COMMUNITY HEALTH SYSTEMS INC
Form 11-K
June 24, 2011

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FORM 11-K For Annual Reports of Employee Stock Purchase, Savings and Similar Plans Pursuant to Section 15(d) of the Securities Exchange Act of 1934

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 11-K

þ **ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES AND EXCHANGE ACT OF 1934 (FEE REQUIRED)**

For the year ended December 31, 2010

OR

o **TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)**

For the transition period from __________ to __________

Commission file number 001-15925

CHS/COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN
(Formerly known as the Community Health Systems, Inc. 401(k) Plan)
CHS/COMMUNITY HEALTH SYSTEMS, INC.
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	**13-3893191** (I.R.S. Employer Identification Number)
4000 Meridian Boulevard **Franklin, Tennessee** (Address of principal executive offices)	**37067** (Zip Code)
Registrant s telephone number, including area code:	**(615) 465-7000**

CHS/COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN
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Schedules other than those listed above have been omitted due to the absence of the conditions under which they are required.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and the Retirement Committee of
CHS/Community Health Systems, Inc. 401(k) Plan
Franklin, Tennessee

We have audited the accompanying statements of net assets available for benefits of the CHS/Community Health Systems, Inc. 401(k) Plan (the Plan) as of December 31, 2010 and 2009, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan s internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2010 and 2009, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of (1) assets (held at end of year) as of December 31, 2010 and (2) delinquent participant contributions for the year ended December 31, 2010 are presented for the purpose of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. These schedules are the responsibility of the Plan s management. Such schedules have been subjected to the auditing procedures applied in our audit of the basic 2010 financial statements and, in our opinion, are fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/s/ Deloitte & Touche LLP

Nashville, Tennessee

June 24, 2011

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CHS/COMMUNITY HEALTH SYSTEMS, INC. 401(k)PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31, 2010 AND 2009

	2010	**2009**
ASSETS		
Investments at fair value:		
Participant-directed investments	$ 28,338,849	$ 28,762,098
Total investments	28,338,849	28,762,098
Receivables:		
Participant contributions	147,651	120,044
Employer matching contribution	1,378,438	1,022,857
Notes receivable from participants (including accrued interest of $1,672 and $0 at December 31, 2010 and 2009, respectively)	587,309	501,418
Total receivables	2,113,398	1,644,319
TOTAL ASSETS	30,452,247	30,406,417
LIABILITIES AND NET ASSETS AVAILABLE FOR BENEFITS		
TOTAL LIABILITIES		
NET ASSETS AVAILABLE FOR BENEFITS AT FAIR VALUE	30,452,247	30,406,417
Adjustments from fair value to contract value for fully benefit - responsive stable value funds	(74,876)	(125,374)
NET ASSETS AVAILABLE FOR BENEFITS	$ 30,377,371	$ 30,281,043

See notes to financial statements

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CHS/COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN
STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010	**2009**
Additions to net assets attributed to:		
Investment income:		
Appreciation in fair value of investments	$ 3,511,643	$ 6,142,415
Interest	21,014	39,246
Dividends	491,471	713,662
Other income	145,501	
Net investment income	4,169,629	6,895,323
Contributions:		
Participant	4,869,735	3,965,497
Rollover	338,692	2,473,178
Employer matching	1,550,083	2,386,025
Total contributions	6,758,510	8,824,700
Transfers into plan	618,040	437,491,304
Net additions	11,546,179	453,211,327
Deductions from net assets attributed to:		
Benefits paid to participants	1,727,336	3,849,612
Transfers out of plan	9,612,192	698,266,321
Participant paid administrative fees and other expenses	110,323	452,502
Total deductions	11,449,851	702,568,435
Net increase (decrease)	96,328	(249,357,108)
Net assets available for benefits:		
Beginning of year	30,281,043	279,638,151
End of year	$ 30,377,371	$ 30,281,043

See notes to financial statements

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CHS/COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

1. DESCRIPTION OF THE PLAN

General. CHS/Community Health Systems, Inc., a Delaware corporation (the Company) is the sponsor of the CHS/Community Health Systems, Inc. 401(k) Plan (the Plan). The Plan, formerly named the Community Health Systems, Inc. 401(k) Plan, was initially adopted in 1987, and operates pursuant to an amended and restated Plan document dated as of January 1, 2009, and subsequent amendments. The Company is a wholly-owned subsidiary of Community Health Systems, Inc., a Delaware corporation whose stock is publicly traded on the NYSE under the trading symbol CYH (hereinafter, the Parent). The Plan has been adopted by the Company, as well as certain wholly-owned and majority-owned subsidiaries that have employees. The Plan and related trust are maintained for the exclusive benefit of the Plan participants, and no part of the trust may ever revert to the Company, except that forfeitures of any unvested portion of a Participant s Matching Contribution Account may offset future Company contributions or pay for Plan expenses. Participants should refer to the Plan for a complete description of the Plan.

