4946 of the Code) other than foundation managers and other than one or more organizations described in (b)(1) above.

(c) ACTIVITIES

In pursuance of its charitable, religious, educational and scientific purposes the Corporation shall:

(1) Take all such action, initiate and carry out all such measures, and do all acts and things and everything which may be or become necessary, advisable, or desirable to provide and assure that the Corporation and its affiliates shall continue at all times hereafter, dedicated and consecrated in operation, administration, chaplaincy and service to healing ministry in the name and spirit of Jesus Christ and the Judeo-Christian ethic.

(2) Maintain a system-wide Baptist chaplaincy program among the Corporation and its affiliates, in order to provide a visible Christian witness to patients and employees. The senior chaplain of such program shall at all times be an ordained Baptist chaplain who is a graduate of a Southern Baptist seminary, with a minimum of one year of clinical pastoral educational training and shall be a member in good standing of a Baptist church cooperating with the Miami Baptist Association. The senior chaplain shall be responsible for establishing and maintaining an adequate and viable chaplaincy program at each hospital affiliated with the Corporation. All staff chaplains will be theologically, clinically and professionally trained to meet the spiritual needs of the system patients and employees.

(3) Promote and carry on scientific and medical research related to the care and treatment of the sick and injured.

(4) Participate in, form, own and operate joint ventures, partnerships, corporations or other entities, whether or not any such entity is for profit or not for profit, so long as this Corporation's participation therein is primarily in furtherance of the charitable, religious, educational and scientific purposes for which the Corporation is organized, including, but not limited to, operating, acquiring or building, equipping, maintaining, owning, leasing, managing and providing for the operation of, or operating, a hospital or hospitals and a school or schools of nursing in connection therewith, to care for and treat the sick and injured, and to educate and train persons in the care and treatment of the sick and injured.

In carrying out its purposes the Corporation shall conduct its activities in such a manner that no part of its earnings shall inure to the benefit of, or be distributed to any member, trustee, director, officer or individual, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes enumerated in this article. In addition, all of the assets and earnings of the Corporation shall be used exclusively for the charitable, religious, educational and scientific purposes hereinabove set forth, including the payment of expenses incidental thereto and all of the powers of the Corporation shall be exercised exclusively for such purposes; and no substantial part of its activities shall be for the carrying on of propaganda or for influencing legislation; however the Corporation may make limited lobbying and grassroots expenditures to influence legislation as permitted by Section 501(h) of the Code. The Corporation shall not participate or intervene in (including the publication or distribution of statements) any political campaign on behalf of, or in opposition to, any candidate for public office. Notwithstanding any other provision of these articles, the Corporation shall not carry on any activities not permitted to be carried on by an organization exempt from federal income taxation under Section 501(c)(3) of the Code, or any organization to which contributions are deductible under Section 170(c)(2) of the Code.

### ARTICLE III - RIGHTS

The provisions of paragraph (b) of Article II above shall not be construed to limit, restrict, or modify any of the rights given to the Miami Baptist Association in Article XIII of these Articles.

### ARTICLE IV - MEMBERSHIP

The Corporation shall have not less than seventeen nor more than thirty-five Trustees, who shall be the members of the Corporation and shall be its Board of Trustees; and may have one or more Trustee Emeritus and one or more Chairperson Emeritus who shall not be eligible to vote or serve as officers of the Corporation. The qualifications, terms of office, and the manner in which a Trustee shall become a Trustee or be elected and continue in office, and the qualifications and terms of Trustee Emeritus and Chairperson Emeritus shall be as follows:

(a) Miami Baptist Association Trustees. The Miami Baptist Association shall have the right to appoint seven of its Ministers to the Board of Trustees. Trustees appointed by the Miami Baptist Association shall, as determined by the Board of Trustees, be appointed to a term to expire on September 30 of the year in which they are appointed or of either of the next two succeeding years. A Trustee appointed by the Miami Baptist Association may be removed as a Trustee by the Miami Baptist Association. In the event a Trustee appointed by the Miami Baptist Association is removed or resigns as a Trustee, the Miami Baptist Association shall have the right to appoint a successor Trustee.

(b) Affiliate Chairperson Trustees. The Chairperson of the Board of Directors of each of the hospitals affiliated with the Corporation shall be a Trustee during such time as he or she is serving as Chairperson. The Chairpersons of the Board of Directors of Baptist Outpatient Services, Inc., Baptist Health Enterprises, Inc. and Baptist Health South Florida Foundation, Inc., shall be Trustees, provided, however, that the right of each such Chairperson to serve as a Trustee shall terminate when such Chairperson ceases to hold such office.

(c) Physician Trustee. One Trustee shall be a physician elected by the Board of Trustees.

(d) Elected Trustees. The remaining Trustees shall be the Elected Trustees who shall be elected by the Board of Trustees.

(e) Baptist Lay Members. At least eleven of the Elected Trustees in office at any time shall be lay members (not Ministers of the Gospel) in good standing of Baptist Churches cooperating with the Miami Baptist Association.

(f) Other Trustees. Every other Elected Trustee in office at any time shall be a member in good standing of an Evangelical Church.

