

**Return of Organization Exempt From Income Tax**

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

**2012**

Department of the Treasury  
Internal Revenue Service

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

Open to Public Inspection

**A** For the 2012 calendar year, or tax year beginning 7/01, 2012, and ending 6/30, 2013

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Terminated  
 Amended return  
 Application pending

**C** Meritus Medical Center, Inc.  
11116 Medical Campus Road  
Hagerstown, MD 21742

**D** Employer identification number 52-0607949

**E** Telephone number 301-790-8872

**G** Gross receipts \$ 364,972,790.

**F** Name and address of principal officer: Joseph Ross  
Same As C Above

**H(a)** Is this a group return for affiliates?  Yes  No  
**H(b)** Are all affiliates included?  Yes  No  
 If 'No,' attach a list. (See Instructions)

**I** Tax-exempt status  501(c)(3)  501(c) ( ) (insert no.)  4947(a)(1) or  527

**J** Website: ▶ www.meritushealth.com

**K** Form of organization:  Corporation  Trust  Association  Other ▶

**L** Year of formation: 1904 **M** State of legal domicile: MD

**Part I Summary**

**1** Briefly describe the organization's mission or most significant activities: Meritus Medical Center, Inc. (MMC) is an acute care hospital located in Hagerstown, Maryland and serves the residents of western Maryland, southern Pennsylvania and the panhandle of West Virginia.

**2** Check this box  if the organization discontinued its operations or disposed of more than 25% of its net assets.

**3** Number of voting members of the governing body (Part VI, line 1a)..... **3** 22

**4** Number of independent voting members of the governing body (Part VI, line 1b)..... **4** 15

**5** Total number of individuals employed in calendar year 2012 (Part V, line 2a)..... **5** 2,733

**6** Total number of volunteers (estimate if necessary)..... **6** 374

**7a** Total unrelated business revenue from Part VIII, column (C), line 12..... **7a** 3,653,447.

**7b** Net unrelated business taxable income from Form 990-T, line 34..... **7b** -31,982.

	Prior Year	Current Year
<b>8</b> Contributions and grants (Part VIII, line 1h).....	<u>2,225,038.</u>	<u>1,934,159.</u>
<b>9</b> Program service revenue (Part VIII, line 2g).....	<u>308,047,403.</u>	<u>330,699,932.</u>
<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d).....	<u>6,634,547.</u>	<u>6,988,038.</u>
<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....	<u>6,619,923.</u>	<u>5,240,157.</u>
<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12).....	<u>323,526,911.</u>	<u>344,862,286.</u>
<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3).....	<u>104,281.</u>	<u>240,858.</u>
<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4).....		
<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10).....	<u>153,354,879.</u>	<u>152,004,079.</u>
<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e).....		
<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶		
<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e).....	<u>160,805,342.</u>	<u>183,786,476.</u>
<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....	<u>314,264,502.</u>	<u>336,031,413.</u>
<b>19</b> Revenue less expenses. Subtract line 18 from line 12.....	<u>9,262,409.</u>	<u>8,830,873.</u>

	Beginning of Current Year	End of Year
<b>20</b> Total assets (Part X, line 16).....	<u>436,170,748.</u>	<u>531,472,385.</u>
<b>21</b> Total liabilities (Part X, line 26).....	<u>306,205,976.</u>	<u>300,182,204.</u>
<b>22</b> Net assets or fund balances. Subtract line 21 from line 20.....	<u>129,964,772.</u>	<u>231,290,181.</u>

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

**Sign Here** ▶ Raymond A. Grahe Signature of officer Date 5/13/2014

▶ Raymond A. Grahe Type or print name and title. **VP/Treasurer**

**Paid Preparer Use Only**

Print/Type preparer's name Frank Giardini Date May 9, 2014 Check  if self-employed PTIN P00532355

Firm's name ▶ Grant Thornton Firm's address ▶ 2001 Market St., Ste. 3100 Philadelphia, PA 19103 Firm's EIN ▶ Phone no. 215-561-4200

May the IRS discuss this return with the preparer shown above? (see instructions).....  Yes  No

**Part III** Statement of Program Service Accomplishments

Check if Schedule O contains a response to any question in this Part III.  X

1 Briefly describe the organization's mission:

See Schedule O

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No

If 'Yes,' describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No

If 'Yes,' describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4 a (Code: ) (Expenses \$ 259,072,334. including grants of \$ 240,858.) (Revenue \$ 330,672,571.)

See Schedule O

4 b (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4 c (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4 d Other program services. (Describe in Schedule O.)

(Expenses \$ including grants of \$ ) (Revenue \$ )

4 e Total program service expenses ▶ 259,072,334.

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If 'Yes,' complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors (see instructions)?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I.		X
4 <b>Section 501(c)(3) organizations</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If 'Yes,' complete Schedule C, Part II.	X	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If 'Yes,' complete Schedule C, Part III.		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If 'Yes,' complete Schedule D, Part I.		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' complete Schedule D, Part II.		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III.		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management credit repair, or debt negotiation services? If 'Yes,' complete Schedule D, Part IV.		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If 'Yes,' complete Schedule D, Part V.	X	
11 If the organization's answer to any of the following questions is 'Yes', then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings and equipment in Part X, line 10? If 'Yes,' complete Schedule D, Part VI.	X	
b Did the organization report an amount for investments – other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VII.		X
c Did the organization report an amount for investments – program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VIII.		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part IX.	X	
e Did the organization report an amount for other liabilities in Part X, line 25? If 'Yes,' complete Schedule D, Part X.	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If 'Yes,' complete Schedule D, Part X.	X	
12 a Did the organization obtain separate, independent audited financial statements for the tax year? If 'Yes,' complete Schedule D, Parts XI, and XII.		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? If 'Yes,' and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI and XII is optional.	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E.		X
14 a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If 'Yes,' complete Schedule F, Parts I and IV.	X	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If 'Yes,' complete Schedule F, Parts II and IV.		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If 'Yes,' complete Schedule F, Parts III and IV.		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If 'Yes,' complete Schedule G, Part I (see instructions).		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If 'Yes,' complete Schedule G, Part II.		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If 'Yes,' complete Schedule G, Part III.		X
20 a Did the organization operate one or more hospital facilities? If 'Yes,' complete Schedule H.	X	
b If 'Yes' to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	

**Part IV Checklist of Required Schedules (continued)**

	Yes	No
21 Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? <i>If 'Yes,' complete Schedule I, Parts I and II.</i>		X
22 Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? <i>If 'Yes,' complete Schedule I, Parts I and III.</i>	X	
23 Did the organization answer 'Yes' to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If 'Yes,' complete Schedule J.</i>	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, and that was issued after December 31, 2002? <i>If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25.</i>	X	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		X
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		X
d Did the organization act as an 'on behalf of' issuer for bonds outstanding at any time during the year?		X
25a <b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If 'Yes,' complete Schedule L, Part I.</i>		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If 'Yes,' complete Schedule L, Part I.</i>		X
26 Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If 'Yes,' complete Schedule L, Part II.</i>		X
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If 'Yes,' complete Schedule L, Part III.</i>		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
a A current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV.</i>		X
b A family member of a current or former officer, director, trustee, or key employee? <i>If 'Yes,' complete Schedule L, Part IV.</i>	X	
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If 'Yes,' complete Schedule L, Part IV.</i>		X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If 'Yes,' complete Schedule M.</i>		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If 'Yes,' complete Schedule M.</i>		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If 'Yes,' complete Schedule N, Part I.</i>		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If 'Yes,' complete Schedule N, Part II.</i>		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If 'Yes,' complete Schedule R, Part I.</i>	X	
34 Was the organization related to any tax-exempt or taxable entity? <i>If 'Yes,' complete Schedule R, Parts II, III, IV, and V, line 1.</i>	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	X	
b If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If 'Yes,' complete Schedule R, Part V, line 2.</i>	X	
36 <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If 'Yes,' complete Schedule R, Part V, line 2.</i>		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If 'Yes,' complete Schedule R, Part VI.</i>		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O.	X	

BAA

Form 990 (2012)

**Part V Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response to any question in this Part V.

		Yes	No
1 a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. <b>1 a</b> 215		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. <b>1 b</b> 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? <b>1 c</b> X	X	
2 a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return. <b>2 a</b> 2,733		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>2 b</b> X	X	
<b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file. (see instructions)			
3 a	Did the organization have unrelated business gross income of \$1,000 or more during the year? <b>3 a</b> X	X	
b	If 'Yes' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O. <b>3 b</b> X	X	
4 a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? <b>4 a</b>		X
b	If 'Yes,' enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. <b>4 b</b>		
5 a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? <b>5 a</b>		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? <b>5 b</b>		X
c	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T? <b>5 c</b>		
6 a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? <b>6 a</b>		X
b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? <b>6 b</b>		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? <b>7 a</b>		X
b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided? <b>7 b</b>		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? <b>7 c</b>		X
d	If 'Yes,' indicate the number of Forms 8282 filed during the year. <b>7 d</b>		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? <b>7 e</b>		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? <b>7 f</b>		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? <b>7 g</b>		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? <b>7 h</b>		
8	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? <b>8</b>		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
a	Did the organization make any taxable distributions under section 4966? <b>9 a</b>		
b	Did the organization make a distribution to a donor, donor advisor, or related person? <b>9 b</b>		
<b>10 Section 501(c)(7) organizations. Enter:</b>			
a	Initiation fees and capital contributions included on Part VIII, line 12. <b>10 a</b>		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. <b>10 b</b>		
<b>11 Section 501(c)(12) organizations. Enter:</b>			
a	Gross income from members or shareholders. <b>11 a</b>		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) <b>11 b</b>		
12 a	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? <b>12 a</b>		
b	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year. <b>12 b</b>		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
a	Is the organization licensed to issue qualified health plans in more than one state? <b>13 a</b>		
<b>Note.</b> See the instructions for additional information the organization must report on Schedule O.			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans. <b>13 b</b>		
c	Enter the amount of reserves on hand. <b>13 c</b>		
14 a	Did the organization receive any payments for indoor tanning services during the tax year? <b>14 a</b>		X
b	If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O. <b>14 b</b>		

**Part VI Governance, Management and Disclosure** For each 'Yes' response to lines 2 through 7b below, and for a 'No' response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI.  X

**Section A. Governing Body and Management**

		Yes	No
<b>1 a</b>	Enter the number of voting members of the governing body at the end of the tax year. . . . . <b>1 a</b> 22 If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
<b>b</b>	Enter the number of voting members included in line 1a, above, who are independent. . . . . <b>1 b</b> 15		
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee? . . . . .		X
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . . . . .		X
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . . See Sch O	X	
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .		X
<b>6</b>	Did the organization have members or stockholders? . . . . . See Schedule O	X	
<b>7 a</b>	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . . See Schedule O	X	
<b>b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or other persons other than the governing body? . . . . . See Sch O	X	
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b>	The governing body? . . . . .	X	
<b>b</b>	Each committee with authority to act on behalf of the governing body? . . . . .	X	
<b>9</b>	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O. . . . .		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
<b>10 a</b>	Did the organization have local chapters, branches, or affiliates? . . . . .		X
<b>b</b>	If 'Yes,' did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? . . . . .		
<b>11 a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .	X	
<b>b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990. See Schedule O		
<b>12 a</b>	Did the organization have a written conflict of interest policy? If 'No,' go to line 13. . . . .	X	
<b>b</b>	Were officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	X	
<b>c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If 'Yes,' describe in Schedule O how this is done . . . . . See Schedule O	X	
<b>13</b>	Did the organization have a written whistleblower policy? . . . . .	X	
<b>14</b>	Did the organization have a written document retention and destruction policy? . . . . .	X	
<b>15</b>	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>a</b>	The organization's CEO, Executive Director, or top management official. . . . .	X	
<b>b</b>	Other officers of key employees of the organization. . . . . See Schedule O	X	
	If 'Yes' to line 15a or 15b, describe the process in Schedule O. (See instructions.)		
<b>16 a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year? . . . . .	X	
<b>b</b>	If 'Yes,' did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .	X	

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed ▶ MD
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.  
 Own website     Another's website     Upon request     Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public during the tax year. See Schedule O
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization:  
 ▶ Raymond A. Grahe 11116 Medical Campus Road Hagerstown MD 21742 301-790-8872

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response to any question in this Part VII.  X

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

1 a Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of 'key employee.'
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Wayne Alter Director	3 0	X					0.	0.	0.	
(2) Thomas Gilbert MD Director	50 0	X					603,082.	0.	21,172.	
(3) Peggy Bushey Director	3 0	X					0.	0.	0.	
(4) William Su MD Director	20 3	X					118,471.	0.	0.	
(5) Barbara Miller Director	3 0	X					0.	0.	0.	
(6) Cynthia Pellegrino Director	3 0	X					0.	0.	0.	
(7) Gregory Snook Director	3 0	X					0.	0.	0.	
(8) Fr Stuart Dunnan Director	3 0	X					0.	0.	0.	
(9) Debra Ann Gorbsky Director	3 0	X					0.	0.	0.	
(10) Steve Hull Director	3 0	X					0.	0.	0.	
(11) William Reuter Director	3 0	X					0.	0.	0.	
(12) Philip Rohrer Director	3 0	X					0.	0.	0.	
(13) Jeanne Singer Esq Director	3 0	X					0.	0.	0.	
(14) David Solberg MD Director	3 0	X					0.	0.	0.	

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (cont)**

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) Peter Spellar Director	3 0	X					0.	0.	0.	
(16) Michael Twigg Director	3 0	X					0.	0.	0.	
(17) Abdul Waheed MD Director	3 3	X					0.	0.	0.	
(18) Frederick C Wright III Director	3 0	X					0.	0.	0.	
(19) William Wright Director	3 0	X					0.	0.	0.	
(20) George C Newman II MD Chairman	3 0	X		X			0.	0.	0.	
(21) James Stojak Vice Chairman	3 0	X		X			0.	0.	0.	
(22) Joseph Ross President & CEO	50 3	X		X			632,942.	0.	155,953.	
(23) Raymond Grahe VP/Treasurer	50 3			X			414,041.	0.	35,511.	
(24) Carolyn Simonsen VP/Secretary	50 3			X			234,462.	0.	24,703.	
(25) Deborah Addo-Samuels Senior Vice President	50 0				X		301,485.	0.	33,374.	
<b>1 b Sub-total</b>							2,304,483.	0.	270,713.	
<b>c Total from continuation sheets to Part VII, Section A</b>							3,097,163.	219,386.	241,649.	
<b>d Total (add lines 1b and 1c)</b>							5,401,646.	219,386.	512,362.	
2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ▶ 96										

	Yes	No
3 Did the organization list any former officer, director or trustee, key employee, or highest compensated employee on line 1a? If 'Yes,' complete Schedule J for such individual	3 X	
4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If 'Yes' complete Schedule J for such individual	4 X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If 'Yes,' complete Schedule J for such person	5	X

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
Hospital Medicine Associates LLC P O Box 634850 Cincinnati, OH 45263	Medical	1,101,129.
Blue Ridge Anesthesia Associates 119 King Street Hagerstown, MD 2174	Medical	850,000.
Parkway Neuroscience & Spine Institute 17 Western Maryland Parkway H	Medical	581,863.
Hagerstown Heart PA 1733 Howell Road Hagerstown, MD 21740	Medical	549,121.
Associates in Medical Physics 7505 Greenway Center Drive Ste 003 Gre	Medical	519,093.
2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization ▶ 40		



Department of the Treasury  
Internal Revenue Service

Name of the Organization

Meritus Medical Center, Inc.

