

**Return of Organization Exempt From Income Tax**  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

Department of the Treasury  
Internal Revenue Service

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

**A For the 2012 calendar year, or tax year beginning** 07/01, 2012, and ending 06/30, 2013

|   |  |  |   |   |
|---|--|--|---|---|
| <b>B</b> Check if applicable:<br><input type="checkbox"/> Address change<br><input type="checkbox"/> Name change<br><input type="checkbox"/> Initial return<br><input type="checkbox"/> Terminated<br><input type="checkbox"/> Amended return<br><input type="checkbox"/> Application pending | <b>C</b> Name of organization<br>FREDERICK MEMORIAL HOSPITAL, INC.         |  |   | <b>D</b> Employer identification number<br>52-0591612 |
|   | Doing Business As  |  |   | <b>E</b> Telephone number<br>(240) 566-3300           |
|   | Number and street (or P.O. box if mail is not delivered to street address) |  | Room/suite  | <b>G</b> Gross receipts \$ 376,282,036.               |
|   | 400 WEST SEVENTH STREET  |  |   |   |
| City, town or post office, state, and ZIP code<br>FREDERICK, MD 21701   |  |  | <b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No                          |   |
| <b>F</b> Name and address of principal officer: THOMAS A. KLEINHANZL<br>400 WEST SEVENTH STREET FREDERICK, MD 21701   |  |  | <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No<br>If "No," attach a list. (see instructions) |   |
| <b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) ◀ (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527  | <b>J</b> Website: ▶ WWW.FMH.ORG  |  |   | <b>H(c)</b> Group exemption number ▶                  |
| <b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶   | <b>L</b> Year of formation: 1897   |  | <b>M</b> 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:<br>TO CONTRIBUTE TO THE HEALTH AND WELL-BEING OF AREA RESIDENTS BY PROVIDING QUALITY HEALTHCARE IN A CARING, COST EFFICIENT, SAFE AND CONVENIENT MANNER. |                           |              |
|   | <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)  | <b>3</b>                  | 19.          |
|   | <b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)  | <b>4</b>                  | 14.          |
|   | <b>5</b> Total number of individuals employed in calendar year 2012 (Part V, line 2a)   | <b>5</b>                  | 3,108.       |
|   | <b>6</b> Total number of volunteers (estimate if necessary)   | <b>6</b>                  | 759.         |
|   | <b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12  | <b>7a</b>                 | 25,623.      |
| <b>b</b> Net unrelated business taxable income from Form 990-T, line 34             | <b>7b</b>   | 0                         |              |
| <b>Revenue</b>  | <b>8</b> Contributions and grants (Part VIII, line 1h)  | Prior Year                | Current Year |
|   | <b>9</b> Program service revenue (Part VIII, line 2g)   | 1,544,404.                | 1,286,310.   |
|   | <b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)   | 349,642,033.              | 339,333,256. |
|   | <b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)  | 5,813,060.                | 4,654,109.   |
|   | <b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)  | -454,399.                 | -463,760.    |
|   |   | 356,545,098.              | 344,809,915. |
| <b>Expenses</b>   | <b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)  | 100,000.                  | 100,000.     |
|   | <b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)   | 0                         | 0            |
|   | <b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)   | 178,059,458.              | 180,677,969. |
|   | <b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)  | 0                         | 48,000.      |
|   | <b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ 1,111,406.   |                           |              |
|   | <b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)  | 171,529,894.              | 159,527,803. |
| <b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) | 349,689,352.  | 340,353,772.              |              |
| <b>19</b> Revenue less expenses. Subtract line 18 from line 12                      | 6,855,746.  | 4,456,143.                |              |
| <b>Net Assets or Fund Balances</b>  | <b>20</b> Total assets (Part X, line 16)  | Beginning of Current Year | End of Year  |
|   | <b>21</b> Total liabilities (Part X, line 26)   | 415,327,620.              | 443,861,280. |
|   | <b>22</b> Net assets or fund balances. Subtract line 21 from line 20.   | 253,045,947.              | 256,998,009. |
|   | 162,281,673.  | 186,863,271.              |              |

**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.

|                  |                                    |      |
|------------------|------------------------------------|------|
| <b>Sign Here</b> | ▶ Signature of officer             | Date |
|                  | ▶ MICHELLE K. MAHAN SR. VP AND CFO |      |
|                  | Type or print name and title       |      |

|                               |   |  |                  |   |                   |
|-------------------------------|---|--|------------------|---|-------------------|
| <b>Paid Preparer Use Only</b> | Print/Type preparer's name<br>SUSAN S. TURNBAUGH            | Preparer's signature<br><i>Susan S Turnbaugh</i> | Date<br>05/14/14 | Check <input type="checkbox"/> if self-employed | PTIN<br>P01081752 |
|                               | Firm's name ▶ ERNST & YOUNG U.S. LLP                        | Firm's EIN ▶ 34-6565596                          |                  | Phone no. 202-327-7097                          |                   |
|                               | Firm's address ▶ 1101 NEW YORK AVE. NW WASHINGTON, DC 20005 |  |                  |   |                   |

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

For Paperwork Reduction Act Notice, see the separate instructions.

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

ATTACHMENT 1

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 [X] No

[ ] Yes [X] No

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

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

[ ] Yes [X] No

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

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations 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 \$ 36,970,219. including grants of \$ 100,000. ) (Revenue \$ 54,558,152. )

ATTACHMENT 2

4b (Code: ) (Expenses \$ 35,707,346. including grants of \$ 0 ) (Revenue \$ 59,686,299. )

FREDERICK MEMORIAL HOSPITAL'S PERIOPERATIVE SERVICES PROVIDED HIGH QUALITY CARE TO 13,163 SURGICAL AND ENDOSCOPY PATIENTS IN FISCAL YEAR 2013. PROCEDURES WERE PERFORMED IN OUR STATE OF THE ART FACILITY WHICH INCLUDES A DEDICATED IMAGING ROOM FOR VASCULAR AND OTHER PROCEDURES. WE HAVE PARTICIPATED IN THE SCIP QUALITY IMPROVEMENT PROJECT FOR CONTINUAL IMPROVEMENTS IN CARE FOLLOWING EVIDENCE BASED MEDICINE. WE TRACKED OUR PATIENT SATISFACTION THROUGH PRESS GANEY TO BENCHMARK OUR RESULTS TO THE NATIONAL DATA BASE. IN ADDITION TO THE PROGRAM SERVICES EXPENSE LISTED HERE, FMH INCURRED \$39.0 MILLION OF GENERAL AND ADMINISTRATIVE EXPENSES IN MEETING THE HEALTH NEEDS OF OUR PRIMARY SERVICE AREA.

4c (Code: ) (Expenses \$ 24,147,134. including grants of \$ 0 ) (Revenue \$ 32,698,590. )

ATTACHMENT 3

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

(Expenses \$ 203,410,946. including grants of \$ 0 ) (Revenue \$ 192,390,215. )

4e Total program service expenses 300,235,645.

**Part IV Checklist of Required Schedules**

|   | Yes | No |
|---|-----|----|
| <b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> . . . . .   | X   |    |
| <b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? . . . . .   | X   |    |
| <b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i> . . . . .  |     | X  |
| <b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i> . . . . .   | X   |    |
| <b>5</b> 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? <i>If "Yes," complete Schedule C, Part III</i> . . . . .   |     | X  |
| <b>6</b> 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? <i>If "Yes," complete Schedule D, Part I</i> . . . . .  |     | X  |
| <b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> . . . . .  |     | X  |
| <b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> . . . . .   |     | X  |
| <b>9</b> 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? <i>If "Yes," complete Schedule D, Part IV</i> . . . . .            |     | X  |
| <b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> . . . . .   | X   |    |
| <b>11</b> 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.   |     |    |
| <b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> . . . . .   | X   |    |
| <b>b</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? <i>If "Yes," complete Schedule D, Part VII</i> . . . . .   |     | X  |
| <b>c</b> 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? <i>If "Yes," complete Schedule D, Part VIII</i> . . . . .   | X   |    |
| <b>d</b> 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? <i>If "Yes," complete Schedule D, Part IX</i> . . . . .  |     | X  |
| <b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> . . . . .   | X   |    |
| <b>f</b> 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)? <i>If "Yes," complete Schedule D, Part X</i> . . . . .  |     | X  |
| <b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> . . . . .  |     | X  |
| <b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> . . . . .   | X   |    |
| <b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i> . . . . .  |     | X  |
| <b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States? . . . . .  |     | X  |
| <b>b</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? <i>If "Yes," complete Schedule F, Parts I and IV</i> . . . . . | X   |    |
| <b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i> . . . . .  |     | X  |
| <b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i> . . . . .  |     | X  |
| <b>17</b> 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? <i>If "Yes," complete Schedule G, Part I (see instructions)</i> . . . . .  | X   |    |
| <b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i> . . . . .   |     | X  |
| <b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i> . . . . .   |     | X  |
| <b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> . . . . .   | X   |    |
| <b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .   | X   |    |

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

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, description, and Yes/No checkboxes. Includes questions 1a-14b regarding Form 1096, Form W-2G, backup withholding, Form W-3, unrelated business gross income, foreign accounts, prohibited tax shelter transactions, annual gross receipts, deductible contributions, and sponsoring organizations.

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

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

Section A. Governing Body and Management

Table with columns for question number, description, and Yes/No checkboxes. Includes questions 1a, 1b, 2, 3, 4, 5, 6, 7a, 7b, 8, 8a, 8b, and 9.

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

Table with columns for question number, description, and Yes/No checkboxes. Includes questions 10a, 10b, 11a, 11b, 12a, 12b, 12c, 13, 14, 15a, 15b, 16a, and 16b.

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.
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.
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: MICHELLE K. MAHAN 400 WEST SEVENTH STREET FREDERICK, MD 21701 240-566-3350

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

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

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

1a 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)<br>Name and Title   | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position<br>(do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |         | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|---|--|--|-----------------------|---------|--------------|------------------------------|---------|--|---|---|
|   |  | Individual trustee or director   | Institutional trustee | Officer | Key employee | Highest compensated employee | Former  |  |   |   |
| (1) MARVIN AUSERMAN (END 9/30/12)<br>DIRECTOR                     | 2.00<br>0  | X  |                       |         |              |                              |         | 0  | 0   | 0   |
| (2) GREGORY P. DORMITZER<br>DIRECTOR                              | 2.00<br>0  | X  |                       |         |              |                              |         | 0  | 0   | 0   |
| (3) BERNARD GOUIN<br>DIRECTOR                                     | 2.00<br>0  | X  |                       |         |              |                              |         | 0  | 0   | 0   |
| (4) THEODORE LUCK<br>DIRECTOR                                     | 2.00<br>0  | X  |                       |         |              |                              |         | 0  | 0   | 0   |
| (5) J. FREDERICK, MANNING<br>DIRECTOR                             | 2.00<br>0  | X  |                       |         |              |                              |         | 0  | 0   | 0   |
| (6) JOHN MOLESWORTH, DO<br>PAST CHIEF OF STAFF                    | 2.00<br>0  | X  |                       |         |              |                              | 563.    | 0  | 0   | 0   |
| (7) GREG POWELL, PH.D (END 9/30/12)<br>PAST CHAIRMAN OF THE BOARD | 2.00<br>0  | X  | X                     |         |              |                              | 0       | 0  | 0   | 0   |
| (8) P. GREGORY RAUSCH, MD<br>CHAIR, FMH DEVLOPMENT COUNCIL        | 6.00<br>0  | X  |                       |         |              |                              | 24,875. | 0  | 0   | 0   |
| (9) E. JAMES REINSCH<br>VICE CHAIRMAN                             | 2.00<br>0  | X  | X                     |         |              |                              | 0       | 0  | 0   | 0   |
| (10) ADRIANA ROA, BSN (END 9/1/12)<br>DIRECTOR                    | 2.00<br>0  | X  |                       |         |              |                              | 0       | 0  | 0   | 0   |
| (11) ANNE HERBERT ROLLINS<br>CHAIRMAN OF THE BOARD                | 6.00<br>0  | X  | X                     |         |              |                              | 0       | 0  | 0   | 0   |
| (12) NEIL WARAVDEKAR, MD<br>CHIEF OF STAFF                        | 10.00<br>0   | X  | X                     |         |              |                              | 71,058. | 0  | 0   | 0   |
| (13) REV. ROGER W. WILMER, JR.<br>DIRECTOR                        | 2.00<br>0  | X  |                       |         |              |                              | 0       | 0  | 0   | 0   |
| (14) GERALD WINNAN, MD<br>SECRETARY AND TREASURER                 | 4.00<br>0  | X  |                       |         |              |                              | 0       | 0  | 0   | 0   |

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

| (A)<br>Name and title  | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |            | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|--|--|---|-----------------------|---------|--------------|------------------------------|------------|--|---|---|
|  |  | Individual trustee or director  | Institutional trustee | Officer | Key employee | Highest compensated employee | Former     |  |   |   |
| 15) ADRIANE WODEY<br>PAST CHAIRMAN OF THE BOARD                | 2.00<br>0  | X   |                       | X       |              |                              |            | 0  | 0   | 0   |
| 16) SHAWN WOLF<br>DIRECTOR                                     | 2.00<br>0  | X   |                       |         |              |                              |            | 0  | 0   | 0   |
| 17) RAVI YALAMANCHILI<br>VICE CHIEF OF STAFF                   | 6.00<br>0  | X   |                       |         |              |                              | 61,000.    | 0  | 0   | 0   |
| 18) CORNELIUS FAY (BEG 10/1/12)<br>DIRECTOR                    | 2.00<br>0  | X   |                       |         |              |                              |            | 0  | 0   | 0   |
| 19) TERENCE MCPHERSON (BEG 10/1/12)<br>DIRECTOR                | 2.00<br>0  | X   |                       |         |              |                              |            | 0  | 0   | 0   |
| 20) LAURA MELIA (BEG 10/1/12)<br>DIRECTOR                      | 2.00<br>0  | X   |                       |         |              |                              |            | 0  | 0   | 0   |
| 21) DONNA TISDALE (BEG 10/1/12)<br>DIRECTOR                    | 2.00<br>0  | X   |                       |         |              |                              |            | 0  | 0   | 0   |
| 22) THOMAS A. KLEINHANZL<br>PRESIDENT AND CEO                  | 40.00<br>1.00  | X   |                       | X       |              |                              | 744,431.   | 0  | 174,978.  |   |
| 23) MICHELLE K. MAHAN<br>SR VP AND CFO                         | 40.00<br>1.00  |   |                       | X       |              |                              | 390,114.   | 0  | 84,741.   |   |
| 24) JOHN R. VERBUS<br>SR VP AND COO                            | 40.00<br>4.00  |   |                       | X       |              |                              | 388,827.   | 0  | 58,898.   |   |
| 25) RACHEL I. MANDEL<br>AVP MEDICAL AFFAIRS                    | 20.00<br>0   |   |                       |         | X            |                              | 113,677.   | 0  | 5,532.  |   |
| <b>1b Sub-total</b>  |  |   |                       |         |              |                              | 96,496.    | 0  | 0   | 0   |
| <b>c Total from continuation sheets to Part VII, Section A</b> |  |   |                       |         |              |                              | 7,300,793. | 0  | 874,846.  |   |
| <b>d Total (add lines 1b and 1c)</b>                           |  |   |                       |         |              |                              | 7,397,289. | 0  | 874,846.  |   |

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 **▶ 161**

|  | Yes | No |
|--|-----|----|
| 3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual  |     | X  |
| 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual | X   |    |
| 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? If "Yes," complete Schedule J for such person                       |     | 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)<br>Name and business address | (B)<br>Description of services | (C)<br>Compensation |
|----------------------------------|--------------------------------|---------------------|
| ATTACHMENT 4                     |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **▶ 24**

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

| (A)<br>Name and title  | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |          | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|--|--|---|-----------------------|---------|--------------|------------------------------|----------|--|---|---|
|  |  | Individual trustee or director  | Institutional trustee | Officer | Key employee | Highest compensated employee | Former   |  |   |   |
| 26) MARY B. MANN<br>AVP PATIENT CARE SERVICES                            | 40.00<br>0   |   |                       |         | X            |                              | 150,250. | 0  | 11,331.   |   |
| 27) TERRY P. O'MALLEY<br>VP HUMAN RESOURCES                              | 40.00<br>0   |   |                       |         | X            |                              | 229,083. | 0  | 44,589.   |   |
| 28) DAVID J. QUIRKE<br>VP CHIEF INFORMATION OFFICER                      | 40.00<br>0   |   |                       |         | X            |                              | 285,698. | 0  | 43,580.   |   |
| 29) CRAIG F. ROSENDALE<br>VP ANCILLARY SERVICES                          | 40.00<br>0   |   |                       |         | X            |                              | 193,198. | 0  | 29,786.   |   |
| 30) DONALD R. SCHILLING<br>VP AMBULATORY SERVICES                        | 40.00<br>0   |   |                       |         | X            |                              | 214,620. | 0  | 18,844.   |   |
| 31) LUCY A. SHAMASH<br>VP SERVICE LINE DEVELOPMENT &                     | 40.00<br>0   |   |                       |         | X            |                              | 250,964. | 0  | 24,588.   |   |
| 32) JENNIFER G. TEETER<br>AVP PAYOR CONTRACTING                          | 40.00<br>0   |   |                       |         | X            |                              | 171,614. | 0  | 23,482.   |   |
| 33) SHIRLEY B. THOMPSON<br>INTERIM SR VP PATIENT CARE                    | 20.00<br>0   |   |                       |         | X            |                              | 85,078.  | 0  | 4,002.  |   |
| 34) JIM R. WILLIAMS<br>VP BUSINESS DEVELOPMENT AND PR                    | 40.00<br>0   |   |                       |         | X            |                              | 210,723. | 0  | 30,749.   |   |
| 35) MANUAL A. CASIANO<br>VP MEDICAL STAFF                                | 40.00<br>0   |   |                       |         | X            |                              | 380,086. | 0  | 67,816.   |   |
| 36) CHERYL L. CIOFFI<br>AVP PATIENT CARE SERVICE                         | 40.00<br>0   |   |                       |         | X            |                              | 118,407. | 0  | 23,153.   |   |
| <b>1b Sub-total</b> . . . . .  |  |   |                       |         |              |                              |          |  |   |   |
| <b>c Total from continuation sheets to Part VII, Section A</b> . . . . . |  |   |                       |         |              |                              |          |  |   |   |
| <b>d Total (add lines 1b and 1c)</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 **▶** 161

|   | Yes | No |
|---|-----|----|
| 3 Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .                                       |     | X  |
| 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . . | X   |    |
| 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .                       |     | 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)<br>Name and business address | (B)<br>Description of services | (C)<br>Compensation |
|----------------------------------|--------------------------------|---------------------|
|                                  |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |

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

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

| (A)<br>Name and title  | (B)<br>Average hours per week (list any hours for related organizations below dotted line) | (C)<br>Position (do not check more than one box, unless person is both an officer and a director/trustee) |                       |         |              |                              |          | (D)<br>Reportable compensation from the organization (W-2/1099-MISC) | (E)<br>Reportable compensation from related organizations (W-2/1099-MISC) | (F)<br>Estimated amount of other compensation from the organization and related organizations |
|--|--|---|-----------------------|---------|--------------|------------------------------|----------|--|---|---|
|  |  | Individual trustee or director  | Institutional trustee | Officer | Key employee | Highest compensated employee | Former   |  |   |   |
| ( 37) KENNETH R. COFFEY II<br>VP CHIEF DEVELOPMENT OFFICER               | 40.00<br>0   |   |                       |         | X            |                              | 194,874. | 0  | 32,797.   |   |
| ( 38) JAMES S. GRISSOM<br>AVP OF MEDICAL AFFAIRS                         | 20.00<br>0   |   |                       |         | X            |                              | 134,866. | 0  | 9,135.  |   |
| ( 39) HANNAH R. JACOBS<br>VP-FINANCE                                     | 40.00<br>0   |   |                       |         | X            |                              | 178,012. | 0  | 10,619.   |   |
| ( 40) ROSE A. LABRIOLA<br>FORMER SR VP PATIENT CARE                      | 20.00<br>0   |   |                       |         | X            |                              | 306,121. | 0  | 33,775.   |   |
| ( 41) BRIAN M. O'CONNOR<br>PHYSICIAN                                     | 40.00<br>0   |   |                       |         |              | X                            | 504,710. | 0  | 35,264.   |   |
| ( 42) MARK S. SOBERMAN<br>PHYSICIAN                                      | 40.00<br>0   |   |                       |         |              | X                            | 492,364. | 0  | 20,893.   |   |
| ( 43) PAUL N CHOMIAK<br>PHYSICIAN  | 40.00<br>0   |   |                       |         |              | X                            | 495,522. | 0  | 25,737.   |   |
| ( 44) ELHAMY D. ESKANDER<br>PHYSICIAN                                    | 40.00<br>0   |   |                       |         |              | X                            | 500,942. | 0  | 34,893.   |   |
| ( 45) MARK G. GOLDSTEIN<br>PHYSICIAN                                     | 40.00<br>2.00  |   |                       |         |              | X                            | 505,612. | 0  | 25,664.   |   |
| <b>1b Sub-total</b> . . . . .  |  |   |                       |         |              |                              |          |  |   |   |
| <b>c Total from continuation sheets to Part VII, Section A</b> . . . . . |  |   |                       |         |              |                              |          |  |   |   |
| <b>d Total (add lines 1b and 1c)</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 **161**

|   | Yes | No |
|---|-----|----|
| 3 Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> . . . . .                                       |     | X  |
| 4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> . . . . . | X   |    |
| 5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> . . . . .                       |     | 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)<br>Name and business address | (B)<br>Description of services | (C)<br>Compensation |
|----------------------------------|--------------------------------|---------------------|
|                                  |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |
|                                  |                                |                     |

