

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 2011 calendar year, or tax year beginning 07/01, 2011, and ending 06/30, 2012

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization MERCY MEDICAL CENTER			D Employer identification number 52-0591658	
	Doing Business As			E Telephone number (410) 332-9000	
	Number and street (or P.O. box if mail is not delivered to street address)		Room/suite		
	City or town, state or country, and ZIP + 4 BALTIMORE, MD 21202			G Gross receipts \$ 420,076,773.	
F Name and address of principal officer: THOMAS MULLEN 301 ST PAUL PLACE BALTIMORE, MD 21202					
I 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		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)			
J Website: ▶ WWW.MDMERCY.COM					H(c) Group exemption number ▶
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶				L Year of formation: 1949	M State of legal domicile: MD

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: GROUNDED IN A VISION OF GOD'S HEALING LOVE FOR ALL PEOPLE, WE ARE COMMITTED TO PROVIDING HEALTHCARE FOR PERSONS OF EVERY CREED, COLOR, AND ECONOMIC AND SOCIAL CONDITION IN BALT CITY, CENTRAL MD AND BEYOND.			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.			
	3	Number of voting members of the governing body (Part VI, line 1a)	6	
	4	Number of independent voting members of the governing body (Part VI, line 1b)	1	
	5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	3,615	
	6	Total number of volunteers (estimate if necessary)	151	
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	698,558	
	7b	Net unrelated business taxable income from Form 990-T, line 34	-458,577	
Revenue			Prior Year	Current Year
	8	Contributions and grants (Part VIII, line 1h)	12,148,485.	11,319,519.
	9	Program service revenue (Part VIII, line 2g)	384,499,547.	391,810,086.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,780,746.	1,289,719.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	12,493,868.	14,155,298.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	413,922,646.	418,574,622.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0	0
	14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	179,590,535.	191,436,994.
	16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b	Total fundraising expenses (Part IX, column (D), line 25) ▶	0	
	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	211,635,638.	209,893,292.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	391,226,173.	401,330,286.	
19	Revenue less expenses. Subtract line 18 from line 12	22,696,473.	17,244,336.	
Net Assets or Fund Balances			Beginning of Current Year	End of Year
	20	Total assets (Part X, line 16)	815,479,823.	824,502,645.
	21	Total liabilities (Part X, line 26)	540,093,894.	562,696,283.
22	Net assets or fund balances. Subtract line 21 from line 20	275,385,929.	261,806,362.	

Part II Signature Block

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

Sign Here	Signature of officer _____			Date _____	
	Type or print name and title _____				
Paid Preparer Use Only	Print/Type preparer's name TINA C ECKLOFF	Preparer's signature _____	Date 04/04/2013	Check <input type="checkbox"/> if self-employed	PTIN P01074058
	Firm's name ▶ COHEN, RUTHERFORD + KNIGHT, PC			Firm's EIN ▶ 52-1202280	
	Firm's address ▶ 6903 ROCKLEDGE DRIVE, SUITE 500 BETHESDA, MD 20817-1800			Phone no. 301-828-1008	
May the IRS discuss this return with the preparer shown above? (see instructions) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> 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

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 No

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

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

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

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

4a (Code: _____) (Expenses \$ 301,179,008. including grants of \$ 0) (Revenue \$ 391,810,086.)

ATTACHMENT 2

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

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

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

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

4e Total program service expenses **▶** 301,179,008.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 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
9 Did the organization report an amount in Part X, line 21; 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
10 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	
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>	X	
c Did the organization report an amount for investments-program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>	X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i>		X
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, XII, and XIII is optional</i>	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>	X	
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 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
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, description, and Yes/No boxes. Includes questions 1a through 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 4 columns: Question, Yes, No. Rows include questions 1a, 1b, 2, 3, 4, 5, 6, 7a, 7b, 8a, 8b, 9. Marked 'X' in Yes/No columns for questions 2, 3, 4, 5, 6, 7a, 7b, 8a, 8b, 9.

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

Table with 4 columns: Question, Yes, No. Rows include questions 10a, 10b, 11a, 11b, 12a, 12b, 12c, 13, 14, 15a, 15b, 16a, 16b. Marked 'X' in Yes/No columns for questions 10a, 11a, 12a, 12b, 12c, 13, 14, 15b, 16a.

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed MD,
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. [] Own website [] Another's website [X] Upon request
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: JOHN TOPPER 301 ST. PAUL PLACE BALTIMORE, MD 21202 410-332-9313

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

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

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

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) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
ATTACHMENT 3										
(1) THOMAS MULLEN CHAIR, EX OFFICIO	15.00	X	X				0	1,561,138.	33,032.	
(2) SAMUEL MOSKOWITZ EXEC VP/VICE CHAIR	34.00	X	X				883,938.	0	31,243.	
(3) SCOTT SPIER MD SECRETARY	33.50	X	X				677,245.	0	32,540.	
(4) JOHN TOPPER SR VP & CFO/TREASURER	15.00	X	X				0	710,290.	29,589.	
(5) SUSAN FINLAYSON SR VP/DIRECTOR	38.00	X					636,531.	0	18,666.	
(6) TOM MALIA DIRECTOR	40.00	X					0	0	0	
(7) MICHAEL MULLANE SR VICE PRESIDENT CLINICAL PRG	25.00	X					437,611.	0	22,107.	
(8) JUDITH WEILAND SR. VICE PRESIDENT	15.00			X			572,182.	0	23,687.	
(9) ROBERT EDWARDS SENIOR VP	10.00				X		547,861.	0	31,871.	
(10) WILMA A S ROWE MD PRESIDENT MEDICAL STAFF	39.50				X		705,679.	0	28,873.	
(11) GARY MICHAEL SENIOR VP MARKETING/PLANNING	37.00				X		420,027.	0	31,325.	
(12) JUSTIN DEIBEL VP CLINICAL ECONOMICS	40.00				X		391,416.	0	22,458.	
(13) KATHLEEN YOUNGBAR SR VP & CHIEF INFO OFFICER	35.00				X		383,187.	0	24,874.	
(14)										

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

Table with 6 main columns: (A) Name and title, (B) Average hours per week, (C) Position, (D) Reportable compensation from the organization, (E) Reportable compensation from related organizations, (F) Estimated amount of other compensation. Includes sub-totals for lines 1b, 1c, and 1d.

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 10

Table with 3 columns: Question number, Yes, No. Contains questions 3, 4, and 5 regarding compensation reporting.

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.

Table with 3 columns: (A) Name and business address, (B) Description of services, (C) Compensation. Row 1 contains '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 69

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1 a					
	b Membership dues	1 b					
	c Fundraising events	1 c					
	d Related organizations	1 d	6,894,267.				
	e Government grants (contributions)	1 e	36,178.				
	f All other contributions, gifts, grants, and similar amounts not included above	1 f	4,389,074.				
	g Noncash contributions included in lines 1a-1f: \$		2,513,833.				
	h Total. Add lines 1a-1f		11,319,519.				
	Program Service Revenue	Business Code					
2 a PATIENT REVENUE			386,239,214.	386,239,214.			
b PEDIATRIC REVENUE			718,695.	718,695.			
c MEDICARE/MEDICAID EHR INCENTIVE PROGRAM			4,852,177.	4,852,177.			
d							
e							
f All other program service revenue							
g Total. Add lines 2a-2f			391,810,086.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts) ATTACHMENT 5		1,281,584.			1,281,584.	
	4 Income from investment of tax-exempt bond proceeds		0				
	5 Royalties		0				
	6 a Gross rents	(i) Real	1,570,528.				
		(ii) Personal					
		b Less: rental expenses		1,502,031.			
	c Rental income or (loss)		68,497.				
	d Net rental income or (loss)		68,497.	164,294.	-95,797.		
	7 a Gross amount from sales of assets other than inventory	(i) Securities					
		(ii) Other		8,255.			
		b Less: cost or other basis and sales expenses			120.		
		c Gain or (loss)		8,135.			
	d Net gain or (loss)		8,135.			8,135.	
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18 a						
	b Less: direct expenses b						
	c Net income or (loss) from fundraising events			0			
9 a Gross income from gaming activities. See Part IV, line 19 a							
b Less: direct expenses b							
c Net income or (loss) from gaming activities			0				
10 a Gross sales of inventory, less returns and allowances a							
b Less: cost of goods sold b							
c Net income or (loss) from sales of inventory			0				
Miscellaneous Revenue		Business Code					
11 a MANAGEMENT FEE	561000	6,864,295.	6,676,389.	187,906.			
b TELEVISION SERVICE		2,366.	2,366.				
c CAFETERIA REVENUE		2,484,762.	2,484,762.				
d All other revenue	812930	4,735,378.	4,128,929.	606,449.			
e Total. Add lines 11a-11d		14,086,801.					
12 Total revenue. See instructions		418,574,622.	405,266,826.	698,558.	1,289,719.		

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) but are not required to complete columns (B), (C), and (D).

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	0			
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	0			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	159,229,645.	115,449,444.	43,780,201.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	4,682,054.	3,591,135.	1,090,919.	
9 Other employee benefits	16,268,186.	12,477,698.	3,790,488.	
10 Payroll taxes	11,257,109.	8,634,203.	2,622,906.	
11 Fees for services (non-employees):				
a Management	1,494,816.		1,494,816.	
b Legal	1,120,389.	19,811.	1,100,578.	
c Accounting	484,427.	188,325.	296,102.	
d Lobbying	0			
e Professional fundraising services. See Part IV, line 17	0			
f Investment management fees	300,604.		300,604.	
g Other	26,101,055.	18,361,363.	7,739,692.	
12 Advertising and promotion	2,339,430.	2,333,223.	6,207.	
13 Office expenses	91,483,893.	86,268,526.	5,215,367.	
14 Information technology	1,010,400.	1,010,400.		
15 Royalties	0			
16 Occupancy	9,917,399.	9,295,326.	622,073.	
17 Travel	401,503.	270,294.	131,209.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	345,280.	94,339.	250,941.	
20 Interest	19,189,704.	19,189,704.		
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	31,641,012.	6,711,751.	24,929,261.	
23 Insurance	6,732,836.	5,590,710.	1,142,126.	
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 REPAIRS AND MAINT	9,590,852.	8,227,959.	1,362,893.	
b PERSONAL PROPERTY TAXES	4,687.		4,687.	
c OTHER	4,749,835.	3,343,543.	1,406,292.	
d DONATIONS	121,254.	121,254.		
e All other expenses	2,863,916.		2,863,916.	
25 Total functional expenses. Add lines 1 through 24e	401,330,286.	301,179,008.	100,151,278.	
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)	0			

Part X Balance Sheet

		(A)		(B)
		Beginning of year		End of year
Assets	1	Cash - non-interest-bearing	68,806,766.	1 70,025,666.
	2	Savings and temporary cash investments	0	2 2,217,827.
	3	Pledges and grants receivable, net	0	3 0
	4	Accounts receivable, net	19,105,826.	4 17,054,485.
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5 0
	6	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)	0	6 0
	7	Notes and loans receivable, net	474,045.	7 46,164.
	8	Inventories for sale or use	6,739,569.	8 6,985,508.
	9	Prepaid expenses and deferred charges	3,449,102.	9 4,367,030.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 762,207,750.	
	10b	Less: accumulated depreciation	10b 240,513,136.	
	10c		512,510,322.	10c 521,694,614.
	11	Investments - publicly traded securities	34,283,252.	11 33,062,493.
	12	Investments - other securities. See Part IV, line 11	111,719,734.	12 109,341,464.
	13	Investments - program-related. See Part IV, line 11	0	13 0
	14	Intangible assets	0	14 0
15	Other assets. See Part IV, line 11	58,391,207.	15 59,707,394.	
16	Total assets. Add lines 1 through 15 (must equal line 34)	815,479,823.	16 824,502,645.	
Liabilities	17	Accounts payable and accrued expenses	55,267,656.	17 57,526,162.
	18	Grants payable	0	18 0
	19	Deferred revenue	0	19 0
	20	Tax-exempt bond liabilities	441,277,062.	20 439,456,793.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D	0	21 0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	0	22 0
	23	Secured mortgages and notes payable to unrelated third parties	0	23 0
	24	Unsecured notes and loans payable to unrelated third parties	0	24 0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	43,549,176.	25 65,713,328.
	26	Total liabilities. Add lines 17 through 25	540,093,894.	26 562,696,283.
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27	Unrestricted net assets	245,850,569.	27 237,087,341.
	28	Temporarily restricted net assets	28,411,930.	28 23,595,591.
	29	Permanently restricted net assets	1,123,430.	29 1,123,430.
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30
	31	Paid-in or capital surplus, or land, building, or equipment fund		31
	32	Retained earnings, endowment, accumulated income, or other funds		32
33	Total net assets or fund balances	275,385,929.	33 261,806,362.	
34	Total liabilities and net assets/fund balances.	815,479,823.	34 824,502,645.	

Part XI Reconciliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	418,574,622.
2	Total expenses (must equal Part IX, column (A), line 25)	2	401,330,286.
3	Revenue less expenses. Subtract line 2 from line 1	3	17,244,336.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	275,385,929.
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-30,823,903.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	261,806,362.

Part XII Financial Statements and Reporting

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

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
b	Were the organization's financial statements audited by an independent accountant?	X	
c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
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?	X	
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	X	

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2011

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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.

Name of the organization MERCY MEDICAL CENTER	Employer identification number 52-0591658
---	---

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 - Other

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?

- (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?
- (ii)** A family member of a person described in (i) above?
- (iii)** A 35% controlled entity of a person described in (i) or (ii) above?

	Yes	No
11g(i)		
11g(ii)		
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 support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

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

Schedule A (Form 990 or 990-EZ) 2011

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) 2007, (b) 2008, (c) 2009, (d) 2010, (e) 2011, (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) 2007, (b) 2008, (c) 2009, (d) 2010, (e) 2011, (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 2011 (line 6, column (f) divided by line 11, column (f)); 15 Public support percentage from 2010 Schedule A, Part II, line 14; 16a 33 1/3% support test - 2011; b 33 1/3% support test - 2010; 17a 10%-facts-and-circumstances test - 2011; b 10%-facts-and-circumstances test - 2010; 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

Table with 7 columns: Calendar year (or fiscal year beginning in), (a) 2007, (b) 2008, (c) 2009, (d) 2010, (e) 2011, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Gross receipts from admissions, merchandise sold or services performed; 3 Gross receipts from activities that are not an unrelated trade or business; 4 Tax revenues levied for the organization's benefit; 5 The value of services or facilities furnished by a governmental unit; 6 Total. Add lines 1 through 5; 7a Amounts included on lines 1, 2, and 3 received from disqualified persons; 7b Amounts included on lines 2 and 3 received from other than disqualified persons; 7c Add lines 7a and 7b; 8 Public support (Subtract line 7c from line 6).

Section B. Total Support

Table with 7 columns: Calendar year (or fiscal year beginning in), (a) 2007, (b) 2008, (c) 2009, (d) 2010, (e) 2011, (f) Total. Rows include: 9 Amounts from line 6; 10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 10b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975; 10c Add lines 10a and 10b; 11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on; 12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.); 13 Total support. (Add 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

Table with 3 columns: Description, Value, Percentage. Row 15: Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f)). Row 16: Public support percentage from 2010 Schedule A, Part III, line 15.

Section D. Computation of Investment Income Percentage

Table with 3 columns: Description, Value, Percentage. Row 17: Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f)). Row 18: Investment income percentage from 2010 Schedule A, Part III, line 17.

19a 33 1/3% support tests - 2011. 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 - 2010. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

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

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

Schedule of Contributors

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

2011

Name of the organization

MERCY MEDICAL CENTER

Employer identification number

52-0591658

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).

Name of organization **MERCY MEDICAL CENTER**Employer identification number
52-0591658**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	MERCY HEALTH FOUNDATION 301 ST. PAUL PLACE BALTIMORE, MD 21202	\$ 6,894,267.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	DEPARTMENT OF HEALTH AND HUMAN SERVICES 6820 DEERPATH ROAD ELKRIDGE, MD 21075	\$ 36,178.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	HEALTHCARE FOR THE HOMELESS 421 FALLS WAY BALTIMORE, MD 21202	\$ 1,219,875.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
4	SEXUAL ASSAULT RESPONSE ENHANCE PROJECT 300 E JOPPA ROAD SUITE 1105 TOWSON, MD 21286-3016	\$ 26,047.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
5	CHARLES C EDWARDS II MD 1826 CIRCLE RD RUXTON, MD 21204	\$ 2,513,833.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II if there is a noncash contribution.)
6	SUPPORTIVE HOUSING PROGRAM 1966 GREENSPRING DR STE 200 TIMONIUM, MD 21093	\$ 360,624.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization MERCY MEDICAL CENTER

Employer identification number
52-0591658**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7	NATIONAL INSTITUTE OF HEALTH 6120 EXECUTIVE BLVD STE 243 ROCKVILLE, MD 20892-7150	\$ 47,535.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
8	DOMESTIC DATING VIOLENCE INITIATIVE 300 E JOPPA RD SUITE 1105 TOWSON, MD 21286-3016	\$ 20,140.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
9	FORENSIC NURSE EXAMINER 300 E JOPPA RD SUITE 1105 TOWSON, MD 21286-3016	\$ 32,072.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
10	ADVOCACY SUPPORT AND EXPANSION PROJECT 300 E JOPPA RD SUITE 1105 TOWSON, MD 21286-3016	\$ 33,554.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
11	SUPPORTIVE HOUSING PROGRAM 417 E FAYETTE ST BALTIMORE, MD 21202	\$ 89,869.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
12	IPV FORENSIC EXAMINATION KITS 300 E JOPPA RD SUITE 1105 TOWSON, MD 21286-3016	\$ 14,525.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization **MERCY MEDICAL CENTER**

Employer identification number
52-0591658

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

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
13	MARYLAND HOSPITAL ASSOCIATION ----- 6820 DEERPATH ROAD ----- ELKRIDGE, MD 21075 -----	\$ ----- 30,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
-----	-----	\$ -----	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization **MERCY MEDICAL CENTER**

Employer identification number

52-0591658

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

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
5	INTELLECTUAL PROPERTY _____ _____ _____	\$ 2,513,833.	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____	_____ _____ _____ _____	\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____	_____ _____ _____ _____	\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____	_____ _____ _____ _____	\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____	_____ _____ _____ _____	\$ _____	_____
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (see instructions)	(d) Date received
_____	_____ _____ _____ _____	\$ _____	_____

Name of organization **MERCY MEDICAL CENTER**

Employer identification number

52-0591658

Part III Exclusively religious, charitable, etc., individual contributions to section 501(c)(7), (8), or (10) organizations that total more than \$1,000 for the year. Complete columns (a) through (e) and the following line entry.

For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ► \$ _____

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
_____	_____ _____ _____	_____ _____ _____	_____ _____ _____
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
_____ _____ _____		_____ _____ _____	
_____	_____ _____ _____	_____ _____ _____	_____ _____ _____
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
_____ _____ _____		_____ _____ _____	
_____	_____ _____ _____	_____ _____ _____	_____ _____ _____
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
_____ _____ _____		_____ _____ _____	
_____	_____ _____ _____	_____ _____ _____	_____ _____ _____
(e) Transfer of gift			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
_____ _____ _____		_____ _____ _____	

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2011

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

MERCY MEDICAL CENTER

Employer identification number

52-0591658

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 3 columns: Line number, Description, (a) Donor advised funds, (b) Funds and other accounts. Rows include total number at end of year, aggregate contributions, aggregate grants, aggregate value, and two questions about donor advisement.

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

Table with 3 columns: Line number, Description, Held at the End of the Tax Year. Rows include purpose(s) of easements, total number of easements, total acreage, and various monitoring and reporting questions.

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.

Table with 3 columns: Line number, Description, Amount. Rows include questions about reporting collections of art and historical treasures.

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 XIV.

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?

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?

b If "Yes," explain the arrangement in Part XIV and complete the following table:

Table with 2 columns: Description, Amount. Rows: 1c Beginning balance, 1d Additions during the year, 1e Distributions during the year, 1f Ending balance.

2a Did the organization include an amount on Form 990, Part X, line 21?

b If "Yes," explain the arrangement in Part XIV.