Employer Identification number

52-0607949

**Part VII** Continuation: Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
Kelly Corbi ----- Vice President	50 0				X			267,604.	0.	36,871.
Jesus Cepero ----- Vice President	50 0				X			204,420.	0.	10,707.
Heather Lorenzo ----- Vice President	50 0				X			305,557.	0.	33,898.
Jake Dorst ----- Vice President	50 0				X			197,822.	0.	22,642.
Dale Bushey ----- Vice President	50 0				X			161,135.	0.	28,900.
Jayantilal Kadiwar, MD ----- Physician	50 0					X		339,782.	0.	17,923.
Matthew Wagner, MD ----- Physician	50 0					X		342,932.	0.	26,756.
Garry Seligman, MD ----- Physician	50 0					X		219,216.	0.	19,520.
Stephen Carpenter ----- Exec Director	50 0					X		252,200.	0.	17,661.
Allen Field ----- Exec Director	50 0					X		243,570.	0.	10,065.
Michael Zampelli ----- Former officer	0 0						X	0.	219,386.	16,706.
Marc Kross ----- Former officer	0 0						X	562,925.	0.	0.
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**Part VIII Statement of Revenue**

Check if Schedule O contains a response to any question in this Part VIII.

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS</b>	<b>1 a</b> Federated campaigns..... <b>1 a</b>					
	<b>b</b> Membership dues..... <b>1 b</b>					
	<b>c</b> Fundraising events..... <b>1 c</b>					
	<b>d</b> Related organizations..... <b>1 d</b>	1,824,596.				
	<b>e</b> Government grants (contributions).... <b>1 e</b>	109,563.				
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above... <b>1 f</b>					
	<b>g</b> Noncash contributions included in lns 1a-1f: \$					
	<b>h Total.</b> Add lines 1a-1f..... ▶	1,934,159.				
<b>PROGRAM SERVICE REVENUE</b>	<b>Business Code</b>					
	<b>2 a</b> Patient revenue.....	900099	322571836.	322571836.		
	<b>b</b> School Nursing Program.....	900099	2,685,235.	2,685,235.		
	<b>c</b> Cafeteria sales.....	900099	1,564,638.	1,564,638.		
	<b>d</b> Retrospective premium.....	900099	1,291,835.	1,291,835.		
	<b>e</b> Meaningful use-EHR.....	900099	1,063,113.	1,063,113.		
	<b>f</b> All other program service revenue... <b>WKS</b>		1,523,275.	1,495,914.	27,361.	
	<b>g Total.</b> Add lines 2a-2f..... ▶		330699932.			
<b>OTHER REVENUE</b>	<b>3</b> Investment income (including dividends, interest and other similar amounts)..... ▶		4,659,223.		4,659,223.	
	<b>4</b> Income from investment of tax-exempt bond proceeds. ▶					
	<b>5</b> Royalties..... ▶					
	<b>6 a</b> Gross rents.....	(i) Real				
		(ii) Personal				
		<b>b</b> Less: rental expenses.....	3,865,439.			
		<b>c</b> Rental income or (loss)....	2,251,368.			
	<b>d</b> Net rental income or (loss)..... ▶	1,614,071.			1,614,071.	
	<b>7 a</b> Gross amount from sales of assets other than inventory.	(i) Securities				
		(ii) Other				
		<b>b</b> Less: cost or other basis and sales expenses.....	19565655.	622,296.		
		<b>c</b> Gain or (loss).....	17859136.			
	<b>d</b> Net gain or (loss)..... ▶	1,706,519.	622,296.		2,328,815.	
	<b>8 a</b> Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18..... <b>a</b>					
		<b>b</b> Less: direct expenses..... <b>b</b>				
		<b>c</b> Net income or (loss) from fundraising events..... ▶				
	<b>9 a</b> Gross income from gaming activities. See Part IV, line 19..... <b>a</b>					
		<b>b</b> Less: direct expenses..... <b>b</b>				
<b>c</b> Net income or (loss) from gaming activities..... ▶						
<b>10 a</b> Gross sales of inventory, less returns and allowances..... <b>a</b>						
	<b>b</b> Less: cost of goods sold..... <b>b</b>					
	<b>c</b> Net income or (loss) from sales of inventory..... ▶					
<b>Miscellaneous Revenue</b>		<b>Business Code</b>				
<b>11 a</b> Lab Revenue.....	621500	2,708,756.		2,708,756.		
<b>b</b> Robinwood Food Service.....	722210	530,703.		530,703.		
<b>c</b> Clinical Trials.....	541700	386,627.		386,627.		
<b>d</b> All other revenue.....						
<b>e Total.</b> Add lines 11a-11d..... ▶		3,626,086.				
<b>12 Total revenue.</b> See instructions..... ▶		344862286.	330672571.	3,653,447.	8,602,109.	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response to any question in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21.				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22.	240,858.	240,858.		
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16.				
4 Benefits paid to or for members.				
5 Compensation of current officers, directors, trustees, and key employees.	3,015,894.	0.	3,015,894.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B).	0.	0.	0.	0.
7 Other salaries and wages.	115,617,383.	92,493,906.	23,123,477.	
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions).				
9 Other employee benefits.	22,611,142.	18,088,914.	4,522,228.	
10 Payroll taxes.	10,759,660.	8,607,728.	2,151,932.	
11 Fees for services (non-employees):				
a Management.	249,178.	199,342.	49,836.	
b Legal.	747,335.	597,868.	149,467.	
c Accounting.	508,340.	406,672.	101,668.	
d Lobbying.	47,204.	37,763.	9,441.	
e Professional fundraising services. See Part IV, line 17.				
f Investment management fees.	179,471.	143,577.	35,894.	
g Other. (If line 11g amt exceeds 10% of line 25, column (A) amt, list line 11g expenses on Sch O.)	18,594,477.	14,875,582.	3,718,895.	
12 Advertising and promotion.	1,032,991.	826,393.	206,598.	
13 Office expenses.	1,737,717.	1,390,174.	347,543.	
14 Information technology.	1,210,755.	968,604.	242,151.	
15 Royalties.				
16 Occupancy.	7,254,585.	5,803,668.	1,450,917.	
17 Travel.	697,542.	558,034.	139,508.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials.				
19 Conferences, conventions, and meetings.	245,681.	196,545.	49,136.	
20 Interest.	14,903,276.	8,941,966.	5,961,310.	
21 Payments to affiliates.	250,000.	250,000.		
22 Depreciation, depletion, and amortization.	22,288,013.	13,372,808.	8,915,205.	
23 Insurance.	2,887,704.	2,310,163.	577,541.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <u>Medical supplies</u>	29,493,610.	23,594,888.	5,898,722.	
b <u>Drugs &amp; pharmaceuticals</u>	25,212,087.	20,169,670.	5,042,417.	
c <u>Purchased lab services</u>	13,378,699.	10,702,959.	2,675,740.	
d <u>Bad debt expense</u>	12,972,682.	10,378,146.	2,594,536.	
e All other expenses.	29,895,129.	23,916,106.	5,979,023.	
25 Total functional expenses. Add lines 1 through 24e.	336,031,413.	259,072,334.	76,959,079.	0.
26 <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720).				

**Part X Balance Sheet**

Check if Schedule O contains a response to any question in this Part X.

		(A) Beginning of year		(B) End of year
ASSETS	1 Cash -- non-interest-bearing .....		1	
	2 Savings and temporary cash investments .....	23,976,049.	2	25,478,321.
	3 Pledges and grants receivable, net .....		3	
	4 Accounts receivable, net .....	45,053,198.	4	61,180,000.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L .....		6	
	7 Notes and loans receivable, net .....	5,811,858.	7	6,069,547.
	8 Inventories for sale or use .....	6,024,553.	8	5,930,034.
	9 Prepaid expenses and deferred charges .....	5,999,307.	9	5,920,790.
	10a Land, buildings, and equipment; cost or other basis. Complete Part VI of Schedule D .....	10a 397,135,371.		
	b Less: accumulated depreciation .....	10b 135,320,128.		
		259,198,787.	10c	261,815,243.
	11 Investments -- publicly traded securities .....	38,644,109.	11	90,322,129.
	12 Investments -- other securities. See Part IV, line 11 .....		12	
	13 Investments -- program-related. See Part IV, line 11 .....		13	
	14 Intangible assets .....		14	
15 Other assets. See Part IV, line 11 .....	51,462,887.	15	74,756,321.	
16 <b>Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	436,170,748.	16	531,472,385.	
LIABILITIES	17 Accounts payable and accrued expenses .....	41,067,782.	17	41,358,810.
	18 Grants payable .....		18	
	19 Deferred revenue .....		19	
	20 Tax-exempt bond liabilities .....	259,750,461.	20	256,309,718.
	21 Escrow or custodial account liability. Complete Part IV of Schedule D .....		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L .....		22	
	23 Secured mortgages and notes payable to unrelated third parties .....	4,322,877.	23	1,248,877.
	24 Unsecured notes and loans payable to unrelated third parties .....		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D .....	1,064,856.	25	1,264,799.
	26 <b>Total liabilities.</b> Add lines 17 through 25 .....	306,205,976.	26	300,182,204.
NET ASSETS OR FUND BALANCES	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	27 Unrestricted net assets .....	125,248,546.	27	227,300,418.
	28 Temporarily restricted net assets .....	3,687,608.	28	2,961,145.
	29 Permanently restricted net assets .....	1,028,618.	29	1,028,618.
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	30 Capital stock or trust principal, or current funds .....		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund .....		31	
	32 Retained earnings, endowment, accumulated income, or other funds .....		32	
33 <b>Total net assets or fund balances.</b> .....	129,964,772.	33	231,290,181.	
34 <b>Total liabilities and net assets/fund balances.</b> .....	436,170,748.	34	531,472,385.	

BAA

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response to any question in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	344,862,286.
2	Total expenses (must equal Part IX, column (A), line 25)	2	336,031,413.
3	Revenue less expenses. Subtract line 2 from line 1	3	8,830,873.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	129,964,772.
5	Net unrealized gains (losses) on investments	5	6,179,195.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O). See Schedule O	9	86,315,341.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	231,290,181.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response to any question in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O.		
2 a	Were the organization's financial statements compiled or reviewed by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
2 b	Were the organization's financial statements audited by an independent accountant? If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
2 c	If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3 a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
3 b	If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits.		

BAA

Form 990 (2012)

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

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization <b>Meritus Medical Center, Inc.</b>	Employer identification number <b>52-0607949</b>
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**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1  A church, convention of churches or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  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 exempt 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)**. (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
  - a  Type I
  - b  Type II
  - c  Type III -- Functionally integrated
  - d  Type III -- Non-functionally integrated
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that is a Type I, Type II or Type III supporting organization, check this box.
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?.....	11 g (i)	
(ii) A family member of a person described in (i) above?.....	11 g (ii)	
(iii) A 35% controlled entity of a person described in (i) or (ii) above?.....	11 g (iii)	

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in column (i) listed in your governing document?		(v) Did you notify the organization in column (i) of your support?		(vi) Is the organization in column (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
<b>Total</b>									

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any 'unusual grants.') .....						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
3 The value of services or facilities furnished by a governmental unit to the organization without charge ...						
4 <b>Total.</b> Add lines 1 through 3 ...						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) ..						
6 <b>Public support.</b> Subtract line 5 from line 4. ....						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4. ....						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources. ....						
9 Net income from unrelated business activities, whether or not the business is regularly carried on. ....						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.) .....						
11 <b>Total support.</b> Add lines 7 through 10. ....						
12 Gross receipts from related activities, etc (see instructions) .....					12	
13 <b>First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> . .... ▶ <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)). ....	14	%
15 Public support percentage from 2011 Schedule A, Part II, line 14. ....	15	%
16a <b>33-1/3% support test – 2012.</b> If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization. .... ▶ <input type="checkbox"/>		
<b>b 33-1/3% support test – 2011.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33-1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization. .... ▶ <input type="checkbox"/>		
17a <b>10%-facts-and-circumstances test – 2012.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and <b>stop here.</b> Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization. .... ▶ <input type="checkbox"/>		
<b>b 10%-facts-and-circumstances test – 2011.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and <b>stop here.</b> Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization. .... ▶ <input type="checkbox"/>		
18 <b>Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions. ... ▶ <input type="checkbox"/>		

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal yr beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include any 'unusual grants.').....						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose.....						
3 Gross receipts from activities that are not an unrelated trade or business under section 513.						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf.....						
5 The value of services or facilities furnished by a governmental unit to the organization without charge...						
6 Total. Add lines 1 through 5...						
7 a Amounts included on lines 1, 2, and 3 received from disqualified persons.....						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year.....						
c Add lines 7a and 7b.....						
8 Public support. (Subtract line 7c from line 6.).....						

**Section B. Total Support**

Calendar year (or fiscal yr beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6.....						
10 a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources.....						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975..						
c Add lines 10a and 10b.....						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on.....						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.).....						
13 Total support. (Add lns 9, 10c, 11, and 12.)						

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here.

**Section C. Computation of Public Support Percentage**

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f)).....	15	%
16 Public support percentage from 2011 Schedule A, Part III, line 15.....	16	%

**Section D. Computation of Investment Income Percentage**

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f)).....	17	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17.....	18	%

19 a 33-1/3% support tests – 2012. If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization.

    b 33-1/3% support tests – 2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization.

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions.



**Part IV** **Supplemental Information.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

[Area with horizontal dashed lines for supplemental information]

**Schedule B**  
**(Form 990, 990-EZ,**  
**or 990-PF)**

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

▶ **Attach to Form 990, Form 990-EZ, or Form 990-PF**

OMB No. 1545-0047

**2012**

Name of the organization <b>Meritus Medical Center, Inc.</b>	Employer identification number <b>52-0607949</b>
---	---

**Organization type** (check one):

**Filers of:**

Form 990 or 990-EZ

**Section:**

- 501(c)( 3 ) (enter number) organization
- 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- 527 political organization

Form 990-PF

- 501(c)(3) exempt private foundation
- 4947(a)(1) nonexempt charitable trust treated as a private foundation
- 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**

**Note.** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$5,000 or more (in money or property) from any one contributor. (Complete Parts I and II.)