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

**Part VIII Statement of Revenue**

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

|  |   |  |                      | (A)<br>Total revenue | (B)<br>Related or<br>exempt<br>function<br>revenue | (C)<br>Unrelated<br>business<br>revenue | (D)<br>Revenue<br>excluded from tax<br>under sections<br>512, 513, or 514 |  |
|--|---|--|----------------------|----------------------|--|---|---|--|
| <b>Contributions, Gifts, Grants<br/>and Other Similar Amounts</b>                | <b>1a</b> Federated campaigns . . . . .   | <b>1a</b>  |                      |                      |  |   |   |  |
|  | <b>b</b> Membership dues . . . . .  | <b>1b</b>  |                      |                      |  |   |   |  |
|  | <b>c</b> Fundraising events . . . . .   | <b>1c</b>  |                      |                      |  |   |   |  |
|  | <b>d</b> Related organizations . . . . .  | <b>1d</b>  |                      |                      |  |   |   |  |
|  | <b>e</b> Government grants (contributions) . .  | <b>1e</b>  |                      |                      |  |   |   |  |
|  | <b>f</b> All other contributions, gifts, grants,<br>and similar amounts not included above . .  | <b>1f</b>  | 1,286,310.           |                      |  |   |   |  |
|  | <b>g</b> Noncash contributions included in lines 1a-1f: \$  |  | 40,415.              |                      |  |   |   |  |
|  | <b>h Total.</b> Add lines 1a-1f . . . . .   |  |                      | 1,286,310.           |  |   |   |  |
| <b>Program Service Revenue</b>   | <b>Business Code</b>  |  |                      |                      |  |   |   |  |
|  | <b>2a</b> <u>INPATIENT REVENUE</u>  |  | 624110               | 159,639,475.         | 159,639,475.                                       |   |   |  |
|  | <b>b</b> <u>OUTPATIENT REVENUE</u>  |  | 621410               | 170,771,062.         | 170,771,062.                                       |   |   |  |
|  | <b>c</b> <u>TRANSCRIPTION SERVICES</u>  |  | 561110               | 305,751.             | 305,751.   |   |   |  |
|  | <b>d</b> <u>GROUP PURCHASING -PREMIER</u>   |  | 525990               | 749,442.             | 723,819.   | 25,623.                                 |   |  |
|  | <b>e</b> <u>HITECH AND MEDICAL HOME</u>   |  | 621610               | 3,915,792.           | 3,915,792.   |   |   |  |
|  | <b>f</b> All other program service revenue . . . . .  |  |                      | 3,951,734.           | 3,951,734.   |   |   |  |
|  | <b>g Total.</b> Add lines 2a-2f . . . . .   |  |                      | 339,333,256.         |  |   |   |  |
| <b>Other Revenue</b>   | <b>3</b> Investment income (including dividends, interest, and<br>other similar amounts) . . . . .  |  |                      | 2,995,975.           |  |   | 2,995,975.  |  |
|  | <b>4</b> Income from investment of tax-exempt bond proceeds . . .   |  |                      | 0                    |  |   |   |  |
|  | <b>5</b> Royalties . . . . .  |  |                      | 0                    |  |   |   |  |
|  | <b>6a</b> Gross rents . . . . .   | (i) Real   | 535,623.             |                      |  |   |   |  |
|  |   | (ii) Personal  |                      |                      |  |   |   |  |
|  |   | <b>b</b> Less: rental expenses . . . . .                           |                      |                      |  |   |   |  |
|  |   | <b>c</b> Rental income or (loss) . . . . .                         |                      | 535,623.             |  |   |   |  |
|  | <b>d</b> Net rental income or (loss) . . . . .  |  |                      | 535,623.             |  |   | 535,623.  |  |
|  | <b>7a</b> Gross amount from sales of<br>assets other than inventory   | (i) Securities   | 33,130,255.          |                      |  |   |   |  |
|  |   | (ii) Other   |                      |                      |  |   |   |  |
|  |   | <b>b</b> Less: cost or other basis<br>and sales expenses . . . . . |                      | 31,458,524.          | 13,597.  |   |   |  |
|  |   | <b>c</b> Gain or (loss) . . . . .                                  |                      | 1,671,731.           | -13,597.   |   |   |  |
|  | <b>d</b> Net gain or (loss) . . . . .   |  |                      | 1,658,134.           |  |   | 1,658,134.  |  |
|  | <b>8a</b> Gross income from fundraising<br>events (not including \$ _____<br>of contributions reported on line 1c).<br>See Part IV, line 18 . . . . . | <b>a</b>   |                      |                      |  |   |   |  |
|  | <b>b</b> Less: direct expenses . . . . .  | <b>b</b>   |                      |                      |  |   |   |  |
| <b>c</b> Net income or (loss) from fundraising events . . . . .                  |   |  | 0                    |                      |  |   |   |  |
| <b>9a</b> Gross income from gaming activities.<br>See Part IV, line 19 . . . . . | <b>a</b>  |  |                      |                      |  |   |   |  |
| <b>b</b> Less: direct expenses . . . . .   | <b>b</b>  |  |                      |                      |  |   |   |  |
| <b>c</b> Net income or (loss) from gaming activities . . . . .                   |   |  | 0                    |                      |  |   |   |  |
| <b>10a</b> Gross sales of inventory, less<br>returns and allowances . . . . .    | <b>a</b>  |  |                      |                      |  |   |   |  |
| <b>b</b> Less: cost of goods sold . . . . .                                      | <b>b</b>  |  |                      |                      |  |   |   |  |
| <b>c</b> Net income or (loss) from sales of inventory . . . . .                  |   |  | 0                    |                      |  |   |   |  |
| <b>Miscellaneous Revenue</b>   |   |  | <b>Business Code</b> |                      |  |   |   |  |
| <b>11a</b> <u>CAFETERIA AND COFFEE SHOP</u>                                      |   | 722511   | 1,269,954.           |                      |  | 1,269,954.                              |   |  |
| <b>b</b> <u>MT. AIRY JOINT MGMT FEE</u>  |   | 541610   | 294,847.             |                      |  | 294,847.                                |   |  |
| <b>c</b> <u>LOSSES INT RATE SWAP</u>   |   | 900099   | -2,564,184.          |                      |  | -2,564,184.                             |   |  |
| <b>d</b> All other revenue . . . . .   |   |  |                      |                      |  |   |   |  |
| <b>e Total.</b> Add lines 11a-11d . . . . .                                      |   |  | -999,383.            |                      |  |   |   |  |
| <b>12 Total revenue.</b> See instructions . . . . .                              |   |  | 344,809,915.         | 339,307,633.         | 25,623.  | 4,190,349.                              |   |  |

**Part IX Statement of Functional Expenses**

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

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

| <b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>  | (A)<br>Total expenses | (B)<br>Program service expenses | (C)<br>Management and general expenses | (D)<br>Fundraising expenses |
|--|-----------------------|---------------------------------|--|-----------------------------|
| 1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21 .  | 100,000.              | 100,000.                        |  |                             |
| 2 Grants and other assistance to individuals in the United States. See Part IV, line 22 . . . . .  | 0                     |                                 |  |                             |
| 3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16 . . . . .   | 0                     |                                 |  |                             |
| 4 Benefits paid to or for members . . . . .  | 0                     |                                 |  |                             |
| 5 Compensation of current officers, directors, trustees, and key employees . . . . .   | 5,101,715.            |                                 | 5,101,715.                             |                             |
| 6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) . . . . .  | 137,050,012.          | 124,973,811.                    | 11,762,388.                            | 313,813.                    |
| 7 Other salaries and wages . . . . .   | 0                     |                                 |  |                             |
| 8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .   | 8,294,824.            | 7,574,701.                      | 712,922.                               | 7,201.                      |
| 9 Other employee benefits . . . . .  | 20,230,094.           | 18,340,741.                     | 1,811,601.                             | 77,752.                     |
| 10 Payroll taxes . . . . .   | 10,001,324.           | 9,053,606.                      | 938,891.                               | 8,827.                      |
| 11 Fees for services (non-employees):  |                       |                                 |  |                             |
| a Management . . . . .   | 14,699,489.           | 13,178,551.                     | 1,520,938.                             |                             |
| b Legal . . . . .  | 666,787.              | 12,254.                         | 654,533.                               |                             |
| c Accounting . . . . .   | 331,525.              |                                 | 331,525.                               |                             |
| d Lobbying . . . . .   | 0                     |                                 |  |                             |
| e Professional fundraising services. See Part IV, line 17  | 48,000.               |                                 |  | 48,000.                     |
| f Investment management fees . . . . .   | 439,573.              |                                 | 439,573.                               |                             |
| g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) . . . . .   | 35,749,281.           | 30,071,499.                     | 5,244,200.                             | 433,582.                    |
| 12 Advertising and promotion . . . . .   | 1,150,013.            | 11,928.                         | 1,023,036.                             | 115,049.                    |
| 13 Office expenses . . . . .   | 5,679,297.            | 5,127,784.                      | 481,563.                               | 69,950.                     |
| 14 Information technology . . . . .  | 3,621,527.            | 3,621,527.                      |  |                             |
| 15 Royalties . . . . .   | 0                     |                                 |  |                             |
| 16 Occupancy . . . . .   | 3,982,325.            | 3,466,217.                      | 516,108.                               |                             |
| 17 Travel . . . . .  | 69,523.               | 35,392.                         | 33,904.                                | 227.                        |
| 18 Payments of travel or entertainment expenses for any federal, state, or local public officials  | 0                     |                                 |  |                             |
| 19 Conferences, conventions, and meetings . . . . .  | 162,218.              | 82,581.                         | 79,109.                                | 528.                        |
| 20 Interest . . . . .  | 4,557,890.            | 4,270,743.                      | 278,031.                               | 9,116.                      |
| 21 Payments to affiliates . . . . .  | 0                     |                                 |  |                             |
| 22 Depreciation, depletion, and amortization . . . . .   | 20,820,911.           | 16,396,909.                     | 4,411,755.                             | 12,247.                     |
| 23 Insurance . . . . .   | 3,685,085.            | 508,185.                        | 3,176,900.                             |                             |
| 24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)   |                       |                                 |  |                             |
| a <u>SUPPLIES &amp; COGS</u> -----   | 63,912,359.           | 63,409,216.                     | 488,029.                               | 15,114.                     |
| b -----  |                       |                                 |  |                             |
| c -----  |                       |                                 |  |                             |
| d -----  |                       |                                 |  |                             |
| e All other expenses -----   |                       |                                 |  |                             |
| 25 <b>Total functional expenses.</b> Add lines 1 through 24e   | 340,353,772.          | 300,235,645.                    | 39,006,721.                            | 1,111,406.                  |
| 26 <b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) . . . . . | 0                     |                                 |  |                             |

**Part X Balance Sheet**

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

|   |  | (A)<br>Beginning of year |              | (B)<br>End of year      |
|---|--|--------------------------|--------------|-------------------------|
| <b>Assets</b>   | <b>1</b> Cash - non-interest-bearing   | 0                        | <b>1</b>     | 0                       |
|   | <b>2</b> Savings and temporary cash investments  | 29,890,405.              | <b>2</b>     | 28,057,371.             |
|   | <b>3</b> Pledges and grants receivable, net  | 3,136,826.               | <b>3</b>     | 3,096,450.              |
|   | <b>4</b> Accounts receivable, net  | 50,427,786.              | <b>4</b>     | 47,300,345.             |
|   | <b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L   | 81,190.                  | <b>5</b>     | 27,063.                 |
|   | <b>6</b> 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 | 0                        | <b>6</b>     | 0                       |
|   | <b>7</b> Notes and loans receivable, net   | 0                        | <b>7</b>     | 0                       |
|   | <b>8</b> Inventories for sale or use   | 4,648,660.               | <b>8</b>     | 4,482,254.              |
|   | <b>9</b> Prepaid expenses and deferred charges   | 2,430,944.               | <b>9</b>     | 2,489,828.              |
|   | <b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D   | <b>10a</b> 421,648,692.  |              |                         |
|   | <b>b</b> Less: accumulated depreciation  | <b>10b</b> 223,436,039.  | 189,037,601. | <b>10c</b> 198,212,653. |
|   | <b>11</b> Investments - publicly traded securities   | 99,649,453.              | <b>11</b>    | 109,102,873.            |
|   | <b>12</b> Investments - other securities. See Part IV, line 11   | 0                        | <b>12</b>    | 0                       |
|   | <b>13</b> Investments - program-related. See Part IV, line 11  | 28,573,661.              | <b>13</b>    | 44,193,211.             |
|   | <b>14</b> Intangible assets  | 0                        | <b>14</b>    | 0                       |
|   | <b>15</b> Other assets. See Part IV, line 11   | 7,451,094.               | <b>15</b>    | 6,899,232.              |
| <b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) | 415,327,620.   | <b>16</b>                | 443,861,280. |                         |
| <b>Liabilities</b>  | <b>17</b> Accounts payable and accrued expenses  | 41,374,475.              | <b>17</b>    | 37,177,122.             |
|   | <b>18</b> Grants payable   | 0                        | <b>18</b>    | 0                       |
|   | <b>19</b> Deferred revenue   | 0                        | <b>19</b>    | 0                       |
|   | <b>20</b> Tax-exempt bond liabilities  | 137,149,099.             | <b>20</b>    | 170,158,976.            |
|   | <b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D  | 0                        | <b>21</b>    | 0                       |
|   | <b>22</b> 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   | 0                        | <b>22</b>    | 0                       |
|   | <b>23</b> Secured mortgages and notes payable to unrelated third parties   | 278,511.                 | <b>23</b>    | 174,471.                |
|   | <b>24</b> Unsecured notes and loans payable to unrelated third parties   | 0                        | <b>24</b>    | 0                       |
|   | <b>25</b> 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  | 74,243,862.              | <b>25</b>    | 49,487,440.             |
|   | <b>26 Total liabilities.</b> Add lines 17 through 25   | 253,045,947.             | <b>26</b>    | 256,998,009.            |
| <b>Net Assets or Fund Balances</b>                                  | <b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>  |                          |              |                         |
|   | <b>27</b> Unrestricted net assets  | 156,164,358.             | <b>27</b>    | 180,519,608.            |
|   | <b>28</b> Temporarily restricted net assets  | 5,141,138.               | <b>28</b>    | 5,367,486.              |
|   | <b>29</b> Permanently restricted net assets  | 976,177.                 | <b>29</b>    | 976,177.                |
|   | <b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>   |                          |              |                         |
|   | <b>30</b> Capital stock or trust principal, or current funds   |                          | <b>30</b>    |                         |
|   | <b>31</b> Paid-in or capital surplus, or land, building, or equipment fund   |                          | <b>31</b>    |                         |
|   | <b>32</b> Retained earnings, endowment, accumulated income, or other funds   |                          | <b>32</b>    |                         |
|   | <b>33</b> Total net assets or fund balances  | 162,281,673.             | <b>33</b>    | 186,863,271.            |
| <b>34</b> Total liabilities and net assets/fund balances            | 415,327,620.   | <b>34</b>                | 443,861,280. |                         |

**Part XI Reconciliation of Net Assets**

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

|           |  |           |              |
|-----------|--|-----------|--------------|
| <b>1</b>  | Total revenue (must equal Part VIII, column (A), line 12)  | <b>1</b>  | 344,809,915. |
| <b>2</b>  | Total expenses (must equal Part IX, column (A), line 25)   | <b>2</b>  | 340,353,772. |
| <b>3</b>  | Revenue less expenses. Subtract line 2 from line 1   | <b>3</b>  | 4,456,143.   |
| <b>4</b>  | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))                      | <b>4</b>  | 162,281,673. |
| <b>5</b>  | Net unrealized gains (losses) on investments   | <b>5</b>  | 4,423,565.   |
| <b>6</b>  | Donated services and use of facilities   | <b>6</b>  | 0            |
| <b>7</b>  | Investment expenses  | <b>7</b>  | 0            |
| <b>8</b>  | Prior period adjustments   | <b>8</b>  | 0            |
| <b>9</b>  | Other changes in net assets or fund balances (explain in Schedule O)   | <b>9</b>  | 15,701,890.  |
| <b>10</b> | Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B)) | <b>10</b> | 186,863,271. |

**Part XII Financial Statements and Reporting**

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

- 1** Accounting method used to prepare the Form 990:  Cash  Accrual  Other \_\_\_\_\_  
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a** Were the organization's financial statements compiled or reviewed by an independent accountant? .....  
 If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- b** Were the organization's financial statements audited by an independent accountant? .....  
 If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:  
 Separate basis  Consolidated basis  Both consolidated and separate basis
- c** If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? .....  
 If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a** 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? .....
- 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

|           | Yes | No |
|-----------|-----|----|
| <b>2a</b> |     | X  |
| <b>2b</b> | X   |    |
| <b>2c</b> | X   |    |
| <b>3a</b> |     | X  |
| <b>3b</b> |     |    |

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

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

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

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

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

|  |   |
|--|---|
| <b>Name of the organization</b><br>FREDERICK MEMORIAL HOSPITAL, INC. | <b>Employer identification number</b><br>52-0591612 |
|--|---|

**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

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

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)

- 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or 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 that describes the type of supporting organization and complete lines 11e through 11h.

a  Type I    b  Type II    c  Type III-Functionally integrated    d  Type III-Non-functionally integrated

e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

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

h Provide the following information about the supported organization(s).

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

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi) (Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Table with 7 columns: (a) 2008, (b) 2009, (c) 2010, (d) 2011, (e) 2012, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Tax revenues levied for the organization's benefit; 3 The value of services or facilities furnished by a governmental unit; 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

Table with 7 columns: (a) 2008, (b) 2009, (c) 2010, (d) 2011, (e) 2012, (f) Total. Rows include: 7 Amounts from line 4; 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 9 Net income from unrelated business activities, whether or not the business is regularly carried on; 10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.); 11 Total support. Add lines 7 through 10; 12 Gross receipts from related activities, etc. (see instructions); 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.

Section C. Computation of Public Support Percentage

Table with 3 columns: Line number, Description, and Percentage. Rows include: 14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)); 15 Public support percentage from 2011 Schedule A, Part II, line 14; 16a 33 1/3% support test - 2012; b 33 1/3% support test - 2011; 17a 10%-facts-and-circumstances test - 2012; b 10%-facts-and-circumstances test - 2011; 18 Private foundation.

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**  
 (Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II.  
 If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

| Calendar year (or fiscal year beginning in) ►   | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) 2012 | (f) Total |
|---|----------|----------|----------|----------|----------|-----------|
| <b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")   |          |          |          |          |          |           |
| <b>2</b> 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 . . . . . |          |          |          |          |          |           |
| <b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 . . . . .   |          |          |          |          |          |           |
| <b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .  |          |          |          |          |          |           |
| <b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .  |          |          |          |          |          |           |
| <b>6 Total.</b> Add lines 1 through 5 . . . . .   |          |          |          |          |          |           |
| <b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons . . . . .  |          |          |          |          |          |           |
| <b>b</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 . . . . .           |          |          |          |          |          |           |
| <b>c</b> Add lines 7a and 7b. . . . .   |          |          |          |          |          |           |
| <b>8 Public support</b> (Subtract line 7c from line 6.) . . . . .   |          |          |          |          |          |           |

**Section B. Total Support**

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

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

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

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

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

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

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

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

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

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**Schedule of Contributors**

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

**2012**

|  |   |
|--|---|
| <b>Name of the organization</b><br>FREDERICK MEMORIAL HOSPITAL, INC. | <b>Employer identification number</b><br>52-0591612 |
|--|---|

**Organization type** (check one):

**Filers of:**

**Section:**

- Form 990 or 990-EZ  501(c)(3) (enter number) organization
- 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation
- 527 political organization
- Form 990-PF  501(c)(3) exempt private foundation
- 4947(a)(1) nonexempt charitable trust treated as a private foundation
- 501(c)(3) taxable private foundation

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

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

**General Rule**

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

**Special Rules**

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

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

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

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

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

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

▶ **See separate instructions.**

**2012**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

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

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

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

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

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

|  |   |
|--|---|
| Name of organization<br><b>FREDERICK MEMORIAL HOSPITAL, INC.</b> | Employer identification number<br><b>52-0591612</b> |
|--|---|

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

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

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

- 1 Enter the amount of any excise tax incurred by the organization under section 4955. . . . . ▶ \$ \_\_\_\_\_
- 2 Enter the amount of any excise tax incurred by organization managers under section 4955 . . . . . ▶ \$ \_\_\_\_\_
- 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.

| <b>Limits on Lobbying Expenditures</b><br>(The term "expenditures" means amounts paid or incurred.)   |   | (a) Filing organization's totals                | (b) Affiliated group totals                              |                    |                               |   |  |   |  |  |   |                   |              |  |  |
|---|---|---|--|--------------------|-------------------------------|---|--|---|--|--|---|-------------------|--------------|--|--|
| <b>1 a</b>  | Total lobbying expenditures to influence public opinion (grass roots lobbying) . . . . .  |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>b</b>  | Total lobbying expenditures to influence a legislative body (direct lobbying) . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>c</b>  | Total lobbying expenditures (add lines 1a and 1b) . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>d</b>  | Other exempt purpose expenditures . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>e</b>  | Total exempt purpose expenditures (add lines 1c and 1d) . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>f</b>  | 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="width: 30%;">If the amount on line 1e, column (a) or (b) is:</th> <th>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.  |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>g</b>  | Grassroots nontaxable amount (enter 25% of line 1f) . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>h</b>  | Subtract line 1g from line 1a. If zero or less, enter -0- . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>i</b>  | Subtract line 1f from line 1c. If zero or less, enter -0- . . . . .   |   |  |                    |                               |   |  |   |  |  |   |                   |              |  |  |
| <b>j</b>  | If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? . . . . . |   | <input type="checkbox"/> Yes <input type="checkbox"/> No |                    |                               |   |  |   |  |  |   |                   |              |  |  |

**4-Year Averaging Period Under Section 501(h)**  
(Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

| <b>Lobbying Expenditures During 4-Year Averaging Period</b>      |          |          |          |          |           |
|--|----------|----------|----------|----------|-----------|
| Calendar year (or fiscal year beginning in)                      | (a) 2009 | (b) 2010 | (c) 2011 | (d) 2012 | (e) Total |
| <b>2 a</b> Lobbying nontaxable amount                            |          |          |          |          |           |
| <b>b</b> Lobbying ceiling amount (150% of line 2a, column (e))   |          |          |          |          |           |
| <b>c</b> Total lobbying expenditures                             |          |          |          |          |           |
| <b>d</b> Grassroots nontaxable amount                            |          |          |          |          |           |
| <b>e</b> Grassroots ceiling amount (150% of line 2d, column (e)) |          |          |          |          |           |
| <b>f</b> 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)).