Effective July 25, 2007, the Company acquired Triad Hospitals, Inc. (Triad). Through December 31, 2008, the Company maintained certain defined contribution plans established by Triad for its employees, and those employees were not eligible to participate in this Plan. Effective January 1, 2009, the Company (a) amended and restated the Plan, and (b) merged the Triad Hospitals, Inc. Retirement Savings Plan (Triad RSP), the Abilene Physicians Group 401(k) Plan and Trust, and the Regional Employee Assistance Program 401(k) Plan with and into the Plan. Approximately $437.5 million of participant accounts were transferred to the Plan in connection with such merger. Also effective January 1, 2009, the Company established the CHS Retirement Savings Plan (CHS RSP), and approximately $698.3 million of the accounts of the participants in the Plan who are participants in the new CHS RSP were transferred to the CHS RSP. As a result of the aforementioned plan amendments and mergers, beginning as of January 1, 2009, former Triad employees became eligible to participate in the CHS RSP.

The Plan continues as a 401(k) plan. However, since the January 1, 2009 creation of the CHS RSP, the eligibility for the Plan is limited to employees of certain subsidiaries of the Company, including primarily certain employees whose employment is governed by a collective bargaining agreement or who are otherwise represented by a union bargaining unit. The employer contributions to the Plan vary by facility. The Plan is essentially designed to be an umbrella plan that will accommodate various plan designs, including those with no matching contributions, those with matching contributions, and those with nonelective profit-sharing contributions.

Participation in the Plan is generally available to employees after completion of six months of eligible service, as defined in the Plan document, provided the employee has reached his or her 21st birthday. Eligible service generally includes all previous service with an employer of an acquired facility. Additionally, any employee who was a participant in the Plan prior to the January 1, 2009 amendment and restatement shall continue to be eligible to participate in the Plan.

Deaconess Medical Center and Valley Hospital and Medical Center (collectively, Spokane) were acquired by a subsidiary of the Company on October 1, 2008 and commenced participation in the Plan on that date. Effective as of January 1, 2009, the Company established the CHS Spokane 401(k) Plan (the Spokane Plan) for the exclusive benefit of certain Spokane employees covered by a collective bargaining contract and their beneficiaries. The accounts of participants in the Plan who are participants in the Spokane Plan were transferred to the Spokane Plan in 2009.

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Wilkes-Barre Hospital Co. and Wilkes-Barre Behavioral Hospital were acquired by a subsidiary of the Company on April 30, 2009 and commenced participation in the Plan on May 1, 2009.

The accounts of certain employees of the Pottstown Memorial Medical Center were transferred to the CHS RSP in December 2010.

All capitalized terms not defined herein have the definition as set forth in the Plan document.

Administration. The Plan is administered by the Company s Retirement Committee of not less than three persons, all appointed by the Company s Board of Directors. The Retirement Committee is responsible for carrying out the provisions of the Plan. Principal Trust Company was appointed by the Company as the Trustee for the Plan effective as of January 1, 2009. The Trustee holds, invests and administers the trust assets and contributions of the Plan.

Contributions. Eligible employees electing to participate in the Plan may make contributions by payroll deductions up to 50% of their Compensation to the extent contributions do not exceed Internal Revenue Code (Code) imposed limitations on contributions ($16,500 for 2010 and 2009 Plan Years). Participants who attained age 50 by the close of the calendar year were eligible to make catch-up contributions up to $5,500 for 2010 and 2009. Employee contributions beyond specific Plan thresholds are returned to the participants. The employer may make an Employer Matching Contribution to the Plan; however, any salary deferrals that are catch-up contributions will not be matched. In the year of a participant s death or disability, the participant or designated beneficiary will share in any Employer Matching Contribution for the year regardless of the amount of service completed during the Plan Year (which is on a calendar year basis). Employer Matching Contribution percentages are determined by each employer and vary by location within the Plan. In addition to the standard Employer Matching Contribution, an additional contribution is made on behalf of certain participants at McKenzie-Willamette (Springfield, OR) based upon each of those participants years of service and dates of employment. The Employer Matching Contributions and discretionary contributions (which are made in cash) deposited into the participants accounts were $1,550,083 for 2010 and $2,386,025 for 2009.

Participant Accounts. Individual accounts are maintained for each Plan participant. A participant s account balance generally represents the sum of all accounts being maintained for the participant, which represents the participant s total interest in the Plan. To the extent applicable, a participant may have any or all of the following notational accounts:

After-Tax Voluntary Contribution Account	The value of any after-tax employee contributions voluntarily made to the Plan by the participant.
Elective Deferral Account	The value of the employee s total interest in the Plan resulting from elective deferrals. Unless specifically stated otherwise, a participant s Elective Deferral Account will refer to both the Pre-Tax Elective Deferral Account and the Roth Elective Deferral Account.
Matching Contribution Account	The value of the employee s total interest in the Plan resulting from any employer contributions to the Plan on account of a participant s elective deferrals.