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

Table with 6 columns: (a) Current year, (b) Prior year, (c) Two years back, (d) Three years back, (e) Four years back. Rows: 1a-1g Balance and expense categories.

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 %

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

Table with 2 columns: Yes, No. Rows: 3a(i) unrelated organizations, 3a(ii) related organizations, 3b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

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

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

Table with 5 columns: (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows: 1a-1e Land, Buildings, Leasehold improvements, Equipment, Other.

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

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) RESTRICTED INVESTMENTS	95,267,099.	FMV
(B) RESTRICTED CASH	14,074,365.	FMV
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
(I)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.)	109,341,464.	

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

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

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

(a) Description	(b) Book value
(1) INTEREST IN MERCY HEALTH FOUND	23,597,687.
(2) DUE FROM RELATED ENTITIES	20,746,087.
(3) OTHER RECEIVABLES	2,450,059.
(4) DEPOSITS	733,200.
(5) DEFERRED FINANCING COSTS	2,668,588.
(6) OTHER CURRENT ASSETS	302,645.
(7) OTHER ASSETS	226,189.
(8) INVEST UNCONSOLID SUBS	868,380.
(9) DEFERRED COMP PLAN ASSETS	6,224,962.
(10) CARDINAL SHEHAN SEC DEPOSIT	1,889,597.
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.)	59,707,394.

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

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) CONSTRUCTION RETAINAGE	1,802,255.
(3) POST RETIREMENT OBLIGATION	7,508,503.
(4) DEFERRED COMPENSATION	6,224,957.
(5) MERRILL LYNCH SWAP	42,340,185.
(6) MALPRACTICE TAIL LIABILITY	327,536.
(7) CARDINAL DEPOSIT	1,825,369.
(8) RETIREMENT ANNUITY PLAN OBLIGA	4,684,523.
(9) ESTIMATED TAIL LIAB GIC	1,000,000.
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.)	65,713,328.

2. FIN 48 (ASC 740) Footnote. In Part XIV, 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).

Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements

Table with 10 rows for reconciliation of net assets. Columns include description, line number, and a blank column for values.

Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Table with 5 main rows and sub-rows (a-e) for reconciliation of revenue. Includes sub-columns 2a-2d and 4a-4b.

Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

Table with 5 main rows and sub-rows (a-e) for reconciliation of expenses. Includes sub-columns 2a-2d and 4a-4b.

Part XIV 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, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

Horizontal dashed lines for providing supplemental information.

SEE PAGE 5

Part XIV Supplemental Information (continued)

ENDOWMENT FUNDS

SCHEDULE D, PART V, LINE 4

ONE MILLION OF THE ENDOWMENT IS ADMINISTERED AND HELD BY MERCY HEALTH FOUNDATION A RELATED ENTITY OF MERCY MEDICAL CENTER. THE PURPOSE OF THE ENDOWMENT IS TO SUPPORT THE HEALTHCARE MINISTRY OF THE SISTERS OF MERCY AT MERCY MEDICAL CENTER AND STELLA MARIS.

FIN 48 DISCLOSURE

SCHEDULE D, PART X, LINE 2

MHS, MMC, SMI, MFC, SPPS, MHF AND MSS ARE NOT-FOR-PROFIT ORGANIZATIONS EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE, AND ARE THEREFORE NOT SUBJECT TO FEDERAL INCOME TAX UNDER CURRENT INCOME TAX REGULATIONS. MHS SUBSIDIARIES OTHERWISE EXEMPT FROM FEDERAL AND STATE TAXATION ARE NONETHELESS SUBJECT TO TAXATION AT CORPORATE TAX AT BOTH THE FEDERAL AND STATE LEVEL ON THEIR UNRELATED BUSINESS INCOME. CURRENT ACCOUNTING STANDARDS DEFINE THE THRESHOLD FOR RECOGNIZING UNCERTAIN INCOME TAX RETURN POSITIONS IN THE FINANCIAL STATEMENTS AS "MORE LIKELY THAN NOT" THAT THE POSITION IS SUSTAINABLE, BASED ON ITS TECHNICAL MERITS, AND ALSO PROVIDE GUIDANCE ON THE MEASUREMENT, CLASSIFICATION, AND DISCLOSURE OF TAX RETURN POSITIONS IN THE FINANCIAL STATEMENTS. MANAGEMENT BELIEVES THERE IS NO IMPACT ON MHS'S ACCOMPANYING CONSOLIDATED FINANCIAL STATEMENTS RELATED TO UNCERTAIN INCOME TAX POSITIONS.

**SCHEDULE F
(Form 990)**

Statement of Activities Outside the United States

OMB No. 1545-0047

2011

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

MERCY MEDICAL CENTER

Employer identification number

52-0591658

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			INVESTMENTS		14,894,739.
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
3a Sub-total					14,894,739.
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)					14,894,739.

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

Schedule F (Form 990) 2011

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. Check this box if no one recipient 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).

PART I, LINE 3

THE AMOUNT INDICATED AS FOREIGN INVESTMENTS IN PART I WAS MERCY MEDICAL CENTER'S OWNERSHIP INTEREST IN GREENLEAF INSURANCE COMPANY, LTD ("GREENLEAF"), A CAYMAN ISLAND CORPORATION. GREENLEAF IS A WHOLLY-OWNED SUBSIDIARY OF MERCY MEDICAL CENTER THAT PROVIDES DIRECT COVERAGE FOR PROFESSIONAL, MALPRACTICE, AND COMPREHENSIVE GENERAL LIABILITY FOR MERCY MEDICAL CENTER AND ITS ASSOCIATED HEALTH CARE FACILITIES. AS OF THE END OF THE 2011 TAX YEAR, THE VALUE OF MERCY MEDICAL CENTER'S OWNERSHIP IN GREENLEAF WAS \$14,894,739.

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2011

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

Name of the organization

MERCY MEDICAL CENTER

Employer identification number

52-0591658

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

Complete the following table using the worksheets provided in the Schedule H instructions. Do not submit these worksheets with the Schedule H.

7 Financial Assistance and Certain Other Community Benefits at Cost						
Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			11,444,452.		11,444,452.	2.85
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			11,444,452.		11,444,452.	2.85
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			6,343,204.		6,343,204.	1.58
f Health professions education (from Worksheet 5)			13,167,834.		13,167,834.	3.28
g Subsidized health services (from Worksheet 6)			10,259,076.		10,259,076.	2.56
h Research (from Worksheet 7)			262,068.		262,068.	.07
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,819,900.		1,819,900.	.45
j Total Other Benefits			31,852,082.		31,852,082.	7.94
k Total . Add lines 7d and 7j.			43,296,534.		43,296,534.	10.79

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			930,696.		930,696.	.23
2 Economic development						
3 Community support			31,434.		31,434.	.01
4 Environmental improvements						
5 Leadership development and training for community members			221,474.		221,474.	.06
6 Coalition building						
7 Community health improvement advocacy			359,663.		359,663.	.09
8 Workforce development						
9 Other						
10 Total			1,543,267.		1,543,267.	.39

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

	Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?		X
2 Enter the amount of the organization's bad debt expense		
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy		
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.		
Section B. Medicare		
5 Enter total revenue received from Medicare (including DSH and IME)		
6 Enter Medicare allowable costs of care relating to payments on line 5		
7 Subtract line 6 from line 5. This is the surplus (or shortfall)		
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input type="checkbox"/> Cost to charge ratio <input checked="" type="checkbox"/> Other		
Section C. Collection Practices		
9a Did the organization have a written debt collection policy during the tax year?	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	X	

Part IV Management Companies and Joint Ventures (see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
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)

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

Name and address

1 MERCY MEDICAL CENTER
301 ST PAUL PLACE
BALTIMORE MD 21202

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)
1	X	X		X			X		
2									
3									
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of Hospital Facility: MERCY MEDICAL CENTER

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for tax year 2011)			
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8 If "Yes," indicate what the Needs Assessment describes (check all that apply):	1	
a	<input type="checkbox"/> A definition of the community served by the hospital facility		
b	<input type="checkbox"/> Demographics of the community		
c	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input type="checkbox"/> How data was obtained		
e	<input type="checkbox"/> The health needs of the community		
f	<input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a Needs Assessment: 20 __ __		
3	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? 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	3	
4	Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4	
5	Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply):	5	
a	<input type="checkbox"/> Hospital facility's website		
b	<input type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):		
a	<input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g	<input type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	7	
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
8	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	X
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care: <u>2</u> <u>0</u> <u>0</u> % If "No," explain in Part VI the criteria the hospital facility used.	9	X

Part V Facility Information (continued) MERCY MEDICAL CENTER

	Yes	No
10 Used FPG to determine eligibility for providing <i>discounted care</i> ? If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>4</u> <u>0</u> <u>0</u> % If "No," explain in Part VI the criteria the hospital facility used.	X	
11 Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply):	X	
a <input checked="" type="checkbox"/> Income level		
b <input checked="" type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input checked="" type="checkbox"/> State regulation		
h <input type="checkbox"/> Other (describe in Part VI)		
12 Explained the method for applying for financial assistance?	X	
13 Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	X	
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input type="checkbox"/> Other (describe in Part VI)		

Billing and Collections

14 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	
15 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:		
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
16 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? If "Yes," check all actions in which the hospital facility or a third party engaged:		X
a <input type="checkbox"/> Reporting to credit agency		
b <input type="checkbox"/> Lawsuits		
c <input type="checkbox"/> Liens on residences		
d <input type="checkbox"/> Body attachments		
e <input type="checkbox"/> Other similar actions (describe in Part VI)		
17 Indicate which efforts the hospital facility made before initiating any of the actions checked in line 16 (check all that apply):		
a <input checked="" type="checkbox"/> Notified patients of the financial assistance policy on admission		
b <input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c <input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d <input checked="" type="checkbox"/> Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy		
e <input type="checkbox"/> Other (describe in Part VI)		

Part V Facility Information (continued) MERCY MEDICAL CENTER

Policy Relating to Emergency Medical Care

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

Individuals Eligible for Financial Assistance

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

Part V Facility Information (continued)

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

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

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

Name and address	Type of Facility (describe)
1	
2	
3	
4	
5	
6	
7	
8	
9	
10	

Part VI Supplemental Information

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- 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.

MARYLAND HOSPITAL ASSOCIATION UNIFIED MARYLAND HOSPITAL RESPONSES

PART I, LINES 7A, 7B AND 7F

7A. CHARITY CARE AT COST AND 7F. HEALTH PROFESSIONS EDUCATION ARE

EXPLAINED IN THE FOLLOWING:

MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE SETTING PROCESS ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND'S UNIQUE ALL PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE.

7B. UNREIMBURSED MEDICAID IS EXPLAINED IN THE FOLLOWING:

MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES

Part VI Supplemental Information

Complete this part to provide the following information.

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COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE SETTING PROCESS ALL PAYORS, INCLUDING GOVERNMENTAL PAYORS, PAY THE SAME AMOUNT FOR THE SAME SERVICES DELIVERED AT THE SAME HOSPITAL. MARYLAND'S UNIQUE ALL PAYOR SYSTEM INCLUDES A METHOD FOR REFERENCING UNCOMPENSATED CARE IN EACH PAYORS' RATES, WHICH DOES NOT ENABLE MARYLAND HOSPITALS TO BREAKOUT ANY DIRECTED OFFSETTING REVENUE RELATED TO UNCOMPENSATED CARE. COMMUNITY BENEFIT EXPENSES ARE EQUAL TO MEDICAID REVENUES IN MARYLAND, AS SUCH, THE NET EFFECT IS ZERO. THE EXCEPTION TO THIS IS THE IMPACT ON THE HOSPITAL OF ITS SHARE OF THE MEDICAID ASSESSMENT. IN RECENT YEARS, THE STATE OF MARYLAND HAS CLOSED FISCAL GAPS IN THE STATE MEDICAID BUDGET BY ASSESSING HOSPITALS THROUGH THE RATE SETTING SYSTEM.

PART I, LINE 3C

MERCY MEDICAL CENTER PROVIDES EMERGENCY AND OTHER MEDICALLY NECESSARY CARE TO PATIENTS THAT QUALIFY FOR FINANCIAL ASSISTANCE AT NO CHARGE OR AT REDUCED-COSTBASED ON A SLIDING SCALE FOR INCOME (UP TO APPROXIMATELY 400% OF THE FEDERAL POVERTY GUIDELINES) AND TAKING INTO ACCOUNT OTHER

Part VI Supplemental Information

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CONSIDERATIONS, AS DESCRIBED BELOW.

IN ORDER TO QUALIFY FOR FINANCIAL ASSISTANCE UNDER MERCY MEDICAL CENTER'S FINANCIAL ASSISTANCE POLICY, A PATIENT MUST BE A U.S. CITIZEN OR PERMANENT LEGAL RESIDENT WHO QUALIFIES UNDER AT LEAST ONE OF THE FOLLOWING CONDITIONS:

1. A PATIENT WITH FAMILY INCOME AT OR BELOW 200% OF THE FEDERAL POVERTY LEVEL, WITH LESS THAN \$10,000 IN HOUSEHOLD MONETARY ASSETS QUALIFIES FOR FULL FINANCIAL ASSISTANCE IN THE FORM OF FREE MEDICALLY NECESSARY CARE.

2. A PATIENT NOT OTHERWISE ELIGIBLE FOR MEDICAID OR CHIP WHO IS A BENEFICIARY/RECIPIENT OF A MEANS-TESTED SOCIAL SERVICES PROGRAM, INCLUDING BUT NOT NECESSARILY LIMITED TO THE FOLLOWING PROGRAMS, IS DEEMED ELIGIBLE FOR FINANCIAL ASSISTANCE IN THE FORM OF FREE MEDICALLY NECESSARY CARE, PROVIDED THAT THE PATIENT SUBMITS PROOF OF ENROLLMENT WITHIN 30 DAYS UNLESS THE PATIENT OR THE PATIENT'S REPRESENTATIVE REQUESTS AN ADDITIONAL 30 DAYS:

Part VI Supplemental Information

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A) HOUSEHOLDS WITH CHILDREN IN THE FREE OR REDUCED LUNCH PROGRAM

B) SUPPLEMENTAL NUTRITIONAL ASSISTANCE PROGRAM (SNAP)

C) LOW-INCOME-HOUSEHOLD ENERGY ASSISTANCE PROGRAM

D) PRIMARY ADULT CARE PROGRAM (PAC), UNTIL SUCH TIME AS INPATIENT BENEFITS ARE ADDED TO THE PAC BENEFIT PACKAGE

E) WOMEN, INFANTS, AND CHILDREN (WIC)

3. A PATIENT WITH FAMILY INCOME AT OR BELOW 400% OF FEDERAL POVERTY LEVEL, WITH LESS THAN \$10,000 IN HOUSEHOLD MONETARY ASSETS QUALIFIES FOR PARTIAL FINANCIAL ASSISTANCE IN THE FORM OF REDUCED-COST MEDICALLY NECESSARY CARE. THE AMOUNT OF FINANCIAL ASSISTANCE IN THIS CASE IS BASED ON A SLIDING SCALE OF INCOME AND SHOWN IN THE ATTACHED TABLE AND OTHER FACTORS.

Part VI Supplemental Information

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- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

4. A PATIENT WITH: (I) FAMILY INCOME AT OR BELOW 500% OF FEDERAL POVERTY LEVEL; (II) WITH MEDICAL DEBT INCURRED WITHIN THE 12 MONTH PERIOD PRIOR TO APPLICATION THAT EXCEEDS 25% OF FAMILY INCOME FOR THE SAME PERIOD; AND (III) WITH LESS THAN \$10,000 IN HOUSEHOLD MONETARY ASSETS WILL QUALIFY FOR PARTIAL FINANCIAL ASSISTANCE IN THE FORM OF REDUCED-COST MEDICALLY NECESSARY CARE. THE AMOUNT OF FINANCIAL ASSISTANCE IN THIS CASE IS BASED ON A SLIDING SCALE OF INCOME, AMOUNT OF MEDICAL DEBT, AND OTHER FACTORS.

A) AN ELIGIBLE PATIENT OR ANY IMMEDIATE FAMILY MEMBER OF THE PATIENT LIVING IN THE SAME HOUSEHOLD SHALL REMAIN ELIGIBLE FOR REDUCED-COST MEDICALLY NECESSARY CARE WHEN SEEKING SUBSEQUENT CARE AT MERCY MEDICAL CENTER DURING THE 12-MONTH PERIOD BEGINNING ON THE DATE ON WHICH THE REDUCED-COST MEDICALLY NECESSARY CARE WAS INITIALLY RECEIVED.

B) TO AVOID AN UNNECESSARY DUPLICATION OF MERCY MEDICAL CENTER'S DETERMINATIONS OF ELIGIBILITY FOR FINANCIAL ASSISTANCE, A PATIENT ELIGIBLE FOR CARE UNDER PARAGRAPH 4.A SHALL INFORM THE HOSPITAL OF HIS OR

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HER ELIGIBILITY FOR THE REDUCED-COST MEDICALLY NECESSARY CARE .

5. AN UNINSURED PATIENT WITH FAMILY INCOME BETWEEN 200% AND 500% OF FEDERAL POVERTY LEVEL WHO REQUESTS ASSISTANCE QUALIFIES FOR A PAYMENT PLAN .

6. A HOMELESS PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE .

7. A DECEASED PATIENT, WITH NO PERSON DESIGNATED AS DIRECTOR OF FINANCIAL AFFAIRS, OR NO ESTATE NUMBER ON FILE AT THE APPICABLE REGISTRARS OF WILLS DEPARTMENT, QUALIFIES FOR FINANCIAL ASSISTANCE .

8. A MEDICAID PATIENT WHO HAS A REMAINING BALANCE AFTER RECEIVING MEDICAL ASSISTANCE QUALIFIES FOR FINANCIAL ASSISTANCE .

9. MERCY MEDICAL CENTER MAY ELECT TO GRANT PRESUMPTIVE CHARITY CARE TO PATIENTS BASED ON INFORMATION GATHERED DURING A DEBT COLLECTION PROCESS . FACTORS INCLUDE PROPENSITY TO PAY SCORING, ELIGIBILITY AND PARTICIPATION

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IN OTHER FEDERAL PROGRAMS, AND OTHER RELEVANT INFORMATION.

10. A PATIENT WHO DOES NOT QUALIFY UNDER THE PRECEDING CATEGORIES MAY STILL APPLY FOR FINANCIAL ASSISTANCE, AND MERCY MEDICAL CENTER WILL REVIEW THE APPLICATION AND MAKE A DETERMINATION ON A CASE-BY-CASE BASIS AS TO ELIGIBILITY FOR FINANCIAL ASSISTANCE. FACTORS THAT WILL BE CONSIDERED INCLUDE:

A) FIXED INCOME SUCH AS SOCIAL SECURITY, RETIREMENT OR DISABILITY WITH NO ADDITIONAL INCOME SOURCES AVAILABLE

B) MEDICAL EXPENSES AND/OR

C) EXPENSES RELATED TO NECESSITIES OF LIFE COMPARED TO INCOME.

FOR ALL PURPOSES OF THE FINANCIAL ASSISTANCE POLICY, "HOUSEHOLD MONETARY ASSETS" MEANS ASSETS THAT ARE CONVERTIBLE TO CASH. IN DETERMINING A PATIENT'S MONETARY ASSETS FOR PURPOSES OF MAKING AN ELIGIBILITY

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DETERMINATION UNDER THIS FINANCIAL ASSISTANCE POLICY, THE FOLLOWING ASSETS ARE EXCLUDED; (1) THE FIRST \$10,000 OF MONETARY ASSETS; (2) EQUITY OF \$150,000 IN A PRIMARY RESIDENCE; AND (3) RETIREMENT ASSETS TO WHICH THE IRS HAS GRANTED PREFERENTIAL TAX TREATMENT AS A RETIREMENT ACCOUNT, INCLUDING BUT NOT LIMITED TO, QUALIFIED AND NONQUALIFIED DEFERRED COMPENSATION PLANS.

