AGO 1

Berkshire Health Systems
Berkshire Medical Center
Cost by Cost Group

	FY04	FY05	FY06	FY07	FY08	FY09	FY10
Bad Debt	7,499,629	7,588,620	8,100,585	10,008,382	11,373,307	9,604,236	9,818,176
Benefits	17,318,494	19,956,359	22,776,117	24,224,739	28,367,622	30,812,253	29,864,604
Depreciation	4,320,744	4,854,069	5,030,434	6,048,825	6,673,882	7,174,246	8,079,868
Direct Fixed Salary	31,582,165	32,393,369	36,194,895	42,363,418	46,620,218	-	-
Direct Variable Salary	22,888,886	25,015,757	25,883,155	28,588,585	31,831,466	75,436,629	75,246,108
Direct Materials	24,722,506	28,517,396	32,157,862	32,364,316	35,507,333	32,072,390	30,408,808
Indirect Salary	11,547,024	12,272,508	14,575,709	16,232,915	17,552,446	25,469,732	25,946,956
Indirect Materials	3,512,110	3,337,943	3,201,581	5,119,558	6,771,882	8,009,681	7,140,364
Overhead Salary	27,219,765	30,726,832	33,094,861	38,619,820	39,040,953	46,239,630	42,946,424
Overhead Supply	38,182,097	42,812,456	46,607,610	49,186,986	65,018,971	57,205,311	58,390,536
	188,793,420	207,475,309	227,622,809	252,757,544	288,758,080	292,024,108	287,841,844
General Ledger Total	206,674,684	228,783,134	250,699,833	278,352,352	313,283,698	329,747,238	311,367,432
CA to GL Reconciling Total	17,881,514	21,308,092	23,077,264	25,594,962	23,937,370	25,322,964	11,540,992
Variance	(250)	(267)	(240)	(154)	588,248	12,400,166	11,984,596
OOR FY09 & FY10 Only						12,397,014	11,984,448
BIC Adjustment					588,782		
Variance	(250)	(267)	(240)	(154)	(534)	3,152	148

AGO 2

Berkshire Health Systems
Indirect Cost Allocation Methodologies

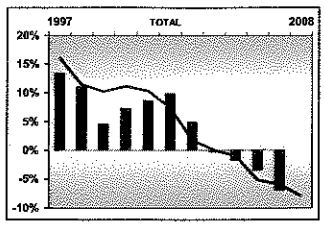
Indirect Cost	FY04 Stat	FY05 Stat	FY06 Stat	FY07 Stat	FY08 Stat	FY09 Stat	FY10 Stat
Bad Debt	Gross Revenue	Gross Revenue	Gross Revenue	Gross Revenue	Gross Revenue	Gross Revenue	Gross Revenue
Depreciation	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet/Moveable Equip Deprecation
Employee Benefits	Salary Expense	Salary Expense	Salary Expense	Salary Expense	Salary Expense	Salary Expense	Salary Expense
A&G	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense
Op of Plant	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet
Laundry	All Revenue	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense
Housekeeping	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet
Dietary	Meals Served	Meals Served	Meals Served	Meals Served	Meals Served	Meals Served	Meals Served
Cafeteria	FTE	FTE	FTE	FTE	FTE		
MAC Deli			FTE	FTE	FTE	FTE	Hours
Nursing Admin	FTE	FTE	FTE	FTE	FTE	FTE	Hours
Central Sterile	Specific EOC Expense	Specific EOC Expense	Specific EOC Expense	Specific EOC Expense	Specific EOC Expense	Specific EOC Expense	Specific EOC Expense
Medical Records	All Revenue	All Revenue	All Revenue	All Revenue	All Revenue	All Revenue	All Revenue
Social Services	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days
Pastoral Care	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days
Medical Education	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days
Sitters				Sitter FTE	Sitter FTE	Sitter FTE	Sitter FTE
Clinical Educators					FTEs	FTEs	FTEs

