

Significant Index No. 0412.06-00



TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

200607029

NOV 21 2005

SE. T. EP. RA. T. AI

Hospital =

This letter constitutes notice that your requests for waivers of the minimum funding standard for the above-named plan for the plan years ending December 31, 2002, and December 31, 2003, have been denied.

The Hospital is a privately-owned [REDACTED]-bed tertiary care, not-for-profit formed from [REDACTED] institutions. The Hospital is noted for its [REDACTED]. Currently, the Hospital has [REDACTED].

The Hospital ascribes most of its financial difficulties to the healthcare reform legislation enacted in the state in which it operates, and other changes that dramatically reduced reimbursements from HMO's, Medicare and Medicaid. This had a significant effect on patient revenues, since 70% of the Hospital's business is from Medicare and Medicaid patients. As a result of this and other difficulties, the Hospital has experienced recurring operating losses and cash flow problems, and reports that it has fully utilized all available lines of credit.

You were notified in a letter dated September 28, [REDACTED] that your request had been tentatively denied, based on concerns that the Hospital's financial hardship was not temporary in nature. On September 30, [REDACTED] the Hospital filed a voluntary petition for relief under Chapter 11 of the U.S. Bankruptcy Code, and in a conversation with [REDACTED] of this office on October 3, 2005, you indicated that you would waive the Hospital's right to a conference to review the decision regarding the requested funding waivers. Hence, your requests for waivers of the minimum funding

standard for the plan years ending December 31, [REDACTED] and December 31, [REDACTED] have been denied.

You should note that excise taxes under section 4971(a) of the Internal Revenue Code are currently due on the accumulated funding deficiencies in the Plan for the Plan years ending December 31, [REDACTED] December 31, [REDACTED] and December 31, [REDACTED]. You should file Form 5330 for each of these plan years as soon as possible to report and pay the excise taxes.

This ruling is directed only to the taxpayer that requested it. Section 6110(k)(3) of the Code provides that it may not be used or cited by others as precedent.

We have sent a copy of this letter to the Manager, EP Classification in [REDACTED], to the Manager, EP Compliance Unit in [REDACTED] and to your authorized representative pursuant to a power of attorney on file in this office.

If you require further assistance in this matter, please contact [REDACTED]

Sincerely yours,



Carol D. Gold
Director, Employee Plans