(g) Term of Office. For the purpose of having the Elected Trustees divided into three classes as nearly equal in number as may be, whose terms of office, respectively, shall expire in different years, each Elected Trustee may be elected for a term to expire on September 30 of the year in which the Elected Trustee is elected, or of either of the next two succeeding years, and shall hold office for the term for which the Elected Trustee is elected and until the Elected Trustee is re-elected or a successor is elected and takes office. The Physician Trustee shall be elected to a term to expire on September 30 of the second year following the Physician Trustee's election.

(h) Elected Trustee Vacancies. If the Physician Trustee or an Elected Trustee shall not accept the office or under any circumstances shall cease to be a Trustee, the vacancy thus created may be filled by the Board of Trustees at any time. A Trustee elected to fill such a vacancy shall hold office for the remainder of the unexpired term and until the Trustee's successor is elected and takes office.

(i) Absences From Meetings. If any Trustee, whether now in office or hereafter elected, shall be absent from three successive meetings of the Board of Trustees or shall be absent from a total of four or more meetings during any calendar year (unless such absences are excused by the Board upon the written request of the absent Trustee), the Trustee shall be deemed to have resigned as a Trustee.

(j) Removal. The Physician Trustee and any Elected Trustee, whether now in office or hereafter elected, may be removed from office, with or without cause, by majority vote of the entire Board of Trustees at any regular or special meeting of the Board of Trustees.

(k) Trustee Emeritus. Any Trustee who has served as a Trustee of the Corporation or as a Director of Baptist Hospital of Miami, Inc. for a total of 10 or more years may be elected by majority vote of the Trustees of the Corporation as Trustee Emeritus. A Trustee Emeritus may, but shall not be required to, attend meetings of the Board of Trustees.

(l) Chairperson Emeritus. Any Trustee who has served as a Trustee of the Corporation for a total of 10 or more years and who has served as Chairperson of the Board of Trustees may be elected by majority vote of the Trustees of the Corporation as Chairperson Emeritus. A Chairperson Emeritus may, but shall not be required to, attend meetings of the Board of Trustees.

#### ARTICLE V - TERM OF EXISTENCE

The Corporation shall have perpetual existence.

#### ARTICLE VI - BOARD OF TRUSTEES

Section 1. Governing Body. The Board of Trustees shall be the governing body of the Corporation and shall manage its affairs and exercise its corporate powers.

Section 2. Quorum. The presence of seven Trustees shall be necessary at any meeting of the Board of Trustees to constitute a quorum to transact business, except that the presence of a majority of the entire Board of Trustees shall be necessary to constitute as quorum at any meeting of the Board of Trustees at which (a) the Physician Trustee, any Elected Trustee, or any officer of the

Corporation is removed from office as a Trustee or an officer, or (b) there is a vote to amend these Articles of Incorporation.

**Section 3. No Remuneration.** No Trustee shall receive or be entitled to receive from the Corporation any salary or remuneration of any kind, nature or character whatsoever, but may be reimbursed by the Corporation for actual expenses incurred and authorized by the Board of Trustees.

**Section 4. Reports.** The Trustees, when so requested, shall make reports of the receipts, disbursements, balances and affairs of the Corporation to the annual sessions of the Miami Baptist Association and, when so requested, also shall make such reports to the monthly meetings of the Executive Board of that Association.

**Section 5. Trustees' Liability.** No Trustee shall be held personally liable or responsible for any action taken or not taken by the Board of Trustees acting under the provisions of or in the manner authorized by these Articles of Incorporation or the Bylaws of the Corporation, nor for any action taken or not taken by the Board of Trustees or by any Trustee in the reasonable belief that the action taken or the failure to act is taken under the provisions of or in the manner authorized by these Articles of Incorporation or the Bylaws. The defense of any legal, equitable or other action, suit or proceeding brought against a Trustee, either individually or as Trustee, because or as a result of any action taken or not taken by the Board of Trustees or by any individual Trustee, shall be conducted by counsel for the Corporation, unless the action, suit or proceeding is brought by or in behalf of the Corporation.

**Section 6. Reimbursement of Trustees.** To the fullest extent permitted by law, the right of a Trustee to be indemnified as provided in these Articles of Incorporation shall include the right to be advanced amounts by the Corporation for the reasonable costs and expenses necessary for the Trustee to defend against an action, suit or proceeding. The Corporation shall have the right to seek repayment of such costs and expenses if the Trustee is adjudged to have been guilty of gross negligence or willful misconduct in the performance of the Trustee's duty to the Corporation, or if repayment is otherwise required by law.

**Section 7. Indemnification of Trustees.** The Corporation shall, to the fullest extent permitted by law, indemnify any Trustee made a party to any action, suit or proceeding, whether civil or criminal, against all reasonable costs and expenses (including, but not limited to reasonable attorneys' fees, court costs and expenses incurred in the course of attending trials, conferences, depositions, hearings and meetings), judgments, settlements, fines or penalties arising out of a Trustee's or the Board's act or failure to act, provided such act or failure to act is taken under the provisions of or in a manner authorized by these Articles of Incorporation or the Bylaws, or is taken by the Board of Trustees or a Trustee in the reasonable belief that the action or the failure to act is taken under the provisions of or in the manner authorized by these Articles of Incorporation or the Bylaws. This right to indemnification shall continue as to a Trustee who ceases to be a Trustee and shall inure to the benefit of the Trustee's personal representative and heirs, and shall apply to any action, suit or proceeding against a Trustee by reason of the Trustee being or having been an officer of the Corporation, or a trustee or director or officer of any other corporation which the Trustee served as such at the request of the Corporation. The right to indemnification as provided in these Articles of Incorporation shall not apply to matters as to which a Trustee is adjudged to have been

guilty of gross negligence or willful misconduct in the performance of the Trustee's duty to the Corporation, or where such indemnification is prohibited by law.