PART I, LINE 6A

COMMUNITY BENEFIT REPORT IS MADE AVAILABLE ON ANOTHER'S WEBSITE, SPECIFICALLY THE WEBSITE FOR THE MARYLAND HSCRC. MERCY MEDICAL CENTER PREPARES ITS COMMUNITY BENEFIT REPORT ANNUALLY AND ITS MADE AVAILABLE TO THE PUBLIC.

PART I, LINE 7G

THERE ARE NO COSTS REPORTED THAT ARE ATTRIBUTABLE TO A PHYSICIAN CLINIC.

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PART I, LINE 7

THE COSTING METHODOLOGY USED TO CALCULATE AMOUNTS REPORTED IN LINE 7 WAS
A COST-TO-CHARGE RATIO DERIVED FROM WORKSHEET 2, RATIO OF PATIENT CARE
COST-TO-CHARGES.

PART III, LINE 4

THE AMOUNT REPORTED AS BAD DEBT EXPENSE ON PART III, LINE 2 WAS
DETERMINED USING ACTUAL BAD DEBT WRITE-OFFS LESS RECOVERIES RECEIVED
DURING THE YEAR AND AN ADJUSTMENT TO THE BALANCE SHEET RESERVE. WRITE
OFFS WERE AT CHARGE LEVEL.

THE ORGANIZATION HAS NOT ESTIMATED ANY AMOUNT OF BAD DEBT EXPENSE
ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER THE ORGANIZATION'S FINANCIAL
ASSISTANCE POLICY.

THE FOLLOWING IS A SUMMARY OF THE TEXT OF THE FOOTNOTE TO THE
ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBE THE ORGANIZATION'S BAD
DEBT EXPENSE. THE ACTUAL TEXT OF THE FOOTNOTE HAS NOT BEEN USED BECAUSE

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THE ORGANIZATION IS A MEMBER OF A GROUP WITH CONSOLIDATED FINANCIAL STATEMENTS:

NET PATIENT SERVICE REVENUES AND ALLOWANCES

NET PATIENT SERVICE REVENUES ARE REPORTED AT THE ESTIMATED NET REALIZABLE AMOUNTS FROM PATIENTS, THIRD-PARTY PAYERS, AND OTHERS FOR SERVICES RENDERED. THE ORGANIZATION'S CHARGES ARE BASED ON RATES ESTABLISHED BY THE STATE OF MARYLAND HEALTH SERVICES COST REVIEW COMMISSION; ACCORDINGLY, REVENUE REFLECTS ACTUAL CHARGES TO PATIENTS BASED ON RATES IN EFFECT DURING THE PERIOD IN WHICH THE SERVICES ARE RENDERED.

CONTRACTUAL ADJUSTMENTS REPRESENT THE DIFFERENCE BETWEEN AMOUNTS BILLED AS PATIENT SERVICE REVENUE AND AMOUNTS ALLOWED BY THIRD-PARTY PAYERS, AND ARE ACCRUED IN THE PERIOD IN WHICH THE RELATED SERVICES ARE RENDERED.

THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS. THIS ESTIMATE CONSIDERS BUSINESS

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AND GENERAL ECONOMIC CONDITIONS, TRENDS IN HEALTHCARE
 COVERAGE AND OTHER COLLECTION INDICATORS. THROUGHOUT THE YEAR, MANAGEMENT
 ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED
 UPON ITS REVIEW OF ACCOUNTS RECEIVABLE AND COLLECTIONS
 TO DATE. OTHER FACTORS, SUCH AS PAYER MIX, ACCOUNT AGING, APPROVED
 DISCOUNTS, DENIAL RATES, AND PAYMENT CYCLES ARE CONSIDERED WHEN
 ESTIMATING THE ALLOWANCES. THE RESULTS OF THESE ASSESSMENTS ARE
 USED TO DETERMINE THE PROVISION FOR BAD DEBTS AND TO ESTIMATE AN
 APPROPRIATE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS. THE ORGANIZATION
 FOLLOWS ESTABLISHED GUIDELINES FOR PLACING ITS SELF-PAY PATIENT ACCOUNTS
 WITH AN OUTSIDE COLLECTION AGENCY. AFTER COLLECTION EFFORTS ARE
 EXHAUSTED, THE UNCOLLECTED BALANCES ARE RETURNED TO BE WRITTEN OFF TO BAD
 DEBTS. THE ORGANIZATION DOES NOT MAINTAIN A MATERIAL ALLOWANCE FOR
 UNCOLLECTIBLE ACCOUNTS FROM THIRD-PARTY PAYERS, NOR DID IT HAVE
 SIGNIFICANT WRITE OFFS FROM THIRD-PARTY PAYERS.

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 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.

PART III, LINE 8

THE COSTING SOURCE IS THE MEDICARE COST REPORT AND THE METHODOLOGY IS
MEDICARE ALLOWABLE COST TO MEDICARE REVENUES RECEIVED.

PART III, LINE 9B

ONCE THE COLLECTION PROCESS HAS BEGUN, THE ORGANIZATION CONTINUES TO
MONITOR WHETHER THE PATIENT QUALIFIES FOR CHARITY CARE UNDER THE
FINANCIAL ASSISTANCE POLICY. IF THE ORGANIZATION DETERMINES THAT A
PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE, INCLUDING ONCE THE COLLECTION
PROCESS HAS BEGUN, THE ORGANIZATION WILL APPROVE THE PATIENT FOR CHARITY
CARE. ONCE CHARITY CARE HAS BEEN APPROVED, THERE IS NO FURTHER ATTEMPT
MADE BY THE ORGNANIZATION TO COLLECT. COLLECTION EFFORTS WILL BE STOPPED
AT ANY TIME DURING THE COLLECTION PROCESS IF THE PATIENT QUALIFIES FOR
CHARITY CARE UNDER THE FINANCIAL ASSISTANCE POLICY. FURTHERMORE, IF A
PATIENT'S FINANCIAL SITUATION CHANGES AT ANY POINT DURING THE COLLECTION
PROCESS, THE PATIENT MAY QUALIFY FOR FINANCIAL ASSISTANCE AT SUCH POINT.
PATIENTS DETERMINED TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE SUBSEQUENT TO
THE DATE OF SERVICE MAY BE ELIGIBLE FOR A REFUND OF PAYMENTS MADE IF IT

Part VI Supplemental Information

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IS DETERMINED THAT THE PATIENT WAS ELIGIBLE FOR A REFUND OF PAYMENTS MADE
IF IT IS DETERMINED THAT THE PATIENT WAS ELIGIBLE FOR FINANCIAL
ASSISTANCE AT THE TIME OF SERVICE.

PART V

MERCY MEDICAL CENTER (MMC) IS A LICENCED HOSPITAL. MMC PROVIDES
INPATIENT, OUTPATIENT AND EMERGENCY CARE SERVICES PRIMARILY FOR THE
CITIZENS OF THE BALTIMORE METROPOLITAN AREA.

PART V, QUESTION 11

MERCY MEDICAL CENTER PROVIDES EMERGENCY AND OTHER MEDICALLY NECESSARY
CARE TO PATIENTS THAT QUALIFY FOR FINANCIAL ASSISTANCE AT NO CHARGE OR AT
REDUCED-COSTBASED ON A SLIDING SCALE FOR INCOME (UP TO APPROXIMATELY 400%
OF THE FEDERAL POVERTY GUIDELINES) AND TAKING INTO ACCOUNT OTHER
CONSIDERATIONS, AS DESCRIBED BELOW.

IN ORDER TO QUALIFY FOR FINANCIAL ASSISTANCE UNDER MERCY MEDICAL CENTER'S
FINANCIAL ASSISTANCE POLICY, , A PATIENT MUST BE A U.S.

Part VI Supplemental Information

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- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

CITIZEN OR PERMANENT LEGAL RESIDENT WHO QUALIFIES UNDER AT LEAST ONE OF THE FOLLOWING CONDITIONS:

1. A PATIENT WITH FAMILY INCOME AT OR BELOW 200% OF THE FEDERAL POVERTY LEVEL, WITH LESS THAN \$10,000 IN HOUSEHOLD MONETARY ASSETS QUALIFIES FOR FULL FINANCIAL ASSISTANCE IN THE FORM OF FREE MEDICALLY NECESSARY CARE.

2. A PATIENT NOT OTHERWISE ELIGIBLE FOR MEDICAID OR CHIP WHO IS A BENEFICIARY/RECIPIENT OF A MEANS-TESTED SOCIAL SERVICES PROGRAM, INCLUDING BUT NOT NECESSARILY LIMITED TO THE FOLLOWING PROGRAMS, IS DEEMED ELIGIBLE FOR FINANCIAL ASSISTANCE IN THE FORM OF FREE MEDICALLY NECESSARY CARE, PROVIDED THAT THE PATIENT SUBMITS PROOF OF ENROLLMENT WITHIN 30 DAYS UNLESS THE PATIENT OR THE PATIENT'S REPRESENTATIVE REQUESTS AN ADDITIONAL 30 DAYS:

A) HOUSEHOLDS WITH CHILDREN IN THE FREE OR REDUCED LUNCH PROGRAM

B) SUPPLEMENTAL NUTRITIONAL ASSISTANCE PROGRAM (SNAP)

Part VI Supplemental Information

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C) LOW-INCOME-HOUSEHOLD ENERGY ASSISTANCE PROGRAM

D) PRIMARY ADULT CARE PROGRAM (PAC), UNTIL SUCH TIME AS INPATIENT

BENEFITS ARE ADDED TO THE PAC BENEFIT PACKAGE

E) WOMEN, INFANTS, AND CHILDREN (WIC)

3. A PATIENT WITH FAMILY INCOME AT OR BELOW 400% OF FEDERAL POVERTY LEVEL, WITH LESS THAN \$10,000 IN HOUSEHOLD MONETARY ASSETS QUALIFIES FOR PARTIAL FINANCIAL ASSISTANCE IN THE FORM OF REDUCED-COST MEDICALLY NECESSARY CARE. THE AMOUNT OF FINANCIAL ASSISTANCE IN THIS CASE IS BASED ON A SLIDING SCALE OF INCOME AND SHOWN IN THE ATTACHED TABLE AND OTHER FACTORS.

4. A PATIENT WITH: (I) FAMILY INCOME AT OR BELOW 500% OF FEDERAL POVERTY LEVEL; (II) WITH MEDICAL DEBT INCURRED WITHIN THE 12 MONTH PERIOD PRIOR TO APPLICATION THAT EXCEEDS 25% OF FAMILY INCOME FOR THE SAME PERIOD; AND

Part VI Supplemental Information

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(III) WITH LESS THAN \$10,000 IN HOUSEHOLD MONETARY ASSETS WILL QUALIFY FOR PARTIAL FINANCIAL ASSISTANCE IN THE FORM OF REDUCED-COST MEDICALLY NECESSARY CARE. THE AMOUNT OF FINANCIAL ASSISTANCE IN THIS CASE IS BASED ON A SLIDING SCALE OF INCOME, AMOUNT OF MEDICAL DEBT, AND OTHER FACTORS.

A) AN ELIGIBLE PATIENT OR ANY IMMEDIATE FAMILY MEMBER OF THE PATIENT LIVING IN THE SAME HOUSEHOLD SHALL REMAIN ELIGIBLE FOR REDUCED-COST MEDICALLY NECESSARY CARE WHEN SEEKING SUBSEQUENT CARE AT MERCY MEDICAL CENTER DURING THE 12-MONTH PERIOD BEGINNING ON THE DATE ON WHICH THE REDUCED-COST MEDICALLY NECESSARY CARE WAS INITIALLY RECEIVED.

B) TO AVOID AN UNNECESSARY DUPLICATION OF MERCY MEDICAL CENTER'S DETERMINATIONS OF ELIGIBILITY FOR FINANCIAL ASSISTANCE, A PATIENT ELIGIBLE FOR CARE UNDER PARAGRAPH 4.A SHALL INFORM THE HOSPITAL OF HIS OR HER ELIGIBILITY FOR THE REDUCED-COST MEDICALLY NECESSARY CARE.

5. AN UNINSURED PATIENT WITH FAMILY INCOME BETWEEN 200% AND 500% OF FEDERAL POVERTY LEVEL WHO REQUESTS ASSISTANCE QUALIFIES FOR A PAYMENT

Part VI Supplemental Information

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PLAN.

6. A HOMELESS PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE.

7. A DECEASED PATIENT, WITH NO PERSON DESIGNATED AS DIRECTOR OF FINANCIAL AFFAIRS, OR NO ESTATE NUMBER ON FILE AT THE APPICABLE REGISTRARS OF WILLS DEPARTMENT, QUALIFIES FOR FINANCIAL ASSISTANCE.

8. A MEDICAID PATIENT WHO HAS A REMAINING BALANCE AFTER MEDICAL ASSISTANCE QUALIFIES FOR FINANCIAL ASSISTANCE.

9. MERCY MEDICAL CENTER MAY ELECT TO GRANT PRESUMPTIVE CHARITY CARE TO PATIENTS BASED ON INFORMATION GATHERED DURING A DEBT COLLECTION PROCESS. FACTORS INCLUDE PROPENSITY TO PAY SCORING, ELIGIBILITY AND PARTICIPATION IN OTHER FEDERAL PROGRAMS, AND OTHER RELEVANT INFORMATION.

10. A PATIENT WHO DOES NOT QUALIFY UNDER THE PRECEDING CATEGORIES MAY STILL APPLY FOR FINANCIAL ASSISTANCE, AND MERCY MEDICAL CENTER WILL

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REVIEW THE APPLICATION AND MAKE A DETERMINATION ON A CASE-BY-CASE BASIS
AS TO ELIGIBILITY FOR FINANCIAL ASSISTANCE. FACTORS THAT WILL BE
CONSIDERED INCLUDE:

- A) FIXED INCOME SUCH AS SOCIAL SECURITY, RETIREMENT OR DISABILITY WITH NO
ADDITIONAL INCOME SOURCES AVAILABLE
- B) MEDICAL EXPENSES AND/OR
- C) EXPENSES RELATED TO NECESSITIES OF LIFE COMPARED TO INCOME.

FOR ALL PURPOSES OF THE FINANCIAL ASSISTANCE POLICY, "HOUSEHOLD MONETARY
ASSETS" MEANS ASSETS THAT ARE CONVERTIBLE TO CASH. IN DETERMINING A
PATIENT'S MONETARY ASSETS FOR PURPOSES OF MAKING AN ELIGIBILITY
DETERMINATION UNDER THIS FINANCIAL ASSISTANCE POLICY, THE FOLLOWING
ASSETS ARE EXCLUDED; (1) THE FIRST \$10,000 OF MONETARY ASSETS; (2) EQUITY
OF \$150,000 IN A PRIMARY RESIDENCE; AND (3) RETIREMENT ASSETS TO WHICH
THE IRS HAS GRANTED PREFERENTIAL TAX TREATMENT AS A RETIREMENT ACCOUNT,

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INCLUDING BUT NOT LIMITED TO, QUALIFIED AND NONQUALIFIED DEFERRED
COMPENSATION PLANS.

PART V, QUESTION 19

THE HOSPITAL FACILITY PROVIDES A DISCOUNT OF AT LEAST 10% OFF OF GROSS CHARGES FOR THE PROVISION OF EMERGENCY AND OTHER MEDICALLY NECESSARY CARE TO ANY INDIVIDUAL THAT IS ELIGIBLE FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL FACILITY'S FINANCIAL ASSISTANCE POLICY. PURSUANT TO THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC) ALL-PAYOR SYSTEM FOR HOSPITALS IN THE STATE OF MARYLAND, THE GREATEST DISCOUNT OFF OF GROSS CHARGES FOR THE PROVISION OF EMERGENCY AND OTHER MEDICALLY NECESSARY CARE PERMITTED TO ANY COMMERCIAL INSURER OR MEDICARE IS ONLY 6%. AS A RESULT, THE HOSPITAL FACILITY WAS ABLE TO DETERMINE THAT THE MAXIMUM AMOUNT CHARGED TO INDIVIDUALS THAT WERE ELIGIBLE FOR FINANCIAL ASSISTANCE UNDER THE HOSPITAL FACILITY'S FINANCIAL ASSISTANCE POLICY WAS NOT GREATER THAN THE AMOUNT GENERALLY BILLED TO INDIVIDUALS WHO HAVE INSURANCE COVERING SUCH CARE.

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PART V, QUESTION 21

THE HOSPITAL DOES NOT CHARGE ANY INDIVIDUALS THAT ARE ELIGIBLE FOR FINANCIAL ASSISTANCE AN AMOUNT EQUAL TO THE GROSS CHARGE FOR ANY SERVICE.

THE HOSPITAL USES THE CHARGEMASTER RATES FOR A SERVICE AS A STARTING POINT AGAINST WHICH REDUCTIONS ARE APPLIED TO DETERMINE THE AMOUNT ACTUALLY BILLED TO PATIENTS ELIGIBLE UNDER THE FINANCIAL ASSISTANCE POLICY.

NEEDS ASSESSMENT

PART VI, QUESTION 2

MERCY MEDICAL CENTER EMPLOYED A MULTI-PRONGED APPROACH IN IDENTIFYING COMMUNITY NEEDS. THESE APPROACHES ARE AS FOLLOWS:

1. ACCESSING EXISTING DATA SOURCES ON HEALTH CARE STATUS IN PRIMARY SERVICE AREA (PSA) AS PREVIOUSLY REFERENCED, "BALTIMORE CITY'S HEALTH STATUS REPORT: 2010" WAS THE MAIN STATISTICAL DOCUMENT THAT PROVIDED THE HOSPITAL WITH KEY DATA ON THE MOST CRITICAL HEALTH CARE CONDITIONS

Part VI Supplemental Information

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AFFECTING THE POPULATION.

ACCESSED AND REVIEWED OTHER STATE OF MARYLAND HEALTH CARE DATA BASES
RELATED TO HEALTH CARE NEEDS OF COMMUNITIES THAT MERCY MEDICAL CENTER
SERVES IN ITS PSA.

PUBLICATIONS AND DATA AVAILABLE FROM ORGANIZATIONS IN WHICH MERCY MEDICAL
CENTER PHYSICIAN AND ADMINISTRATIVE LEADERSHIP ARE ACTIVE PARTICIPANTS
AND MEMBERS SUCH AS B'MORE FOR HEALTHY BABIES, JOURNEY HOME, FAMILY
CRISIS CENTER OF BALTIMORE, AND BALTIMORE HOMELESS SERVICES, AMONG
OTHERS.

2. PARTNERSHIPS, WORKGROUPS, AND MEMBERSHIP IN ORGANIZATIONS THROUGH THE
WORKGROUPS AND PARTNERSHIPS THAT HAVE BEEN ESTABLISHED WITH KEY
ORGANIZATIONS SUCH AS HEALTH CARE FOR THE HOMELESS, BALTIMORE HOMELESS
SERVICES, THE WEINBERG HOUSING AND RESOURCE CENTER, MAYOR'S OFFICE ON
EMERGENCY MANAGEMENT, SEX AND FAMILY CRIMES DIVISION OF THE BALTIMORE CITY
POLICE DEPARTMENT, TURN AROUND HOUSE OF RUTH, FAMILY CRISIS CENTER OF

Part VI Supplemental Information

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BALTIMORE, DOMESTIC VIOLENCE COORDINATING COUNCIL, B'MORE FOR HEALTHY BABIES AND FAMILY HEALTH CENTERS OF BALTIMORE, THE HOSPITAL RECEIVED SIGNIFICANT INPUT AND FEEDBACK ON THE HEALTH CARE NEEDS OF ITS IMMEDIATE SURROUNDING NEIGHBORHOODS AND COMMUNITIES. THIS WAS ACHIEVED THROUGH REGULAR MEETINGS AND DISCUSSIONS THROUGHOUT FY11.

THROUGH PARTICIPATION OF THE HOSPITAL'S EXECUTIVE LEADERSHIP TEAM IN BUSINESS FORUMS SUCH AS THE DOWNTOWN PARTNERSHIP AND MEMBERSHIP IN OTHER ORGANIZATIONS, SIGNIFICANT FEEDBACK AND INFORMATION ON HEALTH CARE NEEDS AND GAPS WAS ALSO GATHERED.