Table with 3 main columns: Description, (a) Yes/No, and (b) Amount. Rows include questions about lobbying activities and their amounts.

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

Table with 3 columns: Question, Yes, No. Rows include questions about dues, lobbying expenditures, and carryover.

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."

Table with 3 columns: Question, Yes, No. Rows include questions about dues, non-deductible lobbying expenditures, and carryover.

Part IV Supplemental Information

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

SCHEDULE C PART II-B LINE 1 I
LOBBYING ACTIVITIES
EXPENSE IS A PORTION OF DUES PAID TO THE AMERICAN HOSPITAL ASSOCIATION,
MARYLAND HOSPITAL ASSOCIATION, NATIONAL ASSOCIATION FOR HOME CARE AND
NATIONAL HOSPICE AND PALLIATIVE CARE ORGANIZATION.

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**Part IV** Supplemental Information *(continued)*

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SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

Name of the organization: FREDERICK MEMORIAL HOSPITAL, INC. Employer identification number: 52-0591612

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

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows 1-4 for totals, 5-6 for questions about donor advisement.

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

Questions 1-9 regarding conservation easements, including a table for 'Held at the End of the Tax Year' with rows 2a-2d.

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

Questions 1a-1b and 2 regarding collections of art and historical treasures, including amounts for revenues and assets.

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

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a  Public exhibition
- b  Scholarly research
- c  Preservation for future generations
- d  Loan or exchange programs
- e  Other \_\_\_\_\_

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

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

1a 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             | 1c     |
| d Additions during the year     | 1d     |
| e Distributions during the year | 1e     |
| f Ending balance                | 1f     |

2a Did the organization include an amount on Form 990, Part X, line 21?  Yes  No

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

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

|  | (a) Current year | (b) Prior year | (c) Two years back | (d) Three years back | (e) Four years back |
|--|------------------|----------------|--------------------|----------------------|---------------------|
| 1a Beginning of year balance                     | 976,177.         | 976,177.       | 976,177.           | 976,177.             | 976,177.            |
| b Contributions                                  |                  |                |                    |                      |                     |
| c Net investment earnings, gains, and losses     |                  |                |                    |                      |                     |
| d Grants or scholarships                         |                  |                |                    |                      |                     |
| e Other expenditures for facilities and programs |                  |                |                    |                      |                     |
| f Administrative expenses                        |                  |                |                    |                      |                     |
| g End of year balance                            | 976,177.         | 976,177.       | 976,177.           | 976,177.             | 976,177.            |

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  100.0000 %
- c Temporarily restricted endowment  %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations
- (ii) related organizations

|        | Yes | No |
|--------|-----|----|
| 3a(i)  |     | X  |
| 3a(ii) |     | X  |
| 3b     |     |    |

b If "Yes" to 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.

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

| Description of property  | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|--|--------------------------------------|---------------------------------|------------------------------|----------------|
| 1a Land  |                                      | 2,421,745.                      |                              | 2,421,745.     |
| b Buildings  |                                      | 183,091,244.                    | 63,585,046.                  | 119,506,198.   |
| c Leasehold improvements   |                                      | 20,090,679.                     | 17,084,093.                  | 3,006,586.     |
| d Equipment  |                                      | 200,065,820.                    | 142,766,900.                 | 57,298,920.    |
| e Other  |                                      | 15,979,204.                     |                              | 15,979,204.    |
| <b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).) |                                      |                                 |                              | 198,212,653.   |

**Part VII Investments - Other Securities.** See Form 990, Part X, line 12.

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

**Part VIII Investments - Program Related.** See Form 990, Part X, line 13.

| (a) Description of investment type  | (b) Book value | (c) Method of valuation:<br>Cost or end-of-year market value |
|---|----------------|--|
| (1) ASSETS LIMITED AS TO USE  | 26,658,922.    | FMV  |
| (2) INVESTMENTS IN SUBSIDIARIES   | 17,534,289.    | FMV  |
| (3)   |                |  |
| (4)   |                |  |
| (5)   |                |  |
| (6)   |                |  |
| (7)   |                |  |
| (8)   |                |  |
| (9)   |                |  |
| (10)  |                |  |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 13.) ▶ | 44,193,211.    |  |

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

| (a) Description   | (b) Book value |
|---|----------------|
| (1)   |                |
| (2)   |                |
| (3)   |                |
| (4)   |                |
| (5)   |                |
| (6)   |                |
| (7)   |                |
| (8)   |                |
| (9)   |                |
| (10)  |                |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) . . . . . ▶ |                |

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

| 1. (a) Description of liability   | (b) Book value |  |
|---|----------------|--|
| (1) Federal income taxes  |                |  |
| (2) ADVANCES FROM THIRD PARTIES   | 8,761,696.     |  |
| (3) INTEREST RATE SWAP CONTRACT   | 11,627,363.    |  |
| (4) PENSION LIABILITY   | 12,160,781.    |  |
| (5) MALPRACTICE INSURANCE LIABILITY   | 3,509,045.     |  |
| (6) CAPITAL LEASE OBLIGATIONS   | 6,104,514.     |  |
| (7) OTHER LIABILITIES   | 7,324,041.     |  |
| (8)   |                |  |
| (9)   |                |  |
| (10)  |                |  |
| (11)  |                |  |
| <b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶ | 49,487,440.    |  |

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

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

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

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

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

**Part XIII Supplemental Information**

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

SCHEDULE D, PART V, LINE 4

INTENDED USE OF ENDOWMENT FUNDS

ENDOWMENT FUNDS ARE USED FOR HEALTH CARE SERVICES.

**Part XIII** Supplemental Information *(continued)*

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**SCHEDULE F  
(Form 990)**

**Statement of Activities Outside the United States**

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 14b, 15, or 16.**

▶ **Attach to Form 990. ▶ See separate instructions.**

Name of the organization

FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612

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

**1 For grantmakers.** Does the organization maintain records to substantiate the amount of its grants and other assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . .  **Yes**  **No**

**2 For grantmakers.** Describe in Part V the organization's procedures for monitoring the use of its grants and other assistance outside the United States.

**3 Activities per Region.** (The following Part I, line 3 table can be duplicated if additional space is needed.)

| (a) Region  | (b) Number of offices in the region | (c) Number of employees, agents, and independent contractors in region | (d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region) | (e) If activity listed in (d) is a program service, describe specific type of service(s) in region | (f) Total expenditures for and investments in region |
|---|-------------------------------------|--|---|--|--|
| (1) CENTRAL AMERICA/CARIBBEAN                               | 1.                                  |  | INVESTMENTS   |  | 9,074,222.   |
| (2) CENTRAL AMERICA/CARIBBEAN                               | 1.                                  |  | PROGRAM SERVICES  | SELF-INSURANCE   | 6,451,236.   |
| (3)   |                                     |  |   |  |  |
| (4)   |                                     |  |   |  |  |
| (5)   |                                     |  |   |  |  |
| (6)   |                                     |  |   |  |  |
| (7)   |                                     |  |   |  |  |
| (8)   |                                     |  |   |  |  |
| (9)   |                                     |  |   |  |  |
| (10)  |                                     |  |   |  |  |
| (11)  |                                     |  |   |  |  |
| (12)  |                                     |  |   |  |  |
| (13)  |                                     |  |   |  |  |
| (14)  |                                     |  |   |  |  |
| (15)  |                                     |  |   |  |  |
| (16)  |                                     |  |   |  |  |
| (17)  |                                     |  |   |  |  |
| <b>3a</b> Sub-total . . . . .                               | 2.                                  |  |   |  | 15,525,458.  |
| <b>b</b> Total from continuation sheets to Part I . . . . . |                                     |  |   |  |  |
| <b>c Totals</b> (add lines 3a and 3b)                       | 2.                                  |  |   |  | 15,525,458.  |

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

Schedule F (Form 990) 2012

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

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

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

3 Enter total number of other organizations or entities. . . . . ▶ -----

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

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

**Part IV Foreign Forms**

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

**Part V Supplemental Information**

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

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**Part II Fundraising Events.** Complete if the organization answered "Yes" to Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

|                 |   | (a) Event #1 | (b) Event #2 | (c) Other events | (d) Total events                |
|-----------------|---|--------------|--------------|------------------|---------------------------------|
|                 |   | (event type) | (event type) | (total number)   | (add col. (a) through col. (c)) |
| Revenue         | <b>1</b> Gross receipts . . . . .   |              |              |                  |                                 |
|                 | <b>2</b> Less: Contributions . . . . .  |              |              |                  |                                 |
|                 | <b>3</b> Gross income (line 1 minus line 2) . . . . .                             |              |              |                  |                                 |
| Direct Expenses | <b>4</b> Cash prizes . . . . .  |              |              |                  |                                 |
|                 | <b>5</b> Noncash prizes . . . . .   |              |              |                  |                                 |
|                 | <b>6</b> Rent/facility costs . . . . .  |              |              |                  |                                 |
|                 | <b>7</b> Food and beverages . . . . .   |              |              |                  |                                 |
|                 | <b>8</b> Entertainment . . . . .  |              |              |                  |                                 |
|                 | <b>9</b> Other direct expenses . . . . .  |              |              |                  |                                 |
|                 | <b>10</b> Direct expense summary. Add lines 4 through 9 in column (d) . . . . . ▶ |              |              |                  | ( )                             |
|                 | <b>11</b> Net income summary. Combine line 3, column (d), and line 10 . . . . . ▶ |              |              |                  |                                 |

**Part III Gaming.** Complete if the organization answered "Yes" to Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

|                 |  | (a) Bingo   | (b) Pull tabs/instant bingo/progressive bingo                       | (c) Other gaming  | (d) Total gaming (add col. (a) through col. (c)) |
|-----------------|--|---|---|---|--|
|                 |  |   |   |   |  |
| Revenue         | <b>1</b> Gross revenue . . . . .   |   |   |   |  |
| Direct Expenses | <b>2</b> Cash prizes . . . . .   |   |   |   |  |
|                 | <b>3</b> Noncash prizes . . . . .  |   |   |   |  |
|                 | <b>4</b> Rent/facility costs . . . . .   |   |   |   |  |
|                 | <b>5</b> Other direct expenses . . . . .   |   |   |   |  |
|                 | <b>6</b> Volunteer labor . . . . .   | <input type="checkbox"/> Yes _____ %<br><input type="checkbox"/> No | <input type="checkbox"/> Yes _____ %<br><input type="checkbox"/> No | <input type="checkbox"/> Yes _____ %<br><input type="checkbox"/> No |  |
|                 | <b>7</b> Direct expense summary. Add lines 2 through 5 in column (d) . . . . . ▶     |   |   |   | ( )  |
|                 | <b>8</b> Net gaming income summary. Combine line 1, column d, and line 7 . . . . . ▶ |   |   |   |  |

**9** Enter the state(s) in which the organization operates gaming activities: \_\_\_\_\_

**a** Is the organization licensed to operate gaming activities in each of these states?  Yes  No

**b** If "No," explain: \_\_\_\_\_

\_\_\_\_\_

**10 a** Were any of the organization's gaming licenses revoked, suspended or terminated during the tax year?  Yes  No

**b** If "Yes," explain: \_\_\_\_\_

\_\_\_\_\_

- 11 Does the organization operate gaming activities with nonmembers?  Yes  No
- 12 Is the organization a grantor, beneficiary or trustee of a trust or a member of a partnership or other entity formed to administer charitable gaming?  Yes  No
- 13 Indicate the percentage of gaming activity operated in:
 

|                               |            |   |
|-------------------------------|------------|---|
| a The organization's facility | <b>13a</b> | % |
| b An outside facility         | <b>13b</b> | % |
- 14 Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

- 15 a Does the organization have a contract with a third party from whom the organization receives gaming revenue?  Yes  No
- b If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party ▶ \$ \_\_\_\_\_.
- c If "Yes," enter name and address of the third party:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

16 Gaming manager information:

Name ▶ \_\_\_\_\_

Gaming manager compensation ▶ \$ \_\_\_\_\_

Description of services provided ▶ \_\_\_\_\_

- Director/officer
- Employee
- Independent contractor

17 Mandatory distributions:

- a Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?  Yes  No
- b Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ \_\_\_\_\_

**Part IV Supplemental Information.** Complete this part to provide the explanation required by Part I, line 2b, columns (iii) and (v), and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also complete this part to provide any additional information (see instructions).

**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

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

Department of the Treasury  
Internal Revenue Service

|  |   |
|--|---|
| <b>Name of the organization</b><br>FREDERICK MEMORIAL HOSPITAL, INC. | <b>Employer identification number</b><br>52-0591612 |
|--|---|

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

|  | Yes | No |
|--|-----|----|
| <b>1a</b> Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a . . . . .  | X   |    |
| <b>b</b> If "Yes," was it a written policy? . . . . .  | X   |    |
| <b>2</b> If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year.<br><input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities<br><input type="checkbox"/> Generally tailored to individual hospital facilities |     |    |
| <b>3</b> Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.  |     |    |
| <b>a</b> Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care:<br><input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %  | X   |    |
| <b>b</b> Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: . . . . .<br><input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %               | X   |    |
| <b>c</b> If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.   |     |    |
| <b>4</b> Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? . . . . .  | X   |    |
| <b>5a</b> Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?  | X   |    |
| <b>b</b> If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? . . . . .  | X   |    |
| <b>c</b> If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care? . . . . .  |     | X  |
| <b>6a</b> Did the organization prepare a community benefit report during the tax year? . . . . .   | X   |    |
| <b>b</b> If "Yes," did the organization make it available to the public? . . . . .   | X   |    |

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

| <b>Financial Assistance and Means-Tested Government Programs</b>   | <b>(a) Number of activities or programs (optional)</b> | <b>(b) Persons served (optional)</b> | <b>(c) Total community benefit expense</b> | <b>(d) Direct offsetting revenue</b> | <b>(e) Net community benefit expense</b> | <b>(f) Percent of total expense</b> |
|--|--|--------------------------------------|--|--------------------------------------|--|-------------------------------------|
| <b>a</b> Financial Assistance at cost (from Worksheet 1) . . . . .   |  |                                      | 7,624,608.                                 |                                      | 7,624,608.                               | 2.24                                |
| <b>b</b> Medicaid (from Worksheet 3, column a) . . . . .   |  |                                      | 32,101,761.                                | 25,109,052.                          | 6,992,709.                               | 2.05                                |
| <b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .              |  |                                      |  |                                      |  |                                     |
| <b>d Total</b> Financial Assistance and Means-Tested Government Programs . . . . .                           |  |                                      | 39,726,369.                                | 25,109,052.                          | 14,617,317.                              | 4.29                                |
| <b>Other Benefits</b>  |  |                                      |  |                                      |  |                                     |
| <b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . . |  |                                      | 2,598,028.                                 | 781,995.                             | 1,816,033.                               | .53                                 |
| <b>f</b> Health professions education (from Worksheet 5) . . . . .   |  |                                      | 103,372.                                   |                                      | 103,372.                                 | .03                                 |
| <b>g</b> Subsidized health services (from Worksheet 6) . . . . .   |  |                                      | 12,760,636.                                | 2,246,200.                           | 10,514,436.                              | 3.09                                |
| <b>h</b> Research (from Worksheet 7)   |  |                                      |  |                                      |  |                                     |
| <b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .                   |  |                                      | 223,050.                                   |                                      | 223,050.                                 | .07                                 |
| <b>j Total.</b> Other Benefits . . . . .   |  |                                      | 15,685,086.                                | 3,028,195.                           | 12,656,891.                              | 3.72                                |
| <b>k Total.</b> Add lines 7d and 7j. . . . .   |  |                                      | 55,411,455.                                | 28,137,247.                          | 27,274,208.                              | 8.01                                |

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

|   | (a) Number of activities or programs (optional) | (b) Persons served (optional) | (c) Total community building expense | (d) Direct offsetting revenue | (e) Net community building expense | (f) Percent of total expense |
|---|---|-------------------------------|--------------------------------------|-------------------------------|------------------------------------|------------------------------|
| 1 Physical improvements and housing                         |   |                               |                                      |                               |                                    |                              |
| 2 Economic development                                      |   |                               |                                      |                               |                                    |                              |
| 3 Community support   |   |                               |                                      |                               |                                    |                              |
| 4 Environmental improvements                                |   |                               |                                      |                               |                                    |                              |
| 5 Leadership development and training for community members |   |                               |                                      |                               |                                    |                              |
| 6 Coalition building  |   |                               |                                      |                               |                                    |                              |
| 7 Community health improvement advocacy                     |   |                               |                                      |                               |                                    |                              |
| 8 Workforce development                                     |   |                               |                                      |                               |                                    |                              |
| 9 Other   |   |                               |                                      |                               |                                    |                              |
| 10 Total  |   |                               |                                      |                               |                                    |                              |

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

**Section A. Bad Debt Expense**

|   |   | Yes | No |
|---|---|-----|----|
| 1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? . . . . .   | 1 |     | X  |
| 2 Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount. . . . .   | 2 |     |    |
| 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. . . . . | 3 |     |    |
| 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.   |   |     |    |

**Section B. Medicare**

|   |   |              |  |  |
|---|---|--------------|--|--|
| 5 Enter total revenue received from Medicare (including DSH and IME) . . . . .  | 5 | 124,384,153. |  |  |
| 6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .   | 6 | 104,375,703. |  |  |
| 7 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .   | 7 | 20,008,450.  |  |  |
| 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:<br><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 . . . . . | 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                  |   |  |  |   |
| 2                  |   |  |  |   |
| 3                  |   |  |  |   |
| 4                  |   |  |  |   |
| 5                  |   |  |  |   |
| 6                  |   |  |  |   |
| 7                  |   |  |  |   |
| 8                  |   |  |  |   |
| 9                  |   |  |  |   |
| 10                 |   |  |  |   |
| 11                 |   |  |  |   |
| 12                 |   |  |  |   |
| 13                 |   |  |  |   |

**Part V Facility Information**

**Section A. Hospital Facilities**

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

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

Name, address, and primary website address

**1** FREDERICK MEMORIAL HOSPITAL  
 400 WEST SEVENTH STREET  
 FREDERICK MD 21701

|           | Licensed hospital | General medical & surgical | Children's hospital | Teaching hospital | Critical access hospital | Research facility | ER-24 hours | ER-other | Other (describe) | Facility reporting group |
|-----------|-------------------|----------------------------|---------------------|-------------------|--------------------------|-------------------|-------------|----------|------------------|--------------------------|
| <b>1</b>  | X                 | X                          |                     |                   |                          |                   | X           |          |                  |                          |
| <b>2</b>  |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
| <b>3</b>  |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
| <b>4</b>  |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
| <b>5</b>  |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
| <b>6</b>  |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
| <b>7</b>  |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
| <b>8</b>  |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
| <b>9</b>  |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
| <b>10</b> |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
| <b>11</b> |                   |                            |                     |                   |                          |                   |             |          |                  |                          |
| <b>12</b> |                   |                            |                     |                   |                          |                   |             |          |                  |                          |

**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 facility reporting group FREDERICK MEMORIAL HOSPITAL

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

|  |   | Yes       | No |
|--|---|-----------|----|
| <b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012) |   |           |    |
| <b>1</b>   | During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 . . . . .<br>If "Yes," indicate what the CHNA report describes (check all that apply):  | <b>1</b>  | X  |
| <b>a</b>   | <input checked="" type="checkbox"/> A definition of the community served by the hospital facility   |           |    |
| <b>b</b>   | <input checked="" type="checkbox"/> Demographics of the community   |           |    |
| <b>c</b>   | <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   |           |    |
| <b>d</b>   | <input checked="" type="checkbox"/> How data was obtained   |           |    |
| <b>e</b>   | <input checked="" type="checkbox"/> The health needs of the community   |           |    |
| <b>f</b>   | <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups   |           |    |
| <b>g</b>   | <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs   |           |    |
| <b>h</b>   | <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests  |           |    |
| <b>i</b>   | <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs   |           |    |
| <b>j</b>   | <input type="checkbox"/> Other (describe in Part VI)  |           |    |
| <b>2</b>   | Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>1</u> <u>2</u>   |           |    |
| <b>3</b>   | In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted, . . . . . | <b>3</b>  | X  |
| <b>4</b>   | Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .  | <b>4</b>  | X  |
| <b>5</b>   | Did the hospital facility make its CHNA report widely available to the public? . . . . .<br>If "Yes," indicate how the CHNA report was made widely available (check all that apply):  | <b>5</b>  | X  |
| <b>a</b>   | <input checked="" type="checkbox"/> Hospital facility's website   |           |    |
| <b>b</b>   | <input checked="" type="checkbox"/> Available upon request from the hospital facility   |           |    |
| <b>c</b>   | <input type="checkbox"/> Other (describe in Part VI)  |           |    |
| <b>6</b>   | If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date):   |           |    |
| <b>a</b>   | <input type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA   |           |    |
| <b>b</b>   | <input type="checkbox"/> Execution of the implementation strategy   |           |    |
| <b>c</b>   | <input type="checkbox"/> Participation in the development of a community-wide plan  |           |    |
| <b>d</b>   | <input type="checkbox"/> Participation in the execution of a community-wide plan  |           |    |
| <b>e</b>   | <input type="checkbox"/> Inclusion of a community benefit section in operational plans  |           |    |
| <b>f</b>   | <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA   |           |    |
| <b>g</b>   | <input type="checkbox"/> Prioritization of health needs in its community  |           |    |
| <b>h</b>   | <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community   |           |    |
| <b>i</b>   | <input type="checkbox"/> Other (describe in Part VI)  |           |    |
| <b>7</b>   | Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . .   | <b>7</b>  | X  |
| <b>8a</b>  | 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)? . . . . .   | <b>8a</b> | X  |
| <b>8b</b>  | If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .   | <b>8b</b> |    |
| <b>c</b>   | If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____  |           |    |

