

**Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

Do not enter social security numbers on this form as it may be made public.  
Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

**2016**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

**A** For the 2016 calendar year, or tax year beginning 7/01, 2016, and ending 6/30, 2017

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Final 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 \$ 423,397,824.

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

**H(a)** Is this a group return for subordinates?  Yes  No  
**H(b)** Are all subordinates 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**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: <u>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 eastern panhandle of West Virginia.</u>		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a).....	<u>3</u>	<u>20</u>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b).....	<u>4</u>	<u>14</u>
	<b>5</b> Total number of individuals employed in calendar year 2016 (Part V, line 2a).....	<u>5</u>	<u>2,964</u>
	<b>6</b> Total number of volunteers (estimate if necessary).....	<u>6</u>	<u>331</u>
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12.....	<u>7a</u>	<u>1,782,844.</u>
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34.....	<u>7b</u>	<u>228,906.</u>	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h).....	Prior Year <u>401,000.</u>	Current Year <u>3,140,708.</u>
	<b>9</b> Program service revenue (Part VIII, line 2g).....	<u>376,217,421.</u>	<u>391,773,250.</u>
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d).....	<u>-28,507,140.</u>	<u>25,434,112.</u>
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e).....	<u>949,158.</u>	<u>1,776,657.</u>
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12).....	<u>349,060,439.</u>	<u>422,124,727.</u>
	<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3).....	<u>333,943.</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>154,294,038.</u>	<u>165,911,750.</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>208,827,581.</u>	<u>214,905,288.</u>
<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25).....	<u>363,455,562.</u>	<u>381,199,340.</u>	
<b>19</b> Revenue less expenses. Subtract line 18 from line 12.....	<u>-14,395,123.</u>	<u>40,925,387.</u>	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16).....	Beginning of Current Year <u>558,783,411.</u>	End of Year <u>596,531,712.</u>
	<b>21</b> Total liabilities (Part X, line 26).....	<u>354,541,682.</u>	<u>367,774,476.</u>
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20.....	<u>204,241,729.</u>	<u>228,757,236.</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**

Signature of officer: Thomas Chan Date: May 10, 2018  
 Type or print name and title: VP/Treasurer

**Paid Preparer Use Only**

Print/preparer's name: Mary Toretta Preparer's signature: Mary Toretta Date: 5-10-18 Check  if self employed PTIN: P00847851  
 Firm's name: Grant Thornton LLC  
 Firm's address: 1000 Wilson Blvd, Ste 1400 Firm's EIN: 36-6055558  
Arlington, VA 22209 Phone no.: 703-847-7500

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



Department of the Treasury  
Internal Revenue Service  
Ogden UT 84201

Notice	CP211A
Tax period	June 30, 2017
Notice date	November 27, 2017
Employer ID number	52-0607949
To contact us	Phone 1-877-829-5500 FAX 801-620-5555

079734.808261.405820.17852 1 AB 0.403 370



MERITUS MEDICAL CENTER INC  
% HOLLY CARTER  
11116 MEDICAL CAMPUS RD  
HAGERSTOWN MD 21742-6710

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79734

Important information about your June 30, 2017 Form 990

## We approved your Form 8868, Application for Extension of Time To File an Exempt Organization Return

We approved the Form 8868 for your June 30, 2017 Form 990.

Your new due date is May 15, 2018.

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### What you need to do

File your June 30, 2017 Form 990 by May 15, 2018. We encourage you to use electronic filing—the fastest and easiest way to file.

Visit [www.irs.gov/charities](http://www.irs.gov/charities) to learn about approved e-File providers, what types of returns can be filed electronically, and whether you are required to file electronically.

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### Additional information

- Visit [www.irs.gov/cp211a](http://www.irs.gov/cp211a)
- For tax forms, instructions, and publications, visit [www.irs.gov](http://www.irs.gov) or call 1-800-TAX-FORM (1-800-829-3676).
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line 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 X

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 X

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 are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 294,838,239. including grants of \$ 382,302. ) (Revenue \$ 390,841,235. )

See Schedule O

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

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

4d Other program services (Describe in Schedule O ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4e Total program service expenses 294,838,239.

**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 Section 501(c)(3) organizations. 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	
12a 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
14a 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 other assistance to or for any foreign organization? 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 other assistance to or for foreign individuals? 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

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

	Yes	No
20a 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	
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? If 'Yes,' complete Schedule I, Parts I and II	X	
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? If 'Yes,' complete Schedule I, Parts I and III	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? If 'Yes,' complete Schedule J	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, that was issued after December 31, 2002? If 'Yes,' answer lines 24b through 24d and complete Schedule K. If 'No,' go to line 25a	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 release 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 Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If 'Yes,' complete Schedule L, Part 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? If 'Yes,' complete Schedule L, Part I		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If 'Yes,' complete Schedule L, Part II		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? If 'Yes,' complete Schedule L, Part III		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? If 'Yes,' complete Schedule L, Part IV		X
b A family member of a current or former officer, director, trustee, or key employee? If 'Yes,' complete Schedule L, Part IV		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? If 'Yes,' complete Schedule L, Part IV	X	
29 Did the organization receive more than \$25,000 in non-cash contributions? If 'Yes,' complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If 'Yes,' complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If 'Yes,' complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If 'Yes,' complete Schedule N, Part II		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? If 'Yes,' complete Schedule R, Part I	X	
34 Was the organization related to any tax-exempt or taxable entity? If 'Yes,' complete Schedule R, Part II, III, or IV, and Part V, line 1	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)? If 'Yes,' complete Schedule R, Part V, line 2	X	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If 'Yes,' complete Schedule R, Part V, line 2		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? If 'Yes,' complete Schedule R, Part VI	X	
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	X	

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

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1 a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
1 b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
1 c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	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		
2 b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <i>Note.</i> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
3 a	Did the organization have unrelated business gross income of \$1,000 or more during the year?	X	
3 b	If 'Yes,' has it filed a Form 990-T for this year? If 'No' to line 3b, provide an explanation in Schedule O	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)?		X
4 b	If 'Yes,' enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)		
5 a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
5 b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
5 c	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T?		
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?		X
6 b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
7 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?		X
7 b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided?		
7 c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
7 d	If 'Yes,' indicate the number of Forms 8282 filed during the year		
7 e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
7 f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
7 g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
7 h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
8	Sponsoring organizations maintaining donor advised funds. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
9 a	Did the sponsoring organization make any taxable distributions under section 4966?		
9 b	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
<b>10 Section 501(c)(7) organizations. Enter:</b>			
10 a	Initiation fees and capital contributions included on Part VIII, line 12		
10 b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11 Section 501(c)(12) organizations. Enter:</b>			
11 a	Gross income from members or shareholders		
11 b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
12 a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?		
12 b	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year		
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
13 a	Is the organization licensed to issue qualified health plans in more than one state? <i>Note.</i> See the instructions for additional information the organization must report on Schedule O.		
13 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		
13 c	Enter the amount of reserves on hand.		
14 a	Did the organization receive any payments for indoor tanning services during the tax year?		X
14 b	If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O		

**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 or note to any line in this Part VI

**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. 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>1 a</b> 20		
<b>b</b> Enter the number of voting members included in line 1a, above, who are independent <b>1 b</b> 14		
<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?		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 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, 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 the 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 was 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 or key employees of the organization. See Schedule O. If 'Yes' to line 15a or 15b, describe the process in Schedule O (see instructions).	X	
<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 take 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 (Section 501(c)(3)s only) available for public inspection. Indicate how you made 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 made 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, address, and telephone number of the person who possesses the organization's books and records: ▶  
 Thomas T. Chan 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 or note to any line in this Part VII

**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			
(1) Wayne Alter Director	3 0	X					0.	0.	0.
(2) Sharon Mailey PhD RN Director	3 0	X					0.	0.	0.
(3) Al Martin Director	3 0	X					0.	0.	0.
(4) William Su MD Director	20 3	X					142,138.	0.	0.
(5) Barbara Miller Director	3 0	X					0.	0.	0.
(6) Erin Hershey Director	3 0	X					0.	0.	0.
(7) James Stojak 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) George Newman II PhD MD Director	50 0	X					282,006.	0.	0.
(11) William Reuter Director	3 0	X					0.	0.	0.
(12) Brendan Fitzsimmons Director	3 0	X					0.	0.	0.
(13) Jeanne Singer Esq Director	3 0	X					0.	0.	0.
(14) Shaheen Iqbal MD Director	50 0	X					71,122.	0.	0.