3. MERCY HEALTH SERVICES MISSION AND COPORATE ETHICS COMMITTEE THE MISSION AND COPORATE ETHICS COMMITTEE OF THE BOARD OF TRUSTEES MEETS REGULARLY TO REVIEW AND COORDINATE ISSUES RELATED TO MISSION INTEGRATION AND COORDINATION. THIS BOARD COMMITTEE IS INFORMED AND CLEARLY UNDERSTANDS THE SCOPE AND DEPTH OF THE HOSPITAL'S COMMUNITY BENEFIT AND INITIATIVES.

Part VI Supplemental Information

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IN SUMMARY, THROUGH A QUANTITATIVE ASSESSMENT OF NEEDS BASED ON REVIEW OF CURRENT DATA SOURCES AND ACTIVE PARTICIPANTS IN SEVERAL COMMUNITY BASED ORGANIZATIONS, MERCY MEDICAL CENTER WAS ABLE TO DETERMINE AND PRIORITIZE ITS COMMUNITY NEED FOCUS.

PLANNING IS UNDERWAY TO PERFORM A FORMAL COMMUNITY NEEDS ASSESSMENT BY JUNE 30, 2013.

PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE

PART VI, QUESTION 3

MERCY ATTEMPTS TO BE VERY PROACTIVE IN COMMUNICATING ITS FINANCIAL ASSISTANCE POLICY AND FINANCIAL ASSISTANCE CONTACT INFORMATION TO PATIENTS. THE FINANCIAL ASSISTANCE POLICY AND FINANCIAL ASSISTANCE CONTACT INFORMATION IS POSTED IN ALL ADMISSIONS AREAS, INCLUDING THE EMERGENCY ROOM. SUCH NOTICE IS POSTED IN ENGLISH, SPANISH AND/OR ANY OTHER LANGUAGE THAT WILL BE UNDERSTANDABLE TO TARGET POPULATIONS OF PATIENTS UTILIZING HOSPITAL SERVICES.

Part VI Supplemental Information

Complete this part to provide the following information.

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- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

A COPY OF THE POLICY AND FINANCIAL ASSISTANCE CONTACT INFORMATION IS PROVIDED TO PATIENTS OR THEIR FAMILIES DURING THE PRE-ADMISSION, PRE-SURGERY AND ADMISSIONS PROCESS. ADDITIONALLY, A COPY OF THE POLICY AND FINANCIAL ASSISTANCE CONTACT INFORMATION IS PROVIDED TO PATIENTS OR THEIR FAMILIES UPON DISCHARGE.

MERCY UTILIZES A THIRD PARTY, AS WELL AS IN-HOUSE FINANCIAL COUNSELING STAFF, TO CONTACT AND SUPPORT PATIENTS IN UNDERSTANDING AND COMPLETING THE FINANCIAL ASSISTANCE REQUIREMENTS. THEY ALSO DISCUSS WITH PATIENTS OR THEIR FAMILIES THE AVAILABILITY OF VARIOUS GOVERNMENT BENEFITS AND ASSIST PATIENTS WITH UNDERSTANDING THE QUALIFICATIONS FOR SUCH PROGRAMS.

EVEN AFTER THE PATIENT IS DISCHARGED, EACH BILLING STATEMENT CONTAINS AN OVERVIEW OF MERCY'S FINANCIAL ASSISTANCE POLICY, A PATIENT'S RIGHTS AND OBLIGATIONS, AND CONTACT NUMBERS FOR FINANCIAL ASSISTANCE, FINANCIAL COUNSELING, AND MARYLAND MEDICAID. FOLLOW-UP PHONE CALLS BY HOSPITAL BILLING/COLLECTION STAFF MADE TO PATIENTS WITH UNPAID BALANCES ALSO STRESS THE AVAILABILITY OF FINANCIAL ASSISTANCE AND CHARITY CARE

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AVAILABILITY.

MERCY MEDICAL CENTER WILL MAKE AN EFFORT TO PROVIDE THE FINANCIAL ASSISTANCE APPLICATION, POLICIES, PROCEDURES AND INFORMATION IN ENGLISH, SPANISH, AND/OR ANY OTHER LANGUAGE THAT WILL BE UNDERSTANDABLE TO TARGET POPULATIONS OF PATIENTS UTILIZING HOSPITAL SERVICES.

MERCY MEDICAL CENTER PROVIDES AND PROMOTES HEALTH SERVICES FOR THE PEOPLE OF BALTIMORE OF EVERY CREED, RACE, ECONOMIC, AND SOCIAL CONDITION. IN THE SPIRIT OF THE SISTERS OF MERCY WHO ARE ITS SPONSORS, MERCY CONTINUES TO HAVE A SPECIAL COMMITMENT TO THE UNDERSERVED AND THE UNINSURED.

COMMUNITY INFORMATION

PART VI, QUESTION 4

LOCATED IN THE HEART OF DOWNTOWN BALTIMORE, MERCY MEDICAL CENTER DRAWS PATIENTS FROM THE GREATER BALTIMORE METROPOLITAN AREA FOR ITS LONGSTANDING TRADITION OF COMPASSIONATE CARE, COMMITMENT TO QUALITY AND

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PATIENT SAFETY, AS WELL AS ITS PRIMARY CARE AND SPECIALIST PHYSICIANS.

MERCY MEDICAL CENTER'S PRIMARY SERVICE AREA WHICH COMPRISES 17 ZIP CODES

IN BALTIMORE CITY, ACCOUNTS FOR 60% OF ITS TOTAL ADMISSIONS. KEY

DEMOGRAPHIC CHARACTERISTICS OF THE PSA ARE AS FOLLOWS:

POPULATION

1. THE PSA 2010 POPULATION IS 616,802
2. PSA POPULATION GROWTH IS PROJECTED TO REMAIN FLAT TO 2014. THIS IS IN CONTRAST TO A 3.1% PROJECTED GROWTH FOR THE STATE OF MARYLAND.
3. SINCE 1990, THE DISTRIBUTION OF BALTIMORE CITY RESIDENTS HAS SHIFTED TOWARDS OLDER AGE GROUPS WITH A 6% INCREASE IN THE 40 YEARS AND OLDER POPULATION. THIS TREND OF AN INCREASING OLDER POPULATION GROWTH IS EXPECTED THROUGH 2020.

ETHNICITY AND AGE

1. 64% BLACK; 30% CAUCASIAN IN PSA. BALTIMORE CITY'S BLACK POPULATION HAS INCREASED BY 5% SINCE 1990.

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2. APPROXIMATELY 62% OF PATIENTS SERVED BY MERCY MEDICAL CENTER ARE MEMBERS OF A RACIAL OR ETHNIC MINORITIES; 65% ARE WOMEN AND 53% ARE MEDICAID AND/OR MEDICARE BENEFICIARIES.

3. 12% OF THE POPULATION IS 65 YEARS IN AGE AND OLDER.

INCOME

1. PSA MEDIAN HOUSEHOLD INCOME \$39,113

2. 40% OF BALTIMORE CITY HOUSEHOLDS REPORTED AN INCOME OF LESS THAN \$30,000. THIS IS ONLY 50% OF THE STATEWIDE MEDIAN INCOME OF \$70,017

3. THREE TIMES AS MANY FAMILIES LIVING IN BALTIMORE CITY HAD INCOME THAT WAS BELOW THE POVERTY LEVEL COMPARED TO ALL FAMILIES IN MARYLAND.

OF NOTE, THE MAJOR COMMUNITY BENEFIT PROGRAMS THAT ARE IDENTIFIED IN PART VI, QUESTION 5 "PROMOTION OF COMMUNITY HEALTH" DIRECTLY ADDRESS KEY HEALTH CARE NEEDS OF THE POPULATION IN MERCY MEDICAL CENTER'S PSA.

KEY FINDINGS FORM THE "BALTIMORE CITY HEALTH STATUS REPORT 2010"

BALTIMORE CITY VS. STATE OF MARYLAND ON KEY HEALTH OUTCOME MEASURES

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1. OVERALL MORTALITY RATE: BALTIMORE IS 32% HIGHER
2. LIFE EXPECTANCY: BALTIMORE IS 7% LOWER
3. INFANT MORTALITY: BALTIMORE IS 64% HIGHER
4. LOW BIRTH WEIGHT: BALTIMORE IS 68% HIGHER

AS SHOWN BY THESE SELECT INDICATORS, THERE IS A SIGNIFICANT HEALTH STATUS DISPARITY BETWEEN BALTIMORE CITY'S RESIDENTS AND THE REST OF THE STATE OF MARYLAND.

DUE TO ITS LOCATION IN CENTER CITY, MERCY MEDICAL CENTER CARES FOR MANY OF THE AT-RISK, LOW INCOME POPULATION IN THE COMMUNITIES THAT IMMEDIATELY SURROUND THE HOSPITAL. THIS IS BEST EVIDENCED BY THE LARGE PERCENTAGE OF EMERGENCY ROOM VISITS BY THE MEDICAID, UNINSURED, AND MEDICARE PATIENTS.

MERCY MEDICAL CENTER'S COMMUNITY BENEFIT SERVICE AREA (CBSA) IS DEFINED BY 15 OF THE 17 PSA ZIP CODES. THESE ZIP CODES WERE IDENTIFIED AND DETERMINED BASED ON EMERGENCY DEPARTMENT (ED) VISITS DURING FY11. KEY DEMOGRAPHIC CHARACTERISTICS OF THE CBSA ARE AS FOLLOWS:

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1. THE CBSA POPULATION IS 487,000
2. 53% FEMALE AND 47% MALE
3. 71% BLACK OR AFRICAN AMERICAN; 24% WHITE; 5% ALL OTHER
4. MEDIAN HOUSEHOLD INCOME \$37,395
5. PERCENTAGE OF HOUSEHOLDS WITH INCOME BELOW FEDERAL POVERTY GUIDELINES 15.2%
6. ESTIMATE PERCENTAGE OF UNINSURED PEOPLE 19%
7. PERCENTAGE OF MEDICAID RECIPIENTS 38%

MEDICAID COVERED AND UNINSURED PATIENTS ACCOUNTED FOR MORE THAN 66% OF THE FY12 EMERGENCY ROOM VISITS. THERE ARE A COUPLE NOTABLE REASONS FOR SUCH A HIGH MEDICAID AND UNINSURED PATIENT POPULATION VISITING THE EMERGENCY ROOM:

1. BALTIMORE CITY'S LARGEST HOMELESS SHELTER AT GUILFORD AVENUE IS WITHIN THREE BLOCKS OF THE HOSPITAL

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2. MERCY MEDICAL CENTER PROVIDES ALL OF THE MEDICAL STAFF (PHYSICIANS AND NURSING PERSONNEL) FOR HEALTHCARE FOR THE HOMELESS (HCH), A FEDERALLY QUALIFIED HEALTH CENTER, WHICH DELIVERS OUTPATIENT CARE TO A LARGE NUMBER OF HOMELESS PERSONS IN BALTIMORE CITY. THE HCH CLINIC IS LOCATED THREE BLOCKS FROM THE HOSPITAL.

PROMOTION OF COMMUNITY HEALTH

PART VI, QUESTION 5

MERCY SUPPORTIVE HOUSING PROGRAM

THE SUPPORTIVE HOUSING PROGRAM AT MERCY MEDICAL CENTER HAS A STAFF OF EIGHT EXPERIENCED HUMAN SERVICES PERSONNEL WHO WORK IN CONJUNCTION WITH OTHER HOMELESS AND HUMAN SERVICES PROVIDERS TO COORDINATE SERVICES FOR HOMELESS FAMILIES AND FAMILIES AT RISK FOR HOMELESSNESS. THE PROGRAM'S GOAL IS TO HOUSE HOMELESS FAMILIES AND TO PROVIDE SUPPORTIVE SERVICES FOR A DEFINED PERIOD TO PREVENT A RETURN TO HOMELESSNESS. IN FY 2011, THE SUPPORTIVE HOUSING PROGRAM AT MERCY PROVIDED A COMPREHENSIVE RANGE OF COUNSELING SERVICES AND COMMUNITY RESOURCE LINKAGES TO 157 CLIENTS. THESE SERVICES INCURRED DIRECT COSTS OF \$468,986 DURING FY2012, OR ABOUT \$3,000

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PER CLIENT.

MERCY FAMILY VIOLENCE RESPONSE PROGRAM

THE MERCY FAMILY VIOLENCE RESPONSE PROGRAM WAS DEVELOPED BY A MULTIDISCIPLINARY STAFF TASK FORCE AT MERCY MEDICAL CENTER TO PROVIDE CRISIS INTERVENTION AND SAFETY PLANNING FOR VICTIMS OF FAMILY VIOLENCE (DOMESTIC VIOLENCE, CHILD ABUSE, ELDER AND VULNERABLE ADULT ABUSE) AND SEXUAL ASSAULT WHO COME TO MERCY MEDICAL CENTER AND ITS PHYSICIANS FOR TREATMENT.

THIS PROGRAM IMPROVES BALTIMORE'S COORDINATED COMMUNITY RESPONSE TO VICTIMS OF VIOLENCE, AND CREATES AN ALERT WORKFORCE AT MERCY MEDICAL CENTER, SKILLED AT IDENTIFYING AND RESPONDING TO VICTIMS OF FAMILY VIOLENCE.

DUE TO ITS LOCATION WITHIN THREE BLOCKS OF THE CITY'S LARGEST HOMELESS SHELTER AT GUILFORD AVENUE AND CLOSE PROXIMITY TO HCH, MERCY MEDICAL CENTER'S ER RECEIVES MANY VISITS FORM HOMELESS PERSONS. WITH DECADES OF

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EXPERIENCE IN PROVIDING EMERGENT AND URGENT CARE TO POOR AND HOMELESS POPULATIONS, THE HOSPITAL HAS ESTABLISHED KEY SERVICES FOR THE MEDICALLY UNDERSERVED INCLUDING THE FOLLOWING:

A FULL TIME SOCIAL WORKER IS A PART OF THE ER TEAM TO COORDINATE CARE AND OTHER SERVICES FOR HOMELESS PATIENTS WHO ARRIVE AT THE ER.

ER PHYSICIANS AND NURSES MAKE VISITS TO BALTIMORE CITY SHELTERS TO PROVIDE THE FOLLOWING SERVICES:

1. ADMINISTRATION OF FLU VACCINATIONS TO RESIDENTS
2. PRESENTATIONS ON PARASITES AND INFECTIOUS DISEASE
3. INFECTIOUS DISEASE PREVENTION

THE FORENSIC NURSE EXAMINER PROGRAM (FNE) IS HOUSED AT THE HOSPITAL'S ER AND PROVIDES 24/7 CARE TO PATIENTS WHO ARE VICTIMS OF SEXUAL, DOMESTIC, CHILD, ELDER AND INSTITUTIONAL VIOLENCE. FORENSIC NURSES PROVIDE COMPREHENSIVE FORENSIC MEDICAL INTERVIEWS, MEDICAL ASSESSMENTS, AND EVIDENCE COLLECTION, AND ASSURE CRISIS INTERVENTION TO AN EVER INCREASING

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VOLUME OF UNDERSERVED PATIENTS .

DURING FY 2012, THE FNE PROGRAM CONDUCTED 535 EXAMINATIONS AND IS THE DESIGNATED SITE FOR PATIENTS IN BALTIMORE CITY .

LOW BIRTH WEIGHT PROGRAM - DEPARTMENT OF OBSTETRICS

MERCY MEDICAL CENTER DELIVERED MORE BABIES, 2,877, THAN ANY OTHER HOSPITAL IN BALTIMORE CITY IN FY 2012. OF THESE BABIES, 10.6% WERE OF LOW BIRTH WEIGHT AND 13.7% WERE PREMATURE. LOW BIRTH WEIGHT AND PREMATUREITY ARE INTERTWINED AND CORRELATED. AS CITED IN QUESTION #2, LOW BIRTH WEIGHT IS A KEY HEALTH STATUS INDICATOR THAT IS MEASURED AND TRACKED BY THE BALTIMORE CITY DEPARTMENT OF HEALTH THAT MUST BE DECREASED IN INCIDENCE .

THE HOSPITAL HAS TAKEN A LEADERSHIP ROLE THROUGH ITS ACTIVE PARTICIPATION IN "B'MORE FOR HEALTHY BABIES", A LONG TERM INITIATIVE LED BY THE MAYOR'S OFFICE AND MANAGED BY THE BALTIMORE CITY HEALTH DEPARTMENT TO REDUCE THE INCIDENTS OF LOW BIRTH WEIGHT. DR. ROBERT ATLAS, CHAIRMAN OF MERCY MEDICAL CENTER'S DEPARTMENT OF OBSTETRICS AND GYNECOLOGY, HAS A

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LEADERSHIP ROLE WITHIN THIS WORKGROUP. THE GOALS OF "B'MORE FOR HEALTHY BABIES" ARE REDUCTION IN THE FOLLOWING:

1. RATE OF PRE-TERM BIRTHS BY AT LEAST 10%
2. RATE OF LOW BIRTH WEIGHT INFANTS BY AT LEAST 10%
3. THE NUMBER OF DEATHS FROM UNSAFE SLEEP BY AT LEAST 10%

OF NOTE, 63% OF THE PATIENTS WHO DELIVERED BABIES AT MERCY MEDICAL CENTER WERE EITHER MEDICAID BENEFICIARIES OR UNINSURED/SELF PAY. THIS POPULATION IS ESPECIALLY LINKED WITH LOW BIRTH RATE AND PREMATUREITY DUE TO POVERTY THAT CLOSELY RELATES TO UNHEALTHY LIFESTYLES, PARTICULARLY, POOR NUTRITION AND INADEQUATE PRENATAL CARE.

IN ORDER TO ENSURE 24/7 COVERAGE FOR ITS OBSTERICAL PATIENTS, REGARDLESS OF THEIR ABILITY TO PAY, MERCY MEDICAL CENTER PROVIDED \$1,391,772 IN PHYSICIAN SUBSIDY FOR THIS SPECIALTY.

DETERMINING THE NEEDS IN THE COMMUNITY TO BE ADDRESSED SINCE THE INCEPTION OF COMMUNITY BENEFIT REPORTING TO THE HSCRC, MERCY

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MEDICAL CENTER HAS CONSISTENTLY RANKED AMONG THE TOP QUARTILE OF HOSPITALS IN THE STATE OF MARYLAND IN TERMS OF THE PERCENTAGE OF OPERATING EXPENSE DEVOTED TO COMMUNITY NEEDS PROGRAMS.

ACCESS TO CARE FOR AT-RISK, UNDERSERVED POPULATIONS HAS LONG BEEN A CORNERSTONE MISSION FOR MERCY MEDICAL CENTER. MAJOR PROGRAMS TO SERVE THIS NEED INCLUDE OUR FUNDING OF DIRECT PHYSICIAN CHARITY CARE ACROSS ALL SPECIALTIES AND THE PHARMACY CHARITY FUND TO PATIENTS WHO ARE UNINSURED AND UNABLE TO PAY. IN ADDITION, THE FAMILY HEALTH CENTERS OF BALTIMORE (FCHB) IS A FEDERALLY QUALIFIED HEALTH CENTER (FQHC), WHICH RECEIVES SIGNIFICANT FINANCIAL SUPPORT FROM THE HOSPITAL. FCHB, WITH A CLINIC LOCATED ADJACENT TO THE MERCY CAMPUS, LARGELY SERVES THE MEDICAID AND UNINSURED POPULATIONS IN SURROUNDING COMMUNITIES.

BASED UPON THE NEEDS ASSESSMENT, MERCY MEDICAL CENTER IDENTIFIED THREE KEY AREAS OF FOCUS FOR "MISSION DRIVEN HEALTH SERVICES" IN FY 2012: THEY ARE AS FOLLOWS:

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 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.

HOMELESSNESS: THE NEED TO RESPOND TO AND ACTIVELY SUPPORT THE MEDICAL PROFESSIONAL NEEDS OF ORGANIZATIONS THAT SERVE THE HOMELESS POPULATION OF BALTIMORE.

EMERGENCY SERVICES: AS PROVIDED THROUGH THE EMERGENCY DEPARTMENT, GIVEN THE LARGE PERCENTAGE OF POOR AND UNINSURED PATIENTS WHO ACCESS THIS SERVICE.