**Part V Facility Information (continued)**

| Financial Assistance Policy   |  | FREDERICK MEMORIAL HOSPITAL | Yes | No |
|---|--|-----------------------------|-----|----|
| Did the hospital facility have in place during the tax year a written financial assistance policy that: |  |                             |     |    |
| <b>9</b>  | Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? . . . . .   |                             | X   |    |
| <b>10</b>   | Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . .<br>If "Yes," indicate the FPG family income limit for eligibility for free care: <u>  2  </u> <u>  0  </u> <u>  0  </u> %<br>If "No," explain in Part VI the criteria the hospital facility used. |                             | X   |    |
| <b>11</b>   | Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . .<br>If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>  3  </u> <u>  0  </u> <u>  0  </u> %<br>If "No," explain in Part VI the criteria the hospital facility used.                  |                             | X   |    |
| <b>12</b>   | Explained the basis for calculating amounts charged to patients? . . . . .<br>If "Yes," indicate the factors used in determining such amounts (check all that apply):  |                             | X   |    |
| <b>a</b>  | <input checked="" type="checkbox"/> Income level   |                             |     |    |
| <b>b</b>  | <input type="checkbox"/> Asset level   |                             |     |    |
| <b>c</b>  | <input checked="" type="checkbox"/> Medical indigency  |                             |     |    |
| <b>d</b>  | <input type="checkbox"/> Insurance status  |                             |     |    |
| <b>e</b>  | <input type="checkbox"/> Uninsured discount  |                             |     |    |
| <b>f</b>  | <input type="checkbox"/> Medicaid/Medicare   |                             |     |    |
| <b>g</b>  | <input checked="" type="checkbox"/> State regulation   |                             |     |    |
| <b>h</b>  | <input type="checkbox"/> Other (describe in Part VI)   |                             |     |    |
| <b>13</b>   | Explained the method for applying for financial assistance? . . . . .  |                             | X   |    |
| <b>14</b>   | Included measures to publicize the policy within the community served by the hospital facility? . . . . .<br>If "Yes," indicate how the hospital facility publicized the policy (check all that apply):  |                             | X   |    |
| <b>a</b>  | <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website   |                             |     |    |
| <b>b</b>  | <input checked="" type="checkbox"/> The policy was attached to billing invoices  |                             |     |    |
| <b>c</b>  | <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms  |                             |     |    |
| <b>d</b>  | <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices  |                             |     |    |
| <b>e</b>  | <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility   |                             |     |    |
| <b>f</b>  | <input checked="" type="checkbox"/> The policy was available on request  |                             |     |    |
| <b>g</b>  | <input type="checkbox"/> Other (describe in Part VI)   |                             |     |    |

**Billing and Collections**

|           |   |  |   |   |
|-----------|---|--|---|---|
| <b>15</b> | Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment? . . . .   |  | X |   |
| <b>16</b> | Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:   |  |   |   |
| <b>a</b>  | <input type="checkbox"/> Reporting to credit agency   |  |   |   |
| <b>b</b>  | <input type="checkbox"/> Lawsuits   |  |   |   |
| <b>c</b>  | <input type="checkbox"/> Liens on residences  |  |   |   |
| <b>d</b>  | <input type="checkbox"/> Body attachments   |  |   |   |
| <b>e</b>  | <input type="checkbox"/> Other similar actions (describe in Part VI)  |  |   |   |
| <b>17</b> | Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP? . . . . .<br>If "Yes," check all actions in which the hospital facility or a third party engaged: |  |   | X |
| <b>a</b>  | <input type="checkbox"/> Reporting to credit agency   |  |   |   |
| <b>b</b>  | <input type="checkbox"/> Lawsuits   |  |   |   |
| <b>c</b>  | <input type="checkbox"/> Liens on residences  |  |   |   |
| <b>d</b>  | <input type="checkbox"/> Body attachments   |  |   |   |
| <b>e</b>  | <input type="checkbox"/> Other similar actions (describe in Part VI)  |  |   |   |

**Part V Facility Information (continued)** FREDERICK MEMORIAL HOSPITAL

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

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

**Policy Relating to Emergency Medical Care**

**19** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . .  
If "No," indicate why:

- a  The hospital facility did not provide care for any emergency medical conditions
- b  The hospital facility's policy was not in writing
- c  The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)
- d  Other (describe in Part VI)

|           | Yes | No |
|-----------|-----|----|
| <b>19</b> | X   |    |
|           |     |    |

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

**20** Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.

- a  The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged
- b  The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged
- c  The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged
- d  Other (describe in Part VI)

|  |  |  |
|--|--|--|
|  |  |  |
|  |  |  |

**21** During the tax year, did the hospital facility charge any of its FAP- eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? . . . . .

If "Yes," explain in Part VI.

|           |  |   |
|-----------|--|---|
| <b>21</b> |  | X |
|-----------|--|---|

**22** 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? . . . . .

If "Yes," explain in Part VI.

|           |  |   |
|-----------|--|---|
| <b>22</b> |  | X |
|-----------|--|---|

**Part V Facility Information** (continued)

**Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

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

How many non-hospital health care facilities did the organization operate during the tax year? 16

| Name and address   | Type of Facility (describe)        |
|--|------------------------------------|
| <b>1</b> FMH KLINE HOSPICE HOUSE<br>7000 KIMMEL ROAD<br>MT AIRY MD 21771                       | INPATIENT HOSPICE PATIENT FACILITY |
| <b>2</b> MT AIRY HEALTH SERVICES<br>1502 SOUTH MAIN STREET<br>MT AIRY MD 21771                 | OUTPATIENT HEALTH SERVICE FACILITY |
| <b>3</b> PARKVIEW MEDICAL GROUP MT AIRY<br>1502 SOUTH MAIN STREET<br>MT AIRY MD 21771          | PHYSICIAN PRACTICE                 |
| <b>4</b> PARKVIEW MEDICAL GROUP MYERSVILLE<br>3000-D VENTRIE COURT<br>MYERSVILLE MD 21773      | PHYSICIAN PRACTICE                 |
| <b>5</b> PARKVIEW MEDICAL GROUP FREDERICK<br>1564 OPPOSSUMTOWN PIKE<br>FREDERICK MD 21702      | PHYSICIAN PRACTICE                 |
| <b>6</b> FMH REGIONAL CANCER CARE THERAPY CTR<br>501 WEST SEVENTH STREET<br>FREDERICK MD 21701 | OUTPATIENT CANCER TREATMENT CENTER |
| <b>7</b> FMH ROSEHILL<br>1562 OPPOSSUMTOWN PIKE<br>FREDERICK MD 21701                          | OUTPATIENT HEALTH SERVICE FACILITY |
| <b>8</b> UNION BRIDGE FAMILY PRACTICE<br>104 NORTH MAIN STREET<br>UNION BRIDGE MD 21701        | PHYSICIAN PRACTICE                 |
| <b>9</b> FMH HOME HEALTH SERVICES<br>605 EAST CHURCH STREET<br>FREDERICK MD 21701              | HOME HEALTH NURSING ORGANIZATION   |
| <b>10</b> HOSPICE OF FREDERICK COUNTY<br>516 TRAIL AVENUE<br>FREDERICK MD 21702                | HOSPICE CARE ORGANIZATION          |

**Part V Facility Information** *(continued)*

**Section C. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**

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

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

| Name and address  | Type of Facility (describe)           |
|---|---------------------------------------|
| <b>1</b> FMH ROSE HILL REHAB SERVICES<br>1562 OPPOSSUMTOWN PIKE<br>FREDERICK MD 21702 | PHYSICAL REHABILITATION<br>CLINIC     |
| <b>2</b> FMH CRESTWOOD<br>7211 BANK COURT<br>FREDERICK MD 21703                       | OUTPATIENT HEALTH<br>SERVICE FACILITY |
| <b>3</b> FMH WELLNESS CENTER<br>5500 BUCKEYSTOWN PIKE<br>FREDERICK MD 21702           | HEALTH SERVICES CENTER                |
| <b>4</b> FMH ECHO AND VASCULAR LAB<br>1560 OPPOSSUMTOWN PIKE<br>FREDERICK MD 21702    | HEALTH SERVICES CENTER                |
| <b>5</b> FMH URBANA<br>3430 WORTHINGTON BLVD<br>FREDERICK MD 21704                    | OUTPATIENT HEALTH SERVICE<br>FACILITY |
| <b>6</b> FMH IMMEDIATE CARE<br>850 OAK STREET<br>FREDERICK MD 21702                   | WALK-IN CLINIC                        |
| <b>7</b><br><br>  |                                       |
| <b>8</b><br><br>  |                                       |
| <b>9</b><br><br>  |                                       |
| <b>10</b><br><br>   |                                       |

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
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- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

SCHEDULE H, PART I

SUPPLEMENTAL INFORMATION

FOR THE LAST 30 YEARS, MARYLAND HOSPITALS HAVE MET THEIR COMMUNITY BENEFIT OBLIGATIONS IN A UNIQUE MANNER THAT BUILDS THE COSTS OF UNCOMPENSATED CARE (CHARITY CARE AND PATIENT BAD DEBT) AND GRADUATE MEDICAL EDUCATION INTO THE RATES THAT HOSPITALS ARE REIMBURSED BY ALL PAYORS. THE SYSTEM IS BASED IN FEDERAL AND STATE LAW AND BENEFITS ALL MARYLAND RESIDENTS, INCLUDING THOSE IN NEED OF FINANCIAL ASSISTANCE TO PAY THEIR HOSPITAL BILLS.

MARYLAND IS THE ONLY STATE IN WHICH ALL PAYORS (GOVERNMENTALLY-INSURED, COMMERCIALY-INSURED, OR SELF-PAY) ARE CHARGED THE SAME PRICE FOR SERVICES AT ANY GIVEN HOSPITAL.

UNDER THIS SYSTEM, MARYLAND HOSPITALS ARE REGULATED BY A STATE AGENCY, KNOWN AS THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC), THAT IS REQUIRED TO:

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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-PUBLICLY DISCLOSE INFORMATION ON THE COST AND FINANCIAL POSITION OF  
HOSPITALS;

-REVIEW AND APPROVE HOSPITAL RATES;

-COLLECT INFORMATION DETAILING TRANSACTIONS BETWEEN HOSPITALS AND FIRMS  
WITH WHICH THEIR TRUSTEES HAVE A FINANCIAL INTEREST; AND,

-MAINTAIN THE SOLVENCY OF EFFICIENT AND EFFECTIVE HOSPITALS.

SINCE 2000, THE RATE SETTING COMMISSION HAS HAD ITS OWN FRAMEWORK FOR  
REPORTING HOSPITALS' COMMUNITY BENEFITS AND ISSUING A REPORT ANNUALLY  
REGARDING HOSPITALS' COMMUNITY BENEFIT TOTALS. THAT REPORT IS AVAILABLE  
ON [TTP://WWW.HSCRC.STATE.MD.US/](http://WWW.HSCRC.STATE.MD.US/) BECAUSE OF THIS UNIQUE STRUCTURE MARYLAND  
HOSPITALS' COMMUNITY BENEFITS NUMBERS WILL NOT COMPARE WITH THE REST OF  
THE NATION'S HOSPITALS. HOWEVER, MARYLAND HOSPITALS MEET OR EXCEED THE  
COMMUNITY BENEFIT STANDARD ESTABLISHED BY THE IRS IN 1969. ADDITIONAL  
DETAIL ILLUSTRATING THIS CAN BE FOUND WITHIN THIS SCHEDULE H REPORT.

SCHEDULE H, PART I, LINE 3C

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

CRITERIA FOR DETERMINING ELIGIBILITY FOR FREE OR DISCOUNTED CARE

PATIENTS MAY RECEIVE FINANCIAL ASSISTANCE IF THEIR BILL IS 25% OR MORE OF THEIR ANNUAL INCOME. EVERY INPATIENT OR OUTPATIENT WHO ACCUMULATES \$10,000 OR MORE IN CHARGES RECEIVES A VISIT FROM A FINANCIAL COUNSELOR ALONG WITH A FINANCIAL ASSISTANCE APPLICATION. WE ALSO MAIL THESE PATIENTS ANOTHER FINANCIAL ASSISTANCE APPLICATION WITH A COVER LETTER STATING THAT DUE TO THE BALANCE OF THEIR BILL, THEY MAY QUALIFY FOR FINANCIAL ASSISTANCE.

SCHEDULE H, PART I, LINE 7

COST-TO-CHARGE RATIO

AMOUNTS WERE CALCULATED USING THE COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2.

SCHEDULE H, PART III, LINE 4

**Part VI Supplemental Information**

Complete this part to provide the following information.

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

THE AMOUNT INCLUDED IN PART III, LINE 2 IS THE AMOUNT OF CHARGES WRITTEN

OFF OF PATIENT ACCOUNTS AFTER PURSUING PAYMENT AND OTHER ALTERNATIVES

SUCH AS QUALIFYING THE PATIENT FOR CHARITY CARE OR FOR STATE AND FEDERAL

GOVERNMENT PROGRAMS. THE CHARGES ARE REDUCED TO APPROXIMATE COST BY

USING THE COST TO CHARGE RATIO COMPUTED IN SCHEDULE H, PART I, WORKSHEET

2. ANY ADJUSTMENTS OR PAYMENTS RECEIVED ON ACCOUNTS PREVIOUSLY

WRITTEN-OFF TO BAD DEBT HAVE THE IMPACT OF REDUCING THE REPORTED BAD DEBT

COST. WE ADOPTED FAS B-ISSUED ASU 2011-07 WHICH PROVIDED GUIDANCE ON THE

PRESENTATION AND DISCLOSURE OF PATIENT SERVICE REVENUE, PROVISIONS FOR

BAD DEBTS, AND THE ALLOWANCE FOR DOUBTFUL ACCOUNTS FOR CERTAIN HEALTH

CARE ENTITIES EFFECTIVE FOR THE FISCAL YEAR ENDING JUNE 30, 2013.

SCHEDULE H, PART III, LINE 8

MEDICARE COSTING METHODOLOGY

MEDICARE PS&R REPORTS USED AS SOURCE OF COSTS AND PAYMENTS.

**Part VI Supplemental Information**

Complete this part to provide the following information.

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

COLLECTION PRACTICES TO THOSE QUALIFYING FOR FINANCIAL ASSISTANCE

PATIENTS WHO QUALIFY FOR CHARITY CARE OR FINANCIAL ASSISTANCE ARE

SPECIFICALLY EXCLUDED FROM THE COLLECTION PROCESS.

SCHEDULE H, PART V, LINE 18E

OTHER EFFORTS MADE BEFORE INITIATING COLLECTIONS ACTIONS

PATIENTS WITH BALANCES GREATER THAN \$10,000 RECEIVE A SPECIAL LETTER

STATING THEY MAY QUALIFY FOR CHARITY AND REQUESTS THAT THEY CONTACT THE

HOSPITAL.

SCHEDULE H, PART V, LINE 20D

OTHER METHOD FOR DETERMINING MAXIMUM CHARGED AMOUNT

MARYLAND'S HSCRC DETERMINES RATES CHARGED.

**Part VI Supplemental Information**

Complete this part to provide the following information.

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

INPUT FROM COMMUNITY REPRESENTATIVES

SEVEN FOCUS GROUPS INCLUDING THIRTY EIGHT (38) REPRESENTATIVES FROM

GOVERNMENT AGENCIES, AREA NONPROFITS AND PROFESSIONAL SERVICE PROVIDERS

GATHERED TO PROVIDE THEIR ASSESSMENTS OF FREDERICK COUNTY'S HUMAN NEEDS,

RELATIVE TO AVAILABLE SERVICES, AND GAPS IN SERVICE PROVISION.

INDIVIDUALS WHO WERE INVITED TO ATTEND BUT WERE UNABLE TO DO SO WERE

INTERVIEWED BY PHONE.

EIGHT KEY INFORMANT INTERVIEWS WERE CONDUCTED WITH CURRENT AND FORMER

ELECTED OFFICIALS, CIVIC LEADERS, AND REPRESENTATIVES FROM UNITED WAY OF

FREDERICK COUNTY, FREDERICK COUNTY JUDICIARY, AND FREDERICK COUNTY PUBLIC

SCHOOLS.

A SURVEY WAS CONDUCTED POLLING 111 SERVICE PROVIDERS TO COLLECT

INFORMATION ABOUT AVAILABLE SERVICES. THE SURVEY INCLUDED AN

OPEN-RESPONSE QUESTION: "IN YOUR PROFESSIONAL OPINION, WHAT ARE THE TOP

**Part VI Supplemental Information**

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THREE UNMET NEEDS IN ALL OF FREDERICK COUNTY?" RESPONSES TO THE SURVEY WERE RECEIVED FROM 167 PROGRAMS, WHICH REPRESENTED THE MAJORITY OF THE LARGEST PROVIDERS OF HUMAN NEEDS SERVICES. THE RESPONSES TO THE QUESTION WERE USED AS PART OF THE HUMAN NEEDS ASSESSMENT PORTION OF THE ANALYSIS.

A FOCUS GROUP COMPRISED OF 15 INDIVIDUALS WHO WERE RECIPIENTS OF FREDERICK COUNTY HUMAN SERVICES PROGRAMS INCLUDING SERVICES FOR PEOPLE WHO ARE HOMELESS, FREE CLINIC PATIENTS, AND CONSUMERS OF SOUP KITCHENS AND FOOD PROGRAMS, WAS CONDUCTED. PARTICIPANTS WERE ASKED ABOUT THEIR DAILY NEEDS, PROGRAMS THAT HAVE HELPED THEM AND WHY, THEIR UNMET NEEDS, AND THE NEEDS OF COMMUNITY YOUTH. COMMUNITY FOUNDATION LEADERS WHO PARTICIPATED IN UNITED WAY OF FREDERICK COUNTY'S STRATEGIC PLANNING PROCESS CONTRIBUTED THEIR NOTES, WHICH ALSO WERE USED IN GAUGING COMMUNITY HUMAN NEEDS.

A SURVEY OF THE GENERAL PUBLIC WAS CONDUCTED ASKING RESPONDENTS TO RANK

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UNMET NEEDS IN THE COMMUNITY FOUNDATION'S THREE CORE STRATEGIC AREAS:

HEALTH, YOUTH, AND BASIC HUMAN NEEDS. ONE HUNDRED AND FOURTEEN RESPONSES WERE RECEIVED, WITH THE SURVEY'S AVAILABILITY REPORTED IN LOCAL PRINT MEDIA, ON THE COMMUNITY FOUNDATION'S WEBSITE, THROUGH EMAIL BLASTS, AND SOCIAL MEDIA.

THE PRIMARY SOURCE DATA WAS SUPPLEMENTED BY THIRD PARTY FOCUS GROUPS AND SURVEYS, MOST NOTABLY THOSE OF UNITED WAY OF FREDERICK COUNTY AND THE FREDERICK COUNTY LOCAL MANAGEMENT BOARD. THE REPORT ALSO INCLUDES A PRELIMINARY AGGREGATION OF SERVICE DELIVERY ISSUES RAISED BY KEY LOCAL PARTICIPANTS IN THE ASSESSMENT, AS WELL AS SUGGESTED QUANTIFIABLE INDICATORS FOR DISCUSSION BY THE COMMUNITY FOUNDATION AND COMMUNITY PARTNERS OF HOW TO MEASURE PROGRESS AND IMPACT. THE QUALITATIVE ANALYSIS OF NEEDS, SUPPLY OF SERVICES, AND GAPS IN SERVICES RELIED TO A LARGE EXTENT ON THE KNOWLEDGE AND OPINIONS OF FREDERICK COUNTY "EXPERTS," INDIVIDUALS WHO HAVE LONG EXPERIENCE IN DELIVERING HUMAN SERVICES IN FREDERICK COUNTY OR WHO ARE CURRENTLY OR IN THE PAST HELD ELECTED OR

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APPOINTED POLICY MAKING POSITIONS.

SCHEDULE H, PART VI, NEEDS ASSESSMENT

NEEDS ASSESSMENT

THE 2013 FREDERICK COUNTY HEALTH ASSESSMENT IS A DATA DRIVEN APPROACH TO DETERMINING THE HEALTH STATUS OF FREDERICK COMMUNITY RESIDENTS BY CAPTURING AND COMPARING STATISTICAL INFORMATION FROM THREE INDEPENDENT COMMUNITY-BASED HEALTH FOCUSED AND HUMAN NEEDS DRIVEN ORGANIZATION:

- THE FREDERICK COMMUNITY FOUNDATION'S HUMAN NEEDS ASSESSMENT CONDUCTED IN AUGUST OF 2011,
- THE LOCAL HEALTH IMPROVEMENT PLAN (L-HIP) PRIORITIES SUMMIT CONDUCTED IN OCTOBER OF 2011, AND
- FREDERICK MEMORIAL HOSPITAL'S UTILIZATION DATA FOR THE EMERGENCY ROOM, INPATIENT ADMISSIONS AND OUTPATIENT SERVICE PROVISION.