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

(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			
(15) Abdul Waheed MD Director	20 0	X					0.	0.	0.
(16) Vincent Cantone MD Director	50 0	X					412,280.	0.	25,087.
(17) Frederick C Wright III Director	3 0	X					0.	0.	0.
(18) Dan Cornell MD Director	20 0	X					105,000.	0.	0.
(19) Gregory Snook Vice Chairman	3 0	X		X			0.	0.	0.
(20) Steve Hull Chairman	5 0	X		X			0.	0.	0.
(21) Joseph Ross President & CEO	50 3	X		X			813,078.	0.	314,429.
(22) Carolyn Simonsen VP/Secretary	50 3			X			327,893.	0.	18,175.
(23) Thomas Chan VP/Treasurer	50 0			X			449,558.	0.	65,463.
(24) Jesus Cepero Vice President	50 0				X		331,156.	0.	55,225.
(25) Heather Lorenzo Vice President	50 0				X		372,423.	0.	60,842.
<b>1 b Sub-total</b>							<b>3,306,654.</b>	<b>0.</b>	<b>539,221.</b>
<b>c Total from continuation sheets to Part VII, Section A</b>							<b>4,003,290.</b>	<b>0.</b>	<b>285,560.</b>
<b>d Total (add lines 1b and 1c)</b>							<b>7,309,944.</b>	<b>0.</b>	<b>824,781.</b>
<b>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</b> ▶ 177									

	Yes	No
<b>3</b> 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	
<b>4</b> 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	
<b>5</b> 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
Aramark Receivables LLC 12436 Collections Center Drive Chicago, IL 6	Management	3,576,826.
MDICS Physicians Inpatient Care 7250 Parkway Drive Ste 500 Hanover,	Medical	2,889,410.
Quest Diagnostics Nichols Institute 12436 Collections Center Drive C	Medical	1,756,539.
Shock Trauma Associates PA 11 S Paca St Ste 500 Baltimore, MD 21201	Medical	1,651,837.
Precyse Solutions LLC Dept# 1736 PO Box 11407 Birmingham, AL 35246	Management	1,410,072.

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization ▶ 82



**Part VIII** Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns . . . . .	1 a				
	b Membership dues . . . . .	1 b				
	c Fundraising events . . . . .	1 c				
	d Related organizations . . . . .	1 d	3,140,708.			
	e Government grants (contributions)	1 e				
	f All other contributions, gifts, grants, and similar amounts not included above	1 f				
	g Noncash contributions included in lines 1a-1f: \$					
	h Total. Add lines 1a-1f . . . . .		3,140,708.			
Program Service Revenue	Business Code					
	2 a Patient revenue . . . . .	900099	383401957.	383401957.		
	b School Nursing Program . . . . .	900099	3,094,757.	3,094,757.		
	c Cafeteria sales . . . . .	900099	2,050,169.	2,050,169.		
	d Partnership income . . . . .	541900	967,248.	944,632.	22,616.	
	e Western MD Hospital Ctr . . . . .	900099	814,264.	814,264.		
	f All other program service revenue	WKS	1,444,855.	1,444,855.		
	g Total. Add lines 2a-2f . . . . .		391773250.			
Other Revenue	3 Investment income (including dividends, interest and other similar amounts) . . . . .		8,238,855.		8,238,855.	
	4 Income from investment of tax-exempt bond proceeds . . . . .					
	5 Royalties . . . . .					
	6 a Gross rents . . . . .	(j) Real	(k) Personal			
		1,289,526.				
		b Less: rental expenses . . . . .				
		1,273,097.				
	c Rental income or (loss) . . . . .					
	16,429.					
	d Net rental income or (loss) . . . . .		16,429.		16,429.	
	7 a Gross amount from sales of assets other than inventory	(l) Securities	(m) Other			
		17205436.	-10,179.			
b Less: cost or other basis and sales expenses . . . . .						
17205436.		-10,179.				
c Gain or (loss) . . . . .						
d Net gain or (loss) . . . . .		17,195,257.		17,195,257.		
8 a Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18 . . . . .	a					
	b Less: direct expenses . . . . .	b				
	c Net income or (loss) from fundraising events . . . . .					
9 a Gross income from gaming activities. See Part IV, line 19 . . . . .	a					
	b Less: direct expenses . . . . .	b				
	c Net income or (loss) from gaming activities . . . . .					
10 a Gross sales of inventory, less returns and allowances . . . . .	a					
	b Less: cost of goods sold . . . . .	b				
	c Net income or (loss) from sales of inventory . . . . .					
Miscellaneous Revenue		Business Code				
11 a Lab Revenue . . . . .	621500	1,407,354.		1,407,354.		
b Clinical Trials . . . . .	541700	352,874.		352,874.		
c . . . . .						
d All other revenue . . . . .						
e Total. Add lines 11a-11d . . . . .		1,760,228.				
12 Total revenue. See instructions . . . . .		422124727.	391750634.	1,782,844.	25,450,541.	

**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 or note to any line 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 domestic organizations and domestic governments. See Part IV, line 21	70,000.	70,000.		
2	Grants and other assistance to domestic individuals. See Part IV, line 22	312,302.	312,302.		
3	Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	4,761,834.	0.	4,761,834.	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	126,434,360.	101,147,488.	25,286,872.	
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,888,848.	3,911,078.	977,770.	
9	Other employee benefits	20,399,473.	16,319,578.	4,079,895.	
10	Payroll taxes	9,427,235.	7,541,788.	1,885,447.	
11	Fees for services (non-employees)				
a	Management	33,731,210.	26,984,968.	6,746,242.	
b	Legal	714,651.	571,721.	142,930.	
c	Accounting	478,603.	382,882.	95,721.	
d	Lobbying	13,854.	11,083.	2,771.	
e	Professional fundraising services. See Part IV, line 17				
f	Investment management fees	427,408.	341,926.	85,482.	
g	Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	29,659,915.	23,727,932.	5,931,983.	
12	Advertising and promotion	1,299,317.	1,039,454.	259,863.	
13	Office expenses	653,455.	522,764.	130,691.	
14	Information technology	5,234,968.	4,187,974.	1,046,994.	
15	Royalties				
16	Occupancy	4,690,046.	3,752,037.	938,009.	
17	Travel	857,945.	686,356.	171,589.	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	788,981.	631,185.	157,796.	
20	Interest	11,926,414.	7,155,848.	4,770,566.	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	20,014,720.	12,008,832.	8,005,888.	
23	Insurance	2,858,647.	2,286,918.	571,729.	
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	Medical supplies	32,476,502.	25,981,202.	6,495,300.	
b	Drugs & pharmaceuticals	31,673,512.	25,338,810.	6,334,702.	
c	Bad debt expense	16,943,953.	13,555,162.	3,388,791.	
d	Other supplies	4,067,075.	3,253,660.	813,415.	
e	All other expenses	16,394,112.	13,115,291.	3,278,821.	
25	Total functional expenses. Add lines 1 through 24e	381,199,340.	294,838,239.	86,361,101.	0.
26	Joint costs. 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 or note to any line in this Part X

		(A) Beginning of year		(B) End of year
<b>Assets</b>	1 Cash – non-interest-bearing		1	
	2 Savings and temporary cash investments	63,120,518.	2	100,770,688.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	50,585,030.	4	39,380,582.
	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	398,355.	7	368,274.
	8 Inventories for sale or use	6,562,871.	8	4,930,531.
	9 Prepaid expenses and deferred charges	3,230,035.	9	3,537,145.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 416,810,994.		
	b Less: accumulated depreciation	10b 180,717,309.		
	11 Investments – publicly traded securities	240,423,249.	10c	236,093,685.
	12 Investments – other securities. See Part IV, line 11	135,181,470.	11	161,959,700.
	13 Investments – program-related. See Part IV, line 11		12	
	14 Intangible assets		13	
	15 Other assets. See Part IV, line 11	59,281,883.	14	
16 Total assets. Add lines 1 through 15 (must equal line 34)	558,783,411.	15	49,491,107.	
<b>Liabilities</b>	17 Accounts payable and accrued expenses	48,916,262.	16	596,531,712.
	18 Grants payable		17	62,916,075.
	19 Deferred revenue		18	
	20 Tax-exempt bond liabilities	270,160,937.	19	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		20	261,232,591.
	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		21	
	23 Secured mortgages and notes payable to unrelated third parties	7,117,732.	22	
	24 Unsecured notes and loans payable to unrelated third parties		23	3,240,615.
	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.	28,346,751.	24	
	26 Total liabilities. Add lines 17 through 25	354,541,682.	25	40,385,195.
<b>Net Assets or Fund Balances</b>	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.		26	367,774,476.
	27 Unrestricted net assets	197,115,660.	27	222,953,834.
	28 Temporarily restricted net assets	6,097,451.	28	4,774,784.
	29 Permanently restricted net assets	1,028,618.	29	1,028,618.
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	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 Total net assets or fund balances	204,241,729.	33	228,757,236.	
34 Total liabilities and net assets/fund balances	558,783,411.	34	596,531,712.	

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI.