LOW BIRTH WEIGHT: MERCY MEDICAL CENTER DELIVERS MORE BABIES TO WOMEN AT OR BELOW THE POVERTY LINE THAN ANY OTHER HOSPITAL IN BALTIMORE. A SIGNIFICANT PERCENTAGE (>10%) OF THESE BIRTHS ARE PREMATURE AND OF LOW BIRTH WEIGHT.

ALL OF THESE PROGRAMS ARE INTERTWINED AS THEY SHARE A COMMON THREAD IN THAT THE UNDERSERVED AND POOR POPULATIONS OF BALTIMORE ARE THE PRIMARY RECIPIENTS OF MEDICAL SERVICES PROVIDED BY MERCY MEDICAL CENTER ON AND OFF ITS CAMPUS.

Part VI Supplemental Information

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- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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- 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.
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HOMELESSNESS

THE NUMBER OF PEOPLE EXPERIENCING HOMELESSNESS HAS GROWN STEADILY OVER THE PAST 20 YEARS IN BALTIMORE AND THROUGHOUT THE ENTIRE NATION. THIS NUMBER IS EXPECTED TO CONTINUE TO RISE GIVEN THE DETERIORATING ECONOMIC CONDITIONS LOCALLY AND NATIONALLY THAT CAUSE HIGH UNEMPLOYMENT, LOSS OF HOMES, REDUCED FEDERAL ASSISTANCE TO MEDICAID AND OTHER SAFETY NET PROGRAMS. BALTIMORE'S HOMELESS POPULATION EXTENDS GREATLY BEYOND THOSE WHO CAN FIND BEDS IN CITY AND OTHER NONPROFIT RUN SHELTERS. MERCY MEDICAL CENTER IS DIRECTLY INVOLVED IN THE PROVISION OF MEDICAL SERVICES TO THE HOMELESS POPULATION THROUGH THREE AREAS.

HEALTH CARE FOR THE HOMELESS

HEALTH CARE FOR THE HOMELESS (HCH) WAS ESTABLISHED IN 1985 AND PROVIDES ADULT, PEDIATRIC, AND GERIATRIC MEDICAL CARE, DENTAL CARE, MENTAL HEALTH, HIV SERVICES, SOCIAL WORK AND CASE MANAGEMENT, ADDICTION TREATMENT, OUTREACH, PRISON RE-ENTRY, SUPPORTIVE HOUSING, AND ACCESS TO EDUCATION AND EMPLOYMENT.

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

IN CALENDAR YEAR 2011, HCH HAD 17,203 ADULT VISITS AND 1,956 PEDIATRIC VISITS, A 15% AND 36% INCREASE FROM THE PRIOR YEAR, RESPECTIVELY.

SINCE ITS INCEPTION IN 1985 (A 28-YEAR PARTNERSHIP), MERCY MEDICAL CENTER HAS DIRECTLY EMPLOYED AND PROVIDED ALL OF THE PHYSICIAN AND NURSING STAFF TO HCH FOR MEDICAL SERVICES. WHILE THE HOSPITAL IS REIMBURSED FOR THE DIRECT COSTS OF ITS EMPLOYED CLINICIANS BY HCH, INDIRECT AND OTHER NON COMPENSATED COSTS CONTRIBUTED TO HCH WERE \$1,056,414 IN FY 2012.

THE HOSPITAL EMPLOYS AND PROVIDES FOUR PRIMARY CARE PHYSICIANS, TWO NURSE PRACTITIONERS, ONE PHYSICIAN ASSISTANT, AND THREE REGISTERED NURSES TO WORK AT HCH.

MERCY MEDICAL CENTER, THROUGH ITS SOLE MEMBER, MHS, IS GOVERNED BY A COMMUNITY BOARD COMPRISED OF CIVIC LEADERS WHO ARE COMMITTED TO AND REPRESENT THE HEALTHCARE NEEDS OF THE COMMUNITY. MERCY MEDICAL CENTER EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS FOR ALL OF

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

ITS DEPARTMENTS. ALL FINANCIAL SURPLUSES MERCY MEDICAL CENTER GENERATES
ARE USED EXCLUSIVELY TO FURTHER THE MISSION OF THE ORGANIZATION.
COMMUNITY BOARD COMPRISED OF CIVIC LEADERS WHO ARE COMMITTED TO AND
REPRESENT THE HEALTHCARE NEEDS OF THE COMMUNITY. MERCY MEDICAL CENTER
EXTENDS MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS FOR ALL OF
ITS DEPARTMENTS. ALL FINANCIAL SURPLUSES MERCY MEDICAL CENTER GENERATES
ARE USED EXCLUSIVELY TO FURTHER THE MISSION OF THE ORGANIZATION

AFFILIATED HEALTH CARE SYSTEM

PART VI, QUESTION 6

MERCY MEDICAL CENTER IS A PART OF AN AFFILIATED HEALTH CARE SYSTEM, WHICH
INCLUDES A NUMBER OF ORGANIZATIONS THAT ARE UNDER THE COMMON GOVERNANCE
OF MERCY HEALTH SERVICES. THESE AFFILIATED ORGANIZATIONS WORK TOGETHER
TO PROVIDE A RANGE OF HEALTHCARE SERVICES TO THEIR COMMUNITIES. AMONG
MERCY MEDICAL CENTER'S AFFILIATES ARE SAINT PAUL PLACE SPECIALISTS, INC.
("SPPS"), MARYLAND FAMILY CARE, INC. ("MFC"), AND STELLA MARIS, INC.
("SM"). SPPS PROVIDES SPECIALITY PHYSICIAN SERVICES TO PATIENTS OF MERCY
MEDICAL CENTER'S INPATIENT SERVICES AND OUTPATIENT CLINICS AND TO OTHER

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

MEMBERS OF THE COMMUNITY THROUGHOUT CENTRAL MARYLAND AND BEYOND. DURING THE 2011 TAX YEAR, SPSS PROVIDED SEVERAL COMMUNITY BENEFIT ACTIVITIES. FIRST, SPSS PROVIDED \$2,038,702 OF CHARITY CARE TO PATIENTS SEEN BY SPSS PHYSICIANS. SECOND, SPSS INCURRED DIRECT UNREIMBURSED COSTS OF \$2,018,779 AS A RESULT OF PROVIDING PHYSICIAN SERVICES TO PATIENTS IN THE EMERGENCY DEPARTMENT OF MERCY MEDICAL CENTER.

SM OWNS AND OPERATES A NURSING HOME, A RESIDENTIAL AND HOME HOSPICE SERVICE AND A HOME HEALTH AGENCY. DURING THE 2011 TAX YEAR, SM PROVIDED \$566,000 OF CHARITY CARE TO ITS PATIENTS.

MFC PROVIDES PRIMARY CARE SERVICES ON THE CAMPUS OF MERCY MEDICAL CENTER, THROUGHOUT BALTIMORE CITY, AND IN ANNE ARUNDEL AND BALTIMORE COUNTIES. ADDITIONALLY, MFC EMPLOYS A NUMBER OF PHYSICIANS TO SERVE AS HOSPITALISTS, WHO CARE FOR PATIENTS ADMITTED TO MERCY MEDICAL CENTER. ALSO, MFC EMPLOYS NURSE PRACTITIONERS THAT PROVIDE SERVICES TO UNINSURED PATIENTS IN MERCY'S NURSERY AND CHILDREN'S HEALTH OUTREACH PROGRAM. THE COST OF THE HOSPITALIST PROGRAM AND THE NURSE PRACTITIONER PROGRAM IS

Part VI Supplemental Information

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- 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.

\$2,702,909 AND 12.20% OF THE PATIENTS SERVED IN THESE PROGRAMS ARE UNINSURED. MFC HAS AN AFFILIATION AGREEMENT WITH THE FAMILY HEALTH CENTERS OF BALTIMORE, INC., PURSUANT TO WHICH MFC ARRANGES FOR PHYSICIAN STAFFING FOR FHCB'S DOWNTOWN CLINIC. FHCB IS A FEDERALLY QUALIFIED HEALTH CENTER. DURING THE 2011 TAX YEAR, MFC PROVIDED \$85,310 OF CHARITY CARE TO PATIENTS SEEN BY MFC PHYSICIANS.

IN ADDITION TO THE FOREGOING, THE AFFILIATED HEALTH CARE SYSTEM PARTICIPATES IN A NUMBER OF PARTNERSHIPS/WORK GROUPS, INCLUDING THE FOLLOWING:

GROUP NAME: HEALTH CARE FOR THE HOMELESS

PURPOSE AND MMC PARTICIPATION: HCH PROVIDES HEALTH-RELATED SERVICES TO REDUCE THE INCIDENCE AND BURDENS OF HOMELESSNESS. ITS HEADQUARTERS/CLINIC IS LOCATED THREE BLOCKS FROM MERCY. CATHERINE KELLY, DIRECTOR OF COMMUNITY OUTREACH AT MERCY, SERVES ON THE HCH BOARD OF DIRECTORS.

GROUP NAME: BALTIMORE HOMELESS SERVICES

Part VI Supplemental Information

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- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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- 7 State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

PURPOSE AND MMC PARTICIPATION: A PROGRAM WITHIN THE MAYOR'S OFFICE OF HUMAN SERVICES RESPONSIBLE FOR MANAGING THE CONTINUUM OF CARE OF PROVIDED TO THE CITY'S HOMELESS POPULATION. MERCY SUPPORTIVE HOUSING PROGRAM PROVIDES HOUSING COUNSELING AND CASE MANAGEMENT FOR HOMELESS FAMILIES UNDER GRANTS FROM THIS AGENCY.

GROUP NAME: THE WEINBERG HOUSING AND RESOURCE CENTER

PURPOSE AND MMC PARTICIPATION: BALTIMORE CITY'S FACILITY PROVIDING 274 EMERGENCY SHELTER BEDS AND 25 BEDS FOR THE MEDICALLY FRAGILE AS WELL AS PROGRAMS AND SERVICES FOR THE HOMELESS. MERCY EMPLOYEES ASSIST WITH THE PROGRAM.

GROUP NAME: MAYOR'S OFFICE ON EMERGENCY MANAGEMENT

PURPOSE AND MMC PARTICIPATION: MERCY SERVES ON THE EMERGENCY PREPAREDNESS TASK FORCE FOR BALTIMORE CITY.

GROUP NAME: SEX AND FAMILY CRIMES DIVISION OF THE BALTIMORE CITY POLICE

DEPARTMENT PURPOSE AND MMC PARTICIPATION: MERCY'S FORENSIC NURSE EXAMINER

Part VI Supplemental Information

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- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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PROGRAM WORKS COLLABORATIVELY WITH THE BALTIMORE CITY POLICE DEPARTMENT.

MERCY PROVIDES THE FORENSIC NURSE EXAMINER PROGRAM IN THE METROPOLITAN AREA.

GROUP NAME: TURN AROUND, HOUSE OF RUTH

PURPOSE AND MMC PARTICIPATION: MERCY'S FAMILY VIOLENCE RESPONSE PROGRAM WORKS WITH TURN AROUND, HOUSE OF RUTH, AND OTHER ORGANIZATIONS. MERCY ALSO IS TAKING A LEADERSHIP ROLE IN ESTABLISHING HOSPITAL-BASED FAMILY VIOLENCE RESPONSE PROGRAMS AT OTHER MARYLAND HOSPITALS.

GROUP NAME: FAMILY CRISIS CENTER OF BALTIMORE (FCCB)

PURPOSE AND MMC PARTICIPATION: FCCB IS A MAJOR REFERRAL PARTNER TO MERCY'S FORENSIC NURSE EXAMINER AND SUPPORTIVE HOUSING PROGRAMS.

GROUP NAME: DOMESTIC VIOLENCE COORDINATING COUNCIL

PURPOSE AND MMC PARTICIPATION: COLLEEN MOORE, COORDINATOR OF MERCY'S FAMILY VIOLENCE RESPONSE PROGRAM, SERVES ON THE ORGANIZATION'S STEERING COMMITTEE.

Part VI Supplemental Information

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GROUP NAME: B'MORE FOR HEALTHY BABIES (BHB)

PURPOSE AND MMC PARTICIPATION: BHB IS A COALITION OF PHYSICIANS AMONG BALTIMORE CITY'S MAJOR HOSPITALS THAT ADDRESSES WAYS TO REDUCE INFANT MORTALITY, PREMATUREITY AND LOW BIRTH WEIGHT. ROBERT ATLAS, M.D., CHAIRMAN OF THE DEPARTMENT OF OBSTETRICS AND GYNECOLOGY AT MERCY AND A RECOGNIZED EXPERT IN AT-RISK PREGNANCY IS A LEADER WITHIN BHB.

GROUP NAME: FAMILY HEALTH CENTERS OF BALTIMORE (FCHB)

PURPOSE AND MMC PARTICIPATION: SAMUEL MOSKOWITZ, MERCY'S EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER SERVES ON THE BOARD OF DIRECTORS OF FCHB, A FEDERALLY QUALIFIED HEALTH CENTER THAT SERVES CENTRAL AND SOUTH BALTIMORE CITY.

**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

2011

Open to Public Inspection

Name of the organization

MERCY MEDICAL CENTER

Employer identification number

52-0591658

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.

- First-class or charter travel
- Travel for companions
- Tax indemnification and gross-up payments
- Discretionary spending account

- Housing allowance or residence for personal use
- Payments for business use of personal residence
- Health or social club dues or initiation fees
- 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. Explain in Part III.

- Compensation committee
- Independent compensation consultant
- Form 990 of other organizations
- Written employment contract
- Compensation survey or study
- 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
1a		
1b		
2		
3		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7	X	
8		X
9		

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

Schedule J (Form 990) 2011

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	(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 THOMAS MULLEN	(i)	0	0	0	0	0	0
	(ii)	767,308.	270,000.	523,830.	11,025.	22,007.	1,594,170.
2 SAMUEL MOSKOWITZ	(i)	477,522.	113,040.	293,376.	7,350.	23,893.	915,181.
	(ii)	0	0	0	0	0	0
3 SCOTT SPIER MD	(i)	385,262.	91,200.	200,783.	11,025.	21,515.	709,785.
	(ii)	0	0	0	0	0	0
4 JOHN TOPPER	(i)	0	0	0	0	0	0
	(ii)	386,538.	90,000.	233,752.	9,187.	20,402.	739,879.
5 SUSAN FINLAYSON	(i)	323,292.	56,880.	256,359.	7,350.	11,316.	655,197.
	(ii)	0	0	0	0	0	0
6 ROBERT EDWARDS	(i)	306,923.	54,000.	186,938.	11,025.	20,846.	579,732.
	(ii)	0	0	0	0	0	0
7 WILMA A S ROWE MD	(i)	482,210.	223,469.	0	7,350.	21,523.	734,552.
	(ii)	0	0	0	0	0	0
8 GARY MICHAEL	(i)	235,308.	41,400.	143,319.	10,569.	20,756.	451,352.
	(ii)	0	0	0	0	0	0
9 MICHAEL MULLANE	(i)	306,923.	54,000.	76,688.	10,100.	12,007.	459,718.
	(ii)	0	0	0	0	0	0
10 JUSTIN DEIBEL	(i)	233,846.	44,550.	113,020.	7,015.	15,443.	413,874.
	(ii)	0	0	0	0	0	0
11 KATHLEEN YOUNGBAR	(i)	229,615.	40,500.	113,072.	13,751.	11,123.	408,061.
	(ii)	0	0	0	0	0	0
12 JUDITH WEILAND	(i)	306,923.	54,000.	211,259.	10,100.	13,587.	595,869.
	(ii)	0	0	0	0	0	0
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.

NON-FIXED PAYMENTS

SCH J LINE 7

THE COMPENSATION COMMITTEE APPROVES NON-FIXED PAYMENTS FOR MANAGEMENT BASED ON THE DEGREE OF MEETING CORPORATE PRIORITIES ESTABLISHED BY THE BOARD OF TRUSTEES. THE CORPORATE OBJECTIVES ARE DESIGNED TO ADVANCE THE ORGANIZATION IN THE AREAS OF QUALITY CARE, PATIENT SAFETY, PATIENT SATISFACTION, BUSINESS DEVELOPMENT AND FINANCIAL STRENGTH.

CEO'S COMPENSATION

SCHEDULE J, LINES 1 - 3

THE ORGANIZATION RELIED ON A RELATED ORGANIZATION AND THAT RELATED ORGANIZATION USED THE FOLLOWING METHODS TO ESTABLISH THE TOP MANAGEMENT OFFICIAL COMPENSATION:

- 1) COMPENSATION COMMITTEE
- 2) INDEPENDENT COMPENSATION CONSULTANT

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.

3) COMPENSATION SURVEY OR STUDY

4) APPROVAL BY THE BOARD OR COMPENSATION COMMITTEE

OTHER REPORTABLE COMPENSATION

SCHEDULE J, PART II, COLUMN B(III)

THE COMPENSATION COMMITTEE OF THE BOARD MAINTAINS A TENURE-BASED PLAN THAT VESTS AFTER 10 YEARS OF SERVICE AND THAT PAYS ELIGIBLE EXECUTIVES BETWEEN 10% AND 15% OF BASE PAY. THIS PLAN IS INTENDED TO SUPPLEMENT THE EXECUTIVE'S RETIREMENT BENEFITS GIVEN LAWS THAT RESTRICT THE ABILITY OF THE HOSPITAL TO PROVIDE TO EXECUTIVES, AND THE EXECUTIVES TO SAVE, TAX-QUALIFIED BENEFITS ON THE SAME TERMS AS NON-EXECUTIVE EMPLOYEES.

THE COMPENSATION COMMITTEE ALSO MADE PAYMENTS DURING THE YEAR TO EXECUTIVES IN RESPECT OF SERVICES IN THE PRIOR THREE YEARS DURING THE PENDENCY OF CERTAIN SIGNIFICANT ORGANIZATIONAL INITIATIVES (E.G., BUILDING PROGRAMS, CAPITAL CAMPAIGNS, ETC.). THE COMMITTEE HAD INTENDED TO MAKE THESE PAYMENTS IF THE INITIATIVES WERE SUCCESSFUL; AND UPON SUCCESSFUL COMPLETION OF THESE INITIATIVES, THESE PAYMENTS WERE MADE.

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.

AS WITH ALL EXECUTIVE COMPENSATION PROGRAMS, THE COMPENSATION COMMITTEE RECEIVED GUIDANCE FROM PROFESSIONAL COMPENSATION CONSULTANTS THAT THESE ARRANGEMENTS IN THEMSELVES AND TOTAL COMPENSATION WERE IN ACCORDANCE WITH MARKET NORMS.