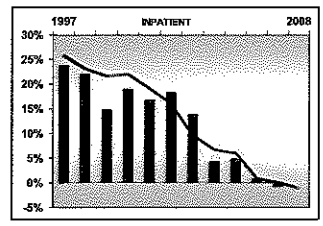
Cost Groups have remained consistent from FY04 to FY08. In FY09 we redefined the cost groups, eliminating the direct fixed salary cost center. Previously the definition of the direct fixed salary cost group included base time for direct productive staff. In FY09 we categorized the direct productive staff to be variable and that the only fixed staff is the indirect staff. From FY08 to FY09 there will be a shift from the Direct Fixed Salary to the Indirect Salary and Direct Variable Cost Groups. The cost groups Direct Fixed Salary, Direct Variable Salary, Indirect Salary, Direct Materials, and Indirect Materials all include costs that are direct charges to the departments. The remaining Cost Groups, Bad Debt, Depreciation, Benefits, Overhead Salary and Overhead Supply all include expenses that are allocated to the department through the above allocation methodologies.

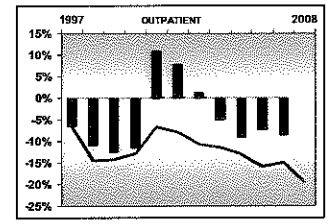
AGO 3

Berkshire Medical Center

Source Data: HCRIS Master File 3Q - 2009 September Release)
(Margins Include Inpatient DSH and IME)