1	Total revenue (must equal Part VIII, column (A), line 12)	1	422,124,727.
2	Total expenses (must equal Part IX, column (A), line 25)	2	381,199,340.
3	Revenue less expenses. Subtract line 2 from line 1.	3	40,925,387.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	204,241,729.
5	Net unrealized gains (losses) on investments	5	-6,440,961.
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) <b>See Schedule O</b>	9	-9,968,919.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B)).	10	228,757,236.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line 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?		X
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			
2 b	Were the organization's financial statements audited by an independent accountant?	X	
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			
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?	X	
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
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 (2016)

**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.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

**2016**

Open to Public Inspection

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**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 12, 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 (Form 990 or 990-EZ).)
- 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 agricultural research organization described in section 170(b)(1)(A)(ix) operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10  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.)
- 11  An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 12  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to 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 in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
  - a  Type I. A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. You must complete Part IV, Sections A and B.
  - b  Type II. A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). You must complete Part IV, Sections A and C.
  - c  Type III functionally integrated. A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). You must complete Part IV, Sections A, D, and E.
  - d  Type III non-functionally integrated. A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). You must complete Part IV, Sections A and D, and Part V.
  - e  Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
  - f Enter the number of supported organizations:
  - g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			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) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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 Total. 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 Public support. Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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 VI.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 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. ▶ <input type="checkbox"/>						

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

14 Public support percentage for 2016 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2015 Schedule A, Part II, line 14	15	%
16a 33-1/3% support test—2016. If the organization did not check the box on line 13, and line 14 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
b 33-1/3% support test—2015. 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 stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test—2016. 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 stop here. Explain in Part VI how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances test—2015. 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 stop here. Explain in Part VI how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
18 Private foundation. 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 10 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 year beginning in) ▶	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(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						
7a 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 year beginning in) ▶	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
9 Amounts from line 6						
10a 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 VI.)						
13 Total support. (Add lines 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. ▶ <input type="checkbox"/>						

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

15 Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f))	15	o/e
16 Public support percentage from 2015 Schedule A, Part III, line 15	16	o/e

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

17 Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f))	17	o/e
18 Investment income percentage from 2015 Schedule A, Part III, line 17	18	o/e

- 19a 33-1/3% support tests—2016. 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—2015. 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 Supporting Organizations**

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? If 'No,' describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? If 'Yes,' explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? If 'Yes,' answer (b) and (c) below.		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? If 'Yes,' describe in Part VI when and how the organization made the determination.		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? If 'Yes,' explain in Part VI what controls the organization put in place to ensure such use.		
4a Was any supported organization not organized in the United States ('foreign supported organization')? If 'Yes' and if you checked 12a or 12b in Part I, answer (b) and (c) below.		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? If 'Yes,' describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? If 'Yes,' explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? If 'Yes,' answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? If 'Yes,' provide detail in Part VI.		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? If 'Yes,' complete Part I of Schedule L (Form 990 or 990-EZ).		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? If 'Yes,' complete Part I of Schedule L (Form 990 or 990-EZ).		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? If 'Yes,' provide detail in Part VI.		
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? If 'Yes,' provide detail in Part VI.		
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? If 'Yes,' provide detail in Part VI.		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? If 'Yes,' answer 10b below.		
b Did the organization have any excess business holdings in the tax year? (Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)		

**Part IV Supporting Organizations (continued)**

	Yes	No
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?	11a	
<b>b</b> A family member of a person described in (a) above?	11b	
<b>c</b> A 35% controlled entity of a person described in (a) or (b) above? <i>If 'Yes' to a, b, or c, provide detail in Part VI.</i>	11c	

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? <i>If 'No,' describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i>	1	
<b>2</b> Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If 'Yes,' explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.</i>	2	

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If 'No,' describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i>	1	

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	1	
<b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? <i>If 'No,' explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>	2	
<b>3</b> By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If 'Yes,' describe in Part VI the role the organization's supported organizations played in this regard.</i>	3	

**Section E. Type III Functionally Integrated Supporting Organizations**

**1** Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).

- a  The organization satisfied the Activities Test. *Complete line 2 below.*
- b  The organization is the parent of each of its supported organizations. *Complete line 3 below.*
- c  The organization supported a governmental entity. *Describe in Part VI how you supported a government entity (see instructions).*

**2** Activities Test. *Answer (a) and (b) below.*

- a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? *If 'Yes,' then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.*
- b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? *If 'Yes,' explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.*

**3** Parent of Supported Organizations. *Answer (a) and (b) below.*

- a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? *Provide details in Part VI.*
- b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? *If 'Yes,' describe in Part VI the role played by the organization in this regard.*

	Yes	No
2a		
2b		
3a		
3b		

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

1  Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). See instructions. All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A – Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3.	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4).	8	

Section B – Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt use assets	2	
3	Subtract line 2 from line 1d.	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	4	
5	Net value of non-exempt use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035.	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C – Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1.	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3.	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	6	

7  Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).

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**Part V** Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D – Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2016 from Section C, line 6	
10 Line 8 amount divided by Line 9 amount	

Section E – Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2016	(iii) Distributable Amount for 2016
1 Distributable amount for 2016 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2016 (reasonable cause required – explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2016:			
a			
b			
c From 2013			
d From 2014			
e From 2015			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2016 distributable amount			
i Carryover from 2011 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2016 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2016 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2016, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions.			
6 Remaining underdistributions for 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions.			
7 Excess distributions carryover to 2017. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a			
b Excess from 2013			
c Excess from 2014			
d Excess from 2015			
e Excess from 2016			

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**Part VI** **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; Part III, line 12; Part IV, Section A, lines 1, 2, 3b, 3c, 4b, 4c, 5a, 6, 9a, 9b, 9c, 11a, 11b, and 11c; Part IV, Section B, lines 1 and 2; Part IV, Section C, line 1; Part IV, Section D, lines 2 and 3; Part IV, Section E, lines 1c, 2a, 2b, 3a, and 3b; Part V, line 1; Part V, Section B, line 1e; Part V, Section D, lines 5, 6, and 8; and Part V, Section E, lines 2, 5, and 6. Also complete this part for any additional information. (See instructions.)

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.

▶ Information about Schedule B (Form 990, 990-EZ, 990-PF) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

2016

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

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, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- For an organization described in section 501(c)(3) 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), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions 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 an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled 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. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year . . . . . ▶ \$ \_\_\_\_\_

Caution. An organization that isn't covered by the General Rule and/or the Special Rules doesn't 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 its Form 990-PF, Part I, line 2, to certify that it doesn't 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, 990-EZ, or 990-PF.

Schedule B (Form 990, 990-EZ, or 990-PF) (2016)

Name of organization

Meritus Medical Center, Inc.

Employer identification number

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	\$ 3,140,708.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
---	---	\$ ---	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
---	---	\$ ---	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
---	---	\$ ---	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
---	---	\$ ---	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
---	---	\$ ---	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)





Name of organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**Part III** Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the 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**

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

OMB No 1545-0047

**2016**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

▶ **Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.**  
▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

If the organization answered 'Yes,' on 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,' on 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,' on Form 990, Part IV, line 5 (Proxy Tax) (see separate instructions) or Form 990-EZ, Part V, line 35c (Proxy Tax) (see separate instructions), then

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

Name of organization <b>Meritus Medical Center, Inc.</b>	Employer identification number <b>52-0607949</b>
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**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. (see instructions for definition of 'political campaign activities') \_\_\_\_\_
- 2 Political campaign activity expenditures (see instructions) ▶ \$ \_\_\_\_\_
- 3 Volunteer hours for political campaign activities (see instructions) \_\_\_\_\_

**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)	-----			

**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.

Limits on Lobbying Expenditures (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 separate instructions for lines 2a through 2f.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) Total
2 a Lobbying nontaxable 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 .....					

**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 on 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		13,854.
j Total. Add lines 1c through 1i.			13,854.
2a 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?		
2 Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
3 Did the organization agree to carry over lobbying and political campaign activity expenditures from the prior year?		

**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	2a	
b Carryover from last year	2b	
c Total	2c	
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

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, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

**Additional Information**

For fiscal year 2017, lobbying activities accounted for 6.46 percent of MMC's Maryland Hospital Association dues. The total calculated lobbying expense for MMC is \$13,854.

**SCHEDULE D  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

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

▶ Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

**2016**

Open to Public Inspection

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of 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?	<input type="checkbox"/> Yes	<input type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> 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 8/17/05, 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, handling of violations, and enforcing conservation easements during the year ▶ \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, 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' on 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) Revenue included on 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 Revenue included on 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' on 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, for escrow or custodial account liability?  Yes  No

b If 'Yes,' explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1 a Beginning of year balance	1,035,650.	1,003,685.	1,032,034.	1,037,683.	1,048,319.
b Contributions					
c Net investment earnings, gains, and losses	8,501.	37,181.	2,233.	3,020.	4,958.
d Grants or scholarships					
e Other expenditures for facilities and programs	12,239.	5,216.	582.	8,669.	15,594.
f Administrative expenses					
g End of year balance	1,031,912.	1,035,650.	1,033,685.	1,032,034.	1,037,683.

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 on 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		X
(ii) related organizations		X
b If 'Yes' on line 3a(ii), are the related organizations listed as required on Schedule R?		

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

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11a. 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		6,670,317.		6,670,317.
b Buildings		205,778,772.	64,079,424.	141,699,348.
c Leasehold improvements		22,638,651.	11,472,797.	11,165,854.
d Equipment		174,282,167.	105,165,088.	69,117,079.
e Other		7,441,087.		7,441,087.

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) ▶ 236,093,685.

**Part VII** Investments – Other Securities.

N/A

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(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) -----		
Total. (Column (b) must equal Form 990, Part X, column (B) line 12.)		

**Part VIII** Investments – Program Related.

N/A

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

**Part IX** Other Assets.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) Net assets held by MHF	4,717,640.
(2) Other assets	1,398,121.
(3) Retro premium credit receivable	8,657,522.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, column (B) line 15.)	49,491,107.

**Part X** Other Liabilities.

Complete if the organization answered 'Yes' on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25

(a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) Accrued retirement benefits	2,522,104.
(3) Due to related entities	37,863,091.
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, column (B) line 25.)	40,385,195.

2. Liability for uncertain tax positions. 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.



**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.** N/A  
 Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

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 (losses) 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	

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.** N/A  
 Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

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.**

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. As of June 30, 2017, the Meritus tax years ended June 30, 2014 through June 30, 2017 for federal tax jurisdiction remain open to examination.