**SCHEDULE K
(Form 990)**

Supplemental Information on Tax-Exempt Bonds

OMB No. 1545-0047

2011

**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

MERCY MEDICAL CENTER

Employer identification number

52-0591658

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A MARYLAND HEALTH & HIGHER EDUCATIONAL FAC AUTHORITY	52-0936091	574217XX8	08/03/2006	35,000,000.	2006 REPLACEMENT GARAGE		X		X		X
B MARYLAND HEALTH & HIGHER EDUCATIONAL FAC AUTHORITY	52-0936091	574217L29	11/08/2007	154,956,168.	2007 A REPLACEMENT TOWER		X		X		X
C MARYLAND HEALTH & HIGHER EDUCATIONAL FAC AUTHORITY	52-0936091	574217L45	11/08/2007	150,000,000.	2007 B C D REPLACEMENT TOWER		X		X		X
D MARYLAND HEALTH & HIGHER EDUCATIONAL FAC AUTHORITY	52-0936091	5742174Z5	12/16/2009	30,000,000.	2009 PARTIAL CONVERSION 2008 BONDS		X		X		X

Part II Proceeds

	A		B		C		D	
1 Amount of bonds retired	1,685,000.		3,880,000.		100,000,000.		175,000.	
2 Amount of bonds legally defeased								
3 Total proceeds of issue	35,952,865.		170,176,129.		155,267,784.		30,000,000.	
4 Gross proceeds in reserve funds			12,604,000.					
5 Capitalized interest from proceeds	1,492,333.		18,613,677.		10,489,674.			
6 Proceeds in refunding escrows			8,812,500.					
7 Issuance costs from proceeds	330,107.		1,508,050.		898,992.			
8 Credit enhancement from proceeds					496,783.			
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds	34,130,425.		128,742,923.		143,880,161.			
11 Other spent proceeds							30,000,000.	
12 Other unspent proceeds								
13 Year of substantial completion	2008		2010		2010		2008	
	Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?		X	X			X	X	
15 Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16 Has the final allocation of proceeds been made?	X		X		X		X	
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

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

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

Schedule K (Form 990) 2011

**SCHEDULE K
(Form 990)**

Supplemental Information on Tax-Exempt Bonds

OMB No. 1545-0047

2011

**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

MERCY MEDICAL CENTER

Employer identification number

52-0591658

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A MARYLAND HEALTH & HIGHER EDUCATIONAL FAC AUTHORITY	52-0936091	5742176K6	04/01/2010	30,000,000.	2010 PARTIAL CONVERSION 2007 BONDS		X		X		X
B MARYLAND HEALTH & HIGHER EDUCATIONAL FAC AUTHORITY	52-0936091	574218AM5	02/11/2011	39,889,140.	2011 BONDS REFUNDING 2007 B AND C		X		X		X
C MARYLAND HEALTH & HIGHER EDUCATIONAL FAC AUTHORITY	52-0936091		06/09/2011	34,890,000.	2011 B BONDS REFUNDING 2007 B AND		X		X		X
D MARYLAND HEALTH & HIGHER EDUCATIONAL FAC AUTHORITY	52-0936091	574218EZ2	04/02/2012	51,737,448.	2012 BONDS REFUNDING 2001 BONDS						

Part II Proceeds

	A		B		C		D	
1 Amount of bonds retired								
2 Amount of bonds legally defeased								
3 Total proceeds of issue	30,000,000.		39,889,140.		34,890,000.		51,737,448.	
4 Gross proceeds in reserve funds			4,008,000.				5,477,826.	
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds			789,808.				851,860.	
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds								
11 Other spent proceeds	30,000,000.		35,110,419.		34,890,000.		50,376,825.	
12 Other unspent proceeds								
13 Year of substantial completion	2010		2010		2010		2003	
	Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?	X		X		X		X	
15 Were the bonds issued as part of an advance refunding issue?		X		X		X		X
16 Has the final allocation of proceeds been made?	X		X		X		X	
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X		X	

Part III Private Business Use

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

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

Schedule K (Form 990) 2011

Part III Private Business Use (Continued)

TAX-EXEMPT BONDS I

	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		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		X		X	
c Are there any research agreements that may result in private business use of bond-financed property?		X		X		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?								
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 ▶		%		%		%		.5000 %
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 ▶		%		%		%		.1000 %
6 Total of lines 4 and 5		%		%		%		.6000 %
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2 Is the bond issue a variable rate issue?		X		X	X			X
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X	X		X			X
b Name of provider			MERRILL LYNCH		MERRILL LYNCH			
c Term of hedge			30.000		35.000			
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X	X		X			X
b Name of provider			GE FUNDING		GE FUNDING			
c Term of GIC			4.250		2.000			
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?			X		X			
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6 Did the bond issue qualify for an exception to rebate?		X		X		X	X	

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations Yes No

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

BOND ISSUES A, B, C

THE AMOUNT IN PART II, LINE 3 "TOTAL PROCEED" IS NOT EQUAL TO THE AMOUNT

Part III Private Business Use (Continued)

TAX-EXEMPT BONDS I

	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?								
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?								
c Are there any research agreements that may result in private business use of bond-financed property?								
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?								
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 ▶		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
2 Is the bond issue a variable rate issue?								
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a guaranteed investment contract (GIC)?								
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?								
6 Did the bond issue qualify for an exception to rebate?								

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations Yes No

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

IN PART I, COLUMN E "ISSUE PRICE". THE TOTAL PROCEEDS FOR THE BOND ISSUANCE INCLUDES INVESTMENT EARNINGS ON THE PROCEEDS.

Part III Private Business Use (Continued)

TAX-EXEMPT BONDS I

Table with 8 columns (A-D, Yes/No) and 7 rows of questions regarding management contracts, research agreements, and financed property percentages.

Part IV Arbitrage

Table with 8 columns (A-D, Yes/No) and 11 rows of questions regarding Form 8038-T, variable rate issues, and hedge contracts.

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations

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

Part III Private Business Use (Continued)

TAX-EXEMPT BONDS I

	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?								
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?								
c Are there any research agreements that may result in private business use of bond-financed property?								
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?								
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 ▶		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
2 Is the bond issue a variable rate issue?								
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a guaranteed investment contract (GIC)?								
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?								
6 Did the bond issue qualify for an exception to rebate?								

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations Yes No

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

BOND D AND PART II

THE ISSUANCE COSTS FOR THESE BOND ISSUANCES WERE NOT PAID OUT OF THE

Part III Private Business Use (Continued)

TAX-EXEMPT BONDS I

Table with 8 columns (A-D, Yes/No) and 7 rows of questions regarding management contracts, research agreements, and financed property percentages.

Part IV Arbitrage

Table with 8 columns (A-D, Yes/No) and 6 rows of questions regarding Form 8038-T, variable rate issues, and hedge contracts.

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations

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

PROCEEDS FROM THE BOND ISSUANCES. RATHER, THE ISSUANCE COSTS WERE PAID OUT OF REGULAR OPERATING FUNDS OF THE ORGANIZATION.

Part III Private Business Use (Continued)

TAX-EXEMPT BONDS II

	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		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		X			
c Are there any research agreements that may result in private business use of bond-financed property?		X		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?								
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 ▶		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2 Is the bond issue a variable rate issue?		X		X	X			X
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X		X		X
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6 Did the bond issue qualify for an exception to rebate?	X			X	X			X

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations Yes No

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

PART II, BOND D

THE TOTAL PROCEEDS OF THE ISSUE ARE LESS THAN THE GROSS PROCEEDS IN

Part III Private Business Use (Continued)

TAX-EXEMPT BONDS II

	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?								
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?								
c Are there any research agreements that may result in private business use of bond-financed property?								
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?								
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 ▶		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
2 Is the bond issue a variable rate issue?								
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a guaranteed investment contract (GIC)?								
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?								
6 Did the bond issue qualify for an exception to rebate?								

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations Yes No

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

RESERVE FUNDS AND OTHER SPENT PROCEEDS FOR THE BOND ISSUANCE BECAUSE
FUNDS PLEDGED TO THE SERIES 2001 BONDS, WHICH WERE REFUNDED BY THIS BOND

Part III Private Business Use (Continued)

TAX-EXEMPT BONDS II

	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?								
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?								
c Are there any research agreements that may result in private business use of bond-financed property?								
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?								
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 ▶		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?								

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?								
2 Is the bond issue a variable rate issue?								
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b Name of provider								
c Term of hedge								
d Was the hedge superintegrated?								
e Was the hedge terminated?								
4a Were gross proceeds invested in a guaranteed investment contract (GIC)?								
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?								
6 Did the bond issue qualify for an exception to rebate?								

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations Yes No

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

ISSUANCE, WERE TRANSFERRED (AS PART OF THE BOND ISSUANCE) INTO THE DEBT

SERVICE RESERVE FUND HELD FOR THIS BOND ISSUANCE.

**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

2011

**Open To Public
Inspection**

Name of the organization
MERCY MEDICAL CENTER

Employer identification number
52-0591658

Part I Types of Property

	(a) Check if applicable	(b) Number of contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d) 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	X	1.	2,513,833.	
9 Securities - Publicly traded				
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
30a 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
32a 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) (2011)

Part II **Supplemental Information.** Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

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

2011

**Open to Public
Inspection**

Name of the organization

MERCY MEDICAL CENTER

Employer identification number

52-0591658

DESCRIPTION OF 990 REVIEW PROCESS

PART VI, LINE 11

MERCY HEALTH SERVICES, INC. ("MHS"), THE SOLE PARENT OF THE CORPORATION, HAS A POLICY WHICH REQUIRES THE CORPORATION'S 990 TO BE MADE AVAILABLE FOR REVIEW BY THE MHS BOARD AND/OR THE MHS BOARD EXECUTIVE COMMITTEE PRIOR TO ITS FILING. AT ITS MARCH 20, 2013 MEETING, MHS BOARD EXECUTIVE COMMITTEE MEMBERS RECEIVED A COPY OF THE CORPORATION'S DRAFT FORM 990. THE MHS CFO PROVIDED A POWER POINT PRESENTATION REGARDING THE DRAFT AND THERE WAS AN OPPORTUNITY FOR QUESTIONS AND DISCUSSION. FOLLOWING FURTHER REVISION OF THE DRAFT 990 AND PRIOR TO ITS FILING, IT WAS MADE AVAILABLE IN FINAL FORM TO ALL MEMBERS OF THE MHS BOARD AND THE CORPORATION'S BOARD FOR THEIR REVIEW. ANY ADDITIONAL COMMENTS/QUESTIONS FROM BOARD MEMBERS ARE RESPONDED TO PRIOR TO FILING THE FORM 990.

CONFLICTS OF INTEREST MONITORING AND ENFORCEMENT

PART VI, LINE 12C

MHS HAS A WRITTEN CONFLICT OF INTEREST POLICY THAT COVERS MHS AND ALL OF ITS DIRECT AND INDIRECT SUBSIDIARIES. THE INDIVIDUALS COVERED UNDER THE POLICY INCLUDE ALL TRUSTEES, DIRECTORS, OFFICERS (INCLUDING ALL SENIOR AND EXECUTIVE VICE PRESIDENTS) AND MEMBERS OF ANY COMMITTEE WITH BOARD-DELEGATED POWERS. UNDER THE POLICY, EACH SUCH PERSON IS REQUIRED TO COMPLETE AN ANNUAL DISCLOSURE FORM REGARDING BUSINESS RELATIONSHIPS THAT HE OR SHE, OR ANY FAMILY MEMBER, HAS WITH ANY OTHER ORGANIZATION THAT DOES BUSINESS WITH MHS OR ITS SUBSIDIARIES AND RELATIONSHIPS BETWEEN AND

Name of the organization

MERCY MEDICAL CENTER

Employer identification number

52-0591658

AMONG OFFICERS, TRUSTEES AND DIRECTORS. THE COMPLETED DISCLOSURE FORMS ARE REVIEWED BY THE MHS BOARD CHAIR AND BY THE MHS CEO OR A DESIGNEE. IN ADDITION TO THE ANNUAL DISCLOSURE, ANY PERSON WHO IS COVERED BY THE CONFLICT OF INTEREST POLICY HAS AN ONGOING OBLIGATION TO DISCLOSE THE EXISTENCE OF ANY ACTUAL OR POTENTIAL CONFLICT TO THE BOARD OR THE BOARD COMMITTEE IN WHICH THE MATTER ARISES. FOLLOWING THE DISCLOSURE, THE PERSON MAY MAKE A PRESENTATION, BUT MUST THEN LEAVE THE MEETING AND THE OTHER MEMBERS OF THE BOARD OR COMMITTEE SHALL DETERMINE WHETHER A CONFLICT EXISTS. UNDER THE POLICY, A CONFLICT OF INTEREST EXISTS WHEN AN INDIVIDUAL'S OWN PERSONAL INTEREST WOULD, OR MAY, INTERFERE WITH HIS OR HER IMPARTIALITY REGARDING THE MATTER. IF A CONFLICT EXISTS, THE PERSON MAY NOT BE PRESENT DURING DELIBERATIONS ON THE MATTER OR VOTE ON IT. THE BOARD OR COMMITTEE, AFTER CONDUCTING SUCH ADDITIONAL DUE DILIGENCE AS IT DETERMINES IS APPROPRIATE, SHALL MAKE A DECISION ON THE MATTER BASED UPON WHETHER THE PARTICULAR PROPOSAL IS FAIR, REASONABLE AND IN THE BEST INTEREST OF THE ORGANIZATION.

PROCESS OF DETERMINING COMPENSATION

PART VI, LINE 15

THE ORGANIZATION'S BOARD HAS ADOPTED A COMPENSATION POLICY (THE "POLICY") FOR COVERED INDIVIDUALS. PURSUANT TO THE POLICY, A COMPENSATION COMMITTEE OF INDEPENDENT DIRECTORS OF THE BOARD OF THE ORGANIZATION'S PARENT CORPORATION WAS ESTABLISHED TO REVIEW THE COMPENSATION OF ALL EMPLOYEES SPECIFIED AS HAVING A SUBSTANTIAL INFLUENCE OVER THE ORGANIZATION AND WHO RECEIVE REMUNERATION FROM THE ORGANIZATION. THE COMPENSATION COMMITTEE IS ADVISED BY AN INDEPENDENT COMPENSATION

Name of the organization

MERCY MEDICAL CENTER

Employer identification number

52-0591658

CONSULTANT, WHICH OPINES TO THE COMPENSATION COMMITTEE THAT THE LEVEL OF COMPENSATION PAID AND THE PROCESS BY WHICH COMPENSATION IS ESTABLISHED MEET APPLICABLE IRS REASONABLENESS AND "SAFE HARBOR" STANDARDS. THE OUTSIDE COMPENSATION CONSULTANT PROVIDES DATA OF COMPENSATION PROVIDED AT SIMILAR ORGANIZATIONS TO ENSURE THAT THE ORGANIZATION DOES NOT COMPENSATE IN EXCESS OF MARKET NORMS. MERCY HEALTH SERVICES, INC. (THE CORPORATION'S SOLE MEMBER) HAS A WRITTEN POLICY REGARDING THE REVIEW OF PHYSICIAN COMPENSATION TITLED "AMENDED AND RESTATED PHYSICIAN COMPENSATION REVIEW." THE POLICY APPLIES TO ALL MHS SUBSIDIARIES, INCLUDING THE CORPORATION, AND IT SETS OUT THE PROCESS AND PROCEDURES FOR ENSURING THAT PHYSICIAN COMPENSATION IS APPROPRIATELY REVIEWED AND DETERMINED TO BE CONSISTENT WITH FAIR MARKET VALUE. UNDER THE POLICY THE REVIEW AND DETERMINATION MUST BE DOCUMENTED IN WRITING. THE POLICY ADDRESSES INTERNAL REVIEWS THROUGH BENCHMARKING OF PHYSICIAN COMPENSATION AGAINST NATIONALLY RECOGNIZED COMPENSATION SURVEY DATA, THE USE OF INDEPENDENT COMPENSATION CONSULTANTS AND REVIEW BY THE MHS BOARD COMPENSATION COMMITTEE. THE POLICY FURTHER REQUIRES THAT ALL COMPENSATION REVIEWS BE PERFORMED IN ACCORDANCE WITH THE MHS CONFLICT OF INTEREST POLICY.

DOCUMENT AVAILABILITY

PART VI, LINE 19

THE GOVERNING DOCUMENTS OF THE ORGANIZATION, ITS CONFLICTS OF INTEREST POLICY, AND ITS FINANCIAL STATEMENTS ARE AVAILABLE FROM THE ORGANIZATION UPON REQUEST.

Name of the organization

MERCY MEDICAL CENTER

Employer identification number

52-0591658

AUDITS

PART XI, QUESTIONS 2 AND 3

MERCY HEALTH SYSTEM, INC. AND ITS SUBSIDIARIES INCLUDING THE ORGANIZATION FILING THIS FORM 990, UNDERGO A CONSOLIDATED AUDIT OF THEIR FINANCIAL STATEMENT THAT COMPLIES WITH SINGLE AUDIT ACT/OMB CIRCULAR A-133 REQUIREMENTS DUE TO THE EXPENDITURE OF FEDERAL AWARDS. THE ACCOUNTING FIRM OF COHEN, RUTHERFORD + KNIGHT P.C. HAS ISSUED AN UNQUALIFIED OPINION REGARDING THE CONSOLIDATED FINANCIAL STATEMENTS IN CONFORMANCE WITH GENERALLY ACCEPTED AUDIT STANDARDS AND THE SINGLE AUDIT ACT/OMB CIRCULAR A-133 REQUIREMENTS FOR THE FISCAL YEAR THAT CORRESPONDS TO THE TAX REPORTING YEAR GOVERNED BY THIS FORM 990.

PART VI, LINE 1B

MERCY HEALTH SERVICES, INC. ("MHS"), A 501(C)(3) CORPORATION, IS THE SOLE MEMBER OF MERCY MEDICAL CENTER, INC. ("MMC"). MHS IS GOVERNED BY A 28-PERSON BOARD OF TRUSTEES, OF WHOM 22 ARE INDEPENDENT BOARD MEMBERS. THE BOARD OF DIRECTORS OF MMC IS CURRENTLY MADE OF 6 DIRECTORS. THE PRESIDENT OF MHS SERVES AS AN EX OFFICIO MEMBER OF MMC'S BOARD AND THE BALANCE OF THE MMC BOARD MEMBERS ARE ELECTED BY, AND SUBJECT TO REMOVAL BY, THE BOARD OF TRUSTEES OF MHS. ONE OF THE MEMBERS OF THE MFC BOARD IS INDEPENDENT. SEVEN OF THE BOARD MEMBERS ARE COMPENSATED AS EMPLOYEES EITHER OF MFC OR A RELATED ORGANIZATION LISTED IN SCHEDULE R, PART II.

PART VI, LINE 6

MHS IS THE SOLE MEMBER OF MMC.

Name of the organization

MERCY MEDICAL CENTER

Employer identification number

52-0591658

PART VI, LINE 7A

THE PRESIDENT OF MHS SERVES AS AN EX OFFICIO VOTING MEMBER OF THE BOARD OF DIRECTORS OF MMC. AS THE MEMBER OF MMC, THE BOARD OF TRUSTEES OF MHS ELECTS ALL OF THE OTHER MEMBERS OF THE BOARD OF MMC. ALL OF THE MEMBERS OF THE MMC BOARD SERVE AT THE PLEASURE OF THE BOARD OF TRUSTEES OF MHS AND ARE SUBJECT TO REMOVAL BY THE MHS BOARD.

PART VI, LINE 7B

THE BOARD OF TRUSTEES OF MHS EXERCISES AUTHORITY OVER MMC THROUGH ITS RIGHT TO APPOINT AND REMOVE MMC BOARD MEMBERS. IN ADDITION, MHS, AS THE MEMBER, IS RESPONSIBLE FOR THE FOLLOWING ACTIONS: A) TO APPOINT MEMBERS TO MMC'S BOARD OF DIRECTORS; B) TO REVIEW AND APPROVE OR DISAPPROVE THE STRATEGIC PLAN, ANNUAL BUDGET AND THE ANNUAL OPERATING GOALS AND OBJECTIVES OF MMC AS RECOMMENDED TO MHS BY MMC'S BOARD OF DIRECTORS; C) TO EVALUATE THE PERFORMANCE OF MMC'S BOARD OF DIRECTORS, OFFICERS, AND OPERATING MANAGEMENT; D) TO REMOVE BOARD MEMBERS OF MMC IN ITS DISCRETION AT ANY TIME; E) TO APPROVE THE MISSION AND VISION THAT GOVERN MMC'S OPERATIONS; F) TO HAVE ULTIMATE RESPONSIBILITY FOR MMC'S QUALITY ASSURANCE, PERFORMANCE IMPROVEMENT, UTILIZATION REVIEW AND RISK MANAGEMENT; AND G) TO APPOINT, REAPPOINT AND TAKE ANY CORRECTIVE ACTION RELATED TO THE MEDICAL STAFF OF MMC (THE "MEDICAL STAFF") IN ACCORDANCE WITH THE MEDICAL STAFF BYLAWS OF MMC. THE FOLLOWING ACTIONS REQUIRE THE APPROVAL OF AND AFFIRMATIVE CORPORATE ACTION BY MHS: A) ANY DISPOSITION OF ALL OR SUBSTANTIALLY ALL OF MMC'S ASSETS, DISSOLUTION, LIQUIDATION, WINDING UP OR ABANDONMENT OF MMC; B) ANY AMENDMENT OF THE ARTICLES OF INCORPORATION OR BYLAWS OF MMC OR OF THE MEDICAL STAFF BYLAWS OF MMC; C)

Name of the organization

MERCY MEDICAL CENTER

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ANY BORROWING OR LENDING BY MMC OR THE ISSUANCE OF ANY GUARANTEE BY MMC
 IN AN AMOUNT IN EXCESS OF AN AMOUNT SPECIFIED BY MHS FROM TIME TO TIME;
 D) ANY MERGER, CONSOLIDATION OR INSTITUTIONAL AFFILIATION WITH ANY OTHER
 CORPORATION OR OTHER ENTITY; AND E) THE PURCHASE OR SALE OF ASSETS FOR
 AN AMOUNT IN EXCESS OF AN AMOUNT SPECIFIED FROM TIME TO TIME BY MHS.
 ULTIMATELY, THE CORPORATION IS CONTROLLED BY MHS'S 28-PERSON COMMUNITY
 BOARD, WHICH INCLUDES 22 INDEPENDENT DIRECTORS AS NOTED ABOVE.