Section 8. Additional Indemnification. The Corporation shall, to the extent permitted by law, indemnify any Trustee made a party to any action, suit or proceeding, other than one by or in the right of the Corporation to procure a judgment in its favor, whether civil or criminal, brought to impose a liability or penalty on such Trustee for an act alleged to have been committed by such Trustee in the Trustee's capacity as Trustee or as an officer of the Corporation, or in the capacity of a trustee, director or officer of any other corporation which such Trustee served as such at the request of the Corporation, against judgments, fines, amounts paid in settlement and reasonable expenses, including but not limited to attorneys' fees, actually and necessarily incurred as a result of such action, suit or proceeding, or any appeal therein, if such Trustee acted in good faith in the reasonable belief that such action was in the best interests of the Corporation, and in criminal actions or proceedings, without reasonable grounds for belief that such action was unlawful. The termination of any such civil or criminal action suit or proceeding by judgment, settlement, conviction or upon a plea of nolo contendere shall not in itself create a presumption that any Trustee did not act in good faith in the reasonable belief that such action was in the best interests of the Corporation or that the Trustee had reasonable ground for belief that such action was unlawful.

#### ARTICLE VII - OFFICERS

Section 1. Board Officers. The Board Officers of the Corporation shall be a Chairperson and a Vice Chairperson of the Board of Trustees, a Secretary, one or more Assistant Secretaries, a Treasurer, and one or more Assistant Treasurers as determined by the Board of Trustees, each of whom shall be a Trustee.

Section 2. Election. Such officers shall be elected at the annual meeting in October of each year by the Trustees in office at the time of the election, and shall take office immediately upon being elected.

Section 3. Term of Office. All such officers shall hold office for a term of one year and until their successors are elected and take office.

Section 4. Other Officers. Other officers may be elected or appointed by the Board of Trustees at any time to hold office for such terms of office as the Board of Trustees may fix or to hold office at the will of the Board of Trustees. It shall not be necessary for any such other officer to be a Trustee.

Section 5. Removal. Any officer, whether now in office or hereafter elected or appointed, may be removed from office, with or without cause, by majority vote of the entire Board of Trustees at any regular or special meeting of the Board of Trustees.

#### ARTICLE VIII - PROPERTY, FUNDS AND INCOME

No part of the property, funds or income of the Corporation shall be distributed to nor shall any part of the net income, if any, of the Corporation inure to the benefit of its members, Trustees, officers or any other private individual.



## ARTICLE IX - AFFILIATES

**Section 1. Restrictions.** The governing boards of affiliates and subsidiaries of the Corporation may not, without the prior approval of the Board of Trustees:

- (a) Adopt a plan of dissolution;
- (b) Engage in or enter into any transaction providing for the sale or other disposition of all or substantially all of the entity's assets;
- (c) Adopt a plan of merger or consolidation with another corporation;
- (d) Appoint or remove the independent auditors;
- (e) Sell or mortgage any real property or acquire any real property;
- (f) Adopt any annual operating or capital budget, or approve any changes thereto; or
- (g) Approve or enter into contracts for any construction project in excess of \$50,000.

**Section 2. Reserved Powers.** The Corporation shall have the right to perform the following corporate functions on behalf of affiliates and subsidiaries of the Corporation:

- (a) Approval of purchase, sale, transfer, mortgage or encumbrance of real property.
- (b) Zoning and master facility planning and implementation of such plans.
- (c) Providing human resource functions including, without limitation, development and implementation of personnel policies, employee benefit plans (including, but not limited to, pension plans and retirement matters), executive compensation, and health insurance plans.
- (d) Purchasing insurance and managing insurance matters.
- (e) Providing risk management functions.
- (f) Providing audit functions (including selection of accountants and auditors), review of audited financial statements and audit plans, and direct supervision of internal audit functions.
- (g) Developing and establishing budgets.

- (h) Managing and overseeing financial operations and policies, including, but not limited to, investment policies, indebtedness, financial controls, and long range financial planning.
- (i) Developing and implementing all strategic and long range plans.
- (j) Providing information systems and managing information and data processing functions.
- (k) Public relations and marketing.
- (l) Charity care and community service programs.
- (m) Developing and implementing management policies and other policies.
- (n) Providing and contracting for legal services.
- (o) Borrowing or incurring indebtedness.
- (p) Contracting with third party payors.
- (q) Implementing and operating the Corporate Compliance Program.

#### ARTICLE X - LIQUIDATION OR DISSOLUTION

In the event of the liquidation or dissolution of the Corporation, its property and funds, after payment or provision for payment of its creditors, shall be distributed for approved charitable, scientific and educational purposes most closely approximating those set out in Article II of these Articles of Incorporation, within the meaning of Section 501(c)(3) of the United States Internal Revenue Code, as amended, as now in effect or hereafter amended or supplemented by Acts of Congress and of such pertinent regulations thereunder as heretofore have been or hereafter may be promulgated.