**Special Rules**

- For a section 501(c)(3) organization filing Form 990 or 990-EZ that met the 33-1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi) and received from any one contributor, during the year, a contribution of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 for use *exclusively* for religious, charitable, scientific, literary, or educational purposes, or the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For a section 501(c)(7), (8), or (10) organization filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions for use *exclusively* for religious, charitable, etc, purposes, but these contributions did not total to more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc, purpose. Do not complete any of the parts unless the **General Rule** applies to this organization because it received nonexclusively religious, charitable, etc, contributions of \$5,000 or more during the year. . . . . ▶ \$ \_\_\_\_\_

**Caution:** An organization that is not covered by the General Rule and/or the Special Rules does not file Schedule B (Form 990, 990-EZ, or 990-PF) but it must answer 'No' on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on Part I, line 2, of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

**BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990EZ,** Schedule B (Form 990, 990-EZ, or 990-PF) (2012) **or 990-PF.**

Name of organization

Employer identification number

Meritus Medical Center, Inc.

52-0607949

**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) Number	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	Meritus Healthcare Foundation 11116 Medical Campus Road Hagerstown, MD 21742	\$ 1,824,596.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	Maryland Physicians Care Grant 509 Progress Drive Linthicum, MD 21090	\$ 109,563.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
---	----- ----- -----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization

Employer identification number

Meritus Medical Center, Inc.

52-0607949

**Part II Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____	N/A		
_____			
_____			
_____			
_____			
_____			
_____			
_____			
_____			
_____			
_____			
_____			

Name of organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**Part III Exclusively religious, charitable, etc, individual contributions to section 501(c)(7), (8) or (10) organizations that total more than \$1,000 for the year.** Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter total of *exclusively* religious, charitable, etc, contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ..... ▶ \$                      N/A  
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	N/A		

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee

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

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2012**

Department of the Treasury  
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527

▶ **Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.**  
▶ See separate instructions.

**Open to Public Inspection**

If the organization answered 'Yes,' to Form 990, Part IV, line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities), then

- Section 501(c)(3) organizations: Complete Parts I-A and B. Do not complete Part I-C.
- Section 501(c) (other than section 501(c)(3)) organizations: Complete Parts I-A and C below. Do not complete Part I-B.
- Section 527 organizations: Complete Part I-A only.

If the organization answered 'Yes,' to Form 990, Part IV, line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

- Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)): Complete Part II-A. Do not complete Part II-B.
- Section 501(c)(3) organizations that have NOT filed Form 5768 (election under section 501(h)): Complete Part II-B. Do not complete Part II-A.

If the organization answered 'Yes,' to Form 990, Part IV, line 5 (Proxy Tax) or Form 990-EZ, Part V, line 35a (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations: Complete Part III.

Name of organization

Employer identification number

Meritus Medical Center, Inc.

52-0607949

**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV.
- 2 Political expenditures..... ▶ \$ \_\_\_\_\_
- 3 Volunteer hours..... ▶ \_\_\_\_\_

**Part I-B Complete if the organization is exempt under section 501(c)(3).**

- 1 Enter the amount of any excise tax incurred by the organization under section 4955..... ▶ \$ 0.
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955..... ▶ \$ 0.
- 3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year?.....  Yes  No
- 4a Was a correction made?.....  Yes  No
- b If 'Yes,' describe in Part IV.

**Part I-C Complete if the organization is exempt under section 501(c), except section 501(c)(3).**

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities..... ▶ \$ \_\_\_\_\_
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities..... ▶ \$ \_\_\_\_\_
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b..... ▶ \$ \_\_\_\_\_
- 4 Did the filing organization file Form 1120-POL for this year?.....  Yes  No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC). If additional space is needed, provide information in Part IV.

(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds. If none, enter-0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter -0-
(1)	-----			
(2)	-----			
(3)	-----			
(4)	-----			
(5)	-----			
(6)	-----			

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule C (Form 990 or 990-EZ) 2012

**Part II-A** Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).

- A Check  if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures).
- B Check  if the filing organization checked box A and 'limited control' provisions apply.

<b>Limits on Lobbying Expenditures</b> (The term 'expenditures' means amounts paid or incurred.)	(a) Filing organization's totals	(b) Affiliated group totals												
1 a Total lobbying expenditures to influence public opinion (grass roots lobbying) .....														
b Total lobbying expenditures to influence a legislative body (direct lobbying) .....														
c Total lobbying expenditures (add lines 1a and 1b) .....														
d Other exempt purpose expenditures .....														
e Total exempt purpose expenditures (add lines 1c and 1d) .....														
f Lobbying nontaxable amount. Enter the amount from the following table in both columns .....														
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">If the amount on line 1e, column (a) or (b) is:</th> <th style="text-align: left;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	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.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:													
Not over \$500,000	20% of the amount on line 1e.													
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.													
g Grassroots nontaxable amount (enter 25% of line 1f) .....														
h Subtract line 1g from line 1a. If zero or less, enter -0- .....														
i Subtract line 1f from line 1c. If zero or less, enter -0- .....														
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No												

**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 2a through 2f.)

**Lobbying Expenditures During 4-Year Averaging Period**

Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2 a Lobbying non-taxable amount .....					
b Lobbying ceiling amount (150% of line 2a, column (e)). .....					
c Total lobbying expenditures .....					
d Grassroots nontaxable amount .....					
e Grassroots ceiling amount (150% of line 2d, column (e)). .....					
f Grassroots lobbying expenditures .....					

BAA

**Part II-B** Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768 (election under section 501(h)).

For each 'Yes' response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
i Other activities?	X		47,204.
j Total. Add lines 1c through 1i			47,204.
2 a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If 'Yes,' enter the amount of any tax incurred under section 4912.			
c If 'Yes,' enter the amount of any tax incurred by organization managers under section 4912.			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

**Part III-A** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

	Yes	No
1 Were substantially all (90% or more) dues received nondeductible by members?	1	
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2	
3 Did the organization agree to carry over lobbying and political expenditures from the prior year?	3	

**Part III-B** Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) and if either (a) BOTH Part III-A, lines 1 and 2, are answered 'No' OR (b) Part III-A, line 3, is answered 'Yes.'

1 Dues, assessments and similar amounts from members	1	
2 Section 162(e) nondeductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
a Current year	2 a	
b Carryover from last year	2 b	
c Total	2 c	
3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5 Taxable amount of lobbying and political expenditures (see instructions)	5	

**Part IV** Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, line 2; and Part II-B, line 1. Also, complete this part for any additional information.

Additional Information

For fiscal year 2013, lobbying activities accounted for 23.98 percent of MMC's

Maryland Hospital Association dues. The total calculated lobbying expense for MMC

is \$47,204.



**SCHEDULE D  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ Complete if the organization answered 'Yes,' to Form 990, Part IV, lines 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization

Employer identification number

Meritus Medical Center, Inc.

52-0607949

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 Aggregate contributions to (during year) .....		
3 Aggregate grants from (during year) .....		
4 Aggregate value at end of year .....		

- 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?  Yes  No
- 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?  Yes  No

**Part II Conservation Easements.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 7.

- 1 Purpose(s) of conservation easements held by the organization (check all that apply).
- Preservation of land for public use (e.g., recreation or education)  Preservation of an historically important land area
- Protection of natural habitat  Preservation of a certified historic structure
- Preservation of open space

- 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements .....	2 a
b Total acreage restricted by conservation easements .....	2 b
c Number of conservation easements on a certified historic structure included in (a) .....	2 c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register .....	2 d

- 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ \_\_\_\_\_
- 4 Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_
- 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?  Yes  No
- 6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ \_\_\_\_\_
- 7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ \_\_\_\_\_
- 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)?  Yes  No
- 9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 8.

- 1 a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.
- b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:
- (i) Revenues included in Form 990, Part VIII, line 1. ▶ \$ \_\_\_\_\_
- (ii) Assets included in Form 990, Part X. ▶ \$ \_\_\_\_\_
- 2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:
- a Revenues included in Form 990, Part VIII, line 1. ▶ \$ \_\_\_\_\_
- b Assets included in Form 990, Part X. ▶ \$ \_\_\_\_\_

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** (continued)

- 3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):
- a  Public exhibition
  - b  Scholarly research
  - c  Preservation for future generations
  - d  Loan or exchange programs
  - e  Other \_\_\_\_\_
- 4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1 a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No
- b If 'Yes,' explain the arrangement in Part XIII and complete the following table:
- |                                 | Amount |
|---------------------------------|--------|
| c Beginning balance             | 1 c    |
| d Additions during the year     | 1 d    |
| e Distributions during the year | 1 e    |
| f Ending balance                | 1 f    |
- 2 a Did the organization include an amount on Form 990, Part X, line 21?  Yes  No
- b If 'Yes,' explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

**Part V Endowment Funds.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 10.

	(a) Current	(b) Prior year	(c) Two years	(d) Three years	(e) Four years
1 a Beginning of year balance	1,048,319.	1,046,226.	1,044,234.	1,056,042.	1,031,425.
b Contributions					
c Net investment earnings, gains, and losses	4,958.	26,365.	24,155.	23,318.	29,534.
d Grants or scholarships					
e Other expenditures for facilities and programs	15,594.	24,272.	22,163.	35,126.	4,917.
f Administrative expenses					
g End of year balance	1,037,683.	1,048,319.	1,046,226.	1,044,234.	1,056,042.

- 2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:
- a Board designated or quasi-endowment  \_\_\_\_\_ %
  - b Permanent endowment  100.00 %
  - c Temporarily restricted endowment  \_\_\_\_\_ %
- The percentages in lines 2a, 2b, and 2c should equal 100%.

- 3 a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:
- |   | Yes    | No |
|---|--------|----|
| (i) unrelated organizations   | 3a(i)  | X  |
| (ii) related organizations  | 3a(ii) | X  |
| b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R? | 3b     |    |

4 Describe in Part XIII the intended uses of the organization's endowment funds. See Part XIII

**Part VI Land, Buildings, and Equipment.** See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1 a Land		6,680,317.		6,680,317.
b Buildings		195,593,020.	32,089,678.	163,503,342.
c Leasehold improvements		18,997,037.	6,048,574.	12,948,463.
d Equipment		175,241,004.	97,181,876.	78,059,128.
e Other		623,993.		623,993.

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)  261,815,243.

**Part VII Investments – Other Securities.** See Form 990, Part X, line 12. N/A

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives.....		
(2) Closely-held equity interests.....		
(3) Other		
(A) -----		
(B) -----		
(C) -----		
(D) -----		
(E) -----		
(F) -----		
(G) -----		
(H) -----		
(I) -----		
<b>Total.</b> (Column (b) must equal Form 990, Part X, column (B) line 12.) . . . ▶		

**Part VIII Investments – Program Related.** See Form 990, Part X, line 13. N/A

(a) Description of investment type	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, column (B) line 13.) . . . ▶		

**Part IX Other Assets.** See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Assets held by trustee-debt & construct.	29,044,843.
(2) Equity Investment in Affiliates	43,572,098.
(3) Net assets held by MHF	2,139,380.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, column (B), line 15.) . . . . . ▶	74,756,321.

**Part X Other Liabilities.** See Form 990, Part X, line 25.

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Accrued retirement benefits	1,264,799.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, column (B) line 25.) . . . . . ▶	1,264,799.

2. FIN 48 (ASC 740) Footnote. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII . . . . . See Part XIII . . . . .

<b>Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return</b>		N/A
1	Total revenue, gains, and other support per audited financial statements.....	1
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:	
	a Net unrealized gains on investments.....	2 a
	b Donated services and use of facilities.....	2 b
	c Recoveries of prior year grants.....	2 c
	d Other (Describe in Part XIII.).....	2 d
	e Add lines 2a through 2d.....	2 e
3	Subtract line 2e from line 1.....	3
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1:	
	a Investment expenses not included on Form 990, Part VIII, line 7b.....	4 a
	b Other (Describe in Part XIII.).....	4 b
	c Add lines 4a and 4b.....	4 c
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.).....	5

<b>Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return</b>		N/A
1	Total expenses and losses per audited financial statements.....	1
2	Amounts included on line 1 but not on Form 990, Part IX, line 25:	
	a Donated services and use of facilities.....	2 a
	b Prior year adjustments.....	2 b
	c Other losses.....	2 c
	d Other (Describe in Part XIII.).....	2 d
	e Add lines 2a through 2d.....	2 e
3	Subtract line 2e from line 1.....	3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
	a Investment expenses not included on Form 990, Part VIII, line 7b.....	4 a
	b Other (Describe in Part XIII.).....	4 b
	c Add lines 4a and 4b.....	4 c
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.).....	5

**Part XIII Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**Part V, Line 4 - Intended Uses Of Endowment Fund**

The purpose of the Endowment Funds is to pay the outstanding balances for those patients who meet certain criteria. In order to qualify, individuals must have made 10 consecutive payments, have not been turned over to collections, and have never applied for financial assistance.

**Part X - FIN 48 Footnote**

MMC follows the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or derecognized based on a "more likely

**Part XIII** Supplemental Information (continued)

**Part X - FIN 48 Footnote (continued)**

than not" threshold. This applies to positions taken or expected to be taken in a tax return. MMC does not believe its consolidated financial statements include any material uncertain tax positions.

**Schedule F  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Statement of Activities Outside the United States**

▶ Complete if the organization answered 'Yes' to Form 990, Part IV, line 14b, 15, or 16.  
▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2012**

**Open to Public  
Inspection**

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**Part I** General Information on Activities Outside the United States. Complete if the organization answered 'Yes' to Form 990, Part IV, line 14b.

- 1 **For grantmakers.** Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? ...  Yes  No
- 2 **For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.
- 3 **Activities per Region.** (The following Part I, line 3 table can be duplicated if additional space is needed.)

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
Cen Ame and the (1) Caribbean			Program services	Insurance	889,445.
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
<b>3 a</b> Sub-total .....					889,445.
<b>b</b> Total from continuation sheets to Part I .....					
<b>c</b> Totals (add lines 3a and 3b) ..	0	0			889,445.

**Part II Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 15, for any recipient who received more than \$5,000. Part II can be duplicated if additional space is needed.