THE FMH DATA SERVED AS AN EVIDENCE-BASED CONFIRMATION OF THE OTHER TWO STUDIES' FINDINGS. THE COMPARATIVE ASSESSMENT FINDINGS WERE ADDITIONALLY

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VERIFIED USING THE CURRENT DATA FROM THE STATE HEALTH IMPROVEMENT PLAN.

IN ADDITION, THE ASSESSMENT USES THE MOST CURRENT STATISTICAL INFORMATION

AVAILABLE FROM A VARIETY OF RESOURCES INCLUDING THE MARYLAND HEALTH

SERVICES COST REVIEW COMMISSION, THE MARYLAND BEHAVIORAL RISK FACTOR

SURVEILLANCE SYSTEM, THE MARYLAND DEPARTMENT OF HEALTH AND MENTAL

HYGIENE, THE US CENSUS AND OTHER STATE AND FEDERAL AGENCIES.

THE 2013 COMMUNITY HEALTH ASSESSMENT PROVIDES THE INFORMATION THAT THE

FREDERICK COUNTY HEALTH DEPARTMENT, FREDERICK REGIONAL HEALTH SYSTEM, THE

FREDERICK COUNTY HEALTH CARE COALITION AND PARTNER GRASS-ROOTS AGENCIES

AND ORGANIZATIONS NEED TO IDENTIFY ISSUES OF GREATEST CONCERN. DECISIONS

TO COMMIT RESOURCES TO THOSE AREAS IDENTIFIED IN THIS COMPARATIVE STUDY

WILL ENSURE THAT OUR COLLECTIVE EFFORTS HAVE THE GREATEST IMPACT ON OUR

COMMUNITY'S HEALTH STATUS.

#### PROJECT GOALS

THE 2013 FREDERICK COUNTY HEALTH ASSESSMENT WILL SERVE AS A RESOURCE AND

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TOOL FOR REACHING THREE GOALS:

- TO IMPROVE THE HEALTH STATUS OF FREDERICK COUNTY RESIDENTS, ELEVATE THEIR OVERALL QUALITY OF LIFE, AND INCREASE THEIR LIFE SPANS. QUALITY OF LIFE ISSUES REMAIN AN IMPORTANT COMPONENT OF THE PLAN AS ALL AGREE THAT THE MEASURE OF OUR COMMUNITY'S HEALTH GOES BEYOND ADDRESSING PHYSICAL, DENTAL, MENTAL AND BEHAVIORAL HEALTH NEEDS.
- TO IDENTIFY THE SOCIO-ECONOMIC FACTORS WHICH HAVE HISTORICALLY HAD A NEGATIVE IMPACT ON OUR RESIDENTS' HEALTH. BY IDENTIFYING POPULATION SEGMENTS THAT ARE MOST AT-RISK FOR VARIOUS DISEASES AND INJURIES WE WILL, AS A COMMUNITY, BE BETTER POSITIONED TO ADDRESS HEALTH DISPARITIES.
- TO PROVIDE MORE ACCESSIBLE PREVENTIVE SERVICES TO ASSIST COMMUNITY PARTNERS IN IMPROVING THE HEALTH STATUS OF FREDERICK COUNTY RESIDENTS, AND TO HELP US AS A COMMUNITY KEEP THE COSTS OF PROVIDING CARE FOR LATE-STAGE DISEASE IN CHECK.

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## SCHEDULE H, PART VI, PATIENT EDUCATION

## PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

FREDERICK MEMORIAL HOSPITAL POSTS ITS CHARITY CARE POLICY AND FINANCIAL ASSISTANCE CONTACT INFORMATION IN ADMISSION AREAS, THE FMH EMERGENCY DEPARTMENT, AND IN ALL OF OUR SATELLITE FACILITIES IN AREAS WHERE ELIGIBLE PATIENTS ARE LIKELY TO PRESENT. FMH PROVIDES A SUMMARY OF THE CHARITY CARE POLICY AND FINANCIAL ASSISTANCE CONTACT INFORMATION TO ALL PATIENTS AT THE TIME OF ADMISSION TO THE HOSPITAL. FMH ADMISSIONS PERSONNEL DISCUSS THE AVAILABILITY OF VARIOUS GOVERNMENT BENEFITS SUCH AS MEDICAID OR STATE PROGRAMS WITH PATIENTS AND/OR THEIR FAMILY MEMBERS, AND THEY ASSIST PATIENTS WITH QUALIFICATION FOR THE PROGRAMS. FREDERICK MEMORIAL HOSPITAL INCREASED ITS EFFORTS TO PROVIDE FINANCIAL ASSISTANCE TO ITS PATIENTS THROUGH A VARIETY OF INITIATIVES. FMH INCREASED ITS FINANCIAL ASSISTANCE FOR CATASTROPHIC SITUATIONS. IN OUR PROGRAM, PATIENTS MAY RECEIVE FINANCIAL ASSISTANCE IF THEIR BILL IS 25% OR MORE OF THEIR ANNUAL INCOME. IN FY11 A FINANCIAL COUNSELOR MET WITH PATIENTS WHO HAD NO INSURANCE THE DAY AFTER ADMISSION TO EXPLAIN OUR FINANCIAL

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ASSISTANCE PROGRAM AND THE STATE'S MEDICAL ASSISTANCE PROGRAM.

BECAUSE THE MEETING WITH THE PATIENT WAS EARLY IN THEIR STAY, THE PATIENT'S ACCUMULATED CHARGES TYPICALLY DID NOT REACH A CATASTROPHIC STAGE. THEREFORE, WE HAD PATIENTS WHO LEFT THE HOSPITAL WITHOUT A DETAILED CATASTROPHIC FINANCIAL ASSISTANCE DISCUSSION AND WITHOUT A FINANCIAL ASSISTANCE APPLICATION. NOW, EVERY INPATIENT OR OUTPATIENT WHO ACCUMULATES \$10,000 OR MORE IN CHARGES WILL RECEIVE A SECOND VISIT FROM A FINANCIAL COUNSELOR ALONG WITH A FINANCIAL ASSISTANCE APPLICATION. ALSO, WE MAIL THESE PATIENTS ANOTHER FINANCIAL ASSISTANCE APPLICATION WITH A COVER LETTER STATING THAT DUE TO THE BALANCE OF THEIR BILL, THEY MAY QUALIFY FOR FINANCIAL ASSISTANCE.

SCHEDULE H, PART VI, COMMUNITY INFORMATION

COMMUNITY INFORMATION

IN THE YEAR ENDED JUNE 30, 2013, FREDERICK MEMORIAL HOSPITAL ADMITTED 20,074 PATIENTS. THE FMH EMERGENCY DEPARTMENT TREATED NEARLY 80,000

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PATIENTS. APPROX. 10% OF ALL COUNTY RESIDENTS LACK HEALTH INSURANCE AND 9% ARE MEDICAID RECIPIENTS. FMH DEFINES ITS PRIMARY SERVICE AREA AS FREDERICK COUNTY, MARYLAND, WHICH ACCOUNTED FOR APPROXIMATELY 60% OF FMH'S DISCHARGES IN FISCAL YEAR 2013. THE HOSPITAL IS THE ONLY HOSPITAL LOCATED IN ITS PRIMARY SERVICE AREA AND THE ONLY HOSPITAL WITHIN A 25-MILE RADIUS OF THE CITY OF FREDERICK.

MT. AIRY

THE MOUNT AIRY AREA IS PREDOMINANTLY WHITE (92.1%), WITH SMALLER HISPANIC OR LATINO (4.7%), AFRICAN AMERICAN (2.4%) AND ASIAN (2.2%) POPULATIONS. THE MEDIAN AGE IS 36, WITH APPROXIMATELY 20% OF THE POPULATION IN EACH OF TWO RANGES: 5-14 AND 40-49 YEARS OF AGE. ABOUT 10% OF ALL RESIDENTS ARE AGE 62 OR OLDER. THE POPULATION IS 51.5% FEMALE AND 48.5% MALE. 79% OF MOUNT AIRY RESIDENTS LIVE IN FAMILY HOUSEHOLDS (A HOUSEHOLDER AND ONE OR MORE OTHER PEOPLE RELATED BY BIRTH, MARRIAGE, OR ADOPTION). 86.9% OF THE HOUSING UNITS ARE OWNER-OCCUPIED. THE POVERTY LEVEL IN MOUNT AIRY IS 5.3%, WELL BELOW THE STATE-WIDE RATE OF 12.0%. LIFE EXPECTANCY IS ABOVE

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THE STATE AVERAGE AT 80.1%. CANCER AND HEART DISEASE (INCLUDING STROKE)  
 RATE HIGHEST IN TERMS OF CAUSES OF DEATH AND YEARS OF POTENTIAL LIFE  
 LOST. ABOUT 5.0% OF THE RESIDENTS IN THIS AREA LIVE WITH CHRONIC HEART  
 DISEASE, JUST 1.3% HAVE HAD A STROKE, AND 28.5% HAVE BEEN TOLD THEY HAVE  
 HIGH BLOOD PRESSURE. 6.1% HAVE BEEN DIAGNOSED WITH SKIN CANCER AND  
 ANOTHER 6.8% HAVE BEEN DIAGNOSED WITH ANOTHER FORM OF CANCER.

THURMONT

THURMONT'S POPULATION IS FAIRLY EVENLY DISTRIBUTED IN TERMS OF AGE, WITH  
 THE LARGEST COHORT (18%) IN THE 40-49 AGE BRACKET. RESIDENTS ARE 95.8%  
 WHITE, 2.4% HISPANIC OR LATINO, AND 1% AFRICAN AMERICAN. NEARLY 16% OF  
 THURMONT'S POPULATION IS AGE 62 OR OLDER. SIMILARLY TO MOUNT AIRY, THE  
 POPULATION IS 48.4% MALE AND 51.6% FEMALE. 72% OF THURMONT RESIDENTS LIVE  
 IN FAMILY HOUSEHOLDS, WITH 74.7% OF HOUSING UNITS OCCUPIED BY THE  
 PROPERTY OWNER. 7.2% OF RESIDENTS IN THE AREA EARN INCOME BELOW THE  
 POVERTY LEVEL. AGAIN, CANCER AND HEART DISEASE (INCLUDING STROKE) RATE  
 HIGHEST IN TERMS OF CAUSES OF DEATH AND YEARS OF POTENTIAL LIFE LOST.

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ABOUT 4.6% OF RESIDENTS IN THIS AREA SUFFER FROM CHRONIC HEART DISEASE,  
4.1% HAVE HAD A STROKE, AND 24.7% HAVE BEEN TOLD THEY HAVE HIGH BLOOD  
PRESSURE. 6.8% HAVE BEEN DIAGNOSED WITH SKIN CANCER AND ANOTHER 8.1% HAVE  
BEEN DIAGNOSED WITH ANOTHER FORM OF CANCER.

FREDERICK CITY AND SUBURBS

FREDERICK CITY AND ITS IMMEDIATE SUBURBS ARE MORE RACIALLY DIVERSE THAN  
EITHER THURMONT OR MT. AIRY, WITH WHITE (63.9%), AFRICAN AMERICAN  
(18.6%), HISPANIC OR LATINO (14.4%) AND ASIAN (5.8%) GROUPS ACCOUNTING  
FOR THE LARGEST PERCENTAGES. RESIDENTS ARE EVENLY DISTRIBUTED IN TERMS OF  
AGE, WITH THE LARGEST GROUP (17%) APPEARING IN THE 25-34 AGE BRACKET. THE  
POPULATION IS 48.2% MALE AND 51.8% FEMALE. JUST 60.5% OF THIS AREA'S  
RESIDENTS LIVE IN FAMILY HOUSEHOLDS, WITH A RELATIVELY EVEN SPLIT BETWEEN  
OWNER-OCCUPIED (57.6%) AND RENTER-OCCUPIED (42.4%) HOUSING. 12.1% OF  
RESIDENTS IN THIS AREA LIVE BELOW THE POVERTY LEVEL, WHICH IS JUST ABOVE  
THE STATE AVERAGE OF 12.0%. AS IN THE OTHER TWO AREAS DESCRIBED, CANCER  
AND HEART DISEASE (INCLUDING STROKE) RATE HIGHEST IN TERMS OF CAUSES OF

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DEATH AND YEARS OF POTENTIAL LIFE LOST. 6.5% OF THE RESIDENTS IN THIS AREA LIVE WITH CHRONIC HEART DISEASE, 3.1% HAVE SUFFERED A STROKE, 30.2% HAVE BEEN TOLD THEY HAVE HIGH BLOOD PRESSURE. 4.0% REPORT BEING DIAGNOSED WITH SKIN CANCER AND ANOTHER 4.5% HAVE BEEN DIAGNOSED WITH ANOTHER FORM OF CANCER.

SCHEDULE H, PART VI, PROMOTION OF COMMUNITY

PROMOTION OF COMMUNITY HEALTH

A MAJORITY OF THE SYSTEM'S GOVERNING BODY (14 OUT OF 19) ARE PERSONS WHO RESIDE IN THE HOSPITAL'S PRIMARY SERVICE AREA AND WHO ARE NEITHER EMPLOYEES NOR INDEPENDENT CONTRACTORS OF THE SYSTEM, NOR FAMILY MEMBERS THEREOF. THE SYSTEM EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN THE COMMUNITY. THE SYSTEM SPENT NEARLY \$31 MILLION DOLLARS ON CAPITAL EXPENDITURES DURING FISCAL YEAR 2013, FOR UPGRADES TO PHYSICAL PLANT, MEDICAL EQUIPMENT AND INFORMATION TECHNOLOGY INVESTMENTS.

THE COMMUNITY NEEDS HEALTH ASSESSMENT IDENTIFIED LUNG DISEASE AS FOCUS

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NEED: FMH CONDUCTED CAMP YESUCAN, A DAY-LONG EVENT FOR CHILDREN WITH ASTHMA. THE GOAL OF THE CAMP IS TO REMIND CHILDREN WITH ASTHMA THAT THEY CAN SAFELY ENJOY SPORTS AND MANY OTHER OUTDOOR ACTIVITIES WITHOUT FEARING THE ONSET OF AN ASTHMA ATTACK. THIRTEEN (13) CHILDREN PARTICIPATED IN THIS YEAR'S EVENT. UNDER THE WATCHFUL SUPERVISION OF HIGHLY SKILLED NURSES, RESPIRATORY THERAPISTS AND CERTIFIED ASTHMA EDUCATORS - THE CAMPERS LEARNED HOW ASTHMA ATTACKS START AND HOW THEY CAN BE AVOIDED. THEY WERE TAUGHT HOW TO TAKE THEIR MEDICATIONS APPROPRIATELY AND WHAT TO DO TO MANAGE THE ONSET OF AN ATTACK. OF THE 13 PARTICIPANTS IN THIS YEAR'S CAMP YESUCAN, ONLY 2 REQUIRED EMERGENCY DEPARTMENT INTERVENTION FOR ASTHMA ATTACK SYMPTOMS. IN FY 12, JULY 1, 2011 - JUNE 30, 2012, THE COST OF CARING FOR THE 12 CHILDREN WHO ATTENDED CAMP YESUCAN WAS \$13,586.00. SO FAR, IN FY 13, JULY 1, 2012 THROUGH NOVEMBER 8, 2012, THE CHILDREN WHO ATTENDED THE CAMP HAVE LOGGED ONLY \$478.00 IN CARE EXPENSE. THIS PUTS THE CAMP EXPERIENCE ON TRACK FOR DECREASING COST FOR CARING FOR PARTICIPANTS BY MORE THAN \$12,000.

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THE FMH PULMONARY COMMUNITY OUTREACH PROGRAM WILL CONTINUE WITH CAMP YESUCAN AND THE OTHER PROGRAMS, EVENTS AND EDUCATIONAL OPPORTUNITIES TO INFORM THE COMMUNITY ABOUT PRACTICING GOOD LUNG HEALTH AND CONTROLLING ENVIRONMENTAL TRIGGERS.

THE COMMUNITY NEEDS HEALTH ASSESSMENT IDENTIFIED HEART DISEASE AS FOCUS NEED: STROKE WORKSHOPS WERE PROVIDED TO THOSE COMMUNITIES IN OUR SERVICE AREA WHERE THE INCIDENCE OF HEART AND VASCULAR DISEASE ARE MORE PREVALENT WITH THE GOAL OF INCREASING AWARENESS ABOUT THE SIGNS AND SYMPTOMS OF STROKE. THE DIRECTOR OF THE FMH STROKE PROGRAM ATTENDED A NUMBER OF COMMUNITY MEETINGS AND EVENT TO EDUCATED ATTENDEES ABOUT THE RISK FACTORS ASSOCIATED WITH CARDIOVASCULAR DISEASE. ATTENDEES ARE GIVEN INFORMATION ON RISK FACTORS AND STEPS THEY CAN TAKE RIGHT AWAY TO CHANGE THEIR OWN RISK FOR STROKE. AT THE CONCLUSION OF THE WORKSHOPS, APPROXIMATELY NINETY-EIGHT (98%) PERCENT OF THE ATTENDEES ARE ABLE TO NAME AND IDENTIFY STROKE SIGNS AND SYMPTOMS AND KNOW WHAT TO DO IN CASE THEY, OR SOMEONE THEY KNOW, ARE HAVING A STROKE. CONTINUATION OF INITIATIVE FMH WILL

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CONTINUE TO OFFER FREE STROKE WORKSHOPS TO THE CITIZENS OF FREDERICK COUNTY TO INCREASE AWARENESS AND PROVIDE DETAILS ON STROKE CARE AND PREVENTION. EFFORTS WILL FOCUS EVEN MORE SPECIFICALLY IN THOSE UNDERSERVED COMMUNITIES IN WHICH THE INCIDENCE OF CARDIOVASCULAR DISEASE IS HIGHEST IN FREDERICK COUNTY.

THE COMMUNITY NEEDS HEALTH ASSESSMENT IDENTIFIED BREAST CANCER AS FOCUS NEED: THE PURPOSE OF THESE OUTREACH EFFORTS IS TO INFLUENCE A WOMAN'S DECISION TO PRACTICE MONTHLY BREAST SELF-EXAMINATIONS, BE EXAMINED YEARLY BY A HEALTH CARE PROVIDER, HAVE A YEARLY MAMMOGRAM AS INDICATED BY SCREENING PROTOCOLS. THE OVERARCHING GOAL IS TO DECREASE THE INCIDENCE OF LATE-STAGE BREAST CANCER DIAGNOSIS IN FREDERICK COUNTY. THE THEME FOR THIS FREE AND OPEN TO THE PUBLIC EVENT WAS "CELEBRATING LIFE & EMBRACING CHANGES." FELLOWSHIP BREASTS SURGEON, DR. SUSAN BAHL SPOKE ABOUT LIFE AFTER BREAST CANCER. MEDICAL ONCOLOGIST, DR. MARK GOLDSTEIN SPOKE ABOUT THE IMPORTANCE OF CREATING A SURVIVORSHIP PLAN AFTER A DIAGNOSIS OF BREAST CANCER; AND DR. SADAF TAIMUR SPOKE ABOUT HEALTHY LIVING

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STRATEGIES.

OVER THE PAST 5 YEARS, THE FMH CANCER REGISTRY HAS RECORDED AN INCREASE IN THE NUMBER OF BREAST CANCERS DIAGNOSED IN STAGE I AND STAGE II. CONTINUATION OF INITIATIVE GIVEN THE FAVORABLE OUTCOMES AS MEASURED BY THE NUMBER OF BREAST CANCER PATIENTS PRESENTING IN THE EARLY STAGES OF THE DISEASE, FMH PLANS TO CONTINUE HOSTING THE BREAST CANCER SYMPOSIUM FOR MANY YEARS TO COME.

THE COMMUNITY NEEDS HEALTH ASSESSMENT IDENTIFIED DENTAL/ORAL HEALTHCARE AS FOCUS NEED: FREDERICK MEMORIAL HOSPITAL HAS BEEN WORKING TO LAY THE GROUNDWORK TO ESTABLISH A DENTAL CLINIC IN FREDERICK COUNTY. THE PROGRESS THAT WE HAVE MADE IS ILLUSTRATIVE OF A DYNAMIC WORKING RELATIONSHIP BETWEEN GOVERNMENT, ACADEMIA, THE PRIVATE SECTOR, NON-PROFITS AND FREDERICK MEMORIAL HOSPITAL. THE HOSPITAL HAS PLAYED A PIVOTAL ROLE IN INITIATING TALKS BETWEEN LOCAL OFFICIALS AND THE UNIVERSITY OF MARYLAND DENTAL SCHOOL. IN LATE DECEMBER OF 2012, CHRISTIAN S. STOHLER, DMD, DEAN

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OF UNIVERSITY OF MARYLAND DENTAL SCHOOL AND MARCELENA HOLMES, ASSISTANT DEAN OF INSTITUTIONAL ADVANCEMENT, CONFIRMED THEIR PLANS TO WORK WITH THE HOSPITAL TO START A DENTAL CLINIC IN FREDERICK. CONTINUATION OF INITIATIVE FMH WILL WORK WITH THE UNIVERSITY TO HELP IDENTIFY A LOCATION FOR THE CLINIC AND WILL ENGAGE WITH THE FREDERICK DENTAL SOCIETY TO RECRUIT AREA DENTISTS TO PARTICIPATE IN THE DEVELOPMENT OF THE FACILITY, THE CURRICULUM AND PROVIDE OVERSIGHT AS NECESSARY.