Any such assets not so disposed of shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the Corporation is then located, exclusively for such purposes or to such organizations, as said court shall determine, which are organized and operated exclusively for Internal Revenue Code Section 501(c)(3) purposes.

#### ARTICLE XI - POLITICAL ACTIVITY

No substantial part of the activities of the Corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the Corporation shall not participate in, or intervene in (including the publishing or distribution of statements) any political campaign on behalf of or in opposition to any candidate for public office.

## ARTICLE XII - BYLAWS

The Board of Trustees of the Corporation shall adopt Bylaws for this Corporation and may amend or rescind such Bylaws by majority vote of the entire Board of Trustees at any regular or special meeting of the Board of Trustees, provided a copy of the proposed amendment or action to rescind is submitted in writing to each Trustee at least fifteen (15) days before the meeting at which a vote upon such proposal is to be taken.

## ARTICLE XIII - AMENDMENTS

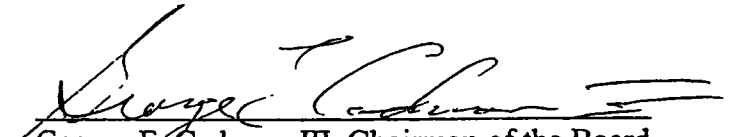
These Articles of Incorporation may be amended or added to by majority vote of the entire Board of Trustees at any regular or special meeting of the Board of Trustees; provided, that written notice of the proposed amendment or addition shall have been given to every Trustee at least 15 days in advance of the meeting. The amendment or addition ultimately adopted need not be in the exact form of the proposed amendment or addition but shall relate and be limited to the same subject matter. Notwithstanding the foregoing provisions of this Article XIII any such amendment of or addition to either of Articles I, II, or III, or the initial paragraph or any of paragraphs (a) (b) (c) (d) (e) or (f) of Article IV, or Article V, or either of Sections 3 or 4 of Article VI, or any of Articles VIII, XI or XIII, of these Articles of Incorporation, shall be submitted by the Board of Trustees to the Executive Board of the Miami Baptist Association before becoming effective and shall not become effective if disapproved by either that Executive Board or that Association within 30 days after such submission.

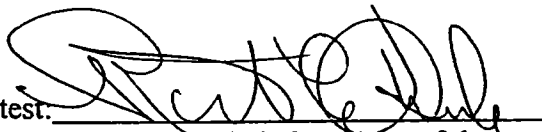
CERTIFICATE

These Amended and Restated Articles were duly adopted by the Board of Trustees of Baptist Health South Florida, Inc. on January 25, 2005. The members of the Board of Trustees of Baptist Health South Florida, Inc. are the Members of Baptist Health South Florida, Inc. and the number of votes cast by the Members and the Trustees for the Amendments was sufficient for approval. The Amendments included in the Amended and Restated Articles of Incorporation have been adopted pursuant to Sections 617.1007 (2), 617.1002 and 617.1006, Florida Statutes and there is no discrepancy between the Articles of Incorporation as previously filed and amended and the provisions of these Amended and Restated Articles of Incorporation other than the inclusion of the Amendments adopted pursuant to Sections 617.1007 (2), 617.1002 and 617.1006, Florida Statutes.

IN WITNESS WHEREOF, the undersigned Chairman and Secretary of the Board of Trustees of Baptist Health South Florida, Inc. have executed the Amended and Restated Articles of Incorporation as of January 25, 2005, for the purpose of amending and restating the Articles of Incorporation of the Corporation. The undersigned certify that no actions have been taken since the vote to modify or rescind the adoption of the Amended and Restated Articles as provided herein and that said adoption remains in full force and effect.

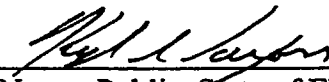
(CORPORATE  
SEAL)

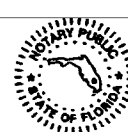
  
George E. Cadman, III, Chairman of the Board  
of Trustees of Baptist Health South Florida, Inc.

Attest.   
Robert L. Dube, Secretary of the  
Board of Trustees of Baptist Health  
South Florida, Inc.

STATE OF FLORIDA  
COUNTY OF MIAMI-DADE

The foregoing instrument was acknowledged before me this 25th day of January, 2005, by George E. Cadman, III and Robert L. Dube, the Chairman and Secretary, respectively, of the Board of Trustees of Baptist Health South Florida, Inc. They are personally known to me and did not take an oath.

  
Notary Public, State of Florida  
My Commission Expires:



Kyle R. Saxon  
Commission #DD159250  
Expires: Nov 26, 2006  
Bonded Thru  
Atlantic Bonding Co., Inc

BAPTIST HEALTH SOUTH FLORIDA, INC.