1	(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)
(1)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									
(8)									
(9)									
(10)									
(11)									
(12)									
(13)									
(14)									
(15)									
(16)									

2 Enter total number of recipient organizations listed above that are recognized as charities by the foreign country, recognized as tax-exempt by the IRS, or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter..... 0

3 Enter total number of other organizations or entities..... 0

**Part III** Grants and Other Assistance to Individuals Outside the United States. Complete if the organization answered 'Yes' to Form 990, Part IV, line 16. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Region	(c) Number of recipients	(d) Amount of cash grant	(e) Manner of cash disbursement	(f) Amount of non-cash assistance	(g) Description of non-cash assistance	(h) Method of valuation (book, FMV, appraisal, other)
(1)							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							
(17)							
(18)							



**Part IV Foreign Forms**

- 1 Was the organization a U.S. transferor of property to a foreign corporation during the tax year? *If 'Yes,' the organization may be required to file Form 926, Return by a U.S. Transferor of Property to a Foreign Corporation (see Instructions for Form 926)* .....  Yes  No
  
- 2 Did the organization have an interest in a foreign trust during the tax year? *If 'Yes,' the organization may be required to file Form 3520, Annual Return To Report Transactions with Foreign Trusts and Receipt of Certain Foreign Gifts, and/or Form 3520-A Annual Information Return of Foreign Trust With a U.S. Owner (see Instructions for Forms 3520 and 3520-A)* .....  Yes  No
  
- 3 Did the organization have an ownership interest in a foreign corporation during the tax year? *If 'Yes,' the organization may be required to file Form 5471, Information Return of U.S. Persons With Respect To Certain Foreign Corporations. (see Instructions for Form 5471)* .....  Yes  No
  
- 4 Was the organization a direct or indirect shareholder of a passive foreign investment company or a qualified electing fund during the tax year? *If 'Yes,' the organization may be required to file Form 8621, Information Return by a Shareholder of a Passive Foreign Investment Company or Qualified Electing Fund. (see Instructions for Form 8621)* .....  Yes  No
  
- 5 Did the organization have an ownership interest in a foreign partnership during the tax year? *If 'Yes,' the organization may be required to file Form 8865, Return of U.S. Persons With Respect To Certain Foreign Partnerships. (see Instructions for Form 8865)* .....  Yes  No
  
- 6 Did the organization have any operations in or related to any boycotting countries during the tax year? *If 'Yes,' the organization may be required to file Form 5713, International Boycott Report (see Instructions for Form 5713)* .....  Yes  No

**Part V** Supplemental Information

Complete this part to provide the information required by Part I, line 2 (monitoring of funds); Part I, line 3, column (f) (accounting method; amounts of investments vs expenditures per region); Part II, line 1 (accounting method); Part III (accounting method); and Part III, column (c) (estimated number of recipients), as applicable. Also complete this part to provide any additional information (see instructions).

[This area contains horizontal dashed lines for supplemental information.]

**SCHEDULE H**  
**(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

▶ **Complete if the organization answered 'Yes' to Form 990, Part IV, question 20.**  
▶ **Attach to Form 990.** ▶ **See separate instructions.**

Department of the Treasury  
Internal Revenue Service

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**Part I Financial Assistance and Certain Other Community Benefits at Cost**

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

**7 Financial Assistance and Certain Other Community Benefits at Cost**

<b>Financial Assistance and Means-Tested Government Programs</b>	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>a</b> Financial Assistance at cost (from Worksheet 1) .....		3,074	9,359,168.		9,359,168.	2.88
<b>b</b> Medicaid (from Worksheet 3, column a) .....			1,088,344.		1,088,344.	0.34
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b)						
<b>d</b> Total Financial Assistance and Means-Tested Government Programs ...	0	3,074	10,447,512.	0.	10,447,512.	3.22
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) .....		179,345	1,250,585.		1,250,585.	0.39
<b>f</b> Health professions education (from Worksheet 5) .....		3,870	316,168.		316,168.	0.10
<b>g</b> Subsidized health services (from Worksheet 6) .....		26,249	13,554,922.	2,621,024.	10,933,898.	3.37
<b>h</b> Research (from Worksheet 7) .....		984	484,338.	386,627.	97,711.	0.03
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) ..		1,127	498,298.	198,992.	299,306.	0.09
<b>j</b> Total. Other Benefits .....	0	211,575	16,104,311.	3,206,643.	12,897,668.	3.98
<b>k</b> Total. Add line 7d and 7j. ....	0	214,649	26,551,823.	3,206,643.	23,345,180.	7.20

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing..						
2 Economic development .....						
3 Community support.....		4,075	24,854.		24,854.	0.01
4 Environmental improvements.....						
5 Leadership development and training for community members.....						
6 Coalition building .....						
7 Community health improvement advocacy.....		1	1,788.		1,788.	
8 Workforce development.....						
9 Other .....		850	1,433.		1,433.	
10 Total .....	0	4,926	28,075.	0.	28,075.	0.01

**Part III Bad Debt, Medicare, & Collection Practices**

**Section A. Bad Debt Expense**

		Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?.....	1	X	
2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount..... Part .VI	2	11,461,474.	
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and rationale, if any, for including this portion of bad debt as community benefit..... Part .VI	3	1,604,606.	
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements. Part VI			

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME).....	5	285,886,347.	
6 Enter Medicare allowable costs of care relating to payments on line 5.....	6	255,722,942.	
7 Subtract line 6 from line 5. This is the surplus (or shortfall).....	7	30,163,405.	
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other			

**Section C. Collection Practices**

9a Did the organization have a written debt collection policy during the tax year?.....	9a	X	
b If 'Yes,' did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI..... Part VI	9b	X	

**Part IV Management Companies and Joint Ventures (see instructions)**

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1 Maryland Care, Inc.	healthcare	25.0000		
2 Tri-State Health Part., Inc	PHO	50.0000		50.0000
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

**Part V Facility Information**

**Section A. Hospital Facilities**

(list in order of size, from largest to smallest -- see instructions)

How many hospital facilities did the organization operate during the tax year? 1

Name, address and primary website address

1 Meritus Medical Center, Inc.  
 11116 Medical Campus Road  
 Hagerstown, MD 21742

	Licensed hospital	General medical and surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
1 Meritus Medical Center, Inc. 11116 Medical Campus Road Hagerstown, MD 21742	X	X			X		X			

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of hospital facility or facility reporting group Meritus Medical Center, Inc.

For single facility filers only: line number of hospital facility (from Schedule H, Part V, Section A) 1

Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		Yes	No
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If 'No,' skip to line 9. . . . .	X	
	If 'Yes,' indicate what the CHNA report describes (check all that apply):		
a	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b	<input checked="" type="checkbox"/> Demographics of the community		
c	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input checked="" type="checkbox"/> How data was obtained		
e	<input checked="" type="checkbox"/> The health needs of the community		
f	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input checked="" type="checkbox"/> Other (describe in Part VI) <span style="float: right;">Part VI</span>		
2	Indicate the tax year the hospital facility last conducted a CHNA: <u>2013</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If 'Yes,' describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted. . . . . <span style="float: right;">Part VI</span>	X	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If 'Yes,' list the other hospital facilities in Part VI. . . . .		X
5	Did the hospital facility make its CHNA widely available to the public? . . . . .	X	
	If 'Yes,' indicate how the CHNA was made widely available (check all that apply):		
a	<input checked="" type="checkbox"/> Hospital facility's website		
b	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
c	<input checked="" type="checkbox"/> Other (describe in Part VI) <span style="float: right;">Part VI</span>		
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):		
a	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
b	<input checked="" type="checkbox"/> Execution of the implementation strategy		
c	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
d	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
e	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
g	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
h	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If 'No,' explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs. . . . . <span style="float: right;">Part VI</span>		X
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .		X
8b	If 'Yes' to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .		
8c	If 'Yes' to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V Facility Information** (continued) Meritus Medical Center, Inc. Copy 1 of 1

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?.....	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?..... If 'Yes,' indicate the FPG family income limit for eligibility for free care: <u>150</u> % If 'No,' explain in Part VI the criteria the hospital facility used.	X	
11	Used FPG to determine eligibility for providing discounted care?..... If 'Yes,' indicate the FPG family income limit for eligibility for discounted care: <u>300</u> % If 'No,' explain in Part VI the criteria the hospital facility used.	X	
12	Explained the basis for calculating amounts charged to patients?..... If 'Yes,' indicate the factors used in determining such amounts (check all that apply):	X	
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input checked="" type="checkbox"/> Medical indigency		
d	<input checked="" type="checkbox"/> Insurance status		
e	<input checked="" type="checkbox"/> Uninsured discount		
f	<input checked="" type="checkbox"/> Medicaid/Medicare		
g	<input checked="" type="checkbox"/> State regulation		
h	<input type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?.....	X	
14	Included measures to publicize the policy within the community served by the hospital facility?..... If 'Yes,' indicate how the hospital facility publicized the policy (check all that apply):	X	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input checked="" type="checkbox"/> The policy was attached to billing invoices		
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input checked="" type="checkbox"/> Other (describe in Part VI)		
Part VI			

Billing and Collections		Yes	No
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?.....	X	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		
17	Did the hospital facility or an authorized a third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?..... If 'Yes,' check all actions in which the hospital facility or a third party engaged:		X
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information** (continued)

18 Indicate which efforts the hospital facility made before initiating any of the actions checked in line 17 (check all that apply)

- a  Notified patients of the financial assistance policy on admission
- b  Notified patients of the financial assistance policy prior to discharge
- c  Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills
- d  Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy
- e  Other (describe in Part VI)

**Policy Relating to Emergency Medical Care**

	Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?.....	X	
If 'No,' indicate why:		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b <input type="checkbox"/> The hospital facility's policy was not in writing		
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)		
d <input type="checkbox"/> Other (describe in Part VI)		

**Charges to Individuals Eligible for Financial Assistance under the FAP (FAP-Eligible Individuals)**

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.		
a <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged		
b <input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged		
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged		
d <input checked="" type="checkbox"/> Other (describe in Part VI) <span style="float: right;">Part VI</span>		
21 During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?.....		X
If 'Yes,' explain in Part VI.		
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?.....		X
If 'Yes,' explain in Part VI.		



Part V Facility Information (continued)

Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 0

Name and address	Type of Facility (describe)

**Part VI Supplemental Information**

Complete this part to provide the following information.

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- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
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**Part I, Line 6a - Related Organization Community Benefit Report**

Meritus Medical Center (MMC) prepares a community benefits report through the Maryland Health Services Cost Review Commission (HSCRC), and it is available via their website. This is in addition to the Community Health Needs Assessment report prepared by MMC in accordance with IRC Section 501(r).

**Part I, Line 7 - Explanation of Costing Methodology**

The direct cost was calculated by using the expense categories for salaries and wages, benefits, expendable supplies, purchased services, repairs and maintenance and depreciation. The indirect cost was calculated using the approved methodology on the community benefit report.

**Part I, Line 7, Column F - Explanation of Bad Debt Expense**

Meritus Medical Center (MMC) is committed to providing quality health care for all patients regardless of their ability to meet the associated financial obligation and without discrimination on the grounds of race, color, national origin or creed. It shall be the policy of MMC to ensure that all appropriate and reasonable efforts have been made prior to referring an account to bad debt, a collection agency or outside attorney. In addition, a satisfactory level of control is maintained over bad debts and levels of management are involved in the decision making process prior to write-off and/or assignment of bad debt.

**Part V Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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**Part I, Line 7g - Costs Associated With Physicians Clinics**

Subsidized health services for Meritus Medical Center include the following:

- (1) Hospital owned endocrinology and diabetes program
- (2) The Medication Assistance Center
- (3) Hospital owned psychiatric practice
- (4) Level III trauma program
- (5) On-call fees for emergency specialist call
- (6) Hospice of Washington County allowed a voluntary contractual allowance

**Part III, Line 2 - Methodology Used To Estimate Bad Debt Expense**

MMC uses historical reimbursement trends in determining bad debt expense and adjusts the accounting based on known variances or adjustments. MMC utilizes HFMA statement #15 to report bad debt expense.

**Part III, Line 3 - Methodology of Estimated Amount & Rationale for Including in Community Benefit**

MMC is using the number of denied charity care applications as a percentage of total charity care applications to determine the percentage applied against bad debt expense to obtain the estimated bad debt attributable to the charity care policy.

**Part III, Line 4 - Bad Debt Expense**

Meritus Medical Center (MMC) provides an allowance for doubtful accounts for estimated losses resulting from the unwillingness or inability of patients to make

**Part VI Supplemental Information**

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**Part III, Line 4 - Bad Debt Expense (continued)**

payments for services. The allowance is determined by analyzing specific accounts and historical data and trends. Patient accounts receivable are charged off against the allowance for doubtful accounts when management determines that recovery is unlikely and MMC ceases collection efforts. Losses have been consistent with management's expectations.

**Part III, Line 9b - Provisions On Collection Practices For Qualified Patients**

Meritus Medical Center is committed to providing quality health care for all patients regardless of their inability to meet the associated financial obligation and without discrimination on the grounds of race, color, national origin or creed. Financial assistance can be offered during, or after services are rendered. The financial assistance procedures are designed to assist individuals who qualify for less than full coverage under available federal, state and local medical assistance programs, but whom residual "self-pay" balances exceed their own ability to pay.

Meritus Medical Center informs patients and/or their families of the hospital's financial assistance policy by providing a copy of the policy and contact information as part of the intake process. The financial assistance policy and contact information is posted in the admitting area, emergency room and other areas throughout the facility where eligible patients are likely to present. When

**Part VI Supplemental Information**

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**Part III, Line 9b - Provisions On Collection Practices For Qualified Patients (continued)**

applicable, a representative of the hospital discusses the availability of financial assistance as well as Medicaid and other governmental benefits with patients or their families. The hospital makes every effort to inform patients of this policy throughout their visit.

A financial application that has been approved for financial assistance will remain eligible for a period of six months. Patients or guarantors incurring accounts after the six month period will be required to reapply, so that any changes in their financial status can be reassessed. Accounts receivable accounts approved for financial assistance will be reconciled by the Finance Department at fiscal year end and reported annually to the Health Services Cost Review Commission of the State of Maryland. If financial assistance is denied, a payment arrangement will be obtained on any balance due by the patient or the guarantor by a Patient Financial Services Representative.

It is important to note that MMC's policies and practices governing financial assistance, limitation of health service charges billing as well as bill collection are consistent with the requirements of the Affordable Care Act and related Internal Revenue Code Section 501(r).

**Part V Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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**Part V, Line 1j - Description of Other Needs Assessment**

A sustained outcome of the CHNA process was the development of a local Washington County Health Improvement Coalition (WCHIC) which MMC helped lead and continues to co-facilitate with the local department of health.

**Part V, Line 3 - Account Input from Person Who Represent the Community**

Meritus Medical Center (MMC) conducted a behavioral risk factor surveillance survey and community questionnaire from a random sample of adult residents living in the service region to learn about their health and health needs. Individual focused interviews were conducted at the local Hispanic Festival, and a provider focus group was conducted with MMC Care Management staff. A broad coalition of community leaders and providers joined together to design the data gathering process and analyze the results.