Nonelective Contribution Account	The value of the employee s total interest in the Plan resulting from any employer contribution to the Plan other than a participant s elective deferrals, Employer Matching Contributions, Qualified Matching Contributions, and Qualified Nonelective Contributions.
Qualified Matching Contribution Account	The value of the employee s total interest in the Plan resulting from Qualified Matching Contributions.
Qualified Nonelective Contribution Account	The value of the employee s total interest in the Plan resulting from Qualified Nonelective Contributions.
Rollover Account	The value of the employee s total interest in the Plan resulting from amounts that are rolled over from another plan or an Individual Retirement Account.
Transfer Account	The value of the employee s total interest in the Plan resulting from amounts that are transferred to this Plan from another plan pursuant to a direct plan-to-plan transfer.

A participant s account balance may also consist of any other account, including an overlapping account or sub-account, necessary for the administration of the Plan. The benefit to which a participant is entitled is the benefit that can be provided from the participant s vested account.

Amendments. The First Amendment to the Plan was effective principally on January 1, 2009 to change the name of the Plan from Community Health Systems, Inc. 401(k) Plan to CHS/Community Health Systems, Inc. 401(k) Plan. Additionally, the Plan was amended to reflect the eligibility schedule for collective bargaining unit employees at McKenzie-Willamette Medical Center, to clarify the timing of the Employer Matching Contribution to be at the employer s discretion, and to provide for a variety of legislative updates including delaying the Required Minimum Distributions for 2009.

The Second Amendment to the Plan was effective principally on May 1, 2009 to modify the definition of Eligible Employees to include employees of Wilkes-Barre Hospital Company, LLC whose employment is governed by a collective bargaining agreement. The Plan was also amended to provide for the inclusion of an Employer Matching Contribution on behalf of those participants who are employed by Wilkes-Barre Hospital Company, LLC; Pottstown Hospital Company, LLC and Pottstown Imaging Company, LLC. Furthermore, the Second Amendment provided for the termination of the discretionary Employer Matching Contribution as of December 31, 2009 for each physician employee of Pottstown Hospital Company, LLC, who is neither a hospital-based physician nor a highly compensated employee. Finally, the Second Amendment modified the definition of the Nonelective Contribution for employees of McKenzie-Willamette Medical Center Associates, LLC or Willamette Valley Medical Center, LLC whose employment is governed by a collective bargaining agreement.

The Third Amendment to the Plan was effective principally on March 1, 2010 to modify the calculation of the Employer Matching Contribution on behalf of participants who are employed by McKenzie-Willamette Medical Center Associates, LLC or Willamette Valley Medical Center, LLC and whose employment is covered by a collective bargaining agreement between (i) McKenzie-Willamette Medical Center Associates, LLC or Willamette Valley Medical Center, LLC and (ii) the Oregon Nurses Association.

The Fourth Amendment to the Plan, signed on December 20, 2010, became effective principally on January 1, 2010 to provide additional details regarding the determination of a participant s Hours of Service for allocation and vesting purposes. The amendment also added and defined the term Severance of Employment (as defined in the Plan) as a permissible cause for a participant distribution. Finally, the amendment includes a discussion of the benefits available to employees who die or become disabled while on active military duty and explains that employees who receive wage continuation payments while in the military may benefit from law changes effective in 2009.

Vesting. The balance in the participants After-Tax Voluntary Contribution and Rollover Accounts is at all times fully vested and non-forfeitable. A participant becomes 20% vested in the Matching Contributions and Nonelective Contributions Accounts after one year of service and an additional 20% for each year of service thereafter until fully vested. A participant is credited generally with one year of service if the participant works 500 or more hours during the Plan Year. Termination of participation in the Plan prior to the scheduled vesting period results in forfeiture of the unvested portion of a participant s account balance.

Payment of Benefits. A participant or designated beneficiary is entitled to a distribution of the total value of the participant s account balance upon retirement at age 65, becoming disabled or death. Upon termination of employment before the participant s 65th birthday for reasons other than death or disability, the participant is entitled to receive only the vested portion of his or her account balance. While employed, participants may borrow from their accounts in the form of a loan or can withdraw from their accounts in the event of financial hardship. Such hardship withdrawals are limited to the value of the Pre-Tax Elective Deferral and Roth Elective Deferral Accounts. The Administrator requires a participant requesting a hardship withdrawal to demonstrate an immediate and heavy financial need which cannot be reasonably satisfied from other resources available to the participant. In addition, participants may make certain other withdrawals while employed in accordance with the Plan.

Funding. The Company generally transfers some or all of the Employer Matching Contribution to the Trustee after the close of the Plan Year and prior to the time it files its tax return (with extensions).

Investment Options. Contributions to the Plan are invested by the Trustee according to the participant s instruction in one or a combination of several fund options. Participants may change their investment election or initiate transfers between funds by giving notice to the Trustee.

Plan Termination. Although it has not expressed any intent to do so, the Company s Board of Directors has the right to discontinue its contributions at any time and to terminate the Plan subject to the provisions of the Employee Retirement Income Security Act of 1974. In the event of Plan termination, participants will become 100% vested in their respective accounts.

Participant Notes Receivable. Participants may borrow from their accounts up to the lesser of $50,000 or 50% of their account balance. All loans must be adequately secured, generally by the participant s vested interest in the Plan, and will bear a reasonable rate of fixed interest as determined by the Administrator at the time of loan origination. Loan terms may not exceed five years; however, if the loan is for the purchase of a participant s primary residence, the Administrator may permit a longer repayment term. Principal and interest is paid ratably over the term of the loan through payroll deductions.