THE COMMUNITY NEEDS HEALTH ASSESSMENT IDENTIFIED PRENATAL CARE AS FOCUS NEED: THE FMH AUXILIARY PRENATAL CENTER PROVIDES PRENATAL CARE FOR WOMEN WITH NO INSURANCE - OR WITH MEDICAID PROGRAMS WHO ARE UNABLE TO OBTAIN CARE FROM OTHER PROVIDERS. MANY OF THE WOMEN IN THE PRENATAL CENTER'S PROGRAMS ARE HIGH-RISK PREGNANCY PATIENTS, AND MANY OF THE WOMEN PRESENT WITH MEDICAL CONDITIONS OF WHICH THEY ARE UNAWARE, THAT MAY POSE SIGNIFICANT RISK TO FULL-TERM FETAL DEVELOPMENT. THE STAFF OF THE FMH AUXILIARY PRENATAL CENTER - 2 NURSE MIDWIVES, A MEDICAL ASSISTANT, A DEPARTMENT ASSISTANT, AND AN INTERPRETER - UNDER THE DIRECTION OF DR.

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EDWIN CHEN, MEDICAL DIRECTOR FOR THE PRENATAL CENTER, AND DR. WAYNE

KRAMER, PERINATOLOGY CONSULTANT WITH THE PRACTICE OF MID MARYLAND

PERINATOLOGY ASSOCIATES, ARE ABLE TO DIAGNOSE AND TREAT THESE UNDERLYING

CONDITIONS BEFORE THEY ADVERSELY AFFECT THE COURSE OF THE PREGNANCY.

ACCESS TO THE FMH AUXILIARY PRENATAL CENTER IS MAINLY THROUGH REFERRALS

FROM THE FREDERICK COUNTY HEALTH DEPARTMENT (FCHD), AND THE FREDERICK

COUNTY MISSION OF MERCY. BEFORE THE FMH PRENATAL CENTER OPENED, THERE WAS

A BACKLOG OF 80 PATIENTS WAITING TO BE SEEN AT THE MISSION OF MERCY. THE

OPENING OF THE PRENATAL CENTER HAS COMPLETELY ELIMINATED THAT BACKLOG OF

PATIENTS. THERE IS NO WAITING TIME AT ALL AT THE MISSION OF MERCY. IN

FY13, 264 NEWBORN DELIVERIES WERE FROM WOMEN WHO SOUGHT PRENATAL CARE

THROUGH THE FMH AUXILIARY PRENATAL CENTER. OF THOSE BIRTHS, 18 (7%)

NEWBORNS REQUIRED ADMISSION TO THE FMH NEONATAL INTENSIVE CARE UNIT. IN

FY06, 372 NEWBORN DELIVERIES WERE FROM WOMEN WHO HAD NO NEONATAL CARE. OF

THOSE BIRTHS, 57 (15%) REQUIRED ADMISSION TO THE FMH NEONATAL INTENSIVE

CARE UNIT. CONTINUATION OF INITIATIVE THE FREDERICK REGIONAL HEALTH

SYSTEM WILL CONTINUE TO FUND OPERATIONS OF THE FMH PRENATAL CENTER

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THROUGH THE GENEROSITY OF THE FMH AUXILIARY.

THE COMMUNITY NEEDS HEALTH ASSESSMENT IDENTIFIED CARE MANAGEMENT AS FOCUS  
 NEED: THE CARE TRANSITIONS PROGRAM ROLLED OUT IN JULY OF 2012 WITH 1,038  
 PATIENTS RECEIVING INTERVENTIONS FROM OUR CARE TRANSITIONS RN AND 470  
 PATIENTS RECEIVING SOME INTERVENTION FROM A CARE TRANSITION PHARMACIST.  
 THROUGH THE WORK OF OUR CARE TRANSITIONS TEAM PATIENTS RECEIVE MORE  
 FOCUSED DISEASE MANAGEMENT EDUCATION, AND INTENSIVE TRANSITION PLANNING,  
 WHICH OFTEN INCLUDES FINANCIAL SUPPORT FOR MEDICATIONS, FOLLOW UP  
 PHYSICIAN APPOINTMENTS, TRANSPORTATION AND VARIOUS OTHER MEDICAL AND  
 SOCIAL SUPPORT SERVICES IN THE COMMUNITY. AS THE TEAM OF CARE  
 TRANSITIONS NURSES, SOCIAL WORKERS AND PHARMACIST WORKS CLOSELY WITH  
 PATIENTS WHO HAVE BEEN IDENTIFIED AS HIGH RISK FOR READMISSION A GREAT  
 DEAL OF TIME AND ENERGY IS SPENT WORKING WITH PATIENTS AND CAREGIVERS TO  
 ESTABLISH A POST DISCHARGE PLAN. THIS INCLUDES DISCUSSING AFFORDABILITY  
 AND ACCESS TO THE NECESSARY SERVICES. IF THE CARE TRANSITION TEAM, OR  
 CASE MANAGER, IDENTIFIES THE NEED FOR FINANCIAL ASSISTANCE ARRANGEMENTS

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ARE MADE DIRECTLY WITH THE POST-ACUTE PROVIDER TO ENSURE THE PATIENT WILL HAVE THE NECESSARY ACCESS TO SERVICE WITHOUT CONCERN FOR COST.

COLLABORATIVE PARTNERSHIPS HAVE ESTABLISHED WITH THE COMMUNITY TO ENSURE SERVICES ARE PROVIDED AND APPROPRIATE CHARGES COVERED BY THE CARE TRANSITIONS PROGRAM. OF THE 1508 PATIENTS SERVED BY THE CARE TRANSITION TEAM, APPROXIMATELY 20% (302) RECEIVE SOME AMOUNT OF FINANCIAL SUPPORT TO ENSURE ACCESS TO THE NECESSARY CARE AFTER DISCHARGE. WITHOUT THE FINANCIAL ASSISTANCE THE MOST VULNERABLE AND AT RISK PATIENTS WOULD CONTINUE TO REQUIRE CARE WITHIN THE HOSPITAL OR ED SETTING. CONTINUATION OF THE CARE TRANSITIONS INITIATIVE IS ON-GOING.

IN ORDER TO FULFILL OUR MISSION, THE HEALTH SYSTEM HAS ENTERED INTO A NUMBER OF EXCLUSIVE CONTRACTS AND/OR SUBSIDY ARRANGEMENTS WITH HOSPITAL BASED 22 PHYSICIANS/PHYSICIAN GROUPS. THESE ARRANGEMENTS PROVIDED FOR TIMELY PATIENT CARE IN A COST EFFECTIVE MANNER, AND ALLOW FOR EFFICIENT ALLOCATION OF PHYSICIAN TIME AND RESOURCES. THE FOLLOWING SPECIALTY PRACTICE PHYSICIANS ARE SUBSIDIZED TO BE ON-CALL, 24/7 AT FMH: FMH

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 Promotion of community health.** Provide any other information important to describing how the organization's hospitals facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

HOSPITALISTS ARE SPECIALISTS TRAINED IN THE CARE OF HOSPITALIZED PATIENTS. THEY PROVIDE CARE TO THE PATIENTS OF THOSE PHYSICIANS WITH WHOM THEY HAVE ESTABLISHED A RELATIONSHIP, AND ASSUME THE MEDICAL MANAGEMENT OF THE PATIENT THROUGHOUT THE DURATION OF THEIR HOSPITAL STAY. THE HOSPITALISTS ALSO PROVIDE CARE TO THOSE PATIENTS WHO DO NOT HAVE A PRIMARY CARE PHYSICIAN AND/OR ARE UNINSURED. FMH EXPANDED ITS HOSPITALIST PROGRAM BY INCLUDING TWO NEW IN HOUSE PROGRAMS: SURGICALISTS AND PEDIATRIC HOSPITALISTS.

SURGICALISTS ARE SURGEONS WHO ARE IN-HOUSE 24/7 AND ENSURE THAT FREDERICK COUNTY RESIDENTS RECEIVE AROUND-THE-CLOCK QUALITY SURGICAL CARE. SURGICALISTS NOT ONLY PROVIDE BETTER ACCESS TO THE HIGHEST QUALITY SURGICAL CARE, BUT ARE AVAILABLE TO ANSWER PATIENTS' QUESTIONS ABOUT THEIR SURGICAL PROCEDURE. FMH HAS EXPANDED ITS SERVICE PROVISION RELATIVE TO OUR PEDIATRIC POPULATIONS.

A SUBSET OF OUR HOSPITALIST PROGRAM IS PEDIATRIC HOSPITALISTS, PHYSICIANS

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

WHO SPECIALIZE IN THE MEDICAL MANAGEMENT OF THE HOSPITALIZED PEDIATRIC PATIENT. IN ADDITION, SOME OF OUR PEDIATRIC HOSPITALISTS HAVE ADVANCED TRAINING IN PEDIATRIC EMERGENCY SERVICES AND PROVIDE CARE IN OUR PEDIATRIC EMERGENCY DEPARTMENT THAT IS CO-LOCATED WITH OUR INPATIENT PEDIATRIC UNIT ON THE SECOND FLOOR OF THE HOSPITAL. THE FMH INTENSIVIST PROGRAM WAS INITIATED AS AN ADJUNCT SERVICE FOR THE EXPANSION OF THE FMH HEART SERVICE LINE.

WITH THE ADVENT OF THE INTERVENTIONAL CARDIOLOGY PROGRAM, IT WAS NECESSARY TO HAVE 24/7 SPECIALTY CARE IN THE INTENSIVE CARE UNIT. INTENSIVISTS ARE PHYSICIANS WHO HAVE SPECIAL TRAINING IN CRITICAL CARE MEDICINE. THE SPECIALTY REQUIRES ADDITIONAL FELLOWSHIP TRAINING FOR PHYSICIANS WHO COMPLETE THEIR PRIMARY RESIDENCY TRAINING IN INTERNAL MEDICINE, ANESTHESIOLOGY, OR SURGERY. RESEARCH HAS DEMONSTRATED THAT ICU CARE PROVIDED BY INTENSIVISTS PRODUCES BETTER OUTCOMES AND MORE COST EFFECTIVE CARE. FMH'S RECENT DESIGNATION AS A NEONATAL INTENSIVE CARE CENTER HAS INCREASED THE NUMBER OF HIGH-RISK PREGNANCIES CHOOSING TO

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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DELIVERY IN OUR BIRTHPLACE. AN INCREASE IN OUR DEMOGRAPHIC PROFILE OF THOSE INDIVIDUALS LESS LIKELY TO HAVE ADEQUATE - OR ANY - PRENATAL CARE HAS ALSO INCREASED THE PROBABILITY THAT 23 IMMEDIATE/EMERGENT OBSTETRICAL CARE BE AVAILABLE. OUR OBSTETRIC ON-CALL SCHEDULE PERMITS FOR THAT NEED 24/7. FMH'S EMERGENCY DEPARTMENT IS THE THIRD BUSIEST ED IN MARYLAND, REGISTERING OVER 83,000 ANNUAL PATIENT VISITS IN FY13. BECAUSE OF THE NATURE OF OUR GROWING COMMUNITY, AND THE SEVERITY OF THE EMERGENCIES ENCOUNTERED, IT IS INCREASING NECESSARY TO PROVIDE AROUND-THE-CLOCK PHYSICIAN SPECIALTY CARE. A VARIETY OF SPECIALTY AND SUB-SPECIALTY PHYSICIANS ARE ON CALL TO PROVIDE THE EMERGENT CARE 24/7. IN ADDITION TO THE ON-SITE, 24/7, OB ANESTHESIOLOGY COVERAGE, FMH HAS A "FIRST-CALL" ANESTHESIOLOGIST AVAILABLE TO COVER EMERGENCY CASES SHOULD THE IN HOUSE ANESTHESIOLOGIST BE OCCUPIED WITH ANOTHER PATIENT. THE AVAILABILITY OF AN ON-CALL ANESTHESIOLOGIST HAS DECREASED THE TIME INTERVAL BETWEEN DIAGNOSES AND SURGICAL INTERVENTION, RESULTING IN SIGNIFICANTLY BETTER PATIENT OUTCOMES. FMH CONTRACTED A GROUP OF INTERVENTIONAL CARDIOLOGIST TO PROVIDE 24-HOUR SERVICE FOR EMERGENCY ANGIOPLASTY SERVICES. THE

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

INTERVENTIONALISTS ARE AVAILABLE 7-DAYS A WEEK AND SERVE AS THE CODE

HEART TEAM LEADERS WHEN RESPONDING TO AN EMERGENCY SITUATION.

SCHEDULE H, PART VI, AFFILIATED HEALTH CARE

AFFILIATED HEALTH CARE SYSTEM

ON JUNE 28, 2011 FREDERICK MEMORIAL HOSPITAL, INC. (FMH) BOARD OF DIRECTORS APPROVED A CORPORATE RESTRUCTURING WHICH INCLUDED THE CREATION OF A NON-PROFIT PARENT CORPORATION KNOWN AS FREDERICK REGIONAL HEALTH SYSTEM (FRHS). ADDITIONALLY TWO NEW ENTITIES WERE ORGANIZED, MONOCACY INSURANCE, LTD AND MONOCACY HEALTH PARTNERS, LLC, BOTH OF WHICH ARE 100% CONTROLLED BY FRHS. MONOCACY INSURANCE, LTD IS A CAYMAN ISLANDS DOMICILED SINGLE PARENT CAPTIVE ORGANIZED TO PROVIDE A FLEXIBLE RISK FINANCING STRUCTURE TO MEET THE NEEDS OF FRHS. MONOCACY HEALTH PARTNERS, LLC WILL SERVE AS A NON-PROFIT PHYSICIAN ENTERPRISE, PROVIDING GOVERNANCE, MANAGEMENT AND SUPPORT FUNCTIONS FOR EMPLOYED PHYSICIANS. COMPLETION OF THIS RESTRUCTURING WILL OCCURED DURING FISCAL YEAR 2014. FRHS IS THE SOLE MEMBER OF FMH. AS SOLE MEMBER, FRHS SHALL EXERCISE ALL POWERS CONFERRED

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 20d, 21, and 22.

ON FMH BY THE FMH ARTICLES OF INCORPORATION, BYLAWS, AND THE LAWS OF THE

STATE OF MARYLAND. FRHS SHALL ACT AS MEMBER THROUGH ITS BOARD OF

DIRECTORS, EXECUTIVE COMMITTEE, OR SUCH OFFICER(S) DESIGNATED BY ITS

BOARD OF DIRECTORS FROM TIME TO TIME.

SCHEDULE H, PART VI, STATE FILING

STATE FILING OF COMMUNITY BENEFIT REPORT

MARYLAND

**SCHEDULE I  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

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

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

OMB No. 1545-0047

**2012**

**Open to Public  
Inspection**

Name of the organization

FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612

**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.

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

| 1    | (a) Name and address of organization or government                       | (b) EIN    | (c) IRC section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|------|--|------------|-------------------------------|--------------------------|-----------------------------------|---|--|------------------------------------|
| (1)  | FREDERICK COMMUNITY COLLEGE<br>7932 OPOSSUMTOWN PIKE FREDERICK, MD 21702 | 52-0743590 | 501(C)(3)                     | 100,000.                 |                                   |   |  | SUPPORT OF ALLIED HEALTH PROGRAM   |
| (2)  |  |            |                               |                          |                                   |   |  |                                    |
| (3)  |  |            |                               |                          |                                   |   |  |                                    |
| (4)  |  |            |                               |                          |                                   |   |  |                                    |
| (5)  |  |            |                               |                          |                                   |   |  |                                    |
| (6)  |  |            |                               |                          |                                   |   |  |                                    |
| (7)  |  |            |                               |                          |                                   |   |  |                                    |
| (8)  |  |            |                               |                          |                                   |   |  |                                    |
| (9)  |  |            |                               |                          |                                   |   |  |                                    |
| (10) |  |            |                               |                          |                                   |   |  |                                    |
| (11) |  |            |                               |                          |                                   |   |  |                                    |
| (12) |  |            |                               |                          |                                   |   |  |                                    |

- 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 .....

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

Schedule I (Form 990) (2012)

**Part III Grants and Other Assistance to Individuals in the United States.** 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                               |                          |                          |                                   |   |  |
| 2                               |                          |                          |                                   |   |  |
| 3                               |                          |                          |                                   |   |  |
| 4                               |                          |                          |                                   |   |  |
| 5                               |                          |                          |                                   |   |  |
| 6                               |                          |                          |                                   |   |  |
| 7                               |                          |                          |                                   |   |  |

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

PROCEDURES FOR MONITORING THE USE OF GRANTS

THE HOSPITAL PROVIDES FUNDING TO A LOCAL COMMUNITY COLLEGE (501(C)(3)) IN AN EFFORT TO ENHANCE ITS ALLIED HEALTH PROGRAM. THROUGH THIS PROGRAM A FORMAL EDUCATION FORUM IS ESTABLISHED RESULTING IN FULLY ACCREDITED PROGRAMS THAT MEET THE HOSPITAL'S NEEDS.

**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Compensation Information**

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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2012**

**Open to Public Inspection**

Name of the organization

FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612

**Part I Questions Regarding Compensation**

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

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

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

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

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

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

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

- a** Receive a severance payment or change-of-control payment?
- 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) and 501(c)(4) organizations must complete lines 5-9.**

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

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

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

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

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

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

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

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

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

Schedule J (Form 990) 2012

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

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

**Note.** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable 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 reported as deferred in prior Form 990 |   |
|---|--|-------------------------------------|-------------------------------------|--|-------------------------|---------------------------------|---|---|
|   | (i) Base compensation                              | (ii) Bonus & incentive compensation | (iii) Other reportable compensation |  |                         |                                 |   |   |
| 1 MICHELLE K. MAHAN<br>SR VP AND CFO                    | (i)  | 328,025.                            | 59,767.                             | 2,322.   | 71,532.                 | 13,209.                         | 474,855.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 2 MARY B. MANN<br>AVP PATIENT CARE SERVICES             | (i)  | 149,289.                            | 0                                   | 961.   | 9,317.                  | 2,014.                          | 161,581.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 3 BRIAN M. O'CONNOR<br>PHYSICIAN                        | (i)  | 502,914.                            | 212.                                | 1,584.   | 19,992.                 | 15,272.                         | 539,974.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 4 TERRY P. O'MALLEY<br>VP HUMAN RESOURCES               | (i)  | 203,208.                            | 22,311.                             | 3,564.   | 31,618.                 | 12,971.                         | 273,672.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 5 DAVID J. QUIRKE<br>VP CHIEF INFORMATION OFFICER       | (i)  | 240,020.                            | 45,138.                             | 540.   | 32,502.                 | 11,078.                         | 329,278.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 6 CRAIG F. ROSENDALE<br>VP ANCILLARY SERVICES           | (i)  | 169,394.                            | 20,240.                             | 3,564.   | 17,008.                 | 12,778.                         | 222,984.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 7 DONALD R. SCHILLING<br>VP AMBULATORY SERVICES         | (i)  | 190,072.                            | 22,226.                             | 2,322.   | 5,873.                  | 12,971.                         | 233,464.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 8 LUCY A. SHAMASH<br>VP SERVICE LINE DEVELOPMENT &      | (i)  | 204,591.                            | 45,563.                             | 810.   | 11,617.                 | 12,971.                         | 275,552.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 9 MARK S. SOBERMAN<br>PHYSICIAN                         | (i)  | 491,600.                            | 212.                                | 552.   | 5,621.                  | 15,272.                         | 513,257.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 10 JENNIFER G. TEETER<br>AVP PAYOR CONTRACTING          | (i)  | 151,191.                            | 19,181.                             | 1,242.   | 10,861.                 | 12,621.                         | 195,096.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 11 JOHN R. VERBUS<br>SR VP AND COO                      | (i)  | 325,147.                            | 61,358.                             | 2,322.   | 50,188.                 | 8,710.                          | 447,725.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 12 JIM R. WILLIAMS<br>VP BUSINESS DEVELOPMENT AND PR    | (i)  | 183,896.                            | 23,263.                             | 3,564.   | 17,856.                 | 12,893.                         | 241,472.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 13 MANUAL A. CASIANO<br>VP MEDICAL STAFF                | (i)  | 315,749.                            | 62,015.                             | 2,322.   | 54,843.                 | 12,973.                         | 447,902.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 14 PAUL N CHOMIAK<br>PHYSICIAN                          | (i)  | 494,950.                            | 212.                                | 360.   | 10,465.                 | 15,272.                         | 521,259.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 15 KENNETH R. COFFEY II<br>VP CHIEF DEVELOPMENT OFFICER | (i)  | 171,442.                            | 21,110.                             | 2,322.   | 17,228.                 | 15,569.                         | 227,671.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |
| 16 ELHAMY D. ESKANDER<br>PHYSICIAN                      | (i)  | 499,698.                            | 212.                                | 1,032.   | 19,621.                 | 15,272.                         | 535,835.  | 0 |
|   | (ii)   | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   | 0 |

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

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

**Note.** The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable 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 reported as deferred in prior Form 990 |
|---|------|--|-------------------------------------|-------------------------------------|--|-------------------------|---------------------------------|---|
|   |      | (i) Base compensation                              | (ii) Bonus & incentive compensation | (iii) Other reportable compensation |  |                         |                                 |   |
| 1 MARK G. GOLDSTEIN<br>PHYSICIAN                | (i)  | 505,184.   | 212.                                | 216.                                | 10,622.  | 15,042.                 | 531,276.                        | 0   |
|   | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   |
| 2 HANNAH R. JACOBS<br>VP-FINANCE                | (i)  | 158,001.   | 19,536.                             | 475.                                | 8,424.   | 2,195.                  | 188,631.                        | 0   |
|   | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   |
| 3 THOMAS A. KLEINHANZL<br>PRESIDENT AND CEO     | (i)  | 549,614.   | 191,412.                            | 3,405.                              | 158,666.                                       | 16,312.                 | 919,409.                        | 0   |
|   | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   |
| 4 ROSE A. LABRIOLA<br>FORMER SR VP PATIENT CARE | (i)  | 268,004.   | 35,795.                             | 2,322.                              | 20,804.  | 12,971.                 | 339,896.                        | 125,335.  |
|   | (ii) | 0  | 0                                   | 0                                   | 0  | 0                       | 0                               | 0   |
| 5   | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 6   | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 7   | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 8   | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 9   | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 10  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 11  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 12  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 13  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 14  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 15  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |
| 16  | (i)  |  |                                     |                                     |  |                         |                                 |   |
|   | (ii) |  |                                     |                                     |  |                         |                                 |   |

**Part III Supplemental Information**

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

FORM 990, SCHEDULE J, PART I, LINE 1A

COMPENSATION PROVIDED BY ORG LISTED IN 990, PART VII, SECTION A, 1A

FREDERICK MEMORIAL HOSPITAL HOLDS TWO CORPORATE MEMBERSHIPS TO A LOCAL GOLF/COUNTRY CLUB THAT ARE USED BY THE CHIEF EXECUTIVE OFFICER AND THE CHIEF FUND DEVELOPMENT OFFICER OF THE HOSPITAL. WHILE THE MAJORITY OF THE FEES ASSOCIATED WITH THE CLUB DUES, ETC. IS BUSINESS RELATED, GENERAL PERSONAL USE EXPENSES ARE REIMBURSED BACK TO THE HOSPITAL BY THESE INDIVIDUALS AS NEEDED.