**Part V, Line 5c - Description of Making Needs Assessment Widely Available**

A public press conference was conducted on November 29, 2012 to present the CHNA findings and answer questions.

**Part V, Line 7 - Explanation of Needs Not Addressed and Reasons Why**

Some of the health needs not being addressed by MMC at this time include access to dental care, lack of insurance coverage, child abuse, geriatric mental health and healthy environments due to limited, finite resources. Other community providers and organizations are using the results of the CHNA to help target these other unmet

**Part VI Supplemental Information**

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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**Part V, Line 7 - Explanation of Needs Not Addressed and Reasons Why (continued)**

needs based on strengths, expertise and resources. The plan is being reviewed periodically to measure progress towards goal achievement and modify action steps as needed. As resources become available and can be allocated the action plan will incorporate additional needs and goals.

**Part V, Line 14g - Other Means Hospital Facility Publicized the Policy**

Meritus Medical Center's (MMC) patient acceptance policy is based upon its mission statement and its charitable purposes. This policy results in MMC's assumption of higher-than-normal credit risk from its patients. To the extent that MMC realizes additional losses resulting from such higher credit risks and clients are not identified or do not meet MMC's defined charity care policy, such additional losses are included in the provision for bad debt.

**Part V, Line 20d - Other Billing Determination of Individuals Without Insurance**

MMC is a part of Maryland's regulatory system that differs from the rest of the nation. Maryland's Health Services Cost Review Commission (HSCRC) has a rate-setting process whereas all rates charged for emergency or other medically necessary care are the same for all persons at the hospital for the same services delivered.

Therefore all patients are billed on a (cost) basis, not on a (gross charge) basis.

**Part VI Supplemental Information**

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**Part VI - Needs Assessment**

Community Health Needs Assessment Plan and Implementation as requested by IRC

Section 501(r).

Meritus Medical Center conducted a Community Health Needs Assessment

that conforms to the IRS definition. This report includes a comprehensive review and analysis of the data regarding health issues and needs of Washington County, MD.

This study was conducted to identify the health needs and issues of the region and to provide useful information to health care providers, policy makers, collaborative groups, social service agencies, community groups and organizations, churches, businesses, and consumers who are interested in improving the health status of the community and region. The results enable the health system and other providers to more strategically establish priorities, develop interventions and commit resources to improve the health status of the region.

Improving the health of the community is foundational to the mission of Meritus Medical Center and should be an important focus for everyone in the county, individually and collectively. In addition to the education, patient care and

program interventions provided through the health system, hopefully the information



**Part V Supplemental Information**

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**Part VI - Needs Assessment (continued)**

in this study will encourage additional activities and collaborative efforts to improve the health status of the community.

The Community Needs Health Assessment (CHNA) data collection occurred between July 1, 2012 - November 15, 2012 (FY2013). Meritus Medical Center (MMC) conducted a behavioral risk factor surveillance survey and community questionnaire from a random sample of adult residents living in the service region to learn about their health and health needs. Individual focused interviews were conducted at the local Hispanic Festival, and a provider focus group was conducted with MMC Care Management staff. A broad coalition of community leaders and providers joined together to design the data gathering process and analyze the results. The Meritus Medical Center Board of Directors reviewed the CHNA findings and approved a plan of action on March 28, 2013 (FY2013). A public press conference was conducted on November 29, 2012 to present the CHNA findings and answer questions.

Following approval by the Meritus Medical Center Board of Directors, the FY2013 CHNA was publically posted on the organization website and can be publically viewed online at:

<http://www.meritushealth.com/About-Meritus-Health/Serving-Our-Community/Community-Health-Needs-Assessment.aspx>

**Part VI Supplemental Information**

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**Part VI - Needs Assessment (continued)**

A direct link to the FY2013 CHNA is:

<http://www.meritushealth.com/documents/MERITUS-MASTER-REPORT-5-3-13.pdf> The CHNA results identified forty-two community health needs. The CHNA steering committee invited members of Meritus Senior Leadership team and all community leaders to review the data, needs and issues on October 24, 2012. The group used four criteria to prioritize the needs; 1. Magnitude of the problem, 2. Variance against benchmarks, 3. Impact on other health outcomes, and 4. Capacity to address. The prioritization criterion narrowed and identified the issues that when addressed will have the greatest potential impact on improving the community's health. The six prioritized FY2013 CHNA needs are:

1. Reduce obesity and increase physical activity
2. Improve the management of diabetes and reduce mortality
3. Reduce heart disease mortality and promote smoking cessation
4. Reduce cancer mortality by expanding access to care and research
5. Improve mental health treatment access and reduce ED visits
6. Reduce teen pregnancy

Completing the CHNA process provided the opportunity to increase awareness and rally community providers. In September 2011, the Office of Population Health Improvement

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
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- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

**Part VI - Needs Assessment (continued)**

introduced the Maryland State's Health Improvement Process (SHIP) to provide constantly updated data, resources and tools for localities to work collaboratively to identify needs and improve population health. At the local level, these concepts lead to an alignment of community health improvement efforts between Meritus' CHNA and the state's SHIP. A sustained outcome of the CHNA process was the development of a local Washington County Health Improvement Coalition (WCHIC) which MMC helped lead and continues to co-facilitate with the local department of health.

At the conclusion of the CHNA data assessment it was recognized that many more needs were identified and exist than can be successfully met by the hospital alone due to limited, finite resources. Some of the health needs not made a priority for MMC at this time include access to dental care, lack of insurance coverage, child abuse, geriatric mental health and healthy environments. Other community providers and organizations are using the results of the CHNA to help target these other unmet needs based on strenghts, expertise and resources. For example the Walnut Street Clinic, an FOHC, is expanding access to dental care to persons in Washington County.

The local Washington County Health Improvement Coalition Meritus Medical is using the CHNA to address access to healthcare issues and a lack of health insurance by providing locations for the MD Health Exchange Navigators to reach uninsured

**Part VI Supplemental Information**

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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**Part VI - Needs Assessment (continued)**

persons. Other identified CHNA health needs are being addressed by the Strategic Community Impact Council (SCIP), a collaboration of diverse community providers, leaders and volunteers who are targeting needs through eleven different work committees; Education, Arts, Culture and Tourism, Jobs and Economic Development, Health and Well-Being, Family Safety, Older Adults, Transportation, Public Safety, Disability, Self Sufficiency and Civic Engagement. SCIP is leading a new initiative to help meet the health and well-being needs of children in this community. Meritus Medical Center continues to provide leadership, guidance and active participation on achieving the initiatives and goals of all these population health improvement efforts.

The initial CHNA Action Plan was approved by the Meritus Medical Center Board of Directors on March 28, 2013 as part of the CHNA requirement. Since that date the action plan has been expanded to include specific, measurable, attainable, relevant, time-bound goals that align with the prioritized needs. Meritus Medical Center has established a Community Health Team that routinely meets to assess how the organization is making progress on the goals and meeting CHNA needs. The Action Plan includes collaborative efforts between Meritus Medical Center and the local

Washington County Health Improvement Coalition to guide county wide community health

**Part VI Supplemental Information**

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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**Part VI - Needs Assessment (continued)**

initiatives to meet needs and improve the overall health of people living in the region. The plan is being reviewed periodically to measure progress towards goal achievement and modify action steps as needed. As resources become available and can be allocated the action plan will incorporate additional needs and goals. The CHNA process has been included in Meritus Medical Center's strategic planning process. As we reach the FY 2016 planning period, a comprehensive review of the progress that has been made towards meeting these prioritized health needs will be taken into account as we prepare to conduct the next community health needs assessment.

**Part VI - Patient Education of Eligibility for Assistance**

Meritus Medical Center informs patients and/or their families of the hospital's financial assistance policy by providing a copy of the policy and contact information as part of the intake process. The financial assistance policy and contact information is posted in the admitting area, emergency room and other areas throughout the facility where eligible patients are likely to present. When applicable, a representative of the hospital discusses the availability of financial assistance as well as Medicaid and other governmental benefits with patients or their families. The hospital makes every effort to inform patients of this policy throughout their visit.

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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**Part VI - Patient Education of Eligibility for Assistance (continued)**

MMC follows the Maryland Hospital Association's Standards for Financial Assistance for Maryland. MMC will provide 100 percent free hospital care for patients below 150 percent of Federal Poverty levels and who have less than \$10,000 in net assets.

When a patient's income and/or net assets does not qualify them for 100 percent financial assistance, they may be eligible to qualify for financial assistance based on a sliding scale. MMC will consider the size of a patient's bill relative to their ability to pay in determining financial assistance options, which could include payment plans. MMC will grant financial assistance for services determined to be medically necessary.

**Part VI - Community Information**

MMC is the largest healthcare provider in Western MD, located at the crossroads of western MD, southern PA, and the eastern panhandle of WV. MMC is an acute care hospital with 272 single-patient rooms providing services including a special care nursery, a designated trauma center, a primary stroke center, a wound center, and a designated cardiac interventional center. As the leading provider of health care services in the tri-state region, MMC's primary service area is Washington County, MD including primary service area zip codes 21740, 21742, 21795, 21713 and 21783 - with residents of that county making up the majority of the hospital's customers - while also serving residents of Frederick County, MD; Franklin County, PA; Fulton

**Part V Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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**Part VI - Community Information (continued)**

County, PA; Morgan County, WV; Jefferson County, WV; and Berkeley County, WV.

Within MMC's community service benefit area; the total population is 149,180 with

51.1% male residents and 48.9% female residents; median age is 39.5; median

household income is \$52,028; percentage of households with incomes below the federal

poverty guidelines is 11.2%; the percentage of uninsured people by county is 12%;

percentage of Medicaid recipients by County is 9.7%; and the life expectancy by

county is 78.2.

**Part VI - Community Building Activities**

MMC participates in several community building activities. MMC nutrition center

staff are used for the coordination and support of the weekly Farmer's Market held

at MMC. The Care Management staff spend time attending the outreach social planning

meeting. MMC staff spend time in coordinating and distributing materials for the

annual United Way campaign. Several other activities MMC has participated in

include the following: American Heart Walk, Cancer Survivor's Picnic, Frederick

Rescue Mission event, Children's Health event, volunteer EMT, Habitat for Humanity

event and assistance with the Community Free Clinic.

**Part VI - Explanation Of How Organization Furthers Its Exempt Purpose**

See Schedule O for explanation under Program Service Accomplishments.

**Part V Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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**Part VI - Affiliated Health Care System Roles and Promotion**

Meritus Healthcare Foundation - 501(c)(3) - provides fund development, financial & other assistance to MMC. MHF is operated exclusively for the charitable & educational purpose of supporting quality health care & related services of MMC.

Meritus Enterprises - C corp - provider of ambulatory health care services. MEI insures an adequate supply of physicians in many medical specialities are available in this region.

**Part VI - States Where Community Benefit Report Filed**

MD

**Additional Information**

Maryland Healthcare Regulatory System

Part I, Lines 7a & 7b Columns (c) through (f) - Maryland's regulatory system creates a unique process for hospital payment that differs from the rest of the nation. The Health Services Cost Review Commission, (HSCRC) determines payment through a rate-setting process and all payors, including governmental payors, pay the same amount for the same services delivered at the same hospital. Maryland's unique all-payor system includes a method for referencing Uncompensated Care in each payors' rates, which does not enable Maryland hospitals to breakout any directed offsetting revenue related to Uncompensated Care. Community benefit expenses are



**Part VI Supplemental Information**

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**Additional Information (continued)**

equal to Medicaid revenues in Maryland, as such, the net effect is zero. The  
 exception to this is the impact on the hospital of its share of the Medicaid  
 assessment. In recent years, the state of Maryland has closed fiscal gaps in the  
 state Medicaid budget by assessing hospitals through the rate-setting system.

**SCHEDULE I**  
**(Form 990)**

**Grants and Other Assistance to Organizations,  
Governments, and Individuals in the United States**

OMB No. 1545-0047

**2012**

Department of the Treasury  
Internal Revenue Service

Complete if the organization answered 'Yes' to Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990.

**Open to Public  
Inspection**

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**Part I General Information on Grants and Assistance**

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  Yes  No
- 2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States. See Part IV

**Part II Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

1 (a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) -----							
(2) -----							
(3) -----							
(4) -----							
(5) -----							
(6) -----							
(7) -----							
(8) -----							

- 2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table 0
- 3 Enter total number of other organizations listed in the line 1 table 0

BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

TEEA3901L 11/30/12

Schedule I (Form 990) (2012)

**Part III** Grants and Other Assistance to Individuals in the United States. Complete if the organization answered 'Yes' to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1 HSCRC Nursing Grant	13	240,858.		N/A	N/A
2					
3					
4					
5					
6					
7					

**Part IV** Supplemental Information. Complete this part to provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

**Part I, Line 2 - Procedures for Monitoring Use of Grants Funds in U.S.**

The HSCRC grant provides money to employees of the Hospital who are enrolled in the Hagerstown Community College nursing program. The grant program pays for all of the student's tuition, books, and fees with an agreement that upon graduation the student will work for the Hospital as a registered nurse. The grant also provides monies for registered nurses who are working on their MSN in education. Each award recipient will be required to sign a Service Card Agreement with the Meritus Medical Center. The length of payback will be one year of service (equivalent to 2,080 hours of service) for each year of the grant you receive. The program is five semesters long and most recipients will owe 4,160 hours.

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

- ▶ Complete if the organization answered 'Yes' to Form 990, Part IV, line 23.
- ▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**Part I Questions Regarding Compensation**

**1 a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- |  |  |
|--|--|
| <input type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees   |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

**b** If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If 'No,' complete Part III to explain. ....

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a? .....

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- |   |   |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee              | <input checked="" type="checkbox"/> Written employment contract                     |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations                | <input checked="" type="checkbox"/> Approval by the board or compensation committee |

**4** During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment? ..... **4 a** X
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan? ..... **4 b** X
- c** Participate in, or receive payment from, an equity-based compensation arrangement? ..... **4 c** X
- If 'Yes' to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.

**Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.**

**5** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization? ..... **5 a** X
- b** Any related organization? ..... **5 b** X
- If 'Yes' to line 5a or 5b, describe in Part III.

**6** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization? ..... **6 a** X
- b** Any related organization? ..... **6 b** X
- If 'Yes' to line 6a or 6b, describe in Part III.