**SCHEDULE F**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Statement of Activities Outside the United States**

▶ Complete if the organization answered 'Yes' on Form 990, Part IV, line 14b, 15, or 16.  
▶ Attach to Form 990.  
▶ Information about Schedule F (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

**2016**

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' on Form 990, Part IV, line 14b.

- 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
- For grantmakers. Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.
- 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 the region	(d) Activities conducted in the region (by type) (such as, 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 the region	(f) Total expenditures for and investments in the region
Cen Ame and the (1) Caribbean			Program services	Insurance	2,407,211.
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
<b>3 a</b> Sub-total					2,407,211.
<b>b</b> Total from continuation sheets to Part I					
<b>c</b> Totals (add lines 3a and 3b)	0	0			2,407,211.

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

Schedule F (Form 990) 2016

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

(e) 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 separately 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, do not file with Form 990)* .....  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 separately file Form 5713, International Boycott Report (see Instructions for Form 5713; do not file with Form 990)* .....  Yes  No

**Part V** Supplemental Information

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.

**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No 1545-0047

**2016**

Open to Public Inspection

▶ Complete if the organization answered 'Yes' on Form 990, Part IV, question 20.  
▶ Attach to Form 990.  
▶ Information about Schedule H (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Department of the Treasury  
Internal Revenue Service

Name of the organization

Employer identification number

Meritus Medical Center, Inc.

52-0607949

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

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If 'No,' skip to question 6a	X	
b If 'Yes,' was it a written policy?	X	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its 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		
3 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. a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? If 'Yes,' indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	X	
b Did the organization use FPG as a factor in determining eligibility for providing discounted care? If 'Yes,' indicate which of the following was the family income limit for discounted care: <input type="checkbox"/> 200% <input checked="" type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400%    Other _____ %	X	
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used 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, as a factor in determining eligibility for free or discounted care.		
4 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	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If 'Yes,' did the organization's financial assistance expenses exceed the budgeted amount? . . . . .		X
c 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? . . . . .		
6a Did the organization prepare a community benefit report during the tax year?	X	
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.

Financial Assistance and Means-Tested Government Programs	(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
a Financial Assistance at cost (from Worksheet 1) . . . . .		1,775	3,695,606.		3,695,606.	1.01
b Medicaid (from Worksheet 3, column a) . . . . .			7,021,189.	5,934,290.	1,086,899.	0.30
c Costs of other means-tested government programs (from Worksheet 3, column b)			1,086,899.		1,086,899.	0.30
d Total Financial Assistance and Means-Tested Government Programs . . .	0	1,775	11,803,694.	5,934,290.	5,869,404.	1.61
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4) . . . . .		41,138	1,356,940.	14,037.	1,342,903.	0.37
f Health professions education (from Worksheet 5) . . . . .		1,855	184,839.		184,839.	0.05
g Subsidized health services (from Worksheet 6) . . . . .		444,674	19,448,430.	4,820,578.	14,627,852.	4.02
h Research (from Worksheet 7) . . . . .		410	361,788.	352,874.	8,914.	0.
i Cash and in-kind contributions for community benefit (from Worksheet 8) . .		3,902	456,807.	211,756.	245,051.	0.07
j Total Other Benefits . . . . .	0	491,979	21,808,804.	5,399,245.	16,409,559.	4.51
k Total. Add lines 7d and 7j . . . . .	0	493,754	33,612,498.	11,333,535.	22,278,963.	6.12



**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	4		276.		276.	
3 Community support	7	40	473.		473.	
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building	42	14	2,823.		2,823.	
7 Community health improvement advocacy	4		276.		276.	
8 Workforce development	345	1,694	18,602.	184.	18,418.	0.01
9 Other						
10 Total	402	1,748	22,450.	184.	22,266.	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?	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. <b>Part VI</b>		
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 the rationale, if any, for including this portion of bad debt as community benefit. <b>Part VI</b>		
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. <b>Part VI</b>		

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME)	5	319,198,715.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	269,481,356.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	49,717,359.
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. <b>Part VI</b>	9b	X

**Part IV Management Companies and Joint Ventures** (owned 10% or more by officers, directors, trustees, key employees, and physicians — 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	100.0000		
3 THP-Meritus ACO, LLC	ACO	100.0000		
4 Trivergent Health Alliance	Management Services	33.3300		
5 Meritus Health ACO, LLC	ACO	100.0000		
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, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

1 Meritus Medical Center, Inc.  
1116 Medical Campus Road  
Hagerstown, MD 21742  
www.meritushealth.com  
21-0001

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
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 or facility reporting groups listed in Part V, Section A)

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

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

Community Health Needs Assessment		Yes	No
1	Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?		X
2	Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If 'Yes,' provide details of the acquisition in Section C.		X
3	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 12. 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 significant 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"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s) j <input type="checkbox"/> Other (describe in Section C)	X	
4	Indicate the tax year the hospital facility last conducted a CHNA: <u>2016</u>		
5	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If 'Yes,' describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted. <b>Part V</b>	X	
6a	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If 'Yes,' list the other hospital facilities in Section C.		X
6b	Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If 'Yes,' list the other organizations in Section C.	X	
7	Did the hospital facility make its CHNA report widely available to the public? If 'Yes,' indicate how the CHNA report was made widely available (check all that apply): a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>www.meritushealth.com</u> b <input type="checkbox"/> Other website (list url): _____ c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility d <input type="checkbox"/> Other (describe in Section C)	X	
8	Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If 'No,' skip to line 11.	X	
9	Indicate the tax year the hospital facility last adopted an implementation strategy: <u>2016</u>		
10	Is the hospital facility's most recently adopted implementation strategy posted on a website? ...	X	
10a	If 'Yes,' (list url): <u>www.meritushealth.com/About-Meritus-Health/Healthy-Wash</u>		
10b	If 'No,' is the hospital facility's most recently adopted implementation strategy attached to this return?		X
11	Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed. <b>Part V</b>		
12a	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
12b	If 'Yes' to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?		
	If 'Yes' to line 12b, 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)**

**Financial Assistance Policy (FAP)**

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

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
13 Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? If 'Yes,' indicate the eligibility criteria explained in the FAP:	X	
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>250</u> %		
b <input checked="" type="checkbox"/> Income level other than FPG (describe in Section C) <span style="float: right;">Part V</span>		
c <input checked="" type="checkbox"/> Asset level		
d <input checked="" type="checkbox"/> Medical indigency		
e <input checked="" type="checkbox"/> Insurance status		
f <input checked="" type="checkbox"/> Underinsurance status		
g <input type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
14 Explained the basis for calculating amounts charged to patients?	X	
15 Explained the method for applying for financial assistance? If 'Yes,' indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):	X	
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input checked="" type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input type="checkbox"/> Other (describe in Section C)		
16 Was widely publicized within the community served by the hospital facility?.....	X	
If 'Yes,' indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>www.meritushealth/financialassistance</u>		
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>www.meritushealth/financialassistanc</u>		
c <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>www.meritushealth/financial</u>		
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g <input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i <input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by LEP populations		
j <input checked="" type="checkbox"/> Other (describe in Section C)		

**Part V Facility Information (continued)**

**Billing and Collections**

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

	Yes	No
17 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 all of the actions the hospital facility or other authorized party may take upon nonpayment?	X	
18 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 individual's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
f <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		
19 Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?		X
If 'Yes,' check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):		
a <input checked="" type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs		
b <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process		
c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications		
d <input checked="" type="checkbox"/> Made presumptive eligibility determinations		
e <input type="checkbox"/> Other (describe in Section C)		
f <input type="checkbox"/> None of these efforts were made		

**Policy Relating to Emergency Medical Care**

21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required 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 Section C)		
d <input type="checkbox"/> Other (describe in Section C)		

**Part V Facility Information (continued)**

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

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

		Yes	No
22	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 checked="" type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
b	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
c	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
d	<input checked="" type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method <span style="float: right;">Part V</span>		
23	During the tax year, did the hospital facility charge any FAP-eligible individual 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? .....	23	X
If 'Yes,' explain in Section C.			
24	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? .....	24	X
If 'Yes,' explain in Section C.			

**Part V Facility Information (continued)**

Copy of

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ('A, 1,' 'A, 4,' 'B, 2,' 'B, 3,' etc.) and name of hospital facility.

**Part V, Line 5 - Account Input from Person Who Represent the Community**

Facility: Meritus Medical Center, Inc.

See discussion regarding performance of 2016 CHNA. - Schedule H, Part VI.

**Part V, Line 6b - CHNA Conducted by Organizations Other Than Hospital**

Facility: Meritus Medical Center, Inc.

The other groups involved in the CHNA creation are Brooklane, Healthy Washington County and Washington County Health Department.

**Part V, Line 11 - Explanation of Needs Not Addressed and Reasons Why**

Facility: Meritus Medical Center, Inc.

As a community hospital, MMC purposefully incorporates our commitment to community service into our internal management and governance structures as well as strategic and operational plans. MMC conducts a community health needs assessment every three years to identify and prioritize community health needs and service gaps. An action plan of initiatives and goals is developed to address the prioritized health needs. The action plan is reviewed by the MMC Strategic Planning Committee and approved by the MMC Board.