FORM 990, SCHEDULE J, PART I, LINE 4B

PAYMENT FROM A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN

FREDERICK MEMORIAL HOSPITAL HAS ONE 457(F) NON-QUALIFIED DEFERRED COMPENSATION PLAN FOR CERTAIN MEMBERS OF SENIOR MANAGEMENT. UNDER THE PLAN, THEY MAY CONTRIBUTE AMOUNTS FROM THEIR COMPENSATION TO THE PLAN AND MAY RECEIVE A DISCRETIONARY EMPLOYER CONTRIBUTION. EMPLOYEES ARE FULLY VESTED IN ALL EMPLOYEE CONTRIBUTIONS TO THE PLAN. VESTING IN EMPLOYER CONTRIBUTIONS OCCURS IN ACCORDANCE WITH THE UNDERLYING PLAN DOCUMENTS. ALL ASSETS OF THE PLAN ARE HELD IN A SEPARATE TRUST. TOTAL HOSPITAL CONTRIBUTIONS TO THIS PLAN WERE \$349,000 FOR THE YEAR.

**Part III Supplemental Information**

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

FORM 990, SCHEDULE J, PART I, LINE 6

COMPENSATION CONTINGENT ON NET EARNINGS OF A RELATED ORGANIZATION

THE EXECUTIVE COMPENSATION PROGRAM IS DESIGNED TO CARRY OUT THE HEALTH

SYSTEM MISSION, TO ACHIEVE THE CHARITABLE PURPOSE, TO ATTRACT, RETAIN,

MOTIVATE AND REWARD EXECUTIVE MANAGEMENT, AND TO MAINTAIN A COMPETITIVE

POSITION WITH PEER ORGANIZATIONS IN THE REGION. OVERSIGHT OF THE

EXECUTIVE COMPENSATION PROGRAM IS PROVIDED BY THE EXECUTIVE COMPENSATION

COMMITTEE OF THE BOARD, COMPOSED OF THE BOARD CHAIR, VICE CHAIR,

IMMEDIATE PRECEDING CHAIR, CHAIR OF THE FINANCE COMMITTEE AND CHAIR OF

THE GOVERNANCE COMMITTEE. ANNUALLY, UTILIZING AN INDEPENDENT OUTSIDE

COMPENSATION CONSULTING FIRM, THE COMMITTEE REVIEWS AND RECOMMENDS TO THE

BOARD VARIABLE PAY GOALS FOR THE COMING YEAR, AND PAYMENT LEVELS BASED ON

PERFORMANCE FOR THE CURRENT YEAR. THE EXECUTIVE COMPENSATION PHILOSOPHY

OF THE BOARD PROVIDES FOR BASE COMPENSATION AT THE 50TH TO 60TH

PERCENTILE WITH VARIABLE PAY DESIGNED TO PROVIDE A TARGET OPPORTUNITY FOR

TOTAL COMPENSATION TO REACH THE 75TH PERCENTILE. VARIABLE PAY CRITERIA

ARE CLINICAL QUALITY (33%), CUSTOMER SERVICE (11%), PEOPLE (11%),

FINANCIAL VIABILITY (28%), AND GROWTH (17%). GOALS USING THE VARIABLE PAY

CRITERIA ARE ESTABLISHED AT BOTH THE CORPORATE AND INDIVIDUAL LEVEL.

**Part III Supplemental Information**

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

INDIVIDUAL PAYMENTS ARE BASED ON PERFORMANCE AGAINST CORPORATE GOALS,  
INDIVIDUALS GOALS, AND DISCRETION OF THE BOARD.

**SCHEDULE K  
(Form 990)**

**Supplemental Information on Tax-Exempt Bonds**

OMB No. 1545-0047

**2012**

**Open to Public  
Inspection**

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.**

▶ **Attach to Form 990.** ▶ **See separate instructions.**

Department of the Treasury  
Internal Revenue Service

Name of the organization

FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612

**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 |
| <b>A</b> MARYLAND HEALTH & HIGHER EDU FACILITIES AUTH 2012A | 52-0936091     | 574218LY7   | 12/05/2012      | 96,240,000.     | SEE PART VI                |              | X  |                         | X  |                      | X  |
| <b>B</b> MARYLAND HEALTH & HIGHER EDU FACILITIES AUTH 2012B | 52-0936091     |             | 12/05/2012      | 70,020,000.     | SEE PART VI                |              | X  |                         | X  |                      | X  |
| <b>C</b>  |                |             |                 |                 |                            |              |    |                         |    |                      |    |
| <b>D</b>  |                |             |                 |                 |                            |              |    |                         |    |                      |    |

**Part II Proceeds**

|  | A            |           | B           |           | C          |           | D          |           |
|--|--------------|-----------|-------------|-----------|------------|-----------|------------|-----------|
| <b>1</b> Amount of bonds retired   | 68,293,488.  |           | 70,020,000. |           |            |           |            |           |
| <b>2</b> Amount of bonds legally defeased  |              |           |             |           |            |           |            |           |
| <b>3</b> Total proceeds of issue   | 108,345,805. |           | 70,690,852. |           |            |           |            |           |
| <b>4</b> Gross proceeds in reserve funds   |              |           |             |           |            |           |            |           |
| <b>5</b> Capitalized interest from proceeds  | 1,648,756.   |           |             |           |            |           |            |           |
| <b>6</b> Proceeds in refunding escrows   |              |           | 320,948.    |           |            |           |            |           |
| <b>7</b> Issuance costs from proceeds  | 1,203,561.   |           | 349,253.    |           |            |           |            |           |
| <b>8</b> Credit enhancement from proceeds  |              |           |             |           |            |           |            |           |
| <b>9</b> Working capital expenditures from proceeds  |              |           |             |           |            |           |            |           |
| <b>10</b> Capital expenditures from proceeds   | 14,450,568.  |           |             |           |            |           |            |           |
| <b>11</b> Other spent proceeds   |              |           |             |           |            |           |            |           |
| <b>12</b> Other unspent proceeds   | 22,749,432.  |           |             |           |            |           |            |           |
| <b>13</b> Year of substantial completion   | 2014         |           | 2012        |           |            |           |            |           |
|  | <b>Yes</b>   | <b>No</b> | <b>Yes</b>  | <b>No</b> | <b>Yes</b> | <b>No</b> | <b>Yes</b> | <b>No</b> |
| <b>14</b> Were the bonds issued as part of a current refunding issue?  | X            |           | X           |           |            |           |            |           |
| <b>15</b> Were the bonds issued as part of an advance refunding issue?   |              | X         |             | X         |            |           |            |           |
| <b>16</b> Has the final allocation of proceeds been made?  |              | X         |             | X         |            |           |            |           |
| <b>17</b> Does the organization maintain adequate books and records to support the final allocation of proceeds? |              | X         |             | X         |            |           |            |           |

**Part III Private Business Use**

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

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

Schedule K (Form 990) 2012

| Part III Private Business Use (Continued) |  | FREDERICK MEMORIAL HOSPITAL |    |       |    |     |    |     |    |
|---|--|-----------------------------|----|-------|----|-----|----|-----|----|
|   |  | A                           |    | B     |    | C   |    | D   |    |
|   |  | Yes                         | No | Yes   | No | Yes | No | Yes | No |
| 3a  | Are there any management or service contracts that may result in private business use of bond-financed property? . . . . .   | X                           |    | 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                           |    | X     |    |     |    |     |    |
| c   | Are there any research agreements that may result in private business use of bond-financed property? . . . . .   | X                           |    | 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                           |    | 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 . . . . . ▶  |                             | %  | .2100 | %  |     | %  |     | %  |
| 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 . . . . . ▶ | .6300                       | %  | .0500 | %  |     | %  |     | %  |
| 6   | Total of lines 4 and 5 . . . . .   | .6300                       | %  | .2600 | %  |     | %  |     | %  |
| 7   | Does the bond issue meet the private security or payment test? . . . . .   |                             | X  |       | X  |     |    |     |    |
| 8a  | 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  |       | 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                           |    | X     |    |     |    |     |    |

| Part IV Arbitrage |  | A   |    | B               |    | C   |    | D   |    |
|-------------------|--|-----|----|-----------------|----|-----|----|-----|----|
|                   |  | Yes | No | Yes             | No | Yes | No | Yes | No |
| 1                 | Has the issuer filed Form 8038-T? . . . . .  |     | X  |                 | X  |     |    |     |    |
| 2                 | If "No" to line 1, did the following apply? . . . . .  |     |    |                 |    |     |    |     |    |
| a                 | Rebate not due yet? . . . . .  | X   |    | X               |    |     |    |     |    |
| b                 | Exception to rebate? . . . . .   |     |    |                 |    |     |    |     |    |
| c                 | No rebate due? . . . . .   |     |    |                 |    |     |    |     |    |
|                   | If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed . . . . .    |     |    |                 |    |     |    |     |    |
| 3                 | Is the bond issue a variable rate issue? . . . . .   |     | X  | X               |    |     |    |     |    |
| 4a                | Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue? . . . . . |     | X  | X               |    |     |    |     |    |
| b                 | Name of provider . . . . .   |     |    | UBS AG STAMFORD |    |     |    |     |    |
| c                 | Term of hedge . . . . .  |     |    | 3.804           |    |     |    |     |    |
| d                 | Was the hedge superintegrated? . . . . .   |     |    |                 | X  |     |    |     |    |
| e                 | Was the hedge terminated? . . . . .  |     |    |                 | X  |     |    |     |    |



**Part VI** **Supplemental Information.** Complete this part to provide additional information for responses to questions on Schedule K (see instructions) (Continued)

## DESCRIPTION OF TAX EXEMPT BONDS

SCHEDULE K, PART I, COLUMN F

MARYLAND HEALTH & HIGHER ED AUTHORITY 2012A: FINANCE 2012 PROJECT AND  
CURRENT REFUND 2002 BONDS WHICH FUNDED THE 2002 PROJECT.

MARYLAND HEALTH & HIGHER ED AUTHORITY 2012B: REFUND THE 2008 SERIES BONDS  
WHICH WERE USED TO FINANCE THE 2006 AND PRIOR PROJECTS.

## DIFFERENCE BETWEEN ISSUE PRICE AND TOTAL PROCEEDS

SCHEDULE K, PART II, LINE 3

MARYLAND HEALTH & HIGHER ED AUTHORITY 2012A: ORIGINAL ISSUE PREMIUM OF  
\$3,989,854 AND PREVIOUSLY TRUSTEED HELD FUNDS OF \$8,115,951.

MARYLAND HEALTH & HIGHER ED AUTHORITY 2012B: PREVIOUSLY TRUSTEED HELD  
FUNDS OF \$670,852.

## MANAGEMENT PRACTICES AND PROCEDURES

SCHEDULE K, PART III, LINE 9

THE ORGANIZATION HAS POLICIES AND PROCEDURES IN PLACE TO ENSURE TAX  
EXEMPT BOND POST ISSUANCE COMPLIANCE, WRITTEN POLICIES WERE CREATED AND  
ADOPTED DURING THE TAX YEAR.

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

Department of the Treasury  
Internal Revenue Service

**Transactions With Interested Persons**

▶ **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. ▶ See separate instructions.**

OMB No. 1545-0047

**2012**

**Open To Public Inspection**

Name of the organization

FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612

**Part I Excess Benefit Transactions** (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b.

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

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

**Part II Loans to and/or From Interested Persons.**

Complete if the organization answered "Yes" on Form 990-EZ, 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 |
|                               |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| ATTACHMENT 1                  |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (1)                           |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (2)                           |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (3)                           |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (4)                           |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (5)                           |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (6)                           |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (7)                           |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (8)                           |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (9)                           |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| (10)                          |                                    |                     |                                       |      |                               |                 |                 |    |                                     |    |                        |    |
| <b>Total</b> . . . . . ▶ \$   |                                    |                     |                                       |      |                               | 27,063.         |                 |    |                                     |    |                        |    |

**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)                          |   |                          |                        |                           |

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

Schedule L (Form 990 or 990-EZ) 2012

**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)                           |   |                           |                                |   |    |
| (2)                           |   |                           |                                |   |    |
| (3)                           |   |                           |                                |   |    |
| (4)                           |   |                           |                                |   |    |
| (5)                           |   |                           |                                |   |    |
| (6)                           |   |                           |                                |   |    |
| (7)                           |   |                           |                                |   |    |
| (8)                           |   |                           |                                |   |    |
| (9)                           |   |                           |                                |   |    |
| (10)                          |   |                           |                                |   |    |

**Part V Supplemental Information**

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

LOANS TO AND FROM INTERESTED PERSONS

SCHEDULE L, PART II

PURPOSE OF LOAN: PHYSICIAN RECRUITMENT AND INCOME GUARANTEE

AGREEMENT.

**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)                           |   |                           |                                |   |    |
| (2)                           |   |                           |                                |   |    |
| (3)                           |   |                           |                                |   |    |
| (4)                           |   |                           |                                |   |    |
| (5)                           |   |                           |                                |   |    |
| (6)                           |   |                           |                                |   |    |
| (7)                           |   |                           |                                |   |    |
| (8)                           |   |                           |                                |   |    |
| (9)                           |   |                           |                                |   |    |
| (10)                          |   |                           |                                |   |    |

**Part V Supplemental Information**

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

ATTACHMENT 1

SCHEDULE L, PART II

| NAME         | RELATIONSHIP | PURPOSE              | TO | FROM | ORIGINAL | BALANCE DUE | Y | N | Y | N | Y | N |
|--------------|--------------|----------------------|----|------|----------|-------------|---|---|---|---|---|---|
| PAUL CHOMIAK | PHYSICIAN    | PHYSICIAN RECRUITMNT |    | X    | 649,518. | 27,063.     | X |   | X |   | X |   |

**SCHEDULE M  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Noncash Contributions**

▶ **Complete if the organizations answered "Yes" on Form 990, Part IV, lines 29 or 30.**  
▶ **Attach to Form 990.**

OMB No. 1545-0047

**2012**

**Open To Public  
Inspection**

Name of the organization

FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612

**Part I Types of Property**

|  | (a)<br>Check if applicable | (b)<br>Number of contributions or items contributed | (c)<br>Noncash contribution amounts reported on Form 990, Part VIII, line 1g | (d)<br>Method of determining noncash contribution amounts |
|--|----------------------------|---|--|---|
| 1 Art - Works of art . . . . .   |                            |   |  |   |
| 2 Art - Historical treasures . . . . .                                 |                            |   |  |   |
| 3 Art - Fractional interests . . . . .                                 |                            |   |  |   |
| 4 Books and publications . . . . .                                     |                            |   |  |   |
| 5 Clothing and household goods . . . . .                               |                            |   |  |   |
| 6 Cars and other vehicles . . . . .                                    |                            |   |  |   |
| 7 Boats and planes . . . . .   |                            |   |  |   |
| 8 Intellectual property . . . . .                                      |                            |   |  |   |
| 9 Securities - Publicly traded . . . . .                               | X                          | 3.  | 40,415.  | FAIR MARKET VALUE   |
| 10 Securities - Closely held stock . . . . .                           |                            |   |  |   |
| 11 Securities - Partnership, LLC, or trust interests . . . . .         |                            |   |  |   |
| 12 Securities - Miscellaneous . . . . .                                |                            |   |  |   |
| 13 Qualified conservation contribution - Historic structures . . . . . |                            |   |  |   |
| 14 Qualified conservation contribution - Other . . . . .               |                            |   |  |   |
| 15 Real estate - Residential . . . . .                                 |                            |   |  |   |
| 16 Real estate - Commercial . . . . .                                  |                            |   |  |   |
| 17 Real estate - Other . . . . .                                       |                            |   |  |   |
| 18 Collectibles . . . . .  |                            |   |  |   |
| 19 Food inventory . . . . .  |                            |   |  |   |
| 20 Drugs and medical supplies . . . . .                                |                            |   |  |   |
| 21 Taxidermy . . . . .   |                            |   |  |   |
| 22 Historical artifacts . . . . .                                      |                            |   |  |   |
| 23 Scientific specimens . . . . .                                      |                            |   |  |   |
| 24 Archeological artifacts . . . . .                                   |                            |   |  |   |
| 25 Other ▶ ( _____ )   |                            |   |  |   |
| 26 Other ▶ ( _____ )   |                            |   |  |   |
| 27 Other ▶ ( _____ )   |                            |   |  |   |
| 28 Other ▶ ( _____ )   |                            |   |  |   |

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . . . **29**

|  | Yes | No |
|--|-----|----|
| 30 a During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? . . . . . |     | X  |
| b If "Yes," describe the arrangement in Part II.   |     |    |
| 31 Does the organization have a gift acceptance policy that requires the review of any non-standard contributions? . . . . .   | X   |    |
| 32 a Does the organization hire or use third parties or related organizations to solicit, process, or sell noncash contributions? . . . . .  |     | X  |
| b If "Yes," describe in Part II.   |     |    |
| 33 If the organization did not report an amount in column (c) for a type of property for which column (a) is checked, describe in Part II.   |     |    |

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

Schedule M (Form 990) (2012)

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**Part II** **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33, and whether the organization is reporting in Part I, column (b), the number of contributions, the number of items received, or a combination of both. Also complete this part for any additional information.

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

Department of the Treasury  
Internal Revenue Service

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

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

OMB No. 1545-0047

**2012**

**Open to Public  
Inspection**

Name of the organization

FREDERICK MEMORIAL HOSPITAL, INC.

Employer identification number

52-0591612

FORM 990, PART VI, LINE 2

FAMILY OR BUSINESS RELATIONSHIPS

MARVIN AUSERMAN, FORMER DIRECTOR OF FMH, INC. IS ENGAGED IN AN  
INDIRECT BUSINESS RELATIONSHIP WITH THOMAS KLEINHANZL, JOHN VERBUS,  
KENNETH COFFEY, JAMES REINSCH AND ANNE HERBERT ROLLINS.

FORM 990, PART VI, LINE 6

MEMBERS OR STOCKHOLDERS

THE SOLE MEMBER OF THE ORGANIZATION IS FREDERICK REGIONAL HEALTH SYSTEM.

FORM 990, PART VI, LINE 7A

POWER TO ELECT OR APPOINT MEMBERS

THE SOLE MEMBER, FREDERICK REGIONAL HEALTH SYSTEM, HAS THE POWER TO  
APPOINT THE PRESIDENT/CEO AND THE DIRECTORS OF FREDERICK MEMORIAL  
HOSPITAL.

FORM 990, PART VI, LINE 7B

DECISIONS RESERVED TO MEMBERS OR STOCKHOLDERS

THE MEMBER, FREDERICK REGIONAL HEALTH SYSTEM, MUST APPROVE THE INCURRENCE  
OF DEBT IF SUCH DEBT EXCEEDS A CERTAIN AMOUNT TO BE DESIGNATED BY THE  
MEMBER, CAPITAL EXPENDITURES EXCEEDING A CERTAIN AMOUNT TO BE DESIGNATED  
BY THE MEMBER, THE DECISION TO DISSOLVE OR LIQUIDATE, THE CREATION OF A  
SUBSIDIARY, AND AMENDMENTS TO THE BYLAWS.

|   |  |
|---|--|
| Name of the organization<br>FREDERICK MEMORIAL HOSPITAL, INC. | Employer identification number<br>52-0591612 |
|---|--|

FORM 990, PART VI, LINE 11B

PROCESS USED TO REVIEW THE FORM 990

THE 990 IS PREPARED IN CONJUNCTION WITH OUTSIDE TAX ACCOUNTANTS AND REVIEWED BY UPPER MANAGEMENT PRIOR TO PROVIDING A COPY TO THE BOARD. A COPY OF FORM 990 IS PROVIDED TO ALL MEMBERS OF THE BOARD PRIOR TO FILING.