Forfeited Accounts. At December 31, 2010 and 2009, forfeited non-vested accounts totaled $44,096 and $167,329, respectively. These accounts were applied against the Employer Matching Contributions for the Plan Years ended December 31, 2010 and 2009, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting. The Plan s financial statements are prepared in accordance with accounting standards generally accepted in the United States of America.

Use of Estimates and Risks and Uncertainties. The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and changes therein and disclosures of contingent assets and liabilities. Actual results could differ from these estimates. The Plan utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment Valuation and Income Recognition. The Plan s investments are stated at fair value. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Securities traded on national securities exchanges are valued at the last reported sales price on the last business day of the Plan Year. Money market funds are stated at amortized cost, which approximates fair value. Mutual funds can be held as individual plan assets or as part of a pooled separate account. Mutual funds have publicly available prices that are quoted daily. In addition, underlying asset information is publicly available for each fund. Pooled Separate Accounts (PSA) are made up of a wide variety of underlying investments such as equities, bonds, and mutual funds. The Net Asset Value (NAV) of a PSA is based on the market value of its underlying investments. The PSA NAV is not a publicly-quoted price in an active market. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on an accrual basis. Dividends are recorded on the ex-dividend date.

The CHS Stable Value Fund is a collective trust which contains contracts which are fully benefit-responsive. In accordance with GAAP, the statements of net assets available for benefits present investment contracts at fair value, which is the NAV of the contracts underlying investments. The fair value of the investment contracts is based on the NAV of its underlying investments, while contract value is principal balance plus accrued interest. The statements of net assets available for benefits additionally include a line item showing an adjustment for fully benefit-responsive contracts from fair value to contract value. Activity of the CHS Stable Value Fund in the statements of changes in net assets available for benefits is presented on a contract value basis.

Participant investments in the Company s stock fund are valued on a per-share basis. Such stock is reported at the last reported sales price on the last business day of the Plan Year.

Management fees and operating expenses charged to the Plan for investments in the mutual funds, common collective trusts and pooled separate accounts are deducted from income earned on a daily basis and are not separately reflected. Consequently, management fees and operating expense are reflected as a reduction of investment return for such investments.

Fair Value Disclosures. The Company monitors investments. When and if it is determined that an investment has changed levels within the fair value framework, the change is reported in the current period, if significant. The Company deems all changes in levels greater than five percent of net assets to be significant.

Notes Receivable from Participants. Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on the terms of the Plan document.

Expenses. The Plan permits the payment of Plan expenses to be made from the Plan s assets. If expenses are paid using the Plan s assets, then the expenses will generally be allocated among the accounts of all participants in the Plan. These expenses will be allocated either proportionately based on the value of the account balances or as an equal dollar amount based on the number of participants in the Plan. The method of allocating the expenses depends on the nature of the expense itself. Certain administrative or recordkeeping expenses would typically be allocated proportionately to each participant. There are certain other expenses that may be paid from an individual participant s account. These are expenses that are specifically incurred by, or attributable to a particular participant. Participants paid an aggregate of $110,323 and $452,502 in administrative costs to the Trustee in 2010 and 2009, respectively. All other expenses incurred in the administration of the Plan are borne by the Company. The Company paid $120,197 and $110,870 for Plan expenses in 2010 and 2009, respectively.

Payment of Benefits. Benefits are recorded when paid.

New Accounting Pronouncements. In January 2010, the FASB issued ASU No. 2010-06, *Fair Value Measurements and Disclosures* (ASU No. 2010-06), which amends ASC 820, adding new disclosure requirements for Levels 1 and 2, separate disclosures of purchases, sales, issuances and settlements relating to Level 3 measurements, and clarification of existing fair value disclosures. ASU No. 2010-06 is effective for periods beginning after December 15, 2009, except for the requirement to provide Level 3 activity of purchases, sales, issuances, and settlements on a gross basis, which will be effective for fiscal years beginning after December 15, 2010. The Plan prospectively adopted the new guidance for 2010, except for the Level 3 reconciliation disclosures, and the future adoption is not expected to materially affect the Plan s financial statements.

In September 2010, the FASB issued ASU No. 2010-25, *Reporting Loans to Participants by Defined Contribution Pension Plans*. The ASU requires that participant loans be classified as notes receivable rather than a plan investment and measured at unpaid principal balance plus accrued but unpaid interest rather than fair value. The Plan retrospectively adopted the new accounting in 2010. The adoption did not have a material effect on the Plan s net assets or financial statements.

3. FAIR VALUE MEASUREMENTS

ASC 820, *Fair Value Measurements and Disclosures*, provides a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value, as follows: Level 1, which refers to securities valued using unadjusted quoted prices from active markets for identical assets; Level 2, which refers to securities not traded on an active market but for which observable market inputs are readily available; and Level 3, which refers to securities valued based on significant unobservable inputs. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The following tables set forth by level within the fair value hierarchy a summary of the Plan s investments measured at fair value on a recurring basis at December 31, 2010 and 2009.