The most recent prioritized community health needs from FY2016 MMC CHNA include:

1. Reducing obesity and increasing physical activity - MMC has implemented the following: CATCH (Coordinated Approach to Child Health)- a standardized, evidenced-based program proven to reduce the rate of obesity among children; sponsored and promoted five large community events centered on promotion of physical activity and health; provides a bi-weekly community weight loss support group led by a registered dietitian that is open to the public and free of charge; offered BMI screening, health and nutrition information at two health fairs with a focus on diet, nutrition and exercise.

2. Improve mental health education, access to care and reducing ED visits - MMC has implemented the following: provision of targeted mental health education and support

**Part V Facility Information (continued)**

Copy of

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ('A, 1,' 'A, 4,' 'B, 2,' 'B, 3,' etc.) and name of hospital facility.

**Part V, Line 11 - Explanation of Needs Not Addressed and Reasons Why (continued)**

groups to decrease stigma, increase awareness of behavioral health issues and provide practical mental health education and support; integration of behavioral health professionals in primary care practices to help support depression screening, mental health evaluation, support and linkage; partnered to provide case management services to help link patients at high-risk for a return to the ED with needed community resources; provision of expedited access to timely psychiatry evaluation to avoid ED visit or higher level of care when indicated.

3. Improve the management of diabetes illness with better access to care and education - MMC developed the following: a comprehensive community patient resource guide to educate community and physicians of diabetic risk, programs for prevention, education and support; stream-lined processes to direct patients to appropriate level of diabetic education; provided targeted diabetes education to patients and support in PCP offices; provided living well education and diabetes prevention support programs in our community at no cost; provide diabetes education for disease management, lifestyle changes, risk reduction and decrease longer term mortality rates; recruited two new endocrinologists to increase access to care.

4. Promote healthy lifestyles and wellness through balanced diet and exercise - MMC offered the following: non-traditional, alternative health interventions that have demonstrated positive health benefits; wellness checks and general health screenings to provide patients with understanding of their health status; increase participant awareness to contemplate need to make lifestyle changes; wellness education for practical, applicable information to current health topics, exercise, and trends; support groups that cover a wide range of health related issues including cancer, Parkinson's, stroke, stress and grief.

5. Improve timely access to substance abuse treatment and reducing overdose deaths

-MMC completed the following: creation of a community task force that analyzed



**Part V** Facility Information (continued)

Copy of

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ('A, 1,' 'A, 4,' 'B, 2,' 'B, 3,' etc.) and name of hospital facility.

**Part V, Line 11 - Explanation of Needs Not Addressed and Reasons Why (continued)**

treatment and service gaps, and developed plan to bridge services; implementation of a community case management program for ED patients with substance use disorder; offered a program for short term crisis stabilization to persons with an opioid overdose in the ED who required resuscitation; developed a system to evaluate and transfer inpatients directly to drug rehab when possible; participated in a state wide Neonatal Abstinence Syndrome Collaborative and partner with community providers; provide free support group and education services to family members of persons with addiction.

6. Reduce heart disease and managing hypertension - MMC completed the following: blood pressure screenings in community neighborhoods to identify persons with hypertension, provide education and refer to medical management; continued the community wide blood pressure awareness to change the community culture to focus on personal health status; monthly B/P clinics and education at senior residential centers to screen for untreated or poorly managed hypertension and improve cardio health in senior population; sponsored heart healthy activities and events that promoted heart health education; telehealth support and monitoring to persons with Congestive Heart Failure to improve overall management.

At the conclusion of the CHNA data assessment it was recognized that many more needs were identified and exist than can not be successfully met by the hospitals alone due to limited, finite resources. The prioritization criterion and assigned weights assisted the coalition to narrow the focus and directly address the issues that would have the greatest impact for improving the health of people in our community. When other community organizations have a mission aligned to meet the CHNA needs that were identified, the need was scored as a lower priority for MMC, avoiding the duplication of existing community services and providing an opportunity to coordinate the linkage of patients to alternative services whenever appropriate. Our

**Part V Facility Information (continued)**

Copy of

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3i, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ('A, 1,' 'A, 4,' 'B, 2,' 'B, 3,' etc.) and name of hospital facility.

**Part V, Line 11 - Explanation of Needs Not Addressed and Reasons Why (continued)**

community providers are using the results of the CHNA to help target these unmet needs based on strengths, expertise and resources of individual organizations, and where interests are shared, new collaborative relationships between organizations will be formed.

The local WCHIC is using the CHNA to address access to affordable healthcare issues and a lack of health insurance by providing locations for the MD Health Exchange Navigators to reach uninsured persons. Both Brook Lane Health Services and MMC have a financial assistance policy for persons deemed unable to afford the cost of care. The county is fortunate to have two Federally Qualified Health Centers located in Hancock and Hagerstown, MD, both of which are committed to providing quality healthcare services on a sliding-scale basis. The Community Free Clinic located in Hagerstown provides quality, comprehensive outpatient health care services, free of cost, to all Washington County residents who are uninsured.

**Part V, Line 13b - Criteria For Providing Discounted Care If Not FPG**

Facility: Meritus Medical Center, Inc.

Meritus strives to ensure that the financial capacity of people who need health care services does not prevent them from seeking or receiving care. Meritus reserves the right to grant financial assistance without formal application being made by patients. These patients may include the homeless or individuals with returned mail and no forwarding address. Patients who are uninsured, underinsured, ineligible for a government program or otherwise unable to pay for medically necessary care may be eligible for Meritus' Financial Assistance Program.

**Part V, Line 16i - Other Means Hospital Facility Publicized the Policy**

Facility: Meritus Medical Center, Inc.

Meritus made available brochures informing the public of its Financial Assistance Policy. Such brochures are available throughout the community and within Meritus

**Part V** Facility Information (continued)

Copy of

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3), 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ('A, 1,' 'A, 4,' 'B, 2,' 'B, 3,' etc.) and name of hospital facility.

**Part V, Line 16i - Other Means Hospital Facility Publicized the Policy (continued)**

locations. Notices of the availability of financial assistance are posted at appropriate admission areas, the Patient Financial Services department and other key patient access areas. A statement on the availability of financial assistance is included on patient billing statements.

**Part V, Line 22d - Other Billing Determination of Individuals Without Insurance**

Facility: Meritus Medical Center, Inc.

All patients presenting to Meritus for emergency services are treated regardless of their ability to pay. For emergent services, applications to FAP are completed, received and evaluated retrospectively and do not delay patients receiving care.

Individuals eligible for reduced-cost care under this policy are not charged more than the hospital's standard charges, as set by Maryland's Health Services Cost Review Commission (HSCRC).

a. Meritus' rate structure is governed by the HSCRC rate setting authority.

As an "all-payer system", all patient care is charged according to the resources consumed in treating them regardless of the patient's ability to pay. Charges are developed based on a relative predetermined value set by the HSCRC at the approved unit rate developed by the HSCRC.



**Part VI Supplemental Information**

Provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II and Part III, lines 2, 3, 4, 8 and 9b.
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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 is 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.

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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

The costs for patients accepted under MMC's financial assistance policy are included in charity care and are not a part of MMC's bad debt expense. MMC is using an estimation process to calculate MMC's bad debt expense attributable to patient's that are eligible but denied under MMC's financial assistance policy. MMC takes into account the number of financial assistance applications that are denied. MMC has determined there is historically a denial rate that equates to approximately 15% of

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

total bad debt expense. These denied financial assistance applicants normally present as future bad debt cases that are written off.

**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 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**

1. Meritus expects patient payment at the time service is provided or within thirty (30) days of the first billing to patient for services not covered by insurance or financial assistance.
2. Meritus must take effective action to maintain timely accounts receivable turnover and ensure that the value of accounts receivable is accurately stated. To do this, patient accounts will be aged and written off as bad debts or charity and may be outsourced to collection agencies for further follow-up.
3. Emergency services will be provided to all patients regardless of ability

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

to pay. Scheduled services will be provided after appropriate financial arrangements are confirmed by Meritus. Deposits may be required prior to scheduling services. Failure to pay required deposits may result in the rescheduling of the service.

4. Financial Assistance is potentially available for patients based on financial need as defined in the Meritus' Financial Assistance Policy.

a. It is the patient's responsibility to provide accurate information regarding address, employment and health insurance in order to determine eligibility for services, amounts due from the patient and/or eligibility for Financial Assistance.

5. Meritus complies with all state and federal law and third party regulations to perform credit and collection functions in a dignified and respectful manner.

6. Meritus does not discriminate on the basis of age, race, creed, sex or ability to pay.

7. Meritus will not sell the bad debt receivables or charge a prejudgment interest rate for self-pay or balances after insurance.

8. Meritus may use external collection agencies for extended business office, legal and/or collection activity to assist with collecting on patient accounts.



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

These agencies do not sell the receivable and act as an extended business office on behalf of Meritus.

9. Prior to initiating any extraordinary collection activities (ECAs), Meritus shall provide written notice to the patient or responsible party at least thirty (30) days prior to the referral.

a. Such written notice shall:

- i. Inform the patient of availability of financial assistance;
- ii. Identify the actions that Meritus intends to initiate to obtain payment, such as:
  - a) Reporting adverse information to a consumer credit reporting agency or credit bureau;
  - b) Garnishment of wages; or
  - c) Initiating a civil action.