FORM 990, PART VI, LINE 12C

MONITORING AND ENFORCEMENT OF COMPLIANCE WITH CONFLICT OF INTEREST POLICY  
THE FREDERICK MEMORIAL HOSPITAL, INC. BOARD OF DIRECTORS IS COMMITTED TO MEETING ITS FIDUCIARY RESPONSIBILITIES AND MAINTAINING ITS DUTY OF LOYALTY TO THE HOSPITAL AND THE COMMUNITY IT SERVES. TO THIS END, THE BOARD WILL EXERCISE VIGILANCE IN IDENTIFYING ANY CONFLICTS OF INTEREST. THE BOARD WILL ALSO MAINTAIN TRANSPARENCY AND OBJECTIVITY IN MAKING DECISIONS ABOUT CONFLICTS OF INTEREST SO THAT THE ORGANIZATION'S MISSION IS ALWAYS THE FIRST PRIORITY. THE CHAIRPERSON (OR VICE CHAIRPERSON IF THE CHAIR IS INVOLVED) WILL NOTIFY ALL DIRECTORS OF A REPORTED CONFLICT OF INTEREST AND DECIDE WHETHER TO TAKE THE MATTER TO THE FULL BOARD TO DECIDE WHETHER A CONFLICT EXISTS AND, IF SO, WHAT ACTION TO TAKE, OR WILL REFER THE MATTER TO THE GOVERNANCE COMMITTEE FOR AN IN-DEPTH EXAMINATION, SUMMARY, AND RECOMMENDATION PRIOR TO A FULL BOARD DISCUSSION AND DECISION. IF TIME IS OF THE ESSENCE, THE CHAIRPERSON OR VICE CHAIRPERSON WILL TAKE THE MATTER TO THE EXECUTIVE COMMITTEE FOR DISCUSSION AND A DECISION, AND WILL THEN NOTIFY THE FULL BOARD. WHERE A CONFLICT OF INTEREST HAS BEEN IDENTIFIED, THE BOARD MEMBER SHALL NOT VOTE OR BE PRESENT FOR THE DISCUSSION OR THE VOTE REGARDING THE TRANSACTION AT

|   |  |
|---|--|
| Name of the organization<br>FREDERICK MEMORIAL HOSPITAL, INC. | Employer identification number<br>52-0591612 |
|---|--|

EITHER THE FULL BOARD, EXECUTIVE COMMITTEE, OR GOVERNANCE COMMITTEE MEETINGS, EXCEPT TO ANSWER QUESTIONS THAT MAY BE ASKED OF HIM OR HER. TO PREVENT ACTUAL OR PERCEIVED INFLUENCE ON THE BOARD'S DECISION, THE CONFLICTED MEMBER IS PROHIBITED, AFTER INITIAL DISCLOSURE, FROM DISCUSSING THE CONFLICT OF INTEREST EITHER FORMALLY OR INFORMALLY WITH FELLOW DIRECTORS OR WITH MEMBERS OF THE MANAGEMENT. THERE WILL BE AN ANNUAL REVIEW OF ALL BOARD MEMBERS AND OFFICERS TRANSACTIONS PREPARED BY THE ADMINISTRATION AND REVIEWED BY THE GOVERNANCE COMMITTEE AND THE FULL BOARD OF DIRECTORS. AT THAT TIME, ALL DIRECTORS WILL BE REMINDED OF THE IRS INTERMEDIATE SANCTIONS REGULATION THAT ESTABLISHES EXCISE TAXES AS A SANCTION AGAINST ADMINISTRATORS AND DIRECTORS OF TAX-EXEMPT ORGANIZATIONS WHO PARTICIPATE IN 'EXCESS BENEFIT TRANSACTIONS' (E.G., UNREASONABLY HIGH EMPLOYMENT COMPENSATION OR BUSINESS DEALS).

FORM 990, PART VI, LINE 15

PROCESS FOR DETERMINING COMPENSATION

THE EXECUTIVE COMPENSATION PROGRAM IS DESIGNED TO CARRY OUT THE HEALTH SYSTEM MISSION, TO ACHIEVE THE CHARITABLE PURPOSE, TO ATTRACT, RETAIN, MOTIVATE AND REWARD EXECUTIVE MANAGEMENT, AND TO MAINTAIN A COMPETITIVE POSITION WITH PEER ORGANIZATIONS IN THE REGION. OVERSIGHT OF THE EXECUTIVE COMPENSATION PROGRAM IS PROVIDED BY THE EXECUTIVE COMPENSATION COMMITTEE OF THE BOARD, COMPOSED OF THE BOARD CHAIRMAN, VICE CHAIRMAN, IMMEDIATE PRECEDING CHAIRMAN, CHAIRMAN OF THE FINANCE COMMITTEE AND THE CHAIRMAN OF THE GOVERNANCE COMMITTEE. THE EXECUTIVE COMPENSATION PHILOSOPHY OF THE BOARD PROVIDES FOR BASE COMPENSATION AT THE 50TH TO

|   |  |
|---|--|
| Name of the organization<br>FREDERICK MEMORIAL HOSPITAL, INC. | Employer identification number<br>52-0591612 |
|---|--|

60TH PERCENTILE OF OUR PEER GROUP. IN ADDITION TO THE BOARD'S  
COMPENSATION COMMITTEE, WE UTILIZED AN EXTERNAL INDEPENDENT CONSULTANT  
AND MARKET SURVEYS FOR ALL EXECUTIVE MANAGEMENT COMPENSATION. THE  
PRESIDENT AND CEO HAVE A WRITTEN EMPLOYMENT CONTRACT.

FORM 990, PART VI, LINE 19

PROCESS FOR MAKING DOCUMENTS AVAILABLE TO THE PUBLIC  
GOVERNING DOCUMENTS AND THE CONFLICT OF INTEREST POLICY ARE AVAILABLE  
UPON REQUEST. FREDERICK MEMORIAL HOSPITAL, INC. CONSOLIDATED ANNUAL  
AUDITED FINANCIAL STATEMENTS ARE AVAILABLE AT WWW.FMH.ORG.

FORM 990, PART IX, LINE 11G

OTHER FEES EXCEED 10%  
CONTRACT SERVICES FOR PHYSICAL THERAPY, PHYSICIANS, LABORATORY SERVICES.  
ALSO SEE PART VII, SECTION B.

FORM 990, PART XI, LINE 9

|  |             |
|--|-------------|
| OTHER CHANGES IN NET ASSETS OR FUND BALANCES |             |
| UNREALIZED GAIN ON INTEREST RATE SWAP:       | 4,885,113   |
| PENSION ADJUSTMENT:                          | 13,534,300  |
| RELEASES FROM RESTRICTION:                   | 119,397     |
| CHANGE IN TEMP RESTRICTED NET ASSETS:        | 226,348     |
| LOSS ON EXTINGUISHMENT OF DEBT:              | (3,063,268) |
|  | -----       |
|  | 15,701,890. |

|   |  |
|---|--|
| Name of the organization<br>FREDERICK MEMORIAL HOSPITAL, INC. | Employer identification number<br>52-0591612 |
|---|--|

ATTACHMENT 1FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION

THE MISSION OF FREDERICK MEMORIAL HOSPITAL, INC. IS TO CONTRIBUTE TO THE HEALTH AND WELL-BEING OF AREA RESIDENTS BY PROVIDING QUALITY HEALTH CARE IN A CARING, COST EFFICIENT, SAFE AND CONVENIENT MANNER THROUGH A COORDINATED PROGRAM OF PREVENTION, DIAGNOSIS AND TREATMENT, REHABILITATION, AND SUPPORT.

ATTACHMENT 2FORM 990, PART III - PROGRAM SERVICE, LINE 4A

IN FY2013, FREDERICK MEMORIAL HOSPITAL'S INPATIENT MEDICAL-SURGICAL DEPARTMENTS PROVIDED QUALITY, PATIENT-CENTERED CARE, REGARDLESS OF ABILITY TO PAY, TO APPROXIMATELY 23,057 INPATIENTS AND OBSERVATION PATIENTS. MAJOR MEDICAL AND SURGICAL SERVICES INCLUDE CARDIOLOGY, CONGESTIVE HEART FAILURE, POST-CARDIAC CATHETERIZATION, CENTER FOR CHEST PAIN, HEMODIALYSIS, PERITONEAL DIALYSIS, NEUROLOGY, NEUROSURGERY, PULMONOLOGY, ONCOLOGY, ORTHOPEDICS, GENERAL MEDICINE AND SURGICAL CARE. INPATIENT CARE IS SUPPORTED BY A TEAM OF BOARD-CERTIFIED PHYSICIAN HOSPITALISTS. THE FMH JOINT WORKS PROGRAM WITH IT'S UNITEDHEALTH PREMIUM TOTAL JOINT REPLACEMENT SPECIALTY CENTER DESIGNATION IN RECOGNITION OF QUALITY CARE, SERVING APPROXIMATELY 2000 PATIENTS IN 2013. IN ADDITION, FMH IS DESIGNATED AS A PRIMARY STROKE CENTER BY THE MARYLAND INSTITUTE OF EMERGENCY MEDICAL SERVICE SYSTEMS (MIEMSS) AND IS RECOGNIZED WITH THE STROKE CENTER GOLD PERFORMANCE AWARD BY THE AMERICAN HEART ASSOCIATION. IN ADDITION TO THE PROGRAM SERVICES EXPENSE LISTED HERE, FMH INCURRED \$39.0

|   |  |
|---|--|
| Name of the organization<br>FREDERICK MEMORIAL HOSPITAL, INC. | Employer identification number<br>52-0591612 |
|---|--|

ATTACHMENT 2 (CONT'D)

MILLION OF GENERAL AND ADMINISTRATIVE EXPENSES IN MEETING THE HEALTH NEEDS OF OUR PRIMARY SERVICE AREA.

ATTACHMENT 3FORM 990, PART III - PROGRAM SERVICE, LINE 4C

FMH'S ONCOLOGY PROGRAM PROVIDES INTEGRATED, MULTIDISCIPLINARY, PATIENT CENTERED CANCER CARE FOR PATIENTS WITH MALIGNANCIES, REGARDLESS OF ABILITY TO PAY. SERVICES INCLUDE MEDICAL ONCOLOGY CONSULTATIONS, CHEMOTHERAPY, RADIATION ONCOLOGY CONSULTATIONS AND TREATMENT AND SURGICAL ONCOLOGY CONSULTATIONS AND TREATMENT. WE OFFER COORDINATED MULTIDISCIPLINARY CLINICS FOR PATIENTS WITH CANCERS OF THE LUNG, BREAST AND PROSTATE. INTEGRATED PALLIATIVE CARE AND HOSPICE SERVICES, BOTH INPATIENT AND OUTPATIENT ARE AVAILABLE FOR PATIENTS WITH ADVANCED MALIGNANCIES. SUPPORT SERVICES INCLUDE NUTRITION, PATIENT NAVIGATION AND SOCIAL WORK, AS WELL AS OTHER FORMS OF PSYCHOSOCIAL SUPPORT. FOR THOSE WITH ADDITIONAL FINANCIAL NEED, FINANCIAL COUNSELORS AND A PATIENT ASSISTANCE FUND ARE AVAILABLE. THE PROGRAM TREATS APPROXIMATELY 850 NEWLY DIAGNOSED CANCERS PER YEAR AND ALSO HAS A COMMUNITY OUTREACH PROGRAM THAT INCLUDES EDUCATION AND SCREENING. THIS PAST YEAR, EDUCATIONAL SEMINARS WERE HELD FOR THE COMMUNITY ON BREAST AND PROSTATE CANCER, AS WELL AS A COMMUNITY SCREENING EVENT FOR PROSTATE CANCER THE PROGRAM IS ACCREDITED BY THE AMERICAN COLLEGE OF SURGEONS COMMISSION ON CANCER AND IN 2013, RECEIVED AN AWARD OF

|   |  |
|---|--|
| Name of the organization<br>FREDERICK MEMORIAL HOSPITAL, INC. | Employer identification number<br>52-0591612 |
|---|--|

ATTACHMENT 3 (CONT'D)

EXCEPTIONAL ACHIEVEMENT FROM THE COMMISSION, MERITING COMMENDATION  
 IN ALL 8 OF THE 8 ASSESSED COMPETENCIES. IN ADDITION TO THE  
 PROGRAM SERVICES EXPENSE LISTED HERE, FMH INCURRED \$39.0 MILLION  
 OF GENERAL AND ADMINISTRATIVE EXPENSES IN MEETING THE HEALTH NEEDS  
 OF OUR PRIMARY SERVICE AREA.

ATTACHMENT 4990, PART VII- COMPENSATION OF THE FIVE HIGHEST PAID IND. CONTRACTORS

| <u>NAME AND ADDRESS</u>  | <u>DESCRIPTION OF SERVICES</u> | <u>COMPENSATION</u> |
|--|--------------------------------|---------------------|
| TX:TEAM REHAB INC<br>4625 EAST STOP 11 ROAD<br>INDIANAPOLIS, IN 46237          | REHAB SERVICES                 | 7,262,394.          |
| PRIME DOC OF FREDERICK PA<br>PO BOX 7568<br>ASHEVILLE, NC 28802                | PHYSICIAN SERVICES             | 2,020,352.          |
| QUEST DIAGNOSTICS<br>12436 COLLECTIONS CENTER DRIVE<br>CHICAGO, IL 60693-2436  | DIAGNOSTIC SERVICES            | 1,825,898.          |
| ALLIANCE RADIOSURGERY, LLC<br>PO BOX 6600<br>NEWPORT BEACH, CA 92658           | MEDICAL SERVICES               | 1,528,692.          |
| SLEEPMED / DIGITRACE CARE SERVICES<br>200 CORPORATE PLACE<br>PEABODY, MA 11960 | MEDICAL SERVICES               | 1,277,650.          |

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No. 1545-0047

**2012**

**Open to Public  
Inspection**

Department of the Treasury  
Internal Revenue Service

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

Name of the organization: **FREDERICK MEMORIAL HOSPITAL, INC.**  
Employer identification number: **52-0591612**

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

| (a)<br>Name, address, and EIN (if applicable) of disregarded entity                      | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Total income | (e)<br>End-of-year assets | (f)<br>Direct controlling entity |
|--|-------------------------|--|---------------------|---------------------------|----------------------------------|
| (1) EMMITSBURG PROPERTIES, LLC 52-1910823<br>400 WEST SEVENTH STREET FREDERICK, MD 21701 | HOLDINGINVEST           | MD   | -3,415.             | 404,374.                  | N/A                              |
| (2) -----  |                         |  |                     |                           |                                  |
| (3) -----  |                         |  |                     |                           |                                  |
| (4) -----  |                         |  |                     |                           |                                  |
| (5) -----  |                         |  |                     |                           |                                  |
| (6) -----  |                         |  |                     |                           |                                  |

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

| (a)<br>Name, address, and EIN of related organization                                      | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Exempt Code section | (e)<br>Public charity status (if section 501(c)(3)) | (f)<br>Direct controlling entity | (g)<br>Section 512(b)(13) controlled entity? |    |
|--|-------------------------|--|----------------------------|---|----------------------------------|--|----|
|  |                         |  |                            |   |                                  | Yes  | No |
| (1) HOSPICE OF FREDERICK COUNTY, INC 52-1164513<br>400 WEST 7TH STREET FREDERICK, MD 21701 | HOSPICE CARE            | MD   | 501(C)(3)                  | 7   | N/A                              | X  |    |
| (2) FREDERICK REGIONAL HEALTH SYSTEM 45-4133096<br>400 WEST 7TH STREET FREDERICK, MD 21701 | HEALTH SYSTEM           | MD   | 501(C)(3)                  | 11B   | N/A                              |  | X  |
| (3) MONOCACY HEALTH PARTNERS, LLC 45-3007639<br>400 WEST 7TH STREET FREDERICK, MD 21701    | PHYSICIAN ORG           | MD   | 501(C)(3)                  | 7   | N/A                              |  | X  |
| (4) -----  |                         |  |                            |   |                                  |  |    |
| (5) -----  |                         |  |                            |   |                                  |  |    |
| (6) -----  |                         |  |                            |   |                                  |  |    |
| (7) -----  |                         |  |                            |   |                                  |  |    |

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

Schedule R (Form 990) 2012

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

| (a)<br>Name, address, and EIN of related organization | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Direct controlling entity | (e)<br>Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f)<br>Share of total income | (g)<br>Share of end-of-year assets | (h)<br>Disproportionate allocations? |    | (i)<br>Code V-UBI amount in box 20 of Schedule K-1 (Form 1065) | (j)<br>General or managing partner? |    | (k)<br>Percentage ownership |
|---|-------------------------|--|----------------------------------|--|------------------------------|------------------------------------|--------------------------------------|----|--|-------------------------------------|----|-----------------------------|
|   |                         |  |                                  |  |                              |                                    | Yes                                  | No |  | Yes                                 | No |                             |
| (1) -----   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (2) -----   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (3) -----   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (4) -----   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (5) -----   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (6) -----   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |
| (7) -----   |                         |  |                                  |  |                              |                                    |                                      |    |  |                                     |    |                             |

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

| (a)<br>Name, address, and EIN of related organization   | (b)<br>Primary activity | (c)<br>Legal domicile (state or foreign country) | (d)<br>Direct controlling entity | (e)<br>Type of entity (C corp, S corp, or trust) | (f)<br>Share of total income | (g)<br>Share of end-of-year assets | (h)<br>Percentage ownership | (i)<br>Section 512(b)(13) controlled entity? |    |
|---|-------------------------|--|----------------------------------|--|------------------------------|------------------------------------|-----------------------------|--|----|
|   |                         |  |                                  |  |                              |                                    |                             | Yes  | No |
| (1) FREDERICK HEALTH SERVICES CORPORATION 52-1851661<br>400 WEST 7TH STREET FREDERICK, MD 21701   | MANAGEMENT CO.          | MD   | N/A                              | C CORP   | 1,442,000.                   | 11,553,000.                        | 100.0000                    |  |    |
| (2) FREDERICK SURGICAL SERVICES CORPORATION 52-1642334<br>400 WEST 7TH STREET FREDERICK, MD 21701 | HOLDING COMPANY         | MD   | FHSC                             | C CORP   | 562,825.                     | 2,115,571.                         | 100.0000                    |  |    |
| (3) MONOCACY INSURANCE LTD 98-1011570<br>PO BOX 1159 KY1-1102 GRAND CAYMAN,                       | INSURANCE               | CJ   | N/A                              | C CORP   |                              |                                    |                             |  |    |
| (4) -----   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (5) -----   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (6) -----   |                         |  |                                  |  |                              |                                    |                             |  |    |
| (7) -----   |                         |  |                                  |  |                              |                                    |                             |  |    |

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

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

|  | Yes | No |
|--|-----|----|
| <b>1</b> 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? |     |    |
| <b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity  |     | X  |
| <b>b</b> Gift, grant, or capital contribution to related organization(s)   |     | X  |
| <b>c</b> Gift, grant, or capital contribution from related organization(s)   |     | X  |
| <b>d</b> Loans or loan guarantees to or for related organization(s)  |     | X  |
| <b>e</b> Loans or loan guarantees by related organization(s)   |     | X  |
| <b>f</b> Dividends from related organization(s)  |     |    |
| <b>g</b> Sale of assets to related organization(s)   |     | X  |
| <b>h</b> Purchase of assets from related organization(s)   |     | X  |
| <b>i</b> Exchange of assets with related organization(s)   |     | X  |
| <b>j</b> Lease of facilities, equipment, or other assets to related organization(s)  |     | X  |
| <b>k</b> Lease of facilities, equipment, or other assets from related organization(s)  |     | X  |
| <b>l</b> Performance of services or membership or fundraising solicitations for related organization(s)  |     | X  |
| <b>m</b> Performance of services or membership or fundraising solicitations by related organization(s)   |     | X  |
| <b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)   |     | X  |
| <b>o</b> Sharing of paid employees with related organization(s)  | X   |    |
| <b>p</b> Reimbursement paid to related organization(s) for expenses  | X   |    |
| <b>q</b> Reimbursement paid by related organization(s) for expenses  | X   |    |
| <b>r</b> Other transfer of cash or property to related organization(s)   |     | X  |
| <b>s</b> 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)<br>Name of other organization         | (b)<br>Transaction type (a-s) | (c)<br>Amount involved | (d)<br>Method of determining amount involved |
|---|-------------------------------|------------------------|--|
| (1) HOSPICE OF FREDERICK COUNTY, INC.     | N                             | 689,000.               | FAIR MARKET VAL                              |
| (2) FREDERICK HEALTH SERVICES CORPORATION | N                             | 324,350.               | FAIR MARKET VAL                              |
| (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)<br>Name, address, and EIN of entity | (b)<br>Primary activity | (c)<br>Legal domicile<br>(state or foreign<br>country) | (d)<br>Predominant<br>income (related,<br>unrelated, excluded<br>from tax under<br>section 512-514) | (e)<br>Are all partners<br>section<br>501(c)(3)<br>organizations? |    | (f)<br>Share of<br>total income | (g)<br>Share of<br>end-of-year<br>assets | (h)<br>Disproportionate<br>allocations? |    | (i)<br>Code V-UBI<br>amount in box 20<br>of Schedule K-1<br>(Form 1065) | (j)<br>General or<br>managing<br>partner? |    | (k)<br>Percentage<br>ownership |
|---|-------------------------|--|---|---|----|---------------------------------|--|---|----|---|---|----|--------------------------------|
|   |                         |  |   | Yes   | No |                                 |  | Yes                                     | No |   | Yes                                       | No |                                |
| (1) -----                               |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (2) -----                               |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (3) -----                               |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (4) -----                               |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (5) -----                               |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (6) -----                               |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (7) -----                               |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (8) -----                               |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (9) -----                               |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (10) -----                              |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (11) -----                              |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (12) -----                              |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (13) -----                              |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (14) -----                              |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (15) -----                              |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |
| (16) -----                              |                         |  |   |   |    |                                 |  |   |    |   |   |    |                                |

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**Part VII** **Supplemental Information**

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

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