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BYLAWS

ARTICLE I

OFFICERS

The Officers of the Corporation shall be:

- (a) A Chairperson, a Vice Chairperson, a Secretary, one or more Assistant Secretaries, a Treasurer and one or more Assistant Treasurers, as recommended by the Nominating Committee and elected by the Board of Trustees of the Corporation (hereafter the "Board"), each of whom shall be a member of the Board and shall be elected at the annual meeting in each year to serve until the next annual meeting or until their successors shall have been duly elected and qualified; and
- (b) The President, who shall be the Chief Executive Officer, and such Executive Vice Presidents, Senior Vice Presidents, Vice Presidents and Assistant Vice Presidents, as shall be appointed by the Board to serve at the will of the Board; and
- (c) Such other officers as the Board may elect or appoint at any time to serve for such terms of office or at will as the Board may determine; and
- (d) In the event of a vacancy of the office of the President an Executive Vice President selected by the Executive Committee shall serve as acting President, pending action of the Board. In the event of a vacancy in any other office named in Paragraph (b), the President may make such interim appointments as he deems advisable pending action by the Board.

ARTICLE II

MEETINGS

The Board shall have an annual meeting during October of each year. This shall be the organizational meeting of the Board. Each year the Board shall set the times for its regular meetings which shall, unless cancelled by majority vote of the Board, be held at least once each month. Special meetings may be called by the Chairperson or any three members of the Board. No meeting of the Board shall be open to the media or the public.

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## ARTICLE III

### COMMITTEES

Section 1. The standing committees shall be as follows:

- (a) Finance/Insurance Committee: The Finance Committee shall consist of not less than nine members of the Board who are appointed by the Board on the recommendation of the Nominating Committee, and shall review and make recommendations concerning the financial aspects of the operation of the Corporation and its affiliates and subsidiaries, with reference to routine and capital expenditures, accounting systems and reports. This committee shall also review the insurance needs and insurance coverage for the Corporation and all subsidiaries, and shall make recommendations with regard thereto. This committee shall collaborate with the President in forming yearly budgets to be presented to the Board for approval.
  
- (b) Human Resources Committee: The Human Resources Committee shall consist of not less than ten members of the Board who are appointed by the Board on the recommendation of the Nominating Committee, and shall review all matters pertaining to i) personnel needs of the Corporation and its affiliates and subsidiaries, including retirement and pension plan matters, ii) salaries, benefits and other compensation, and iii) the overall compensation policies, for all employees of the corporation and its affiliates and subsidiaries, except officers holding the title of Vice President or a higher title, and shall make recommendations to the Finance Committee and the Board with regard thereto. This committee shall collaborate with the Finance Committee and the President in forming yearly budgets for the Corporation and its subsidiaries.
  
- (c) Long Range Planning Committee: The Long Range Planning Committee shall formulate and review plans for the Corporation and its affiliates and subsidiaries including strategic and long range plans and plans for allocation of fiscal and other resources, and shall make recommendations thereon to the Board. The Long Range Planning Committee shall be comprised of i) the Chairperson of the Board, who shall be the Chairperson of this committee, ii) the Chairperson of the Finance Committee of the Board, iii) not less than three at-large members of the Board who are not members of the governing boards of any of the below named affiliates of the Corporation, recommended by the Nominating Committee and appointed by the Board, iv) the Chairperson of the Board of Directors of each hospital affiliated with the Corporation, or their designees, v) the Chairperson of the Board of Directors of Baptist Outpatient Services, Inc., or a designee, vi) the Chairperson of the Board of Directors of Baptist Health Enterprises, Inc., or a designee; and vii) the Chairperson of Baptist Health South Florida Foundation, Inc., or a designee. The right of a member of this committee who serves by reason of holding office to serve on this committee shall terminate at such time as such person ceases to hold such office. The right of a designee to serve on this committee shall terminate at such time as the Chairperson who appointed such designee appoints a new designee or ceases to hold such office.

- (d) **Investment Review Committee:** The Investment Review Committee shall review the performance of the investment advisors and investment managers for the Corporation and all affiliates and subsidiaries, and shall make recommendations to the Board. The Investment Review Committee shall be comprised of i) not less than five members from the Board who shall be appointed by the Board on the recommendation of the Nominating Committee, one of whom shall be the Chairperson of the Finance Committee, ii) one member from the Board of Directors of each hospital that is affiliated with the Corporation, iii) one member from the Board of Directors of Baptist Health Enterprises, Inc., iv) one member from the Board of Directors of Baptist Outpatient Services, Inc., and v) one member from the Board of Directors of Baptist Health South Florida Foundation, Inc. The members from the Board of Directors of the hospitals affiliated with the Corporation, and the members from the Board of Directors of Baptist Health Enterprises, Inc., Baptist Outpatient Services, Inc. and Baptist Health South Florida Foundation, Inc. shall be selected by their respective boards, subject to approval and appointment by the Board.
- (e) **Facilities Committee:** The Facilities Committee shall consider zoning and master facility matters for the Corporation and its affiliates and subsidiaries shall review construction projects planned by each affiliate and subsidiary that has a projected cost in excess of the dollar limit stated in the Bylaws of such affiliate or subsidiary, shall review construction projects for the Corporation and each respective affiliate or subsidiary, and shall make recommendations thereon to the Board. The Facilities Committee may approve construction projects in accordance with policies adopted from time to time by the Board. The Facilities Committee, shall be comprised of not less than five members from the Board who shall be appointed by the Board on the recommendation of the Nominating Committee; one member from the Board of Directors of each of the hospitals affiliated with the Corporation; one member from the Board of Directors of Baptist Health Enterprises, Inc.; and one member from the Board of Directors of Baptist Outpatient Services, Inc. The members from the Board of Directors of the hospitals affiliated with the Corporation, Baptist Health Enterprises, Inc. and Baptist Outpatient Services, Inc. shall be selected by their respective boards, subject to approval and appointment by the Board.
- (f) **Miami Baptist Association Liaison Committee:** The Miami Baptist Association Liaison Committee shall meet with the Miami Baptist Association on a periodic basis. The purpose of this committee shall be to promote and maintain communication with and a spirit of cooperation with the Miami Baptist Association.
- (g) **Executive Committee:** The Executive Committee shall consist of the Chairperson, Vice Chairperson, Secretary and Treasurer of the Board and three at large members, one of which shall have significant corporate experience, who shall be appointed by the Board on the recommendation of the Nominating Committee. This committee shall have and may exercise all the authority of the Board, except that this committee shall not have the authority to amend the Articles of Incorporation or these Bylaws; to obligate the Corporation for any debt in excess of \$1,000,000, unless expressly authorized by the Board; to remove any Trustee, officer or committee member from office; or to take any action not authorized in the Articles of Incorporation and Bylaws of the Corporation.