**Part VI - Needs Assessment**

Community Health Needs Assessment Plan and Implementation as required 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

**Part VI Supplemental Information**

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

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

**Community Health Needs Assessment Plan and Implementation**

The FY2016 Community Needs Health Assessment (CHNA) data collection occurred between March 26, 2015 - September 22, 2015 (FY2016). Meritus Medical Center (MMC) conducted a community-wide survey from a random sample of 1,472 adult residents living in the

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

primary service region to learn about their health and health needs. Individual focus groups were conducted between July 30, 2015 - August 26, 2015 to address topics including Hispanic, Muslim and senior population health needs, complex care, nutrition, physical activity, mental health, substance abuse and access to healthcare. A broad coalition of community leaders and providers joined together to design the data gathering process and analyze the results.

A public conference was conducted on September 29, 2015 to present the CHNA findings, answer questions and have members of our community rank the health priorities. The group used three criteria to prioritize the needs; 1. Magnitude of the problem, 2. Variance against benchmarks, 3. Impact on other health outcomes

The top prioritized health initiatives for Meritus Medical Center include:

- Reducing obesity and increasing physical activity
- Improving mental health education, access to care and reducing ED visits
- Improving the management of diabetes illness with better access to care and education
- Promoting healthy lifestyles and wellness through balanced diet and exercise
- Improving timely access to substance abuse treatment and reducing overdose

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

deaths

•Reducing heart disease and managing hypertension

Upon full review of the CHNA findings the MMC Board of Directors approved and adopted the plan of action on March 16, 2016. Following Board approval the FY2016 CHNA was publicly posted at: [www.meritushealth.com/financial assistance](http://www.meritushealth.com/financial%20assistance).

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

Financial assistance is offered before, during, or after services are rendered at MMC. Meritus offers a financial assistance application and a self pay brochure at the point of registration. After applying, the hospital will send an acknowledgment letter to the patient within two (2) business days and an eligibility determination will be made within thirty (30) days.

Notice of the Availability of Financial Assistance:

a. Meritus made available brochures informing the public of its Financial Assistance Policy. Such brochures will be available throughout the community and within Meritus locations.

b. Notices of the availability of financial assistance are posted at appropriate admission areas, the Patient Financial Services department, the ER and other key patient access areas.

c. A statement on the availability of financial assistance is included on patient

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### Part VI - Patient Education of Eligibility for Assistance (continued)

billing statements.

d. A Plain Language Summary of Meritus' Financial Assistance Policy is provided to patients receiving inpatient services with their Summary Bill and is made available to all patients upon request.

e. Meritus' Financial Assistance Policy, a Plain Language Summary of the policy, and the Financial Assistance Application are available to patients upon request at Meritus, through mail (postal service), and on Meritus' website at [www.meritushealth.com/financialassistance](http://www.meritushealth.com/financialassistance).

f. Meritus' Financial Assistance Policy, Plain Language Summary, and Financial Assistance Application are available in Spanish.

h. On an annual basis, Meritus shall assess the needs of our limited English proficiency community and determine whether additional translations are needed.

i. MMC employs an on-site Washington County Social Worker that screens and notifies patients and potential patients of their eligibility for all public assistance programs offered by the county, state and federal governments.

MMC has policies including financial assistance, billing and collections and emergency care that insure compliance with the legislation of section 501R.

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**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, while also serving residents of Frederick County, MD; Franklin County, PA; Fulton County, PA; Morgan County, WV; Jefferson County, WV; and Berkeley County, WV. Within MMC's community service benefit area; the total population is 149,573 ; median age is 40; median household income is \$56,228; and the percentage of households with incomes below the federal poverty guidelines is 12%. There are no other Maryland hospitals sharing MMC's primary service area. The percentage of MMC's patients who are uninsured is 4.1%. 28.4% of MMC's patients are Medicaid recipients and 32.1% are Medicare beneficiaries. A majority of the Board of Directors of MMC is comprised of representatives of the community served. A majority of the Board are not employees, independent contractors or family members of such persons of the health system. MMC extends medical staff privileges to all qualified physicians. MMC identifies and applies any surplus funds to improvements in patient care, medical education or research.

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### Part VI - Community Building Activities

#### Promotion of Community Health

Meritus Health believes that healthcare is not just for people when they are sick or injured. Through many avenues, we reach out to the community and offer ways to help you stay healthy. One example is the collaboration with the Herald-Mail, Meritus Health and Washington County Public Schools known as "Healthy Washington County". The goal of Healthy Washington County is to educate as many adults in the region as possible about the importance of understanding your own personal health numbers and what they mean for your overall health status.

The Medication Assistance Center (MAC) provides access to free or reduced-cost prescription drugs to low-income or chronically ill patients with no prescription insurance. The center serves some 3,400 residents of Washington County and those who are treated by physicians located in Washington County or at Meritus Medical Center. Since 2000, Meritus Health has provided this service free of charge.

Medical screenings keep our community healthy and are held throughout the year. Free vascular, blood pressure, and other screenings are held at Meritus Medical Center, the Walnut Street Health Fair, and other community events.

The Make a Difference Breast Cancer program is a breast cancer outreach, education and screening project that provide services to uninsured and underinsured women of Washington County and the tri-state area. The program is funded by a grant from the

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### Part VI - Community Building Activities (continued)

Maryland Affiliate of Susan G. Komen for the Cure, Meritus Health's John R. Marsh Cancer Center, Washington County Health Department's Breast and Cervical Cancer Program (BCCP), Breast Cancer Awareness - Cumberland Valley (BCA-CV) and Diagnostic Imaging Services.

Our financial assistance program serves Meritus Medical Center patients who are unable to pay all or part of their medical bills. Improving healthcare access to those with limited incomes and resources is an important part of Meritus Health's mission.

The Your Health Matters program uses magazine, radio and newsletters to keep the public informed of Meritus Health-sponsored community workshops, support groups, classes - and offers tips on living a healthier life.

Spring through fall our Farmers's Market presents the public with healthy food choices and gives local farmers an opportunity to market their fresh produce.

55 and Up is for people age 55 and older who enjoy learning about health-related topics over lunch. The group meets with physicians and healthcare professionals once a month to understand health topics of interest.

Parish Nursing, or faith community nursing, encourages parishioners of all ages and faiths to become active partners in the management of their health. Parish nurses act as a vital link between the faith and medical communities.



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**Part VI - Community Building Activities (continued)**

The Sexual Assault Forensic Examiner (SAFE) program is a comprehensive and compassionate approach to the treatment of victims of sexual assault and abuse. Meritus Medical Center's SAFE program uses trained and certified SAFE examiners to provide specialized medical care, evidence collection, and emotional support to victims of sexual assault.

Each year Meritus Health employees contribute time and money to improve the well-being of our friends and neighbors. Fundraising campaigns like the United Way, March of Dimes, and the Walk to End Alzheimers inspire our healthcare professionals to give back to causes near to their hearts and professions. During the holiday season, our physicians and employees make and deliver hot meals for area families and seniors through our Lend-a-Hand event. Cancer survivors celebrate the gift of life each June when the John R. Marsh Cancer Center sponsors a family picnic for those touched by this life-changing disease.

**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

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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.

**Additional Information (continued)**

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 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**

Complete if the organization answered 'Yes' on Form 990, Part IV, line 21 or 22.  
▶ Attach to Form 990.  
▶ Information about Schedule I (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

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 Domestic Organizations and Domestic Governments. Complete if the organization answered 'Yes' on 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 in-cash assistance	(h) Purpose of grant or assistance
(1) Meritus Healthcare Foundation 11116 Medical Campus Road Hagerstown, MD 21742	01-0639265	501 (c) (3)	70,000.	0.			Support for quality healthcare
(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. **1**

3 Enter total number of other organizations listed in the line 1 table. **0**

Schedule I (Form 990) (2016) Meritus Medical Center, Inc.

**Part III** Grants and Other Assistance to Domestic Individuals. Complete if the organization answered 'Yes' on 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	312,302.		N/A	N/A
2					
3					
4					
5					
6					
7					

**Part IV** Supplemental Information. 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.

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

The organization during the year made a grant to its supporting organization, Meritus Healthcare Foundation.

**SCHEDULE J**  
**(Form 990)**

**Compensation Information**

OMB No 1545-0047

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

**2016**

▶ Complete if the organization answered 'Yes' on Form 990, Part IV, line 23.

▶ Attach to Form 990.

Open to Public Inspection

▶ Information about Schedule J (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Department of the Treasury  
Internal Revenue Service

Name of the organization

Employer identification number

Meritus Medical Center, Inc.

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 on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. **Part III**

- |   |   |
|---|---|
| <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 checked="" 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 (such as, 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

	Yes	No
<b>1 b</b>	X	
<b>2</b>	X	
<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>		

**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including 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 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 on 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? . . . . .
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan? . . . . .
- c** Participate in, or receive payment from, an equity based compensation arrangement? . . . . .
- 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), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.

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

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

**6** For persons listed on 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? . . . . .
- b** Any related organization? . . . . .
- If 'Yes' on line 6a or 6b, describe in Part III.

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

**8** Were any amounts reported on 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 . . . . .

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

Schedule J (Form 990) 2016 Meritus Medical Center, Inc.