OTHER CHANGES TO NET ASSETS

PART XI, LINE 5

UNREALIZED LOSS	\$ (2,408,267)
CONTRIBUTIONS	(7,559,288)
NET ASSETS RELEASED	375,130
CHANGES TO POST RETIREMENT	
PLAN OBLIGATION	(1,680,214)
UNREALIZED LOSS INTEREST	
RATE SWAP	(19,551,264)

TOTAL	\$ (30,823,903)

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

MERCY IS DEDICATED TO CARRYING FORWARD THE 136 - YEAR TRADITION OF
 THE SISTER'S HEALING MINISTRY IN BALTIMORE. GROUNDED IN A VISION OF
 GOD'S HEALING LOVE FOR ALL PEOPLE, WE ARE COMMITTED TO PROVIDING
 HEALTHCARE FOR PERSONS OF EVERY CREED, COLOR, AND ECONOMIC AND SOCIAL
 CONDITION IN BALTIMORE CITY, CENTRAL MARYLAND AND BEYOND. IN THE
 TRADITION OF CATHOLIC HEALTHCARE AND OF THE SISTERS OF MERCY, WE

Name of the organization

MERCY MEDICAL CENTER

Employer identification number

52-0591658

ATTACHMENT 1 (CONT'D)FORM 990, PART III, LINE 1 - ORGANIZATION'S MISSION

CONTINUE OUR SPECIAL COMMITMENT TO POOR AND UNDERSERVED PERSONS.
 MERCY IS DRIVEN BY ITS MISSION TO SERVE AND WILL REMAIN STEADFAST IN
 ITS COMMITMENT TO UPHOLD ITS HIGHEST STANDARDS FOR CARE, ITS
 COMMITMENT OT THE POOR AND ITS COMMITMENT OT BALTIMORE. WE ARE HERE
 TO PROVIDE EXCELLENT HEALTHCARE, WITH COMPASSION AND RESPECT, TO ALL
 WHO COME TO US FOR HELP.

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

TO PROVIDE HEALTHCARE TO PATIENTS WITHOUT REGARD TO ABILITY TO
 PAY. MERCY STRIVES TO PROVIDE EXCELLENT CLINICAL SERVICES ACROSS
 THE LIFE SPAN WITHIN A COMMUNITY OF COMPASSIONATE CARE. MERCY
 MEDICAL CENTER (MMC) HAS 226 LICENSED BEDS AND HAD 16,584
 INPATIENT ADMISSIONS FOR THE FISCAL YEAR ENDING JUNE 30,2012.
 MERCY MEDICAL CENTER'S PRIMARY SERVICE AREA (PSA) WHICH COMPRISES
 17 ZIP CODES IN BALTIMORE CITY, ACCOUNTS FOR ALMOST 60% OF ITS
 TOTAL ADMISSIONS. THE KEY DEMOGRAPHIC CHARACTERISTICS OF THE PSA
 ARE AS FOLLOWS:

64% OF THE POPULATION IS BLACK

62% OF PATIENTS SERVED BY MMC ARE MEMBERS OF A RACIAL OR ETHNIC
 MINORITY

65% ARE WOMEN

53% ARE MEDICAID AND/OR MEDICARE BENEFICIARIES

12% OF THE POPULATION IS 65 YEAR IN AGE AND OLDER

THE MEDIAN HOUSEHOLD INCOME OF THE POPULATION IS \$39,113

Name of the organization

MERCY MEDICAL CENTER

Employer identification number

52-0591658

ATTACHMENT 2 (CONT'D)

40% OF BALTIMORE CITY HOUSEHOLDS REPORTED A INCOME OF LESS THAN \$30,000

THREE TIMES AS MANY FAMILIES LIVING IN BALTIMORE CITY HAD INCOME THAT WAS BELOW THE POVERTY LEVEL COMPARED TO ALL FAMILIES IN MARYLAND.

WITHIN THE HOSPITAL'S 17 ZIP CODES THAT COMPRISE THE PSA 35% OF FAMILIES LIVE BELOW THE FEDERAL POVERTY LEVEL DEFINITION. DUE TO ITS LOCATION IN CENTER CITY, MMC CARES FOR MANY OF THE AT-RISK, LOW INCOME POPULATION IN THE COMMUNITIES THAT IMMEDIATELY SURROUND THE HOSPITAL. THIS IS BEST EVIDENCED BY THE LARGE PERCENTAGE OF EMERGENCY ROOM VISITS BY MEDICAID, UNINSURED, AND MEDICARE PATIENTS. MEDICAID COVERED AND UNISURED PATIENTS ACCOUNTED FOR MORE THAN 66% OF FY2012 EMERGENCY ROOM VISITS. IN FY 2012, THE SUPPORTIVE HOUSING PROGRAM PROVIDED A COMPREHENSIVE RANGE COUSELING SERVICES AND COMMUNITY RESOURCE LINKAGES TO 157 CLIENTS. THESE SERVICES INCURRED A DIRECT COSTS OF \$468,986 DURING FY 2012, OR ABOUT \$3,000 PER CLIENT. MMC DELIVERED MORE BABIES, 2,877, THAN ANY OTHER HOSPITAL IN BALTIMORE CITY IN FY 2012. OF THESE BABIES, 10.6% WERE OF LOW BIRTH WEIGHT AND 13.7% WERE PREMATURE. 63% OF THE PATIENTS WHO DELIVERED BABIES AT MMC WERE EITHER MEDICAID BENEFICIARIES OR UNISURED/SELF PAY. THIS POPULATION IS ESPECIALLY LINKED WITH LOW BIRTH WEIGHT AND PREMATUREITY DUE TO POVERTY THAT CLOSELY RELATED TO UNHEALTHY LIFESTYLES, PARTICULARLY, POOR NUTRITITION AND INADEQUATE PRENATAL CARE.

Name of the organization MERCY MEDICAL CENTER	Employer identification number 52-0591658
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ATTACHMENT 3

FORM 990, PART VII, COLUMN B - ESTIMATED AVERAGE PER WEEK

NAME AND TITLE	HOURS DEVOTED FOR RELATED ORGANIZATION
THOMAS MULLEN CHAIR, EX OFFICIO	25.00
SAMUEL MOSKOWITZ EXEC VP/VICE CHAIR	6.00
SCOTT SPIER MD SECRETARY	6.50
JOHN TOPPER SR VP & CFO/TREASURER	25.00
SUSAN FINLAYSON SR VP/DIRECTOR	2.00
TOM MALIA DIRECTOR	0
MICHAEL MULLANE SR VICE PRESIDENT CLINICAL PRG	15.00
JUDITH WEILAND SR. VICE PRESIDENT	0
ROBERT EDWARDS SENIOR VP	30.00
WILMA A S ROWE MD PRESIDENT MEDICAL STAFF	.50
GARY MICHAEL SENIOR VP MARKETING/PLANNING	3.00
JUSTIN DEIBEL VP CLINICAL ECONOMICS	0
KATHLEEN YOUNGBAR SR VP & CHIEF INFO OFFICER	5.00

ATTACHMENT 4

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

NAME AND ADDRESS	DESCRIPTION OF SERVICES	COMPENSATION
WHITING TURNER PO BOX 17596 BALTIMORE, MD 21297	CONSTRUCTION	28,056,639.
CURA HOSPITALITY PO BOX 827276 PHILADELPHIA, PA 19182	FOOD SERVICES	4,123,584.
RADAMERICA II LLC 9105 FRANKLIN SQUARE DR BALTIMORE, MD 21237	MEDICAL SERVICES	2,830,378.

Name of the organization MERCY MEDICAL CENTER	Employer identification number 52-0591658
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ATTACHMENT 4 (CONT'D)

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

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
UNIVERSITY OF MARYLAND MEDICAL SYSTEMS 22 SOUTH GREENE ST BALTIMORE, MD 21201	MEDICAL SERVICES	3,631,828.
MERCY ANESTHESIOLOGY ASSOC PA 341 N CALVERT STREET BALTIMORE, MD 21202	MEDICAL SERVICES	2,092,444.
TOTAL COMPENSATION		<u><u>40,734,873.</u></u>

ATTACHMENT 5

FORM 990, PART VIII - INVESTMENT INCOME

<u>DESCRIPTION</u>	<u>(A) TOTAL REVENUE</u>	<u>(B) RELATED OR EXEMPT REVENUE</u>	<u>(C) UNRELATED BUSINESS REV.</u>	<u>(D) EXCLUDED REVENUE</u>
INTEREST INCOME	772,230.			772,230.
INVESTMENT INCOME	509,354.			509,354.
TOTALS	<u><u>1,281,584.</u></u>			<u><u>1,281,584.</u></u>

ATTACHMENT 6

FORM 990, PART X - NOTES AND LOANS RECEIVABLE

BORROWER: ERICA NICHELSON DO
 ORIGINAL AMOUNT: 43,166.
 DATE OF NOTE: 12/01/2007
 PURPOSE OF LOAN: PRACTICE DEVELOPMENT

BEGINNING BALANCE DUE 11,817.
 ENDING BALANCE DUE

BORROWER: MARK KIM MD
 ORIGINAL AMOUNT: 40,000.
 DATE OF NOTE: 08/01/2008

Name of the organization

MERCY MEDICAL CENTER

Employer identification number

52-0591658

ATTACHMENT 6 (CONT'D)

PURPOSE OF LOAN: PRACTICE DEVELOPMENT

BEGINNING BALANCE DUE	18,437.
ENDING BALANCE DUE	<u>10,012.</u>

BORROWER: METROPOLITAN OBGYN ASSOCIATES

ORIGINAL AMOUNT: 100,000.

DATE OF NOTE: 10/15/2008

PURPOSE OF LOAN: PRACTICE DEVELOPMENT

BEGINNING BALANCE DUE	26,667.
ENDING BALANCE DUE	<u>472.</u>

Name of the organization MERCY MEDICAL CENTER	Employer identification number 52-0591658
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ATTACHMENT 6 (CONT'D)

BORROWER: TERESA HOFFMAN
ORIGINAL AMOUNT: 60,022.
DATE OF NOTE: 11/01/2008
PURPOSE OF LOAN: PRACTICE DEVELOPMENT LOAN

BEGINNING BALANCE DUE 25,011.
ENDING BALANCE DUE 15,007.

BORROWER: TERESA HOFFMAN
ORIGINAL AMOUNT: 30,000.
DATE OF NOTE: 06/07/2010
PURPOSE OF LOAN: PRACTICE DEVELOPMENT LOAN

BEGINNING BALANCE DUE 23,732.
ENDING BALANCE DUE 17,864.

Name of the organization

MERCY MEDICAL CENTER

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ATTACHMENT 6 (CONT'D)

BORROWER: DR FARRIOR
 DATE OF NOTE: 12/10/2009
 PURPOSE OF LOAN: PRACTICE DEVELOPEMNT LOAN

BEGINNING BALANCE DUE	1.
ENDING BALANCE DUE	<u>1.</u>

BORROWER: DR HOPKINS LUNA
 DATE OF NOTE: 12/10/2009

BEGINNING BALANCE DUE	9,874.
ENDING BALANCE DUE	<u>2,808.</u>

Name of the organization MERCY MEDICAL CENTER	Employer identification number 52-0591658
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ATTACHMENT 6 (CONT'D)

BORROWER:	HATEM ABDO	
BEGINNING BALANCE DUE		190,111.
ENDING BALANCE DUE		<u> </u>

BORROWER:	DR HOPKINS LUNA	
BEGINNING BALANCE DUE		168,395.
ENDING BALANCE DUE		<u> </u>

TOTAL BEGINNING NOTES AND LOANS RECEIVABLE		<u>474,045.</u>
TOTAL ENDING NOTES AND LOANS RECEIVABLES		<u>46,164.</u>

ATTACHMENT 7

FORM 990, PART X - PREPAID EXPENSES AND DEFERRED CHARGES

<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>
PREPAID EXPENSES	4,367,030.
TOTALS	<u>4,367,030.</u>

ATTACHMENT 8

FORM 990, PART X - INVESTMENTS - PUBLICLY TRADED SECURITIES

<u>DESCRIPTION</u>	<u>ENDING BOOK VALUE</u>	<u>COST OR FMV</u>
FUNDS HELD BY TRUSTEE	33,062,493.	FMV
TOTALS	<u>33,062,493.</u>	

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No. 1545-0047

2011

**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

MERCY MEDICAL CENTER

Employer identification number

52-0591658

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) -----					
(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) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) MERCY HEALTH SERVICES INC 52-2173382 301 ST PAUL PLACE BALTIMORE, MD 21202	SUPPORT	MD	501 (C) (3)	509 (A) (3)	N/A		X
(2) MERCY HEALTH FOUNDATION INC 52-2173656 301 ST PAUL PLACE BALTIMORE, MD 21202	FOUNDATION	MD	501 (C) (3)	170 (B) (1) VI	MERCY HEALTH	X	
(3) SAINT PAUL PLACE SPECIALISTS INC 52-1495113 301 ST PAUL PLACE BALTIMORE, MD 21202	SPEC CARE	MD	501 (C) (3)	170 (B) 1 III	MERCY HEALTH	X	
(4) MARYLAND FAMILY CARE INC 52-2046586 301 ST PAUL PLACE BALTIMORE, MD 21202	PRIMARY CARE	MD	501 (C) (3)	170 (B) 1 III	MERCY HEALTH	X	
(5) STELLA MARIS INC 52-1419602 2300 DULANEY VALLEY TIMONIUM, MD 21093	NURSING FACLT	MD	501 (C) (3)	509 (A) (2)	MERCY HEALTH	X	
(6) MERCY TRANSITIONAL CARE SERVICES INC 52-1968440 301 ST PAUL PLACE BALTIMORE, MD 21202	SKILLED NURSE	MD	501 (C) (3)	509 (A) (2)	MERCY MEDICA	X	
(7) -----							

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

Schedule R (Form 990) 2011

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) -----												
(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) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) GREENLEAF INSURANCE CO LTD 52-0591658 PO BOX 1363 KY1-1108 GRAND CAYMAN, CAYMAN ISLANDS CJ	INSURANCE	CJ	MERCY MEDICAL	LTD			100.0000
(2) VASCULAR SPECIALTY SERVICES INC 52-1995474 341 N CALVERT ST. STE 200 BALTIMORE, MD 21202	MEDICAL PRACTICE	MD	MHS	C CORP			
(3) -----							
(4) -----							
(5) -----							
(6) -----							
(7) -----							

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

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

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity		X
b Gift, grant, or capital contribution to related organization(s)		X
c Gift, grant, or capital contribution from related organization(s)		X
d Loans or loan guarantees to or for related organization(s)		X
e Loans or loan guarantees by related organization(s)		X
f Sale of assets to related organization(s)		X
g Purchase of assets from related organization(s)	X	
h Exchange of assets with related organization(s)		X
i Lease of facilities, equipment, or other assets to related organization(s)		X
j Lease of facilities, equipment, or other assets from related organization(s)		X
k Performance of services or membership or fundraising solicitations for related organization(s)		X
l Performance of services or membership or fundraising solicitations by related organization(s)		X
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	X	
n Sharing of paid employees with related organization(s)	X	
o Reimbursement paid to related organization(s) for expenses		X
p Reimbursement paid by related organization(s) for expenses		X
q Other transfer of cash or property to related organization(s)	X	
r Other transfer of cash or property from related organization(s)	X	

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

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) MERCY TRANSITIONAL CARE SERVICES	Q	3,482,097.	FMV
(2) MERCY TRANSITIONAL CARE SERVICES	R	1,199,866.	FMV
(3) MERCY TRANSITIONAL CARE SERVICES	M	7,297.	FMV
(4) MERCY TRANSITIONAL CARE SERVICES	N	1,720,815.	FMV
(5) MERCY TRANSITIONAL CARE SERVICES	H	609,582.	FMV
(6) MERCY TRANSITIONAL CARE SERVICES	R	1,460.	FMV

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

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

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	1a	
b Gift, grant, or capital contribution to related organization(s)	1b	
c Gift, grant, or capital contribution from related organization(s)	1c	
d Loans or loan guarantees to or for related organization(s)	1d	
e Loans or loan guarantees by related organization(s)	1e	
f Sale of assets to related organization(s)	1f	
g Purchase of assets from related organization(s)	1g	
h Exchange of assets with related organization(s)	1h	
i Lease of facilities, equipment, or other assets to related organization(s)	1i	
j Lease of facilities, equipment, or other assets from related organization(s)	1j	
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	
n Sharing of paid employees with related organization(s)	1n	
o Reimbursement paid to related organization(s) for expenses	1o	
p Reimbursement paid by related organization(s) for expenses	1p	
q Other transfer of cash or property to related organization(s)	1q	
r Other transfer of cash or property from related organization(s)	1r	

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

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) STELLA MARIS INC	R	405,561.	FMV
(2) STELLA MARIS INC	N	483,368.	FMV
(3) STELLA MARIS INC	H	47,231.	FMV
(4) STELLA MARIS INC	M	2,721,096.	FMV
(5) STELLA MARIS INC	O	683,086.	FMV
(6) STELLA MARIS INC	Q	41,355.	FMV

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

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

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	1a	
b Gift, grant, or capital contribution to related organization(s)	1b	
c Gift, grant, or capital contribution from related organization(s)	1c	
d Loans or loan guarantees to or for related organization(s)	1d	
e Loans or loan guarantees by related organization(s)	1e	
f Sale of assets to related organization(s)	1f	
g Purchase of assets from related organization(s)	1g	
h Exchange of assets with related organization(s)	1h	
i Lease of facilities, equipment, or other assets to related organization(s)	1i	
j Lease of facilities, equipment, or other assets from related organization(s)	1j	
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	
n Sharing of paid employees with related organization(s)	1n	
o Reimbursement paid to related organization(s) for expenses	1o	
p Reimbursement paid by related organization(s) for expenses	1p	
q Other transfer of cash or property to related organization(s)	1q	
r Other transfer of cash or property from related organization(s)	1r	

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

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) SAINT PAUL PLACE SPECIALISTS INC	R	10,277,137.	FMV
(2) SAINT PAUL PLACE SPECIALISTS INC	M	23,926,747.	FMV
(3) SAINT PAUL PLACE SPECIALISTS INC	N	18,635,263.	FMV
(4) SAINT PAUL PLACE SPECIALISTS INC	G	58,780.	FMV
(5) SAINT PAUL PLACE SPECIALISTS INC	P	2,506,390.	FMV
(6) SAINT PAUL PLACE SPECIALISTS INC	I	648,251.	FMV

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

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

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	1a	
b Gift, grant, or capital contribution to related organization(s)	1b	
c Gift, grant, or capital contribution from related organization(s)	1c	
d Loans or loan guarantees to or for related organization(s)	1d	
e Loans or loan guarantees by related organization(s)	1e	
f Sale of assets to related organization(s)	1f	
g Purchase of assets from related organization(s)	1g	
h Exchange of assets with related organization(s)	1h	
i Lease of facilities, equipment, or other assets to related organization(s)	1i	
j Lease of facilities, equipment, or other assets from related organization(s)	1j	
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	
n Sharing of paid employees with related organization(s)	1n	
o Reimbursement paid to related organization(s) for expenses	1o	
p Reimbursement paid by related organization(s) for expenses	1p	
q Other transfer of cash or property to related organization(s)	1q	
r Other transfer of cash or property from related organization(s)	1r	