This committee shall review all matters relating to salaries, benefits and other compensation of officers of the Corporation and the entities directly or indirectly controlled by the Corporation who hold the title of Vice President or a higher title. This committee shall review all litigation pending and threatened against the Corporation and all affiliates and subsidiaries and, as it deems appropriate, make reports to the Board and cause reports to be made to the governing boards of all affiliates and subsidiaries. All actions taken by this committee shall be reported to the Board at the next regularly scheduled meeting. The Chairman of the Board shall be the chairman of this committee.

- (h) Ethics Committee: The Ethics Committee shall consist of not less than two members from the Board; one at large member appointed by the Board, one member from the Board of Directors of Baptist Health South Florida Foundation, Inc.; one member from the Board of Directors of Baptist Outpatient Services, Inc.; and one member from the Board of Directors of each hospital that is affiliated with the Corporation, subject to approval and appointment by the Board. The Ethics Committee shall have such responsibilities as are outlined in the Baptist Health South Florida, Inc. Conflict of Interest Policy, as amended from time to time.
- (i) Nominating Committee: The Nominating Committee shall consist of not less than seven members from the Board, who shall be appointed by the Board on the recommendation of the Executive Committee, and who shall not be Officers of the Board. The members of the Nominating Committee shall serve until the annual meeting of the Board and until they are reappointed or their successors are appointed. The Nominating Committee shall meet in advance of the annual meeting, and at such other times as required or requested by the Chairperson or the Board, to evaluate potential members of the Board, to evaluate the attendance, participation, effectiveness, skill level, experience and abilities of the members of the Board in order to maximize the impact of each board member's contribution to the Board and the committees upon which the member serves, and to conduct such other business as is consistent with the purposes of this committee. The Nominating Committee shall recommend to the Board (i) persons to fill vacancies on the Board, (ii) members of the Board and other individuals, as appropriate and as provided in these Bylaws, to serve on the various committees of the Board, (iii) persons to be elected to fill vacancies in Board Officer positions, (iv) a slate of Board Officers to be elected at each annual meeting, (v) the reelection of members of the Board whose terms are expiring or the election of new members to replace those whose terms are expiring, and (vi) such other matters relating to the purposes of the Nominating Committee as the Nominating Committee deems appropriate.
- (j) Audit And Compliance Committee: The Audit And Compliance Committee shall consist of not less than three members from the Board who are appointed by the Board on the recommendation of the Nominating Committee. Members of this Committee shall serve until the annual meeting of the Board and until they are reappointed or their successors are appointed. Each member of this Committee shall have accounting or related financial management expertise, or other experience which qualifies them to serve on this Committee, and all members of this Committee are required to become knowledgeable in the accounting and financial areas necessary to carry out the purposes of this Committee. Each member of this Committee shall be an independent Trustee. This Committee shall



perform such functions, take such actions and make such recommendations as are provided in the Audit And Compliance Committee Charter adopted by the Board from time to time, and as are required by applicable laws and regulations.

- (k) Committee On Quality: The Committee On Quality shall consist of not less than four members from the Board, who are appointed by the Board on the recommendation of the Nominating Committee; one member from the Board of Directors of each hospital affiliated with the Corporation; and one member from the Board of Directors of Baptist Outpatient Services, Inc., who shall be selected by their respective Board of Directors, subject to approval and appointment by the Board; one member from the Miami Cardiac & Vascular Institute, subject to approval and appointment by the Board; and one member from the Baptist Children's Hospital, subject to approval and appointment by the Board. In conjunction with the President of the Medical Staff of each hospital affiliated with the Corporation, the Board of Directors of each such hospital shall appoint a physician who is a member in good standing of the medical staff of the respective hospital to serve on this Committee. The purpose of this Committee is to facilitate the coordination of all quality improvement initiatives among the various hospitals and outpatient centers affiliated with the Corporation, and to monitor compliance with national, regional and statewide quality metrics.
- (l) Governance Committee: The Governance Committee shall consist of not less than six members from the Board, who are appointed by the Board on the recommendation of the Nominating Committee. The purpose of this Committee is to assist the Board in assuring its own effective and efficient performance and Board member development. This includes periodic review of Board policies and procedures and the Corporation's governing documents, with recommendations to the Board for appropriate changes or additions; developing evaluation instruments and conducting Board self-evaluations; conducting assessments to determine educational needs for Board members and maintaining an awareness of the needs of the Board and the affiliate organizations for Board members with specific experience or expertise.