Hospital Margin — Zero Line — Massachusetts Margin

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
	PPS	PPS	PPS	PPS	PPS	PPS	PPS	PPS	PPS	PPS	PPS	PPS
Medicare Discharges	6,743	6,246	6,174	6,395	6,318	6,338	6,429	6,099	5,635	5,823	5,993	5,914
Hospital	5,840	5,238	5,282	5,553	5,488	5,524	5,543	5,240	4,797	4,972	5,287	5,245
Sub I	506	512	499	474	454	439	461	437	401	404	312	275
Sub II	397	395	393	368	376	375	425	422	437	447	394	394
Total												
Revenue	$70,866,617	$65,675,324	$66,391,597	$71,637,739	$71,360,064	$75,392,334	$77,918,026	$75,994,650	$81,917,399	$87,526,415	$93,833,198	$97,819,463
Cost	$61,154,097	$58,444,152	$63,379,050	$66,428,481	$65,231,309	$67,966,322	$74,134,647	$76,140,261	$83,247,172	$90,524,484	$100,272,087	$110,271,925
Gains/(Losses)	$9,582,520	$7,231,172	$3,012,547	$5,209,258	$6,158,755	$7,426,012	$3,783,379	($145,611)	($1,329,773)	($2,998,069)	($6,438,889)	($12,452,442)
Margin	13.5%	11.0%	4.5%	7.3%	8.6%	9.5%	4.9%	-0.2%	-1.6%	-3.4%	-6.9%	-12.7%
Inpatient												
Revenue	$41,163,141	$39,050,190	$39,184,944	$44,217,220	$43,025,879	$44,389,851	$45,670,447	$43,981,079	$46,217,078	$48,279,644	$53,897,055	$56,721,012
Cost	$31,388,759	$30,454,298	$33,399,349	$35,845,173	$35,893,658	$36,279,180	$39,398,810	$42,133,248	$44,005,914	$47,981,583	$54,250,997	$58,175,533
Gains/(Losses)	$9,774,382	$8,595,892	$5,785,595	$8,372,047	$7,222,221	$8,110,671	$6,271,637	$1,847,831	$2,211,164	$298,061	($353,942)	($1,454,821)
Margin	23.8%	22.0%	14.8%	18.9%	16.8%	18.3%	13.7%	4.2%	4.8%	0.6%	-0.7%	-2.6%
Outpatient												
Revenue	$8,367,073	$6,610,247	$7,099,841	$7,740,761	$10,048,481	$11,844,484	$12,299,105	$13,052,399	$16,081,666	$18,548,228	$20,884,617	$23,293,223
Cost	$8,914,647	$7,352,632	$7,913,195	$8,629,994	$8,957,054	$10,917,637	$12,146,322	$13,698,068	$17,542,643	$19,906,710	$22,688,999	$26,471,568
Gains/(Losses)	($547,574)	($742,385)	($873,354)	($889,233)	$1,091,407	$926,857	$152,783	($645,669)	($1,460,977)	($1,358,480)	($1,784,182)	($3,178,345)
Margin	-6.5%	-10.9%	-12.4%	-11.5%	10.9%	7.8%	1.2%	-5.0%	-9.1%	-7.3%	-8.5%	-13.7%
Graduate Medical Education												
Revenue	$3,362,305	$3,157,383	$3,207,484	$3,105,331	$3,002,286	$2,934,857	$3,048,323	$3,084,133	$3,184,216	$3,324,956	$3,531,904	$3,542,991
Cost	$3,611,583	$3,974,088	$4,390,718	$4,349,024	$4,431,225	$3,449,201	$3,482,438	$4,162,320	$4,517,312	$4,865,681	$5,066,372	$5,961,076
Gains/(Losses)	($249,278)	($816,705)	($1,122,234)	($1,243,693)	($1,428,939)	($514,544)	($434,115)	($1,078,186)	($1,333,096)	($1,670,725)	($1,534,468)	($2,418,085)
Margin	-7.4%	-25.9%	-35.0%	-40.1%	-47.6%	-17.5%	-14.2%	-35.0%	-41.9%	-50.3%	-43.5%	-68.3%
Psychiatric Unit												
Revenue	$2,622,963	$2,611,076	$3,053,705	$2,982,393	$3,276,874	$3,466,595	$4,101,280	$4,217,832	$4,581,433	$4,809,031	$4,154,212	$3,915,990
Cost	$2,461,725	$2,553,864	$3,037,498	$2,977,526	$3,307,512	$3,567,559	$4,469,650	$4,489,965	$4,885,098	$5,346,781	$5,349,738	$6,235,622
Gains/(Losses)	$161,238	$57,212	$16,207	$4,867	($30,638)	($98,964)	($368,370)	($272,133)	($323,665)	($537,750)	($1,195,526)	($2,319,632)
Margin	6.2%	2.2%	0.5%	0.2%	-0.9%	-2.9%	-9.0%	-6.5%	-7.1%	-13.8%	-28.8%	-59.2%
Rehabilitation Unit												
Revenue	$6,283,361	$5,557,610	$6,094,447	$5,747,176	$5,506,276	$5,779,430	$6,086,020	$6,024,185	$6,107,217	$6,821,441	$5,287,745	$4,992,597
Cost	$5,919,609	$5,420,452	$6,042,879	$5,699,378	$5,468,624	$5,757,764	$6,021,012	$5,853,275	$6,142,921	$5,715,736	$5,394,183	$5,478,166
Gains/(Losses)	$363,752	$137,158	$51,568	$50,802	$38,652	$21,666	$65,008	$170,910	($35,704)	$905,705	($106,438)	($485,249)
Margin	5.8%	2.5%	0.9%	0.9%	0.7%	0.4%	1.1%	2.8%	-0.6%	13.7%	-2.0%	-9.7%
Skilled Nursing Facility												
Revenue	$2,410,858	$2,380,204	$1,788,410	$1,658,637	$1,638,948	$1,779,065	$1,440,153	$0	$0	$0	$0	$0
Cost	$2,410,858	$2,380,204	$2,632,506	$2,750,259	$2,777,491	$3,071,933	$3,065,352	$0	$0	$0	$0	$0
Gains/(Losses)	$0	$0	($844,096)	($1,093,622)	($938,543)	($1,292,538)	($1,625,199)	$0	$0	$0	$0	$0
Margin	0.0%	0.0%	-47.2%	-66.0%	-51.0%	-72.7%	-112.9%	0.0%	0.0%	0.0%	0.0%	0.0%
Home Health Agency												
Revenue	$6,446,915	$6,108,814	$6,022,786	$6,188,219	$4,662,340	$5,196,212	$5,272,698	$5,635,622	$5,765,789	$6,143,115	$6,077,465	$5,353,330
Cost	$6,446,915	$6,108,814	$6,023,905	$6,189,129	$4,457,745	$4,923,348	$5,551,063	$5,803,976	$6,153,284	$6,677,975	$7,541,798	$7,949,540
Gains/(Losses)	$0	$0	($1,139)	$8,090	$204,595	$272,864	($278,365)	($168,354)	($387,495)	($534,860)	($1,464,333)	($2,596,210)
Margin	0.0%	0.0%	0.0%	0.1%	4.4%	5.3%	-5.3%	-3.0%	-6.7%	-8.7%	-24.1%	-48.5%
Swing Beds												
Revenue	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Cost	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Gains/(Losses)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Notes: Values that are identified as 'Extreme Values / Omitted' are not included in group averages for the specific margin identified. These values are , however, included in the hospital's overall Medicare margin. Inpatient Revenues exclude Direct and Indirect Medical Education (IME) payments for Medicare Managed Care patients.