**7** For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If 'Yes,' describe in Part III. .... **Part III** **7** X

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If 'Yes,' describe in Part III. .... **8** X

**9** If 'Yes' to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)? ..... **9**

	Yes	No
<b>1 b</b>		
<b>2</b>		
<b>4 a</b>	X	
<b>4 b</b>	X	
<b>4 c</b>		X
<b>5 a</b>		X
<b>5 b</b>		X
<b>6 a</b>		X
<b>6 b</b>		X
<b>7</b>	X	
<b>8</b>		X
<b>9</b>		

**BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990.**

Schedule J (Form 990) 2012

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

**Note.** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable columns (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus and incentive compensation	(iii) Other reportable compensation				
1 Thomas Gilbert MD Director	498,350. 0.	78,972. 0.	25,760. 0.	10,936. 0.	10,236. 0.	624,254. 0.	0. 0.
2 Joseph Ross President & CEO	485,276. 0.	125,302. 0.	22,364. 0.	127,069. 0.	28,884. 0.	788,895. 0.	0. 0.
3 Raymond Grahe VP/Treasurer	351,499. 0.	51,034. 0.	11,508. 0.	19,264. 0.	16,247. 0.	449,552. 0.	0. 0.
4 Carolyn Simonsen VP/Secretary	199,306. 0.	32,196. 0.	2,960. 0.	13,362. 0.	11,341. 0.	259,165. 0.	0. 0.
5 Deborah Addo-Samuels Senior Vice President	238,316. 0.	46,325. 0.	16,844. 0.	19,969. 0.	13,405. 0.	334,859. 0.	0. 0.
6 Kelly Corbi Vice President	227,100. 0.	40,504. 0.	0. 0.	16,777. 0.	20,094. 0.	304,475. 0.	0. 0.
7 Jesus Cepero Vice President	187,048. 0.	16,340. 0.	1,032. 0.	8,464. 0.	2,243. 0.	215,127. 0.	0. 0.
8 Heather Lorenzo Vice President	277,200. 0.	24,334. 0.	4,023. 0.	15,356. 0.	18,542. 0.	339,455. 0.	0. 0.
9 Jake Dorst Vice President	177,201. 0.	15,660. 0.	4,961. 0.	6,169. 0.	16,473. 0.	220,464. 0.	0. 0.
10 Dale Bushey Vice President	145,425. 0.	15,710. 0.	0. 0.	8,453. 0.	20,447. 0.	190,035. 0.	0. 0.
11 Jayantilal Kadiwar, MD Physician	294,000. 0.	32,905. 0.	12,877. 0.	10,392. 0.	7,531. 0.	357,705. 0.	0. 0.
12 Matthew Wagner, MD Physician	300,593. 0.	30,000. 0.	12,339. 0.	15,591. 0.	11,165. 0.	369,688. 0.	0. 0.
13 Garry Seligman, MD Physician	219,216. 0.	0. 0.	0. 0.	9,951. 0.	9,569. 0.	238,736. 0.	0. 0.
14 Stephen Carpenter Exec Director	210,507. 0.	41,231. 0.	462. 0.	9,565. 0.	8,096. 0.	269,861. 0.	0. 0.
15 Allen Field Exec Director	179,386. 0.	15,158. 0.	49,026. 0.	8,444. 0.	1,621. 0.	253,635. 0.	0. 0.
16 Michael Zampelli Former officer	0. 0.	0. 0.	219,386. 0.	0. 0.	16,706. 0.	236,092. 0.	0. 0.

**Part III Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, for Part II. Also complete this part for any additional information.

**Part I, Line 7 - Non-Fixed Payments Not Listed**

Incentive based compensation is determined by agreed upon individual and corporate goals by the Compensation Committee of the MMC Board.

**Part III - Additional Information**

Joseph Ross is a participant in a 457F plan. \$118,771 has been deferred by Meritus Medical Center and is not substantially vested.

Part I, Line 4a - Mike Zampelli - \$236,092.

Continuation Sheet for Schedule J (Form 990)

Name of the organization: Meritus Medical Center, Inc. Employer identification number: 52-0607949

Part II Continuation of Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (Schedule J, Part II)

Table with columns: (A) Name and Title, (B) Breakdown of W-2 and/or 1099-MISC compensation (i) Base, (ii) Bonus & incentive, (iii) Other reportable, (C) Retirement and other deferred compensation, (D) Nontaxable benefits, (E) Total of columns (B)(i)-(D), (F) Compensation reported as deferred in prior Form 990. Includes entry for Marc Kross, Former officer.

**SCHEDULE K**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

Meritus Medical Center, Inc.

**Part I Bond Issues**

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A MD Hlth & Hig Ed Fac Aut	52-0935091	574217T21	2/12/2008	264,300,000.	Construction-new hospital		X		X		X
B											
C											
D											

Employer identification number

52-0607949

OMB No. 1545-0047

**2012**

Open to Public Inspection

**Supplemental Information on Tax Exempt Bonds**

▶ Complete if the organization answered 'Yes' to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.  
▶ Attach to Form 990. ▶ See separate instructions.

**Part II Proceeds**

	A	B	C	D
1 Amount of bonds retired				
2 Amount of bonds legally defeased				
3 Total proceeds of issue	262,855,181.			
4 Gross proceeds in reserve funds	18,344,513.			
5 Capitalized interest from proceeds				
6 Proceeds in refunding escrows				
7 Issuance costs from proceeds	3,121,975.			
8 Credit enhancement from proceeds				
9 Working capital expenditures from proceeds				
10 Capital expenditures from proceeds	235,980,961.			
11 Other spent proceeds	5,407,732.			
12 Other unspent proceeds				
13 Year of substantial completion				

	Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X						
15 Were the bonds issued as part of an advance refunding issue?		X						
16 Has the final allocation of proceeds been made?	X							
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

**Part III Private Business Use**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X						
2 Are there any lease arrangements that may result in private business use of bond-financed property?		X						

**BAA For Paperwork Reduction Act Notice, see the Instructions for Form 990.**

Schedule K (Form 990) 2012



**Part III Private Business Use (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts that may result in private business use of bond-financed property? .....		X						
<b>b</b> If 'Yes' to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property? .....								
<b>c</b> Are there any research agreements that may result in private business use of bond-financed property? .....		X						
<b>d</b> If 'Yes' to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property? .....								
<b>4</b> Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government. ....		3.000 %						
<b>5</b> Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government. ....		%						
<b>6</b> Total of lines 4 and 5. ....		3.000 %						
<b>7</b> Does the bond issue meet the private security or payment test? .....	X							
<b>8a</b> Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued? .....		X						
<b>b</b> If 'Yes', to line 8a, enter the percentage of bond-financed property sold or disposed of. ....		%						
<b>c</b> If 'Yes' to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2? .....								
<b>9</b> Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2? .....	X							

**Part IV Arbitrage**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> Has the issuer filed Form 8038-T? .....	X							
<b>2</b> If 'No' to line 1, did the following apply? .....								
<b>a</b> Rebate not due yet? .....								
<b>b</b> Exception to rebate? .....								
<b>c</b> No rebate due? .....								
If you checked 'No rebate due' in line 2c, provide in Part VI the date the rebate computation was performed. ....								
<b>3</b> Is the bond issue a variable rate issue? .....		X						
<b>4a</b> Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? .....		X						
<b>b</b> Name of provider. ....								
<b>c</b> Term of hedge. ....								
<b>d</b> Was the hedge superintegrated? .....								
<b>e</b> Was the hedge terminated? .....								



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

**Transactions With Interested Persons**

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

▶ Complete if the organization answered 'Yes' on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, 28c, or Form 990-EZ, Part V, line 38a or 40b.  
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.

Department of the Treasury  
Internal Revenue Service

Name of the organization: **Meritus Medical Center, Inc.** Employer identification number: **52-0607949**

**Part I Excess Benefit Transactions** (section 501(c)(3) and section 501(c)(4) organizations only).  
Complete if the organization answered 'Yes' on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

1	(a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected?	
				Yes	No
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					

2 Enter the amount of tax incurred by the organization managers or disqualified persons during the year under section 4958 ..... ▶ \$ \_\_\_\_\_  
3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization ..... ▶ \$ \_\_\_\_\_

**Part II Loans to and/or From Interested Persons.**  
Complete if the organization answered 'Yes' on Form 990-EZ, Page V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

1	(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization?		(e) Original principal amount	(f) Balance due	(g) In default?		(h) Approved by board or committee?		(i) Written agreement?	
				To	From			Yes	No	Yes	No	Yes	No
(1)													
(2)													
(3)													
(4)													
(5)													
(6)													
(7)													
(8)													
(9)													
(10)													
Total .....							▶ \$						

**Part III Grants or Assistance Benefiting Interested Persons.**  
Complete if the organization answered 'Yes' on Form 990, Part IV, line 27.

1	(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of Assistance	(e) Purpose of assistance
(1)					
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

**Part IV Business Transactions Involving Interested Persons.**

Complete if the organization answered 'Yes' on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Greg Snook	Director	116,320.	See suppl. info. below		X
(2) William Reuter	Director	25,156.	See supp info below		X
(3) David Solberg, MD	Director	244,844.	See supp info below		X
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

**Part V Supplemental Information**

Complete this part to provide additional information for responses to questions on Schedule L (see instructions).

Supplemental Information

Greg Snook's family member owns a storage company in which MMC leases space. Bill Reuter's family member is an employee of MMC. David Solberg, MD is part owner in property leased by an entity under MMC. These are all arms' length transactions disclosed in accordance with the conflict of interest policy. All interest persons have recused themselves from any decision-making surrounding the disclosure.

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

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

**2012**

**Open to Public  
Inspection**

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**Part I**

Effective February 1, 2013, Meritus Health, Inc. completed a corporate reorganization. The goal of the reorganization was to facilitate an improved governance structure. The Meritus Medical Center Endowment Development Company, Inc., the Meritus Medical Center Endowment Fund and Meritus Health, Inc. all merged into Meritus Medical Center, Inc. The surviving organization, Meritus Medical Center, Inc. ("MMC") is the parent corporation of the Meritus Healthcare Foundation, Inc. ("MHF"), the Meritus Insurance Company, Ltd. ("MIC") and Meritus Holdings, LLC ("Holdings"), which owns Meritus Enterprises ("MEI").

**Part I, Line 6 - Volunteers**

Meritus Medical Center receives volunteers that are recruited by the Meritus Medical Center Auxiliary, Inc. ("Auxiliary"). The mission of the Auxiliary is to cooperate and assist in the work of the medical center by promoting the medical center's work in the community and supplementing the work of the staff of the medical center.

**Part VI, Line 16a**

Meritus Medical Center holds a 25% equity interest in Maryland Care, Inc. Maryland Care, Inc. d/b/a Maryland Physicians Care is a managed care organization ("MCO") that was established to serve Maryland's Medicaid population as a result of the State's requirement for Medicaid patients to be a member of an MCO.

Meritus Medical Center holds a 50% equity interest in Tri-State Health Partners ("THP"). THP is an innovative physician-hospital organization ("PHO") established to organize, assemble and facilitate the provision of cost effective health care services. The partnership consists of more than 200 local physicians and the Hospital. THP is involved in the medical management of more than 6,000 covered lives through regional self-insured businesses. In April of 2009, THP developed a clinical integration program that was approved by the Federal Trade Commission

Name of the organization

Employer identification number

Meritus Medical Center, Inc.

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("FTC"). THP has one of only three clinical integration programs that have been approved by the FTC to date. Within a clinical integration program, physicians agree to work together with a high degree of cooperation, collaboration and mutual interdependence that focuses on improving the quality of care they collectively provide. Physicians use electronic health record technology to coordinate treatment among the patients' healthcare providers, which can substantially reduce the cost of care.

**Part VI, Line 16b**

As defined by the Meritus Medical Center bylaws which state the process for joint venture activity, a joint venture arrangement with a taxable entity would first be evaluated by the the Meritus Medical Center Board. After presentation and approval by the board, the Finance & Capital Board of Meritus Medical Center, Inc. would evaluate the financial implications of the joint venture. The Audit & Business Integrity Committee of the Meritus Medical Center, Inc. Board would analyze any possible interested party transactions and the limitations and prohibitions associated with the section 501(c)(3) status of the medical center. The Meritus Medical Center, Inc. Board would ultimately need to approve any joint venture resolutions.

**Part VII, Section A, Line 2**

The salary & benefits that Dr. Gilbert received are for his services as a physician. Compensation provided to this person was for services provided in his capacity as an officer/employee of MMC and affiliates, not in his capacity as a director.

**Part XII, Line 2b**

Meritus Medical Center received consolidated audited financial statements prepared in accordance with GAAP from an independent accounting firm.

Name of the organization <b>Meritus Medical Center, Inc.</b>	Employer identification number <b>52-0607949</b>
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**Form 990, Part III, Line 1 - Organization Mission**

**Mission**

MMC exists to improve the health status of our region by providing comprehensive health services to patients and families.

The mission emphasizes three core activities of MMC:

1. Providing patient and family centered care by bringing patient and family perspectives into the planning, delivery, and evaluation of care to improve healthcare quality and safety at MMC.
2. Improving the health status of our region by responding to national healthcare reform and total patient revenue economic structures that incentivize value by expanding the focus of MMC to include improving the health status of our region.
3. Functioning as a regional health system by meeting the healthcare needs of the communities beyond MMC's traditional service area of Washington County.

**Vision**

MMC will relentlessly pursue excellence in quality, service, and performance.

**Values**

The culture of MMC is driven by the values of teamwork, stewardship, accountability, integrity, advocacy, and innovation.

**Form 990, Part III, Line 4a - Program Service Accomplishments**

The mission, vision and values of the Meritus Medical Center (MMC) are summarized in MMC's pledge: Responsiveness to need. Excellence in Caring. Respect for All. The pledge says that MMC strives to meet the healthcare needs of the citizens of the tri-state region, is dedicated to providing quality patient care in a safe and caring environment and that MMC esteems the personal dignity of patients and staff.

Every day, the hospital's employees live out MMC's values by treating others as they would like to be treated. MMC participates in a variety of activities that focus on the well-being of the patients, including committees and teams that evaluate the

Name of the organization

Meritus Medical Center, Inc.

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**Form 990, Part III, Line 4a - Program Service Accomplishments**

progress in the areas of quality patient care, patient safety and professional development. Many staff members provide outreach to the community through educational offerings which have been identified by a survey of community health education needs.

As a tax exempt hospital, MMC contributes funds to help many people who might not be able to afford their healthcare. These dollars are used to provide free, reduced-cost or subsidized services to many individuals in the community. It's a collaborative effort involving numerous areas of the health system in activities such as health education and outreach, screenings, programs and events, as well as helping individuals obtain prescription medications, access to needed services, and even transportation to healthcare appointments.

MMC is governed by a local board of directors made up entirely of volunteers.

In addition to attending quarterly meetings to determine the direction that MMC will take, the board members, who are community and business leaders as well as physicians, serve on various committees, including quality, finance and capital, audit and business integrity, compensation, and governance.

The board and its committees ensure that MMC complies with state and federal requirements, while keeping the organization's mission of providing quality care front and center. By working together toward this goal, the board members create policies and procedures that help deliver results.