Section 2. At the discretion of the Board, the Executive Committee, or the Chairperson, one or more special committees may be appointed for any special tasks.

Section 3. One-half of the members of any committee shall constitute a quorum for the carrying out of the committee functions and actions.

Section 4. Unless otherwise provided, the chairperson of each committee shall be recommended by the Nominating Committee and appointed by the Board from among those committee appointees who are members of the Board.

Section 5. No meeting of any committee shall be open to the media or the public.

Section 6. Any member of a committee may be removed from such committee by majority vote of the Board.

## ARTICLE IV

### PRESIDENT

**Section 1.** The Board shall select and appoint a President who shall be the chief executive officer in the management of the Corporation. The President shall have the authority and responsibility to operate the Corporation in all its activities and departments subject to such policies as may be adopted and such orders as may be issued by the Board or by any of its committees to which it has delegated power for such action, and shall supervise the operation of all affiliates, subsidiaries, and support organizations. The President shall act as the duly authorized representative of the Board in all matters in which the Board has not formally designated some other person to so act.

**Section 2.** The authority and duties of the President shall include, but not be limited to, the responsibility for:

- (a) Carrying out all policies established by the Board;
- (b) Development, and submission to the Board for approval, of a plan of organization of the personnel and others concerned with the operation of the Corporation;
- (c) Preparation of annual budgets of the Corporation and all affiliates and subsidiaries showing the expected receipts and expenditures, as required by the Board;
- (d) Recommendation to the Board of the appointment and termination of appointment of Executive Vice Presidents and all other officers employed by the Corporation; the selection and employment, control and discharge of employees of the Corporation; and the implementation of personnel policies and practices for the Corporation;
- (e) Maintenance of physical properties in a good state of repair and operating condition;
- (f) Supervision of business affairs to ensure that funds are collected and expended to the best possible advantage;
- (g) Presentation to the Board or its authorized committee, of periodic reports reflecting the professional service and financial activities of the Corporation and preparation and submission of such special reports as may be required by the Board;
- (h) Attendance at all meetings of the Board and committees thereof;
- (i) Implementation of management policies and other policies adopted from time to time by the Board.
- (j) Performance of other duties that may be necessary in the best interest of the Corporation.

ARTICLE V

FISCAL YEAR

The fiscal year of the Corporation shall begin October 1 and close September 30.

ARTICLE VI

AUDITING

The financial books and records of the Corporation shall be audited by a certified public accountant annually or more often if so directed by the Board. The reports of the auditor's examination shall be placed in the hands of the officers of the Board. All books and records shall at all times be open to the inspection by the Board, or by any committee appointed by the Board.

ARTICLE VII

CORPORATE COMPLIANCE PROGRAM

The compliance officer of the Corporate Compliance Program established by the Corporation in accordance with state and federal law shall submit reports to the Board not less often than semi-annually.

ARTICLE VIII

TERMINATION OF TRUSTEES, OFFICERS,  
AND/OR MEMBERS OF COMMITTEES

Termination of membership may be effected in the following manner:

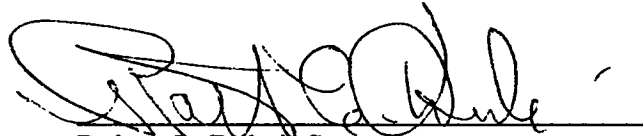
1. A Trustee may only be removed from the Board as provided in the Articles of Incorporation of the Corporation. An officer or committee member may be removed from such office or committee by a vote of a majority of the entire Board at any regular or special meeting of the Board.
2. Before any Trustee, officer or committee member shall be removed from office, it shall be the duty of the Secretary, upon the recommendation of the Board, to give such person ten days' notice of the time and place of the meeting, by hand delivery or certified mail, prior to any meeting held for the purpose of voting upon such removal. Every such person shall have the privilege of attending such meeting and be heard in opposition to such removal.

ARTICLE IX

AMENDMENTS

These Bylaws may be made, amended or rescinded by majority vote of the members of the Board at any regular or special meeting, provided a copy of the proposed amendment or action to rescind is submitted in writing to each member of the Board at least fifteen (15) days before the meeting at which a vote upon such proposal is to be taken.

The undersigned hereby certifies that the foregoing Bylaws were duly adopted by the Board on January 25, 2005.

  
Robert L. Dube, Secretary

Form **8868**

(December 2000)

Department of the Treasury  
Internal Revenue Service

# Application for Extension of Time To File an Exempt Organization Return

► File a separate application for each return.

OMB No. 1545-1709

• If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box  ►

• If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II (on page 2 of this form).

Note: Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

## Part I Automatic 3-Month Extension of Time — Only submit original (no copies needed)

Note: Form 990-T corporations requesting an automatic 6-month extension — check this box and complete Part I only . . . .

All other corporations (including Form 990-C filers) must use Form 7004 to request an extension of time to file income tax returns.