The tables below include the major categorization for debt and equity securities on the basis of the nature and risk of the investments at December 31, 2010 and 2009.

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	Fair Value Measurements at December 31, 2010			
	Level 1	Level 2	Level 3	Total
Common stock of Plan Sponsor:				
Health care	$ 279,428	$	$	$ 279,428
Total common stocks	279,428			279,428
Money market funds	260,487			260,487
Mutual funds:				
Domestic stock funds	2,375,243	471,293		2,846,536
Balanced funds	17,697,224			17,697,224
International stock funds	1,357,412			1,357,412
Fixed income funds	2,156,792			2,156,792
Total mutual funds	23,586,671	471,293		24,057,964
Stable value funds		3,740,970		3,740,970
Total	$ 24,126,586	$ 4,212,263	$	$ 28,338,849

	Fair Value Measurements at December 31, 2009			
	Level 1	Level 2	Level 3	Total
Common stock of Plan Sponsor:				
Health care	$ 494,938	$	$	$ 494,938
Total common stocks	494,938			494,938
Money market funds	959,195			959,195
Mutual funds:				
Domestic stock funds	2,361,494	469,732		2,831,226
Balanced funds	14,398,001			14,398,001
International stock funds	1,113,810			1,113,810
Fixed income funds	1,766,444			1,766,444
Total mutual funds	19,639,749	469,732		20,109,481
Stable value funds		7,198,484		7,198,484
Total	$ 21,093,882	$ 7,668,216	$	$ 28,762,098

There were no significant transfers in or out of Levels 1, 2 or 3 during the Plan Year ended December 31, 2010. Although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement.

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4. INVESTMENTS

The Plan s investments that represented five percent or more of the Plan s net assets available for benefits as of December 31, 2010 and 2009 are as follows:

Investment	Fair Value
As of December 31, 2010:	
CHS Stable Value Fund	$ 3,740,970
Principal LifeTime 2020 Institutional Fund*	3,518,747
Principal LifeTime 2015 Institutional Fund*	3,294,013
Principal LifeTime 2025 Institutional Fund*	3,105,934
Principal LifeTime 2030 Institutional Fund*	2,553,002
Principal LifeTime 2035 Institutional Fund*	1,847,310
PIMCO Total Return Administrative Fund	1,523,257
As of December 31, 2009:	
CHS Stable Value Fund	$ 7,198,484
Principal LifeTime 2015 Institutional Fund*	2,892,004
Principal LifeTime 2020 Institutional Fund*	2,821,870
Principal LifeTime 2025 Institutional Fund*	2,464,828
Principal LifeTime 2030 Institutional Fund*	1,854,089
Principal LifeTime 2035 Institutional Fund*	1,624,618

* Represents a party-in-interest to the Plan

During the year ended December 31, 2010, the Plan s investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated in value as follows:

Investment	Amount
Principal LifeTime 2020 Institutional Fund*	$ 475,449
Principal LifeTime 2015 Institutional Fund*	457,213
Principal LifeTime 2025 Institutional Fund*	423,147
Principal LifeTime 2030 Institutional Fund*	347,892
Principal LifeTime 2035 Institutional Fund*	294,592
CHS Stable Value Fund	218,490
Principal LifeTime 2040 Institutional Fund*	193,280
Principal LifeTime 2010 Institutional Fund*	119,936
Principal LifeTime 2045 Institutional Fund*	97,648
Blackrock U.S. Opportunities Institutional Fund	81,526
PIMCO Total Return Administrative Fund	75,756
American Funds Growth Fund of America R4 Fund	70,856
Blackrock Equity Dividend I Fund	65,775
Principal LargeCap S&P 500 Index Separate Account*	63,268
JP Morgan Small Cap Equity A Fund	51,524
RS Emerging Markets A Fund	49,806

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Investment	Amount
Oppenheimer Global Strategic Income Y Fund	42,982
Principal LifeTime 2050 Institutional Fund*	42,187
Blackrock International Opportunities Institutional Fund	41,734
Hartford Small Company HLS IB Fund	36,745
Oppenheimer International Growth Y Fund	36,599
Allianz NFJ Small Cap Value Administrative Fund	34,031
Columbia MidCap Value Z Fund	31,077
Prudential Jennison 20/20 Focus Z Fund	28,976
Mutual Global Discovery A Fund	23,964
Principal MidCap S&P 400 Index Separate Account*	20,508
Community Health Systems, Inc. (Common Stock)*	18,593
Invesco Mid Cap Core Equity A Fund	14,688
Principal LifeTime Strategic Income Institutional Fund*	12,016
Principal Diversified International Institutional Fund*	11,772
Allianz NFJ International Value A Fund	11,074
Principal SmallCap S&P 600 Index Separate Account*	8,241
Invesco Global Small & Mid Cap Growth A Fund	4,894
Principal LifeTime 2055 Institutional Fund*	2,925
JP Morgan International Equity Index A Fund	2,479
	$ 3,511,643

* Represents a party-in-interest to the Plan

During the year ended December 31, 2009, the Plan s investments (including gains and losses on investments bought and sold, as well as held during the year) appreciated (depreciated) in value as follows:

Investment	Amount
Community Health Systems, Inc. (Common Stock)*	$ 5,520,246
Principal Diversified International Institutional Fund*	1,652,953
Principal LifeTime 2020 Institutional Fund*	1,627,285
Jennison 20/20 Focus Z Fund	1,085,885
Principal LargeCap S&P 500 Index Separate Account*	1,058,342
Principal LifeTime 2050 Institutional Fund*	906,331
Allianz NFJ Small Cap Value Administrative Fund	886,853
American Funds Growth Fund of America R4 Fund	640,831
Principal LifeTime 2015 Institutional Fund*	628,789
Principal LifeTime 2025 Institutional Fund*	550,108
Principal LifeTime 2030 Institutional Fund*	394,544
CHS Stable Value Fund	365,025
Principal LifeTime 2035 Institutional Fund*	346,174
Principal LifeTime 2010 Institutional Fund*	310,829
Principal LifeTime 2040 Institutional Fund*	234,486

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Investment	Amount
PIMCO Total Return Administrative Fund	121,842
Principal LifeTime 2045 Institutional Fund*	110,122
JP Morgan Small Cap Equity A Fund	108,712
Blackrock Equity Dividend I Fund	96,689
Blackrock U.S. Opportunities Institutional Fund	78,036
Blackrock International Opportunities Institutional Fund	71,959
RS Emerging Markets A Fund	60,462
Oppenheimer International Growth Y Fund	60,264
Oppenheimer Strategic Income Y Fund	57,726
Columbia MidCap Value Z Fund	40,440
Mutual Global Discovery A Fund	34,752
Allianz NFJ International Value A Fund	29,540
JP Morgan International Equity Index A Fund	24,119
AIM Mid Cap Core Equity A Fund	22,410
Principal MidCap S&P 400 Index Separate Account*	20,974
DWS Core Fixed Income Fund-A*	17,883
Principal SmallCap S&P 600 Index Separate Account*	11,433
AIM Global Small & Mid Cap Growth A Fund	6,762
Principal LifeTime Strategic Income Institutional Fund*	6,690
Principal LifeTime 2055 Institutional Fund*	2,800
Principal Money Market Institutional Fund*	2,792
Franklin Mutual DIS Fund-A	(60,225)
DWS Mid Cap Growth A Fund*	(82,206)
American Century Strategic Allocation Conservative Fund-A	(318,875)
DWS Global Opportunities Fund*	(440,732)
Goldman Sachs Mid Cap Value Fund-A	(450,486)
American Century Strategic Allocation Aggressive Fund-A	(486,415)
Credit Suisse Small Cap Value Fund-A	(523,929)
Hartford Small Company HLS IB Fund	(608,054)
Thornburg International Value Fund-R4	(1,187,588)
DWS Stock Index Fund*	(1,335,648)
American Funds The Growth Fund of America-A	(1,382,598)
American Century Strategic Allocation Moderate Fund-A	(1,480,241)
DWS Strategic Value A Fund*	(2,695,676)
	$ 6,142,415

* Represents a party-in-interest to the Plan

5. CHS STABLE VALUE FUND

The CHS Stable Value Fund (the Fund) is a collective trust fund sponsored by the Trustee. The beneficial interest of each participant is represented by units. Units may be issued daily at the Fund s current net asset value. Distribution to the Fund s unit holders is declared daily from the net investment income and automatically reinvested in the Fund. The investment seeks current income by investing primarily in insurance contracts issued

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by insurance companies, and investments from other financial institutions which offer stability of principal. It is the policy of the Fund to use its best efforts to maintain a stable net asset value; although there is no guarantee that the Fund will be able to maintain this value. Withdrawals from the Fund for benefit payments and participant transfers to noncompeting options to be paid to Plan participants are made within 30 days after written notification has been received. Withdrawals, other than for benefit payments and participant transfers to noncompeting options, are made one year after notification is received.

Participants ordinarily may direct the withdrawal or transfer of all or a portion of their investment at contract value. Contract value represents contributions made to the Fund, plus earnings, less participant withdrawals and administrative expenses. The Fund imposes certain restrictions on the Plan. The Fund itself may be subject to circumstances that impact its ability to transact at contract value. Plan management believes that the occurrence of events that would cause the Fund to transact at less than contract value is not probable.

Circumstances that would affect the ability of the Fund to transact at contract value include the following:

Restrictions on the Plan Participant-initiated transactions are those transactions allowed by the Plan, including withdrawals for benefits, loans, or transfers to noncompeting funds within a plan, but excluding withdrawals that are deemed to be caused by the actions of the Company. The following employer-initiated events may limit the ability of the Fund to transact at contract value:

- A failure of the Plan or its trust to qualify for exemption from federal income taxes or any required prohibited transaction under ERISA
- Any communication given to Plan participants designed to influence a participant not to invest in the Fund or to transfer assets out of the Fund
- Any transfer of assets from the Fund directly into a competing investment option
- The establishment of a defined contribution plan that competes with the Plan for employee contributions
- Complete or partial termination of the Plan or its merger with another plan

Circumstances That Impact the Fund The Fund invests in assets, typically fixed income securities or bond funds, and enters into wrapper contracts issued by third parties. A wrap contract is an agreement by another party, such as a bank or insurance company, to make payments to the Fund in certain circumstances. Wrap contracts are designed to allow a stable value portfolio to maintain constant NAV and protect a portfolio in extreme circumstances. In a typical wrap contract, the wrap issuer agrees to pay a portfolio the difference between the contract value and the market value of the underlying assets once the market value has been totally exhausted.