MMC, an acute care hospital, has 272 single-patient rooms, along with the most advanced technologies available. MMC offers a variety of specialized services to meet the healthcare needs of the tri-state region.

The Cardiac Catheterization Lab has focused on bringing the very best in cardiac services to the community. Services in cardiac screening, diagnosis, intervention, and rehabilitation are offered. MMC has invested in the most up-to-date technologies



Name of the organization

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**Form 990, Part III, Line 4a - Program Service Accomplishments**

to assist physicians in diagnosing and treating heart disease. The board certified cardiologists and interventional cardiologists offer patients a highly specialized experience in structural heart disease and electrical heart malfunctions. They are supported by a team of highly-trained nurses and technicians.

The Center for Clinical Research is a growing program that manages from fifteen to twenty active research studies at any given time. The researchers are certified by the Association of Clinical Research Professionals. Physicians serve as the principal investigators for the research studies performed by the center.

The Center for Joint Replacement offers a comprehensive program that includes pre- and postoperative therapy as well as the actual surgery. The program has clearly demonstrated a decreased length of hospital stay and improved recovery rates.

The Family Birthing Center is a special place where single-room maternity care provides privacy and family bonding. The room is equipped for labor, delivery, postpartum, and newborn care. The special care nursery allows babies born as early as 32 weeks gestation to be treated at MMC.

The Home Health Care Services cover the full spectrum of care, ranging from skilled nursing to assistance with the activities of daily living. They also can help with medication management issues.

The John R. Marsh Cancer Center offers chemotherapy, intensity modulated radiation therapy, and image guided radiation therapy. The center also offers MammoSite which delivers partial irradiation treatment for breast cancer patients in just five days.

Total Rehab Care is a comprehensive service providing a full range of rehabilitation programs, including pediatric services, traumatic brain injury rehab, outpatient therapies, inpatient joint replacement, occupational rehabilitation, and support groups. Skilled physicians, nurses, and therapists develop individualized treatment plans for every patient.

Name of the organization

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**Form 990, Part III, Line 4a - Program Service Accomplishments**

As a level III trauma service, MMC offers twenty four hour a day, seven days a week access to trauma surgeons, neurosurgeons, and orthopedic surgeons, as well as a specialized trauma team and consulting physicians.

The Weight Loss Clinic offers bariatric surgery which includes the most common procedures of gastric bypass and adjustable gastric banding. This can be a treatment for the lifelong condition of morbid obesity.

The Wound Center care is customized to each patient's unique situation to promote the healing process. The Wound Center team specializes in diabetic foot and leg ulcers, bone infections, preparation and preservation of skin grafts, crash injuries, and thermal burns.

The vision of the Nursing Department at MMC is to be a dynamic force in the advancement of nursing practice and an advocate for the promotion of quality healthcare for all. Their mission is to foster the development and advancement of nursing practice and to work to achieve quality healthcare for all. They believe that the excellence of care for patients and families matters the most and that superior customer service and constant innovation sustains excellence.

MEI is a leading provider in ambulatory health care services in the tri-state region.

Its mission is to engage in ambulatory health activities that complement the goals and objectives of MMC. MEI vigorously recruits physicians and other healthcare providers to the region, to assure an adequate supply of physicians in many medical specialties. MEI has a very successful record of joint-venture relationships with physicians that has greatly benefited the well

being of tri-state area residents. MEI includes a number of medical practices an urgent care clinic, medical laboratories, surgery center and diagnostic imaging services.

MHF is a private, not-for-profit, tax-exempt organization managed by a volunteer

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**Form 990, Part III, Line 4a - Program Service Accomplishments**

board of community leaders whose mission is to support hospital programs and services, scientific research, equipment, technology, medical training and community education. The foundation is an integral part of the overall health system organization, and contributions have a direct impact on the quality of care MMC is able to provide. The Foundation Board of Directors works closely with the MMC boards and leadership to match resources with MMC needs, enabling caregivers to provide the very best care possible every single day.

Care delivery is undergoing unprecedented change and new, more coordinated models of care delivery have arrived. Ultimately enacted as part of health care reform, accountable care organizations (ACOs) link physicians and hospitals together with the goal of keeping patients healthy and helping patients manage their conditions.

Many view ACOs as a way to overcome fragmentation in care delivery, eliminate fee-for-service incentives and promote health and wellness. In 1995, MMC began the work of clinical integration by creating Tri-State Health Partners (THP), a physician-hospital partnership that offers patient and disease management services.

As validation of its unique approach to patient care, THP received approval from the Federal Trade Commission for its clinical integration program. MMC was one of the first Maryland hospitals to participate in the Total

Patient Revenue (TPR) system where hospitals are paid on effectively treating patient illnesses versus fee for service. These initiatives, rooted in comprehensive patient care and physician engagement, laid the groundwork for MMC

to become an ACO in participation with the Medicare Shared Savings

Program. We also became a member of Premier's Partnership for Care

Transformation (PACT), a collaboration of health systems that share knowledge and best practices while measuring and benchmarking care to improve

Name of the organization Meritus Medical Center, Inc.	Employer identification number 52-0607949
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**Form 990, Part III, Line 4a - Program Service Accomplishments**

population health and contain costs.

The goal of an ACO is to keep patients healthy, prevent them from having chronic conditions or prevent the conditions from worsening. The THP-Meritus ACO is a partnership between Medicare beneficiaries, physicians and Meritus Medical Center. The patient-centered health care model bridges 16,000 area Medicare patients and 150 physicians with the intent of improving care coordination, patient outcomes and the overall health of our community.

MMC's innovative efforts will pave the way for bridging primary, specialty and hospital care to provide patients with the right care, at the right place, at the right time.

**Form 990, Part VI, Line 4 - Significant Changes to Organizational Documents**

During the fiscal year, a reorganization was completed. The goal of the reorganization was to facilitate an improved governance structure. The Meritus Medical Center Endowment Development Company, Inc., the Meritus Medical Center Endowment Fund and Meritus Health, Inc. all merged into Meritus Medical Center, Inc. The surviving organization, Meritus Medical Center, Inc. ("MMC") is the parent corporation of the Meritus Healthcare Foundation, Inc. ("MHF"), the Meritus Insurance Company, Ltd. ("MIC") and Meritus Holdings, LLC ("Holdings"), which owns Meritus Enterprises ("MEI").

**Form 990, Part VI, Line 6 - Explanation of Classes of Members or Shareholder**

MMC has the right to elect the members of the governing body and approve significant decisions of the governing body.

**Form 990, Part VI, Line 7a - How Members or Shareholders Elect Governing Body**

MMC nominates candidates for their board through the board designated Governance Committee. Final election occurs through the MMC Board.

Name of the organization

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Form 990, Part VI, Line 7b - Decisions of Governing Body Approval by Members or Shareholders

Along with the election of governing members to the board, the MMC Board also needs to review and approve the following before becoming effective and before the action is implemented:

1. Any merger, consolidation or dissolution of the corporation.
2. Annual Business Plan.
3. Annual Budget.
4. Contractual obligations that meet any one of the following criteria:
  - a. Outside the scope of the Corporation's annual business plan.
  - b. Require approval by external health and/or financial regulatory agency.
  - c. Having the potential of adversely impacting the operation of any subsidiary of the Member.
5. Any joint venture between the corporation and another person or entity that meets with any one of the following criteria:
  - a. Extends beyond the scope of the annual business plan of the Corporation.
  - b. Requires external approval by external health and/or financial regulatory agency.
  - c. Has the potential of adversely impacting the operation of any subsidiary of the Member.
6. Sales or transfers of all or substantially all of the assets of the Corporation or sales or transfers of assets that meet with any one of the following criteria:
  - a. Fall outside the scope of the Corporation's annual business plan.
  - b. Require approval by external health and/or financial regulatory agency.

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**Form 990, Part VI, Line 7b - Decisions of Governing Body Approval by Members or Shareholders (continued)**

c. Has the potential of adversely impacting the operations of any subsidiary of the Member.

7. Formulation of a subsidiary.

8. Adoption and amendment of the mission and vision statements.

**Form 990, Part VI, Line 11b - Form 990 Review Process**

The Form 990 was prepared by the Finance department and reviewed by an independent accounting firm. A copy of the Form 990 was provided to the Audit and Business Integrity Committee of the Board. Acting under the authority of the Board, the Committee reviewed the Form 990 prior to the submission of the Form 990 to the Internal Revenue Service. In addition, the Form 990 will be provided to all Boards before it is filed with the Internal Revenue Service.

**Form 990, Part VI, Line 12c - Explanation of Monitoring and Enforcement of Conflicts**

An annual disclosure of interest is required for all officers, directors or trustees, and key employees. These disclosures are then reviewed against the accounts payable system to determine the amount, if any, of transactions that have occurred. All disclosures and transactions are reviewed in detail by the following group of individuals: Vice President & Chief Compliance Officer, Executive Director of Internal Audit & Compliance, Chair of the MMC Board, Chair of the Audit and Business Integrity Committee, President and CEO of MMC, Chair of the Governance Committee and Legal Counsel. A summary of all disclosures are then provided to the full Audit and Business Integrity Committee for review. After this review, a copy of the disclosures, by Board or Committee, listing the type of involvement/transactions the entity has with the named disclosure, if any, are provided to the chair of the Board or Committee. Any director with a determined conflict is prohibited from participating in the Board's decisions and decisions with regards to that transaction.

Name of the organization

Employer identification number

Meritus Medical Center, Inc.

52-0607949

**Form 990, Part VI, Line 15b - Compensation Review & Approval Process - Officers & Key Employees**

Annually in September, the Compensation Committee of the MMC Board meets and reviews the following as it relates to compensation of the CEO and other key employees:

Market Data - Presented by an independent third party compensation consultant

Performance Evaluation - Provided by the CEO

Overall Financials- used for Bonus

Current Salary Along with Merit Guidelines

The independent third party compensation consultant then makes recommendations to the compensation committee and the committee deliberates, discusses, and approves the recommendation as is or makes amendments to it before approval. The report and resulting decision is then reported to the MMC Board.

The positions reviewed in September of 2012 were as follows: President & CEO, Senior VP-Chief Financial Officer, Senior VP-Chief Operating Officer, VP-Chief Information Officer, VP for Financial Services, VP for Support Services, VP-Chief Medical Officer, VP-Chief Compliance Officer, VP-Chief Administrative Officer, and VP-Chief Nursing Officer.

**Form 990, Part VI, Line 19 - Other Organization Documents Publicly Available**

Governing documents, conflict of interest policy, and financial statements are available upon request. In addition, the annual audited financial statements are available on the organization's website.

Client 3

Meritus Medical Center, Inc.

52-0607949

5/08/14

04:09PM

**Form 990, Part XI, Line 9  
Other Changes In Net Assets Or Fund Balances**

Acquisition of assets of Meritus Health.....	\$ 77,493,080.
Change in partnership interest.....	-943,230.
Change in retirement benefit obligation.....	11,291,050.
Net assets held by Meritus Healthcare Foundation.....	-1,670,668.
Prior period adjustment.....	145,109.
Total	<u>\$ 86,315,341.</u>



**SCHEDULE R**  
(Form 990)

OMB No. 1545-0047

**2012**

Department of the Treasury  
Internal Revenue Service

Complete if the organization answered 'Yes' to Form 990, Part IV, line 33, 34, 35, 36, or 37.  
▶ Attach to Form 990. ▶ See separate instructions.

Open to Public Inspection

Name of the organization

Employer identification number

Meritus Medical Center, Inc.

52-0607949

**Part I Identification of Disregarded Entities** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 33.)

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) Meritus Holdings LLC 1116 Medical Campus Road Hagerstown, MD 21742 45-2382196	Health services	MD	0.	0.	MMC
(2) Meritus Urgent Care LLC 1116 Medical Campus Road Hagerstown, MD 21742 71-1050982	Health services	MD	-264,442.	3,030,278.	MMC
(3) Meritus Medical Lab LLC 1116 Medical Campus Road Hagerstown, MD 21742 80-0728035	Health services	MD	11,912,112.	20,726,329.	MMC

**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Sec 512(b)(13) controlled entity?	
						Yes	No
(1) Meritus Healthcare Foundation Inc 1116 Medical Campus Road Hagerstown, MD 21742 01-0639265	Fundraising	MD	501(c)(3)	11c	MMC		X
(2) Meritus Medical Center Endowment F 1116 Medical Campus Road Hagerstown, MD 21742 23-7411960	Develops rental properties	MD	501(c)(3)	11-III FI	MH		X
(3) Meritus Health Inc 1116 Medical Campus Road Hagerstown, MD 21742 52-1656378	Parent corporation	MD	501(c)(3)	11-III FI	N/A		X
(4) Meritus Medical Cent Endow Devel C 1116 Medical Campus Road Hagerstown, MD 21742 52-1788122	Develops rental properties	MD	501(c)(3)	11-III FI	MH		X

**Part III Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) Robinwood Surger 11116 Medical Ca Hagerstown, MD 2 52-1770185	Health services	MD	N/A		0.			X	N/A		X	
(2) -----												
(3) -----												

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Sec 512(b)(13) controlled entity?	
								Yes	No
(1) Meritus Insurance Company Ltd PO Box 1109GT Grand Cayman, Cayman Islands 98-0162257	Captive ins	Cayman Isl	MMC		0.	13,358,040.	100.00		X
(2) Meritus Enterprises Inc 11116 Medical Campus Road Hagerstown, MD 21742 52-1393624	Health serv	MD	MMC	C corp	-3,573,936.	181114264.	100.00		X
(3) -----									

**Part V Transactions With Related Organizations** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 34, 35b, or 36.)

**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity.....		X
b Gift, grant, or capital contribution to related organization(s).....		X
c Gift, grant, or capital contribution from related organization(s).....	X	
d Loans or loan guarantees to or for related organization(s).....		X
e Loans or loan guarantees by related organization(s).....		X
f Dividends from related organization(s).....		X
g Sale of assets to related organization(s).....		X
h Purchase of assets from related organization(s).....		X
i Exchange of assets with related organization(s).....		X
j Lease of facilities, equipment, or other assets to related organization(s).....		X
k Lease of facilities, equipment, or other assets from related organization(s).....		X
l Performance of services or membership or fundraising solicitations for related organization(s).....		X
m Performance of services or membership or fundraising solicitations by related organization(s).....		X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s).....		X
o Sharing of paid employees with related organization(s).....		X
p Reimbursement paid to related organization(s) for expenses.....		X
q Reimbursement paid by related organization(s) for expenses.....		X
r Other transfer of cash or property to related organization(s).....		X
s Other transfer of cash or property from related organization(s).....		X

2 If the answer to any of the above is 'Yes,' see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Meritus Healthcare Foundation Inc	C	1,824,596	Cost
(2)			
(3)			
(4)			
(5)			
(6)			

**Part V Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 37.)

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 Form (1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1) -----													
-----													
-----													
(2) -----													
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(8) -----													
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**Part VII** Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions).