Partnerships, REMICs and trusts must use Form 8736 to request an extension of time to file Form 1065, 1066, or 1041.

Type or print	Name of Exempt Organization <b>BAPTIST HEALTH SOUTH FLORIDA, INC.</b>	Employer identification number <b>65-0267668</b>
	Number, street, and room or suite no. if a P.O. box, see instructions. <b>6855 RED ROAD SUITE 500</b>	
File by the due date for filing your return. See instructions.	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>CORAL GABLES, FL 33143</b>	

Check type of return to be filed (file a separate application for each return):

- |  |   |                                    |
|--|---|------------------------------------|
| <input checked="" type="checkbox"/> Form 990 | <input type="checkbox"/> Form 990-T (corporation)                 | <input type="checkbox"/> Form 4720 |
| <input type="checkbox"/> Form 990-BL         | <input type="checkbox"/> Form 990-T (sec. 401(a) or 408(a) trust) | <input type="checkbox"/> Form 5227 |
| <input type="checkbox"/> Form 990-EZ         | <input type="checkbox"/> Form 990-T (trust other than above)      | <input type="checkbox"/> Form 6069 |
| <input type="checkbox"/> Form 990-PF         | <input type="checkbox"/> Form 1041-A                              | <input type="checkbox"/> Form 8870 |

• If the organization does not have an office or place of business in the United States, check this box  ►

• If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ . If this is for the whole group, check this box  . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension will cover.

1 I request an automatic 3-month (6-month, for 990-T corporation) extension of time until MAY 16, 2005, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

- calendar year 20\_\_ or  
 ►  tax year beginning OCTOBER 1, 2003, and ending SEPTEMBER 30, 2004.

2 If this tax year is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions . . . . . \$ NONE

b If this application is for Form 990-PF or 990-T, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit . . . . . \$ NONE

c Balance Due. Subtract line 3b from line 3a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions . . . . . \$ NONE

### Signature and Verification

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature ►

Title ►

Date ►

2/15/05

For Paperwork Reduction Act Notice, see Instruction

Form 8868 (12-2000)

- If you are filing for an Additional (not automatic) 3-Month Extension, complete only Part II and check this box  . . . . .
- Note: Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1).

**Part II Additional (not automatic) 3-Month Extension of Time — Must File Original and One Copy.**

Type or print File by the extended due date for filing the return. See instructions.	Name of Exempt Organization <b>BAPTIST HEALTH SOUTH FLORIDA, INC.</b>	Employer identification number <b>65-0267668</b>
	Number, street, and room or suite no. If a P.O. box, see instructions. <b>6855 RED ROAD SUITE 500</b>	For IRS use only
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>CORAL GABLES, FL 33143</b>	

Check type of return to be filed (File a separate application for each return):

Form 990     Form 990-EZ     Form 990-T (sec. 401(a) or 408(a) trust)     Form 1041-A     Form 5227     Form 8870

Form 990-BL     Form 990-PF     Form 990-T (trust other than above)     Form 4720     Form 6069

**STOP: Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.**

- If the organization does not have an office or place of business in the United States, check this box  . . . . .
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_ . If this is for the whole group, check this box  . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension is for.

4 I request an additional 3-month extension of time until AUGUST 15, 2005.

5 For calendar year \_\_\_\_\_, or other tax year beginning OCTOBER 1, 2003 and ending SEPTEMBER 30, 2004.

6 If this tax year is for less than 12 months, check reason:  Initial return     Final return     Change in accounting period

7 State in detail why you need the extension ADDITIONAL TIME IS NEEDED TO GATHER THE INFORMATION NECESSARY TO FILE A COMPLETE AND ACCURATE RETURN.

8a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions . . . . . \$ NONE

b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868 . . . . . \$ NONE

c Balance Due. Subtract line 8b from line 8a. Include your payment with this form, or, if required, deposit with FTD coupon or, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions . . . . . \$ NONE

**Signature and Verification**

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature [Signature] Title [Signature] Date 5/9/05

**Notice to Applicant — To Be Completed by the IRS**

- We have approved this application. Please attach this form to the organization's return.
- We have not approved this application. However, we have granted a 10-day grace period from the later of the date shown below or the due date of the organization's return (including any prior extensions). This grace period is considered to be a valid extension of time for elections otherwise required to be made on a timely return. Please attach this form to the organization's return.
- We have not approved this application. After considering the reasons stated in item 7, we cannot grant your request for an extension of time to file. We are not granting a 10-day grace period.
- We cannot consider this application because it was filed after the due date of the return for which an e
- Other \_\_\_\_\_

Director \_\_\_\_\_ By: \_\_\_\_\_

**Alternate Mailing Address** — Enter the address if you want the copy of this application for an additional 3-month extension returned to an address different than the one entered above.

Type or print	Name <b>DELOITTE TAX LLP - SARA DARGHAM TONARELLI</b>
	Number and street (include suite, room, or apt. no.) Or a P.O. box number <b>200 SOUTH BISCAYNE BOULEVARD, SUITE 400</b>
	City or town, province or state, and country (including postal or ZIP code) <b>MIAMI, FL 33131-2310</b>

**EXTENSION APPROVED**

**JUN 14 2005**

**FIELD DIRECTOR, SUBMISSION PROCESSING, OGDEN**