The average yield of the Fund based on annualized earnings was approximately 2.8% for 2010. The average yield credited to participants was 2.8% for the year ended December 31, 2010.

The wrap contracts generally contain provisions that limit the ability of the Fund to transact at contract value upon the occurrence of certain events. These events include:

- Any substantive modification of the Fund or the administration of the Fund that is not permitted by the wrap issuer
- Any change in law, regulation, or administrative ruling applicable to a plan that could have a material adverse effect on the Fund s cash flow

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Employer-initiated transactions by participating plans as described above

In the event that wrap contracts fail to perform as intended, the Fund s NAV may decline if the market value of its assets declines. The Fund s ability to receive amounts due pursuant to these wrap contracts is dependent on the third-party issuer s ability to meet their financial obligations. The wrap issuer s ability to meet its contractual obligations under the wrap contracts may be affected by future economic and regulatory developments.

The Fund is unlikely to maintain a stable NAV if, for any reason, it cannot obtain or maintain wrap contracts covering all of its underlying assets. This could result from the Fund s inability to promptly find a replacement wrap contract following termination of a wrap contract. Wrap contracts are not transferable and have no trading market. There are a limited number of wrap issuers. The Fund may lose the benefit of wrap contracts on any portion of its assets in default in excess of a certain percentage of portfolio assets.

6. EXEMPT PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are shares of mutual funds managed by Principal Trust Company. Principal Trust Company is the Trustee as defined by the Plan and these transactions qualify as exempt party-in-interest transactions. Fees paid by the Plan for the investment management services were included as a reduction of the return earned on each fund.

At December 31, 2010 and 2009, the Plan held investments in the common stock of the Company. The cost basis of the stock was $279,428 and $494,938 at December 31, 2010 and 2009, respectively. Because the Company is the Plan Sponsor, transactions involving the Company s common stock qualify as party-in-interest transactions for the periods presented. No dividends were declared or paid on the stock. All of these transactions are exempt from the prohibited transaction rules.

7. FEDERAL INCOME TAX STATUS

The Plan received a determination letter dated June 16, 2004, in which the IRS stated that the Plan was in compliance with the applicable requirements of Section 401(a) and Section 501(c) of the Code. The Plan has been amended since receiving the determination letter. During 2010, the Plan submitted its request for a new determination letter. At December 31, 2010, the IRS had not yet received a determination letter, however, the Administrator and the Plan s tax counsel believe that the Plan is designed and is currently being operated in compliance with the applicable requirements of the Code and the Plan and related trust continue to be tax exempt. During the Plan Year, the Plan had certain operational issues occur. In order to prevent the Plan from incurring a qualification defect, the Plan s Sponsor will take the necessary corrective action in accordance with the acceptable correction methods of the Employee Plans Compliance Resolution System (EPCRS). The Plan Sponsor is in the process of taking the necessary corrective steps. The Plan Sponsor believes the Plan has maintained its tax-exempt status. Therefore, no provision for income taxes has been included in the Plan s financial statements.

GAAP requires management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2010, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to December 31, 2007.

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8. RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements to the Form 5500 as of December 31, 2010 and 2009 and a reconciliation of the increase in net assets per the financial statements to the net income per the Form 5500 for the years ended December 31, 2010 and 2009.

	2010	2009
Net assets available for benefits per the financial statements	$ 30,377,371	$ 30,281,043
Adjustment from contract value to fair value for fully benefit-responsive stable value funds	74,876	125,374
Adjustments to participant loans due to deemed distributions		(20,392)
Net assets per Form 5500	$ 30,452,247	$ 30,386,025

Increase (Decrease) in net assets per the financial statements	$ 96,328	$ (249,357,108)
Adjustment from contract value to fair value for fully benefit-responsive stable value funds	(50,498)	3,245,542
Adjustments to participant loans due to deemed distributions	20,392	(20,392)
Transfers in to plan	(618,040)	(437,491,304)
Transfers out of plan	9,612,192	698,266,321
Net income per Form 5500	$ 9,060,374	$ 14,643,059

9. NONEXEMPT PARTY-IN-INTEREST TRANSACTION

The Company remitted participant contributions of $57 to the Trustee in September 2010, which was later than required by the Department of Labor (DOL) Regulation 2510.3-102. The Company will file Form 5330 with the IRS and pay the required excise tax on the transaction. In addition, participant accounts were credited with the amount of investment income that would have been earned had the participant contribution been remitted on a timely basis.

10. SUBSEQUENT EVENTS

The Company evaluated and recognized all material events occurring subsequent to the balance sheet date which would require adjustment to or disclosure in the Plan s financial statements.