**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 on 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 column (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 in column (B) reported as deferred on prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 George Newman II PhD MD Director	(i) 282,006. (ii) 0. (iii) 0.	0. 0.	0. 0.	0. 0.	0. 0.	282,006. 0.	0. 0.
2 Vincent Cantone MD Director	(i) 412,280. (ii) 0. (iii) 0.	0. 0.	0. 0.	4,839. 0.	20,248. 0.	437,367. 0.	0. 0.
3 Joseph Ross President & CEO	(i) 598,336. (ii) 0. (iii) 0.	200,600. 0.	14,142. 0.	298,710. 0.	15,719. 0.	1,127,507. 0.	0. 0.
4 Carolyn Simonsen VP/Secretary	(i) 277,893. (ii) 0. (iii) 0.	50,000. 0.	0. 0.	9,200. 0.	8,975. 0.	346,068. 0.	0. 0.
5 Thomas Chan VP/Treasurer	(i) 355,202. (ii) 0. (iii) 0.	69,300. 0.	25,056. 0.	47,625. 0.	17,838. 0.	515,021. 0.	0. 0.
6 Jesus Cepero Vice President	(i) 277,127. (ii) 0. (iii) 0.	54,029. 0.	0. 0.	36,137. 0.	19,088. 0.	386,381. 0.	0. 0.
7 Heather Lorenzo Vice President	(i) 323,879. (ii) 0. (iii) 0.	48,544. 0.	0. 0.	42,854. 0.	17,988. 0.	433,265. 0.	0. 0.
8 Lee Shaver Vice President	(i) 190,315. (ii) 0. (iii) 0.	26,712. 0.	0. 0.	28,122. 0.	654. 0.	245,803. 0.	0. 0.
9 Melinda Cannon Vice President	(i) 175,946. (ii) 0. (iii) 0.	23,338. 0.	0. 0.	25,332. 0.	13,793. 0.	238,409. 0.	0. 0.
10 Eileen Jaskuta Vice President	(i) 279,265. (ii) 0. (iii) 0.	50,000. 0.	0. 0.	43,607. 0.	150. 0.	373,022. 0.	0. 0.
11 Amy Dilcher VP/General Council	(i) 273,390. (ii) 0. (iii) 0.	64,200. 0.	0. 0.	36,090. 0.	150. 0.	373,830. 0.	0. 0.
12 Thomas Gilbert MD Physician	(i) 479,248. (ii) 0. (iii) 0.	84,838. 0.	0. 0.	11,700. 0.	17,338. 0.	593,124. 0.	0. 0.
13 Michael McCormack MD Physician	(i) 483,269. (ii) 0. (iii) 0.	0. 0.	0. 0.	11,925. 0.	16,796. 0.	511,990. 0.	0. 0.
14 Ali Akmal MD Physician	(i) 420,800. (ii) 0. (iii) 0.	0. 0.	0. 0.	11,166. 0.	18,338. 0.	450,304. 0.	0. 0.
15 Matthew Beckwith MD Physician	(i) 407,140. (ii) 0. (iii) 0.	0. 0.	0. 0.	11,925. 0.	19,158. 0.	438,223. 0.	0. 0.
16 Steven Sachs MD Physician	(i) 389,474. (ii) 0. (iii) 0.	0. 0.	0. 0.	11,925. 0.	7,391. 0.	408,790. 0.	0. 0.

**Part III** Supplemental Information

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

**Part 1, Line 1a - Relevant Information Regarding Compensation Benefits**

All gross-up payments provided by MMC are solely related to relocation expenses and are approved in advance by the executive committee as part of the compensation analysis. The following individual received reimbursement for relocation expenses during the reporting period: Thomas Chan \$25,056.

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

Incentive based compensation is determined by agreed upon individual and corporate goals by the Executive Committee of the MMC Board. Total compensation received by each individual is reviewed for reasonableness by those tasked with governance.

**Part III - Additional Information**

Several officers are participants in a 457F plan that was approved by the Executive Committee of the MMC Board of Directors. For the current year, the following amounts were deferred by Meritus Medical Center and are not substantially vested: Joseph Ross \$287,520, Thomas Chan \$35,700, Jesus Cepero \$27,985, Heather Lorenzo \$32,701, Anthony Shaver \$19,027, Amy Dilcher \$27,285, Eileen Jakusta \$27,694, and Melinda Cannon \$17,653.

Certain Meritus executives receive taxable fringe benefits, such as executive life insurance and car allowances. The value of these taxable fringe benefits are

included in Form W-2 wages. Please note total compensation of all executives are



**Part III Supplemental Information**

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

**Part III - Additional Information (continued)**

reviewed to ensure reasonableness.

52-0607949

Continuation Sheet for Schedule J (Form 990)

Name of the organization

Meritus Medical Center, Inc.

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

(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 in column (B) reported as deferred on prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation	(iv) Other reportable compensation				
(i) Marc Kross MD	391,537.	0.	0.	0.	0.	0.	391,537.	0.
(ii) Former Director	0.	0.	0.	0.	0.	0.	0.	0.
(i) David Solberg MD	263,818.	0.	0.	0.	0.	0.	263,818.	0.
(ii) Former Director	0.	0.	0.	0.	0.	0.	0.	0.
(i)								
(ii)								
(i)								
(ii)								
(i)								
(ii)								
(i)								
(ii)								
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(ii)								
(i)								
(ii)								
(i)								
(ii)								

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

**Supplemental Information on Tax-Exempt Bonds**

▶ Complete if the organization answered 'Yes' on Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.  
▶ Attach to Form 990.  
▶ Information about Schedule K (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

Name of the organization  
**Meritus Medical Center, Inc.**

Employer identification number  
**52-0607949**

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	52-0936091	574218YA5	7/09/2015	272,718,190	Refund o/s bonds/cons projects			X				X
B													
C													
D													

Part II	Proceeds	A				B				C				D			
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No		
1	Amount of bonds retired																
2	Amount of bonds legally defeased					3,930,000.											
3	Total proceeds of issue					272,733,758.											
4	Gross proceeds in reserve funds																
5	Capitalized interest from proceeds					252,553,239.											
6	Proceeds in refunding escrows					180,518.											
7	Issuance costs from proceeds																
8	Credit enhancement from proceeds																
9	Working capital expenditures from proceeds																
10	Capital expenditures from proceeds					20,014,308.											
11	Other spent proceeds																
12	Other unspent proceeds																
13	Year of substantial completion					2017											
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	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?																
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.**

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

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3 a Are there any management or service contracts that may result in private business use of bond-financed property?	X							
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?	X							
c Are there any research agreements that may result in private business use of bond-financed property?	X							
d 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?	X							
4 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		0.008 %						
5 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		%						
6 Total of lines 4 and 5		0.008 %						
7 Does the bond issue meet the private security or payment test?		X						
8 a 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 If 'Yes' to line 8a, enter the percentage of bond-financed property sold or disposed of.		%						
c If 'Yes' to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 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
1 Has the issuer filed Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate?		X						
2 If 'No' to line 1, did the following apply?								
a Rebate not due yet?	X							
b Exception to rebate?								
c No rebate due?								
If 'Yes' to line 2c, provide in Part VI the date the rebate computation was performed.								
3 Is the bond issue a variable rate issue?		X						
4 a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X						
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								

Meritus Medical Center, Inc.

**Part IV Arbitrage (Continued)**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5 a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6 Were any gross proceeds invested beyond an available temporary period?		X						
7 Has the organization established written procedures to monitor the requirements of section 148?	X							

**Part V Procedures To Undertake Corrective Action**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation isn't available under applicable regulations?	X							

**Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K. See instructions**

**Additional Information**

The difference between the issue price of the bonds and the total proceeds of the issue is investment earnings in the amount of \$15,568.

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

**Transactions With Interested Persons**

OMB No 1545-0047

▶ Complete if the organization answered 'Yes' on Form 990, Part IV, line 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.  
▶ Attach to Form 990 or Form 990-EZ.  
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

**2016**

**Open To Public Inspection**

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), section 501(c)(4), and 501(c)(29) 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, Part 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.

(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)												
<b>Total</b> .....						▶\$						

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

(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)				

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

Schedule L (Form 990 or 990-EZ) 2016

**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) Waheed Alencherry&IqbalPA	Director	162,784.	See supp info below		X
(2) David Solberg MD	Former director	263,818.	See supp info below		X
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

**Part V Supplemental Information**

Provide additional information for responses to questions on Schedule L (see instructions).

**Supplemental Information**

Drs. Iqbal and Waheed are paid under a compensation arrangement MMC has with their medical practice. David Solberg MD is paid as part of a rental transaction between MMC and a partnership he has ownership in. These are all arms' length transactions disclosed in accordance with the conflict of interest policy. All interested 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.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is  
at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No 1545-0047

**2016**

Open to Public  
Inspection

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**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 100% equity interest in Tri-State Health Partners ("THP"). THP is a physician-hospital organization ("PHO") established to organize, assemble and facilitate the provision of cost effective health care services. MMC holds a 100% interest in the THP-Meritus ACO, LLC ("ACO") and the Meritus Health ACO, LLC. The ACO's are groups of doctors, MMC and other health care providers who came together to give coordinated high quality care to their Medicare patients. The goal of the coordinated care is to ensure that patients, especially the chronically ill, get the right care at the right time, while avoiding unnecessary duplication of services and preventing medical errors.