**Part III - Partnership Full Name, Address, FEIN**

Robinwood Surgery Center LLC      52-1770185      11116 Medical Campus Road  
Hagerstown, MD 21742

# Continuation Sheet for Schedule R

2012

Name of filing organization

Meritus Medical Center, Inc.

Continuation Page 1 of 1

Employer identification number

52-0607949

## Part I Continuation of Identification of Disregarded Entities

(A) Name, address, and EIN (if applicable) of disregarded entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Total income	(E) End-of-year assets	(F) Direct controlling entity
Health @ Work LLC 11116 Medical Campus Road Hagerstown, MD 21742 34-2014438	Health services	MD	361,143.	1,019,431.	MMC
Medical Practices of Antietam LLC 11116 Medical Campus Road Hagerstown, MD 21742 52-2315129	Health services	MD	3,379,676.	3,628,954.	MEI

Form **5471**

(Rev. December 2012)

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

OMB No. 1545-0704

Department of the Treasury  
Internal Revenue Service

▶ For more information about Form 5471, see [www.irs.gov/form5471](http://www.irs.gov/form5471)  
Information furnished for the foreign corporation's annual accounting period (tax year required by section 898) (see instructions) beginning , 20 , and ending , 20

Attachment  
Sequence No. **121**

Name of person filing this return <b>Meritus Medical Center, Inc.</b>	A Identifying number <b>52-0607949</b>
Number, street, and room or suite no. (or P.O. box number if mail is not delivered to street address) <b>11116 Medical Campus Road</b>	B Category of filer (See instructions. Check applicable box(es)): 1 (repealed) 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>Hagerstown, MD 21742</b>	C Enter the total percentage of the foreign corporation's voting stock you owned at the end of its annual accounting period _____ %
Filer's tax year beginning <b>July 1</b> , 20 <b>12</b> , and ending <b>June 30</b> , 20 <b>13</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
<b>Meritus Medical Center, Inc.</b>	<b>11116 Medical Campus Rd. Hagers. MD</b>	<b>52-0607949</b>	<input checked="" type="checkbox"/>		

**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.

1a Name and address of foreign corporation <b>Meritus Insurance Company, Ltd. P.O. Box 1109GT Grand Cayman, Cayman Islands BWI</b>		b(1) Employer identification number, if any <b>98-0162257</b>	
		b(2) Reference ID number (see instructions)	
		c Country under whose laws incorporated <b>Cayman Islands</b>	
d Date of incorporation <b>July 23, 2003</b>	e Principal place of business <b>Cayman Islands</b>	f Principal business activity code number <b>523900</b>	g Principal business activity <b>Other Fin. Inv. Activities</b>
		h Functional currency <b>U.S. Dollar</b>	

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

a Name, address, and identifying number of branch office or agent (if any) in the United States  <b>N/A</b>	b If a U.S. income tax return was filed, enter:	
	(i) Taxable income or (loss)  <b>0</b>	(ii) U.S. income tax paid (after all credits)  <b>0</b>
c Name and address of foreign corporation's statutory or resident agent in country of incorporation  <b>HSBC House 68 West Bay Road, P.O. Box 1109 Grand Cayman KY1-1102, 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>HSBC House, Attn. Linda Haddleton 68 West Bay Road, P.O. Box 1109 Grand Cayman KY1-1102, Cayman Islands BWI</b>	

**Schedule A Stock of the Foreign Corporation**

(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
<b>Common</b>	<b>120,000</b>	<b>120,000</b>

For Paperwork Reduction Act Notice, see instructions.

Cat. No. 49958V

Form **5471** (Rev. 12-2012)

**Schedule B U.S. Shareholders of Foreign Corporation** (see instructions)

(a) Name, address, and identifying number of shareholder	(b) Description of each class of stock held by shareholder. <i>Note: This description should match the corresponding description entered in Schedule A, column (a).</i>	(c) Number of shares held at beginning of annual accounting period	(d) Number of shares held at end of annual accounting period	(e) Pro rata share of subpart F income (enter as a percentage)
Meritus Medical Center, Inc. 11116 Medical Campus Road Hagerstown, MD 21742 52-0607949	Common	120,000	120,000	100%

**Schedule C Income Statement** (see instructions)

**Important:** Report all information in functional currency in accordance with U.S. GAAP. Also, report each amount in U.S. dollars translated from functional currency (using GAAP translation rules). However, if the functional currency is the U.S. dollar, complete only the U.S. Dollars column. See instructions for special rules for DASTM corporations.

		Functional Currency	U.S. Dollars
<b>Income</b>	1a Gross receipts or sales . . . . .	1a 3,554,536	3,554,536
	b Returns and allowances . . . . .	1b	
	c Subtract line 1b from line 1a . . . . .	1c 3,554,536	3,554,536
	2 Cost of goods sold . . . . .	2	
	3 Gross profit (subtract line 2 from line 1c) . . . . .	3 3,554,536	3,554,536
	4 Dividends . . . . .	4	
	5 Interest . . . . .	5 271,259	271,259
	6a Gross rents . . . . .	6a	
	b Gross royalties and license fees . . . . .	6b	
7 Net gain or (loss) on sale of capital assets . . . . .	7		
8 Other income (attach statement) . . . . .	8 -264,069	-264,069	
9 Total income (add lines 3 through 8) . . . . .	9 3,561,726	3,561,726	
<b>Deductions</b>	10 Compensation not deducted elsewhere . . . . .	10	
	11a Rents . . . . .	11a	
	b Royalties and license fees . . . . .	11b	
	12 Interest . . . . .	12	
	13 Depreciation not deducted elsewhere . . . . .	13	
	14 Depletion . . . . .	14	
	15 Taxes (exclude provision for income, war profits, and excess profits taxes) . . . . .	15	
	16 Other deductions (attach statement—exclude provision for income, war profits, and excess profits taxes) . . . . .	16 3,561,726	3,561,726
17 Total deductions (add lines 10 through 16) . . . . .	17 3,561,726	3,561,726	
<b>Net Income</b>	18 Net income or (loss) before extraordinary items, prior period adjustments, and the provision for income, war profits, and excess profits taxes (subtract line 17 from line 9) . . . . .	18 0	0
	19 Extraordinary items and prior period adjustments (see instructions) . . . . .	19	
	20 Provision for income, war profits, and excess profits taxes (see instructions) . . . . .	20	
	21 Current year net income or (loss) per books (combine lines 18 through 20) . . . . .	21 0	0



**Schedule E** **Income, War Profits, and Excess Profits Taxes Paid or Accrued** (see 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 instructions for an exception for DASTM corporations.

Assets		(a) Beginning of annual accounting period	(b) End of annual accounting period
1	Cash	963,014	1,548,524
2a	Trade notes and accounts receivable		
b	Less allowance for bad debts	( )	( )
3	Inventories		
4	Other current assets (attach statement)	1,540,860	1,398,815
5	Loans to shareholders and other related persons		
6	Investment in subsidiaries (attach statement)		
7	Other investments (attach statement)	9,751,838	10,410,701
8a	Buildings and other depreciable assets		
b	Less accumulated depreciation	( )	( )
9a	Depletable assets		
b	Less accumulated depletion	( )	( )
10	Land (net of any amortization)		
11	Intangible assets:		
a	Goodwill		
b	Organization costs		
c	Patents, trademarks, and other intangible assets		
d	Less accumulated amortization for lines 11a, b, and c	( )	( )
12	Other assets (attach statement)		
13	Total assets	12,255,712	13,358,040
<b>Liabilities and Shareholders' Equity</b>			
14	Accounts payable	91,514	94,167
15	Other current liabilities (attach statement)	1,028,901	1,026,348
16	Loans from shareholders and other related persons		
17	Other liabilities (attach statement)	10,864,235	11,966,463
18	Capital stock:		
a	Preferred stock		
b	Common stock	120,000	120,000
19	Paid-in or capital surplus (attach reconciliation)		
20	Retained earnings	151,062	151,062
21	Less cost of treasury stock	( )	( )
22	Total liabilities and shareholders' equity	12,255,712	13,358,040

**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?<br>If "Yes," see the instructions for required statement.   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 2 During the tax year, did the foreign corporation own an interest in any trust?  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 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 (see instructions)?<br>If "Yes," you are generally required to attach Form 8858 for each entity (see instructions). | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 4 During the tax year, was the foreign corporation a participant in any cost sharing arrangement?   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 5 During the course of the tax year, did the foreign corporation become a participant in any cost sharing arrangement?  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 6 During the tax year, did the foreign corporation participate in any reportable transaction as defined in Regulations section 1.6011-4?<br>If "Yes," attach Form(s) 8886 if required by Regulations section 1.6011-4(c)(3)(i)(G).  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 7 During the tax year, did the foreign corporation pay or accrue any foreign tax that was disqualified for credit under section 901(m)?   | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| 8 During the tax year, did the foreign corporation pay or accrue foreign taxes to which section 909 applies, or treat foreign taxes that were previously suspended under section 909 as no longer suspended?  | <input type="checkbox"/> | <input checked="" type="checkbox"/> |

**Schedule H Current Earnings and Profits** (see 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			1	
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	386,064		
	b Depreciation and amortization			
	c Depletion			
	d Investment or incentive allowance			
	e Charges to statutory reserves			
	f Inventory adjustments			
	g Taxes			
	h Other (attach statement)			
3 Total net additions		386,064		
4 Total net subtractions				
5a Current earnings and profits (line 1 plus line 3 minus line 4)			5a	386,064
b DASTM gain or (loss) for foreign corporations that use DASTM (see instructions)			5b	
c Combine lines 5a and 5b			5c	386,064
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)) Enter exchange rate used for line 5d ▶			5d	386,064

**Schedule I Summary of Shareholder's Income From Foreign Corporation** (see instructions)

If item D on page 1 is completed, a separate Schedule I must be filed for each Category 4 or 5 filer for whom reporting is furnished on this Form 5471. This schedule I is being completed for:

Name of U.S. shareholder ▶	Identifying number ▶		
1 Subpart F income (line 38b, Worksheet A in the instructions)	1	386,064	
2 Earnings invested in U.S. property (line 17, Worksheet B in the instructions)	2		
3 Previously excluded subpart F income withdrawn from qualified investments (line 6b, Worksheet C in the instructions)	3		
4 Previously excluded export trade income withdrawn from investment in export trade assets (line 7b, Worksheet D in the instructions)	4		
5 Factoring income	5		
6 Total of lines 1 through 5. Enter here and on your income tax return. See instructions	6	386,064	
7 Dividends received (translated at spot rate on payment date under section 989(b)(1))	7		
8 Exchange gain or (loss) on a distribution of previously taxed income	8		

- |  | Yes                      | No                                  |
|--|--------------------------|-------------------------------------|
| • Was any income of the foreign corporation blocked?                             | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
| • Did any such income become unblocked during the tax year (see section 964(b))? | <input type="checkbox"/> | <input checked="" type="checkbox"/> |
- If the answer to either question is "Yes," attach an explanation.

**SCHEDULE J  
(Form 5471)**

(Rev. December 2012)  
Department of the Treasury  
Internal Revenue Service

Name of person filing Form 5471

Meritus Medical Center, Inc.  
Name of foreign corporation

Meritus Insurance Company, Ltd.  
Name of foreign corporation

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

▶ Information about Schedule J (Form 5471) and its instructions is at [www.irs.gov/form5471](http://www.irs.gov/form5471).  
▶ Attach to Form 5471.

OMB No. 1545-0704

	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	
<b>1</b>	Balance at beginning of year					3,214,002
<b>2a</b>	Current year E&P					
<b>b</b>	Current year deficit in E&P					
<b>3</b>	Total current and accumulated E&P not previously taxed (line 1 plus line 2a or line 1 minus line 2b)					
<b>4</b>	Amounts included under section 951(a) or reclassified under section 959(c) in current year					
<b>5a</b>	Actual distributions or reclassifications of previously taxed E&P					386,064
<b>b</b>	Actual distributions of nonpreviously taxed E&P					
<b>6a</b>	Balance of previously taxed E&P at end of year (line 1 plus line 4, minus line 5a)					3,600,066
<b>b</b>	Balance of E&P not previously taxed at end of year (line 3 minus line 4, minus line 5b)					
<b>7</b>	Balance at end of year. (Enter amount from line 6a or line 6b, whichever is applicable.)					3,600,066

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

Cat. No. 21111K

Schedule J (Form 5471) (Rev. 12-2012)

**SCHEDULE M  
(Form 5471)**

(Rev. December 2012)

Department of the Treasury  
Internal Revenue Service

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

Information about Schedule M (Form 5471) and its instructions is at [www.irs.gov/form5471](http://www.irs.gov/form5471).

OMB No. 1545-0704

Attach to Form 5471.

Name of person filing Form 5471

**Meritus Medical Center, Inc.**

Identifying number

Name of foreign corporation

EIN (if any)

**52-0607949**

**Meritus Insurance Company, Ltd.**

**98-0162257**

Reference ID number (see instructions)

**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 instructions.

Enter the relevant functional currency and the exchange rate used throughout this schedule **U.S. Dollars**

(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 tangible property other than stock in trade . . . . .					
3 Sales of property rights (patents, trademarks, etc.) . . . . .					
4 Platform contribution transaction payments received . . . . .					
5 Cost sharing transaction payments received . . . . .					
6 Compensation received for technical, managerial, engineering, construction, or like services . . . . .					
7 Commissions received . . . . .					
8 Rents, royalties, and license fees received . . . . .					
9 Dividends received (exclude deemed distributions under subpart F and distributions of previously taxed income) . . . . .					
10 Interest received . . . . .					
11 Premiums received for insurance or reinsurance . . . . .					
12 Add lines 1 through 11 . . . . .					
13 Purchases of stock in trade (inventory) . . . . .					
14 Purchases of tangible property other than stock in trade . . . . .					
15 Purchases of property rights (patents, trademarks, etc.) . . . . .					
16 Platform contribution transaction payments paid . . . . .					
17 Cost sharing transaction payments paid . . . . .					
18 Compensation paid for technical, managerial, engineering, construction, or like services . . . . .					
19 Commissions paid . . . . .					
20 Rents, royalties, and license fees paid . . . . .					
21 Dividends paid . . . . .					
22 Interest paid . . . . .					
23 Premiums paid for insurance or reinsurance . . . . .					
24 Add lines 13 through 23 . . . . .					
25 Amounts borrowed (enter the maximum loan balance during the year) — see instructions . . . . .					
26 Amounts loaned (enter the maximum loan balance during the year) — see instructions . . . . .					