AGO 4

Berkshire Health Systems
Indirect Cost Allocation Methodologies

Indirect Cost	FY04 Stat	FY05 Stat	FY06 Stat	FY07 Stat	FY08 Stat	FY09 Stat	FY10 Stat
Bad Debt	Gross Revenue	Gross Revenue	Gross Revenue	Gross Revenue	Gross Revenue	Gross Revenue	Gross Revenue
Depreciation	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet/Moveable Equip Deprecation
Employee Benefits	Salary Expense	Salary Expense	Salary Expense	Salary Expense	Salary Expense	Salary Expense	Salary Expense
A&G	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense
Op of Plant	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet
Laundry	All Revenue	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense	Total Operating Expense
Housekeeping	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet
Dietary	Meals Served	Meals Served	Meals Served	Meals Served	Meals Served	Meals Served	Meals Served
Cafeteria	FTE	FTE	FTE	FTE	FTE		
MAC Deli			FTE	FTE	FTE	FTE	Hours
Nursing Admin	FTE	FTE	FTE	FTE	FTE	FTE	Hours
Central Sterile	Specific EOC Expense	Specific EOC Expense	Specific EOC Expense	Specific EOC Expense	Specific EOC Expense	Specific EOC Expense	Specific EOC Expense
Medical Records	All Revenue	All Revenue	All Revenue	All Revenue	All Revenue	All Revenue	All Revenue
Social Services	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days
Pastoral Care	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days
Medical Education	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days	Inpatient Days
Sitters				Sitter FTE	Sitter FTE	Sitter FTE	Sitter FTE
Clinical Educators					FTEs	FTEs	FTEs

Indirect Cost Allocation Methodologies per 403

Indirect Cost	FY04 Stat	FY05 Stat	FY06 Stat	FY07 Stat	FY08 Stat	FY09 Stat	FY10 Stat
Building & Fixed Depreciation	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet
Fringe Benefits	Payroll Dollars	Payroll Dollars	Payroll Dollars	Payroll Dollars	Payroll Dollars	Payroll Dollars	Payroll Dollars
Administration	Payroll Dollars	Payroll Dollars	Payroll Dollars	Payroll Dollars	Payroll Dollars	Payroll Dollars	Payroll Dollars
Plant Maintenance & Repair	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet
Plant Operations	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet
Laundry & Linen	Patient Days	Direct Expenses	Direct Expenses	Direct Expenses	Direct Expenses	Direct Expenses	Direct Expenses
Housekeeping	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet	Square Feet
Cafeteria	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Dietary	Meals Served	Meals Served	Meals Served	Meals Served	Meals Served	Meals Served	Meals Served
Nursing Admin	FTE	FTE	Hours	Hours	Hours	Hours	Hours
Med Staff - Teaching	FTE	FTE	FTE	FTE	FTE	FTE	Hours
Post Grad Medical Education	FTE	FTE	FTE	FTE	FTE	FTE	FTE
Central Services & Supplies	Costed Requisitions	Costed Requisitions	Costed Requisitions	Costed Requisitions	Costed Requisitions	Costed Requisitions	Costed Requisitions
Pharmacy	Costed Requisitions	Costed Requisitions	Costed Requisitions	Costed Requisitions	Costed Requisitions	Costed Requisitions	Costed Requisitions
Medical Records	Gross Charges	Gross Charges	Gross Charges	Gross Charges	Gross Charges	Gross Charges	Gross Charges
Social Services	Patient Days	Patient Days	Patient Days	Patient Days	Patient Days	Patient Days	Patient Days