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

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) SAINT PAUL PLACE SPECIALISTS INC	Q	1,687,935.	FMV
(2) VASCULAR SERVICES	R	732,348.	FMV
(3) VASCULAR SERVICES	M	667,498.	FMV
(4) VASCULAR SERVICES	N	903,009.	FMV
(5) VASCULAR SERVICES	P	195,048.	FMV
(6) VASCULAR SERVICES	Q	69,696.	FMV

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

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

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	1a	
b Gift, grant, or capital contribution to related organization(s)	1b	
c Gift, grant, or capital contribution from related organization(s)	1c	
d Loans or loan guarantees to or for related organization(s)	1d	
e Loans or loan guarantees by related organization(s)	1e	
f Sale of assets to related organization(s)	1f	
g Purchase of assets from related organization(s)	1g	
h Exchange of assets with related organization(s)	1h	
i Lease of facilities, equipment, or other assets to related organization(s)	1i	
j Lease of facilities, equipment, or other assets from related organization(s)	1j	
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	
n Sharing of paid employees with related organization(s)	1n	
o Reimbursement paid to related organization(s) for expenses	1o	
p Reimbursement paid by related organization(s) for expenses	1p	
q Other transfer of cash or property to related organization(s)	1q	
r Other transfer of cash or property from related organization(s)	1r	

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

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) MARYLAND FAMILY CARE	R	888,304.	FMV
(2) MARYLAND FAMILY CARE	M	15,376,694.	FMV
(3) MARYLAND FAMILY CARE	N	9,263,518.	FMV
(4) MARYLAND FAMILY CARE	G	515,936.	FMV
(5) MARYLAND FAMILY CARE	P	394,620.	FMV
(6) MARYLAND FAMILY CARE	I	1,236,475.	FMV

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

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

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	1a	
b Gift, grant, or capital contribution to related organization(s)	1b	
c Gift, grant, or capital contribution from related organization(s)	1c	
d Loans or loan guarantees to or for related organization(s)	1d	
e Loans or loan guarantees by related organization(s)	1e	
f Sale of assets to related organization(s)	1f	
g Purchase of assets from related organization(s)	1g	
h Exchange of assets with related organization(s)	1h	
i Lease of facilities, equipment, or other assets to related organization(s)	1i	
j Lease of facilities, equipment, or other assets from related organization(s)	1j	
k Performance of services or membership or fundraising solicitations for related organization(s)	1k	
l Performance of services or membership or fundraising solicitations by related organization(s)	1l	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1m	
n Sharing of paid employees with related organization(s)	1n	
o Reimbursement paid to related organization(s) for expenses	1o	
p Reimbursement paid by related organization(s) for expenses	1p	
q Other transfer of cash or property to related organization(s)	1q	
r Other transfer of cash or property from related organization(s)	1r	

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

(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) MERCY HEALTH FOUNDATION	R	1,304,665.	FMV
(2) MERCY HEALTH FOUNDATION	N	1,000,014.	FMV
(3) MERCY HEALTH FOUNDATION	M	512,607.	FMV
(4) MERCY HEALTH SERVICES	Q	222,103.	FMV
(5) MERCY HEALTH SERVICES	N	1,277,754.	FMV
(6) MERCY HEALTH SERVICES	M	3,870,200.	FMV

Part VI Unrelated Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under section 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	
(1) -----													
(2) -----													
(3) -----													
(4) -----													
(5) -----													
(6) -----													
(7) -----													
(8) -----													
(9) -----													
(10) -----													
(11) -----													
(12) -----													
(13) -----													
(14) -----													
(15) -----													
(16) -----													

Part VII **Supplemental Information**

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

RENT AND ROYALTY INCOME

Taxpayer's Name MERCY MEDICAL CENTER	Identifying Number 52-0591658
--	---

DESCRIPTION OF PROPERTY
RENTAL PROPERTIES

Yes	No	Did you actively participate in the operation of the activity during the tax year?
-----	----	--

TYPE OF PROPERTY:		
REAL RENTAL INCOME	1,570,528.	
OTHER INCOME:		
TOTAL GROSS INCOME		1,570,528.
OTHER EXPENSES:		
SEE ATTACHMENT		
DEPRECIATION (SHOWN BELOW)		673,628.
LESS: Beneficiary's Portion		
AMORTIZATION		
LESS: Beneficiary's Portion		
DEPLETION		
LESS: Beneficiary's Portion		
TOTAL EXPENSES		1,502,031.
TOTAL RENT OR ROYALTY INCOME (LOSS)		68,497.

Less Amount to

Rent or Royalty	
Depreciation	
Depletion	
Investment Interest Expense	
Other Expenses	
Net Income (Loss) to Others	

Net Rent or Royalty Income (Loss) 68,497.

Deductible Rental Loss (if Applicable)

SCHEDULE FOR DEPRECIATION CLAIMED

(a) Description of property	(b) Cost or unadjusted basis	(c) Date acquired	(d) ACRS des.	(e) Bus. %	(f) Basis for depreciation	(g) Depreciation in prior years	(h) Method	(i) Life or rate	(j) Depreciation for this year
SEE ATTACHMENT									
Totals									

SUPPLEMENT TO RENT AND ROYALTY SCHEDULE

OTHER DEDUCTIONS

REPAIRS	13,984.
RENT	811,349.
LANDSCAPING	3,070.
	<u>828,403.</u>

RENT AND ROYALTY SUMMARY

<u>PROPERTY</u>	<u>TOTAL INCOME</u>	<u>DEPLETION/ DEPRECIATION</u>	<u>OTHER EXPENSES</u>	<u>ALLOWABLE NET INCOME</u>
RENTAL PROPERTIES	1,570,528.	673,628.	828,403.	68,497.
TOTALS	<u>1,570,528.</u>	<u>673,628.</u>	<u>828,403.</u>	<u>68,497.</u>

Sales of Business Property
 (Also Involuntary Conversions and Recapture Amounts
 Under Sections 179 and 280F(b)(2))

▶ Attach to your tax return. ▶ See separate instructions.

Name(s) shown on return: **MERCY MEDICAL CENTER** Identifying number: **52-0591658**

1 Enter the gross proceeds from sales or exchanges reported to you for 2011 on Form(s) 1099-B or 1099-S (or substitute statement) that you are including on line 2, 10, or 20 (see instructions) **1**

Part I Sales or Exchanges of Property Used in a Trade or Business and Involuntary Conversions From Other Than Casualty or Theft - Most Property Held More Than 1 Year (see instructions)

2	(a) Description of property	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)	(d) Gross sales price	(e) Depreciation allowed or allowable since acquisition	(f) Cost or other basis, plus improvements and expense of sale	(g) Gain or (loss) Subtract (f) from the sum of (d) and (e)

3 Gain, if any, from Form 4684, line 39 **3**

4 Section 1231 gain from installment sales from Form 6252, line 26 or 37 **4**

5 Section 1231 gain or (loss) from like-kind exchanges from Form 8824 **5**

6 Gain, if any, from line 32, from other than casualty or theft **6**

7 Combine lines 2 through 6. Enter the gain or (loss) here and on the appropriate line as follows: **7**

Partnerships (except electing large partnerships) and S corporations. Report the gain or (loss) following the instructions for Form 1065, Schedule K, line 10, or Form 1120S, Schedule K, line 9. Skip lines 8, 9, 11, and 12 below.

Individuals, partners, S corporation shareholders, and all others. If line 7 is zero or a loss, enter the amount from line 7 on line 11 below and skip lines 8 and 9. If line 7 is a gain and you did not have any prior year section 1231 losses, or they were recaptured in an earlier year, enter the gain from line 7 as a long-term capital gain on the Schedule D filed with your return and skip lines 8, 9, 11, and 12 below.

8 Nonrecaptured net section 1231 losses from prior years (see instructions) **8**

9 Subtract line 8 from line 7. If zero or less, enter -0-. If line 9 is zero, enter the gain from line 7 on line 12 below. If line 9 is more than zero, enter the amount from line 8 on line 12 below and enter the gain from line 9 as a long-term capital gain on the Schedule D filed with your return (see instructions) **9**

Part II Ordinary Gains and Losses (see instructions)

10 Ordinary gains and losses not included on lines 11 through 16 (include property held 1 year or less):

ATTACHMENT 1						8,135.

11 Loss, if any, from line 7 **11** ()

12 Gain, if any, from line 7 or amount from line 8, if applicable **12**

13 Gain, if any, from line 31 **13**

14 Net gain or (loss) from Form 4684, lines 31 and 38a **14**

15 Ordinary gain from installment sales from Form 6252, line 25 or 36 **15**

16 Ordinary gain or (loss) from like-kind exchanges from Form 8824 **16**

17 Combine lines 10 through 16 **17** **8,135.**

18 For all except individual returns, enter the amount from line 17 on the appropriate line of your return and skip lines a and b below. For individual returns, complete lines a and b below:

a If the loss on line 11 includes a loss from Form 4684, line 35, column (b)(ii), enter that part of the loss here. Enter the part of the loss from income-producing property on Schedule A (Form 1040), line 28, and the part of the loss from property used as an employee on Schedule A (Form 1040), line 23. Identify as from "Form 4797, line 18a." See instructions **18a**

b Redetermine the gain or (loss) on line 17 excluding the loss, if any, on line 18a. Enter here and on Form 1040, line 14 **18b**

Part III Gain From Disposition of Property Under Sections 1245, 1250, 1252, 1254, and 1255
(see instructions)

19 (a) Description of section 1245, 1250, 1252, 1254, or 1255 property:	(b) Date acquired (mo., day, yr.)	(c) Date sold (mo., day, yr.)		
A				
B				
C				
D				
These columns relate to the properties on lines 19A through 19D. ▶	Property A	Property B	Property C	Property D
20 Gross sales price (Note: See line 1 before completing.)	20			
21 Cost or other basis plus expense of sale	21			
22 Depreciation (or depletion) allowed or allowable	22			
23 Adjusted basis. Subtract line 22 from line 21	23			
24 Total gain. Subtract line 23 from line 20	24			
25 If section 1245 property:				
a Depreciation allowed or allowable from line 22	25a			
b Enter the smaller of line 24 or 25a	25b			
26 If section 1250 property: If straight line depreciation was used, enter -0- on line 26g, except for a corporation subject to section 291.				
a Additional depreciation after 1975 (see instructions)	26a			
b Applicable percentage multiplied by the smaller of line 24 or line 26a (see instructions)	26b			
c Subtract line 26a from line 24. If residential rental property or line 24 is not more than line 26a, skip lines 26d and 26e	26c			
d Additional depreciation after 1969 and before 1976	26d			
e Enter the smaller of line 26c or 26d	26e			
f Section 291 amount (corporations only)	26f			
g Add lines 26b, 26e, and 26f	26g			
27 If section 1252 property: Skip this section if you did not dispose of farmland or if this form is being completed for a partnership (other than an electing large partnership).				
a Soil, water, and land clearing expenses	27a			
b Line 27a multiplied by applicable percentage (see instructions)	27b			
c Enter the smaller of line 24 or 27b	27c			
28 If section 1254 property:				
a Intangible drilling and development costs, expenditures for development of mines and other natural deposits, mining exploration costs, and depletion (see instructions)	28a			
b Enter the smaller of line 24 or 28a	28b			
29 If section 1255 property:				
a Applicable percentage of payments excluded from income under section 126 (see instructions)	29a			
b Enter the smaller of line 24 or 29a (see instructions)	29b			

Summary of Part III Gains. Complete property columns A through D through line 29b before going to line 30.

30 Total gains for all properties. Add property columns A through D, line 24	30
31 Add property columns A through D, lines 25b, 26g, 27c, 28b, and 29b. Enter here and on line 13	31
32 Subtract line 31 from line 30. Enter the portion from casualty or theft on Form 4684, line 33. Enter the portion from other than casualty or theft on Form 4797, line 6	32

Part IV Recapture Amounts Under Sections 179 and 280F(b)(2) When Business Use Drops to 50% or Less
(see instructions)

	(a) Section 179	(b) Section 280F(b)(2)
33 Section 179 expense deduction or depreciation allowable in prior years	33	
34 Recomputed depreciation (see instructions)	34	
35 Recapture amount. Subtract line 34 from line 33. See the instructions for where to report	35	

Department of the Treasury
Internal Revenue Service

For calendar year 2011 or other tax year beginning 07/01, 2011, and ending 06/30, 2012. **See separate instructions.**

Open to Public Inspection for 501(c)(3) Organizations Only

<p>A <input type="checkbox"/> Check box if address changed</p> <p>B Exempt under section <input checked="" type="checkbox"/> 501(C)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)</p> <p>C Book value of all assets at end of year <u>824,502,645.</u></p>	Print or Type	<p>Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) MERCY MEDICAL CENTER</p> <p>Number, street, and room or suite no. If a P.O. box, see instructions. 301 ST. PAUL PLACE</p> <p>City or town, state, and ZIP code BALTIMORE, MD 21202</p>	<p>D Employer identification number (Employees' trust, see instructions.) 52-0591658</p> <p>E Unrelated business activity codes (See instructions.) 531120 561000</p>
<p>F Group exemption number (See instructions.) ▶</p>		<p>G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust</p>	

H Describe the organization's primary unrelated business activity. **▶ ATTACHMENT 1**

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? **▶** Yes No
If "Yes," enter the name and identifying number of the parent corporation. **▶ ATTACHMENT 2**

J The books are in care of **▶ JOHN TOPPER** Telephone number **▶ 410-332-9313**

Part I Unrelated Trade or Business Income				(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales	<u>794,355.</u>				
b	Less returns and allowances		c Balance ▶	1c		
2	Cost of goods sold (Schedule A, line 7)			2		
3	Gross profit. Subtract line 2 from line 1c			3		794,355.
4a	Capital gain net income (attach Schedule D)			4a		
b	Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)			4b		
c	Capital loss deduction for trusts			4c		
5	Income (loss) from partnerships and S corporations (attach statement)			5		
6	Rent income (Schedule C)			6	36,267.	132,064.
7	Unrelated debt-financed income (Schedule E)			7		
8	Interest, annuities, royalties, and rents from controlled organizations (Schedule F)			8		
9	Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)			9		
10	Exploited exempt activity income (Schedule I)			10		
11	Advertising income (Schedule J)			11		
12	Other income (See instructions; attach schedule.)			12		
13	Total. Combine lines 3 through 12			13	830,622.	132,064.

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.) (Except for contributions, deductions must be directly connected with the unrelated business income.)

14	Compensation of officers, directors, and trustees (Schedule K)					
15	Salaries and wages			15		183,866.
16	Repairs and maintenance			16		
17	Bad debts			17		
18	Interest (attach schedule)			18		
19	Taxes and licenses			19		
20	Charitable contributions (See instructions for limitation rules.)			20		
21	Depreciation (attach Form 4562)			21		
22	Less depreciation claimed on Schedule A and elsewhere on return			22a		22b
23	Depletion			23		
24	Contributions to deferred compensation plans			24		
25	Employee benefit programs			25		
26	Excess exempt expenses (Schedule I)			26		
27	Excess readership costs (Schedule J)			27		
28	Other deductions (attach schedule)			28		973,269.
29	Total deductions. Add lines 14 through 28			29		1,157,135.
30	Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13			30		-458,577.
31	Net operating loss deduction (limited to the amount on line 30)			31		
32	Unrelated business taxable income before specific deduction. Subtract line 31 from line 30			32		-458,577.
33	Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions.)			33		1,000.
34	Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32			34		-458,577.

Part III Tax Computation

Table with 3 columns: Description, Amount, and Line Number. Rows include Organizations Taxable as Corporations, Trusts Taxable at Trust Rates, Proxy tax, Alternative minimum tax, and Total.

Part IV Tax and Payments

Table with 3 columns: Description, Amount, and Line Number. Rows include Foreign tax credit, Other credits, General business credit, Total credits, Subtract line 40e from line 39, Other taxes, Total tax, Payments (A through G), Total payments, Estimated tax penalty, Tax due, Overpayment, and Enter the amount of line 48.

Part V Statements Regarding Certain Activities and Other Information (see instructions)

Table with 3 columns: Question, Yes, No. Questions include interest in foreign country, distribution from foreign trust, and tax-exempt interest received.

Schedule A - Cost of Goods Sold. Enter method of inventory valuation

Table with 3 columns: Description, Amount, and Yes/No. Rows include Inventory at beginning/end of year, Purchases, Cost of labor, Additional section 263A costs, and Total.

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 taxpayer) is based on all information of which preparer has any knowledge.

Sign Here: Signature of officer, Date, Title. Includes a box for 'May the IRS discuss this return with the preparer shown below'.

Paid Preparer Use Only: Print/Type preparer's name (TINA C ECKLOFF), Preparer's signature, Date (04/04/2013), Firm's name (COHEN, RUTHERFORD + KNIGHT, PC), Firm's EIN (52-1202280), Firm's address (6903 ROCKLEDGE DRIVE, SUITE 500).

BETHESDA, MD 20817-1800

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)

(see instructions)

1. Description of property

(1) MEDI SPA

(2)

(3)

(4)

2. Rent received or accrued

Table with 3 columns: (a) From personal property, (b) From real and personal property, 3(a) Deductions directly connected with the income. Includes values 36,267 and 132,064.

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) 36,267. (b) Total deductions. Enter here and on page 1, Part I, line 6, column (B) 132,064.

Schedule E - Unrelated Debt-Financed Income (see instructions)

Table with 5 columns: 1. Description of debt-financed property, 2. Gross income from or allocable to debt-financed property, 3. Deductions directly connected with or allocable to debt-financed property, 4. Amount of average acquisition debt, 5. Average adjusted basis, 6. Column 4 divided by column 5, 7. Gross income reportable, 8. Allocable deductions.

Totals Total dividends-received deductions included in column 8

Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

Table for Exempt Controlled Organizations with 6 columns: 1. Name of controlled organization, 2. Employer identification number, 3. Net unrelated income, 4. Total of specified payments made, 5. Part of column 4 that is included in the controlling organization's gross income, 6. Deductions directly connected with income in column 5.

Nonexempt Controlled Organizations

Table for Nonexempt Controlled Organizations with 5 columns: 7. Taxable Income, 8. Net unrelated income, 9. Total of specified payments made, 10. Part of column 9 that is included in the controlling organization's gross income, 11. Deductions directly connected with income in column 10.

Totals

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization (see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
Enter here and on page 1, Part I, line 9, column (A).				Enter here and on page 1, Part I, line 9, column (B).
Totals ▶				

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income (see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Enter here and on page 1, Part I, line 10, col. (A).		Enter here and on page 1, Part I, line 10, col. (B).				Enter here and on page 1, Part II, line 26.
Totals ▶						

Schedule J - Advertising Income (see instructions)

Part I Income From Periodicals Reported on a Consolidated Basis

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5)) . . . ▶						

Part II Income From Periodicals Reported on a Separate Basis (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
(5) Totals from Part I	Enter here and on page 1, Part I, line 11, col. (A).	Enter here and on page 1, Part I, line 11, col. (B).				Enter here and on page 1, Part II, line 27.
Totals, Part II (lines 1-5) ▶						

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)			%
(2)			%
(3)			%
(4)			%
Total. Enter here and on page 1, Part II, line 14. ▶			

ATTACHMENT 1

ORGANIZATION'S PRIMARY UNRELATED BUSINESS ACTIVITY.

LEASE REAL ESTATE PROPERTY, PROVIDE MANAGEMENT SERVICES TO TAXABLE AFFILIATES, PROVIDE LAB SERVICES TO NON-HOSPITAL PATIENTS, PROVIDE ANSWERING SERVICE, PROVIDE PARKING TO NON-HOSPITAL PATRONS

ATTACHMENT 2

NAME AND FEIN OF PARENT CORPORATION

MERCY HEALTH SERVICES, INC. 52-2173382

ATTACHMENT 3

FORM 990T - PART II - LINE 28 - TOTAL OTHER DEDUCTIONS

OTHER
PARKING

9,677.
963,592.

PART II - LINE 28 - OTHER DEDUCTIONS

973,269.

SCHEDULE C - RENT INCOME DEDUCTIONS

ATTACHMENT 4

MEDI SPA

RENTAL EXPENSES

132,064.

TOTAL

132,064.