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CHS/COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN
Plan Number: 001
EIN: 76-0137985

FORM 5500, SCHEDULE H, PART IV, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2010

a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost **	(e) Current Value
	Union Bond & Trust Company	Principal Stable Value Fund		$ 3,740,970
*	Principal Life Insurance Company	Principal LargeCap S&P 500 Index Separate Account		376,008
*	Principal Life Insurance Company	Principal MidCap S&P 400 Index Separate Account		68,806
*	Principal Life Insurance Company	Principal SmallCap S&P 600 Index Separate Account		26,479
*	Princor Financial Services	Principal Money Market Institutional Fund		260,487
	Oppenheimer Funds, Inc.	Oppenheimer Global Strategic Income Y Fund		633,535
	PIMCO Funds	PIMCO Total Return Administrative Fund		1,523,257
*	Princor Financial Services	Principal LifeTime Strategic Income Institutional Fund		102,298
*	Princor Financial Services	Principal LifeTime 2010 Institutional Fund		917,157
*	Princor Financial Services	Principal LifeTime 2015 Institutional Fund		3,294,013
*	Princor Financial Services	Principal LifeTime 2020 Institutional Fund		3,518,747
*	Princor Financial Services	Principal LifeTime 2025 Institutional Fund		3,105,934
*	Princor Financial Services	Principal LifeTime 2030 Institutional Fund		2,553,002
*	Princor Financial Services	Principal LifeTime 2035 Institutional Fund		1,847,310
*	Princor Financial Services	Principal LifeTime 2040 Institutional Fund		1,253,018
*	Princor Financial Services	Principal LifeTime 2045 Institutional Fund		724,721
*	Princor Financial Services	Principal LifeTime 2050 Institutional Fund		354,369
*	Princor Financial Services	Principal LifeTime 2055 Institutional Fund		26,655
	BlackRock	Blackrock Equity Dividend I Fund		497,034
	The American Funds	American Funds Growth Fund of America R4 Fund		593,589
	Prudential Investement Management Services	Prudential Jennison 20/20 Focus Z Fund		243,169

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CHS/COMMUNITY HEALTH SYSTEMS, INC. 401(k) PLAN
FORM 5500, SCHEDULE H, PART IV, LINE 4i
SCHEDULE OF ASSETS (HELD AT END OF YEAR)
DECEMBER 31, 2010 CONTINUED

(a)	(b) Identity of Issue, Borrower, Lessor or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost **	(e) Current Value
	Allianz	Allianz NFJ Small Cap Value Administrative Fund		148,017
	BlackRock	Blackrock U.S. Opportunities Institutional Fund		321,705
	Columbia Funds	Columbia MidCap Value Z Fund		159,463
	Hartford Mutual Funds	Hartford Small Company HLS IB Fund		116,822
	AIM Investments	Invesco Mid Cap Core Equity A Fund		57,461
	JP Morgan Funds	JP Morgan Small Cap Equity A Fund		237,983
	Allianz	Allianz NFJ International Value A Fund		118,669
	BlackRock	Blackrock International Opportunities Institutional Fund		355,858
	Franklin Templeton Investments	Mutual Global Discovery A Fund		205,241
	AIM Investments	Invesco Global Small & Mid Cap Growth A Fund		21,207
	JP Morgan Funds	JP Morgan International Equity Index A Fund		98,502
	Oppenheimer	Oppenheimer International Growth Y Fund		263,386
*	Princor Financial Services	Principal Diversified International Institutional Fund		68,020
	RS Funds	RS Emerging Markets A Fund		226,529
*	Community Health Systems, Inc.	Community Health Systems, Inc. (Common Stock)		279,428
*	Various Participants	Participant notes receivable; interest rates ranging from 0.00% to 8.25% and maturity dates of 2011 through 2020		587,309
				$ 28,926,158

* Identified party-in-interest.

** Cost information is not required for participant-directed investments and therefore is not included.

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FORM 5500, SCHEDULE H, PART IV, QUESTION 4a
SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2010
Form 5500 Line 4a Schedule of Delinquent Participant Contributions

	Total that Constitute Nonexempt Prohibited Transactions			
Participant Contributions Transferred Late to Plan	Contributions Not Corrected	Contributions Corrected Outside VFCP	Contributions Pending Correction in VFCP	Total Fully Corrected Under VFCP and PTE 2002-51
$ 57.43		$ 57.43		

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

CHS/COMMUNITY HEALTH SYSTEMS, INC.
401(k) PLAN

Date: June 24, 2011	By:	/s/ Wayne T. Smith Wayne T. Smith Chairman of the Board President and Chief Executive Officer
Date: June 24, 2011	By:	/s/ W. Larry Cash W. Larry Cash Executive Vice President, Chief Financial Officer and Director
Date: June 24, 2011	By:	/s/ T. Mark Buford T. Mark Buford Vice President and Chief Accounting Officer

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EXHIBIT INDEX

Exhibit Number	Description
10.1	Fourth Amendment to the CHS/Community Health Systems, Inc. 401(k) Plan dated December 20, 2010
23	Consent of Independent Registered Public Accounting Firm

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