In 2014, Frederick Regional Health System, Meritus Health, and Western Maryland Health System, three locally based non-profit health systems with long histories of community service, formed a system-wide affiliation to create the Trivergent Health Alliance, LLC. The three key objectives of the Alliance are to improve the health of the population served by the three hospitals, improve the quality of care rendered by the hospitals and to reduce the cost of healthcare provided as embodied in the Management Services Organization (MSO).



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A subsidiary, Trivergent Health Alliance MSO, LLC, was created to oversee seven key service lines for the three hospitals: supply chain, revenue cycle, laboratory, pharmacy, information systems, health information management and human resources. Trivergent Health Alliance MSO has a single mission, vision and values that builds on the legacies of all three organizations and points us to the future where we will work together to care for the patients in Maryland's western region.

As with all new corporations, the initial action is to identify a purpose. Together, the mission, vision and values were formed.

#### Mission

The provision of unprecedented savings through the power of collaboration to support achievement of exemplary clinical outcomes.

#### Vision

Achievement of per capita savings in healthcare delivery through innovation and value driven service.

#### Values

- Quality
- Stewardship—efficient, effective service
- Respect
- Integrity
- Collaboration and Teamwork

Trivergent MSO is dedicated to the development, delivery and sustainability of effective quality and safety improvement products and services designed to provide organizational improvement and increase efficiencies.

#### 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

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by the board, the Finance & Capital Committee 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

The compensation that Dr. Iqbal, Dr. Cantone, Dr. Cornell, and Dr. Su received were for their services as physicians. Dr. Newman serves as CMO of Western Maryland Center. Compensation provided to these individuals was for services provided in their capacity as independent contractors/employees of MMC and affiliates, not in their capacities as directors.

The average hours per week listed for all of the officers and directors includes, but is not limited to, their time spent preparing for and attending board committee meetings, fundraising and attendance at community functions on behalf of MMC.

#### Part XII, Line 2b

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

#### 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.

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**Form 990, Part III, Line 1 - Organization Mission**

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 a set of values that focus on the patient and family first: respect, integrity, service, excellence and teamwork.

The values express the manner in which all members of MMC will fulfill our mission and achieve our vision.

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

MMC participates in a variety of activities that focus on the well-being of the patients, including committees and teams that evaluate the 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.

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

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 & safety, finance, audit and business integrity, executive, governance and strategic planning.

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 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. 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 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.

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

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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.

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.

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.

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

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.

Meritus Medical Group, a medical neighborhood of primary and specialty care practices, offers a full spectrum of patient and family-centered care for residents of the tristate region. More than 100 providers work with a health care team dedicated to partnering with patients to improve their overall wellbeing. The team is proud to offer patients and families an improved experience through excellent communication and comprehensive, coordinated health care services.

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. MMC created the Meritus Health ACO, LLC which works to achieve this objective. Meritus Health ACO will optimize the delivery of health care through coordination among providers and the persistent management of care transitions to improve the patient experience, the health of our community and the quality and affordability of health care. The vision of Meritus Health ACO, LLC is to create an integrated system that delivers patient-centered, high-quality care through innovative partnerships and care redesign for all members of our community. MMC is 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 population health and contain costs.

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**Form 990, Part VI, Line 1a - Explanation of Delegated Broad Authority to Committee**

The Executive Committee of the MMC Board is comprised of the Board Chairperson, Vice Chairperson and Chairpersons of the following committees: Finance & Capital, Governance, Quality & Safety, Audit & Business Integrity, and Strategic Planning Committees, all whom are Board Members. The Committee, which meets bi-monthly between regularly scheduled Board meetings may in its discretion exercise the full powers, duties, responsibilities and authority of the Board, except where prohibited by law and subject to any limitations imposed by these Bylaws or the Board.

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

The Meritus Medical Center Bylaws were revised and approved on November 17, 2016. The revisions: 1) added the Chairperson of the Governance Committee as a member of the Executive Committee; and 2) clarified certain language around Executive Committee member independence, specifically "that only directors who shall be independent in accordance with the rules and regulations of The Internal Revenue Service shall participate in establishing executive compensation policies, administering executive compensation plans and making decisions with respect to the compensation of the CEO and other key executives."

**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.

**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.

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

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 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.
  - c. Has the potential of adversely impacting the operations of any subsidiary of the Member.
7. Formation of a subsidiary.
8. Adoption and amendment of the mission and vision statements.



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**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 members of the Board before May 15, 2018.

**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 of transactions with the organization. All disclosures and transactions are reviewed by the Audit & Business Integrity Committee. 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 or committee's discussions and decisions with regards to that transaction and must not only recuse themselves but leave the room during the discussions.

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

The Executive Committee of the MMC Board, which is comprised of independent board members, reviews on an annual basis the following as it relates to the compensation of the CEO and other key executives: 1) annual performance evaluations of the CEO and executives; 2) organizational and individual performance in achievement of strategic and individual incentive goals; and 3) market data presented by an independent third party compensation consultant; and 4) base salary and incentive recommendations. The independent third party consultant conducts and presents a reasonableness review of both base salary and total compensation for the CEO and key

Name of the organization <b>Meritus Medical Center, Inc.</b>	Employer identification number <b>52-0607949</b>
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**Form 990, Part VI, Line 15b - Compensation Review & Approval Process - Officers & Key Employees (continued)**

executives. The Committee discusses, deliberates and approves base salary and incentive compensation recommendations. Results are reported to the MMC Board. Positions reviewed in August of 2016 were: President and Chief Executive Officer, Chief Financial Officer, Chief Administrative & Compliance Officer, Chief Operating & Nursing Officer, Chief Medical Officer, Chief Quality Officer, General Counsel, VP Professional & Support Services and VP Physician Services.

**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.

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

Change in obligated group interest	\$ -7,734,175.
Change in partnership interest	-983,995.
Net assets of acquired companies	-1,250,749.
<b>Total</b>	<b><u>\$ -9,968,919.</u></b>

**SCHEDULE R**  
 (Form 990)

**Related Organizations and Unrelated Partnerships**

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

▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

Department of the Treasury  
 Internal Revenue Service

Name of the organization  
**Meritus Medical Center, Inc.**

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**52-0607949**

**Part I Identification of Disregarded Entities.** Complete if the organization answered 'Yes' on 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	-220,729.	-9,258,685.	MMC
(2) Meritus Urgent Care LLC 1116 Medical Campus Road Hagerstown, MD 21742 71-1050982	Health services	MD	-480,852.	8,120,314.	MMC
(3) Meritus Medical Lab LLC 1116 Medical Campus Road Hagerstown, MD 21742 80-0728035	Health services	MD	4,548,188.	4,966,796.	MMC

**Part II Identification of Related Tax-Exempt Organizations.** Complete if the organization answered 'Yes' on 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)							
(3)							
(4)							

**Part III** Identification of Related Organizations Taxable as a Partnership Complete if the organization answered 'Yes' on 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) <u>Robinwood Surger</u> <u>11116 Medical Ca</u> <u>Hagerstown, MD 2</u> <u>52-1770185</u>	Health services	MD	N/A		0.	0.		X	N/A		X	100.00
(2) -----												
(3) -----												

**Part IV** Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered 'Yes' on 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) <u>Meritus Insurance Company Ltd</u> <u>PO Box 1109GT</u> <u>Grand Cayman, Cayman Islands</u> <u>98-0162257</u>	Captive insurance	Cayman Isl	MMC		0.	17,186,796.	100.00		X
(2) <u>Meritus Enterprises Inc</u> <u>1116 Medical Campus Road</u> <u>Hagerstown, MD 21742</u> <u>52-1393624</u>	Health serv	MD	MMC	C corp	663,505.	53,355,289.	100.00		X
(3) -----									

**Part V Transactions With Related Organizations.** Complete if the organization answered 'Yes' on 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.

	Yes	No
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?		
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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Meritus Healthcare Foundation Inc		C	3,140,708.Cost	
(2) Meritus Enterprises Inc		P	396,889.Cost	
(3)				
(4)				
(5)				
(6)				

**Part VI Unrelated Organizations Taxable as a Partnership.** Complete if the organization answered 'Yes' on 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 sections 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) Trivergent Health A 1800 Dual Highway S Hagerstown, MD 2174 46-5555337	Management Services	MD		X		-228,292.	3,547,151.		X	N/A		X	33.33
(2) -----													
(3) -----													
(4) -----													
(5) -----													
(6) -----													
(7) -----													
(8) -----													

**Part VII** Supplemental Information.

Provide additional information for responses to questions on Schedule R. See instructions.

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

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

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

Trivergent Health Alliance, LLC      46-5555337      1800 Dual Highway Suite 304  
Hagerstown, MD 21740

Continuation Sheet for Schedule R

Name of filing organization: Meritus Medical Center, Inc. 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	-109,382.	668,647.	MMC
Medical Practices of Antietam LLC 11116 Medical Campus Road Hagerstown, MD 21742 52-2315129	Health services	MD	-9,840,158.	-5,708,684.	MMC
Downtown Urgent Care LLC 11116 Medical Campus Road Hagerstown, MD 21742 27-3483086	Health services	MD	13.	329,847.	MMC
Meritus Health ACO LLC 11116 Medical Campus Road Hagerstown, MD 21742 81-2639390	Health services	MD	-1,030,020.	4,086.	N/A
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