

Form 990

Return of Organization Exempt From Income Tax

2012

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

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

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

Form header section containing organization name (PENINSULA REGIONAL MEDICAL CENTER), EIN (52-0591628), address (100 EAST CARROLL STREET, SALISBURY, MD 21801), principal officer (MARGARET NALEPPA, CEO), tax-exempt status (501(c)(3)), website (WWW.PENINSULA.ORG), and form of organization (Corporation).

Part I Summary

Summary table with columns for Activities & Governance, Revenue, Expenses, and Net Assets or Fund Balances. Includes rows for mission statement, membership counts, revenue (Total: 397,238,970), expenses (Total: 386,532,006), and net assets (Total: 338,261,201).

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.

Signature block area with fields for officer signature, date, and preparer name and title.

Preparer information section including print/type preparer's name, signature (E-FILED), date, firm's name (ERNST & YOUNG U.S. LLP), EIN (34-656596), and phone number (215-448-5000).

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

For Paperwork Reduction Act Notice, see the separate instructions. Form 990 (2012)

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE

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

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

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

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

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

4a (Code:) (Expenses \$ 347,709,540. including grants of \$ 0) (Revenue \$ 381,437,104.)

ATTACHMENT 1

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 347,709,540.

Part IV Checklist of Required Schedules

Table with 3 columns: Question ID, Question Text, Yes, No. Rows include questions 1 through 20b regarding organizational requirements and financial reporting.

Part IV Checklist of Required Schedules (continued)

Table with 3 columns: Question ID, Question Text, Yes, No. Rows include questions 21 through 38 regarding grants, compensation, tax-exempt bonds, and organizational transactions.

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

Table with columns for question number, description, and Yes/No checkboxes. Includes questions 1a through 14b regarding IRS filings and tax compliance.

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 3 columns: Question, Yes, No. Rows include questions 1a through 9 regarding governing body members, relationships, and documentation.

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

Table with 3 columns: Question, Yes, No. Rows include questions 10a through 16b regarding local chapters, conflict of interest policies, whistleblower policies, and compensation review.

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed CA, MD, NC,
18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
19 Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: JIM GREGORY 100 EAST CARROLL ST SALISBURY, MD 21801 410-912-4979

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) FAROUK A SULTANI, M.D. BOARD MEMBER	1.00 0	X					0	0	0	
(2) MARGARET NALEPPA PRESIDENT/CEO	40.00 11.00	X		X			873,885.	0	54,424.	
(3) MARTIN NEAT CHAIRMAN	10.00 2.00	X		X			31,902.	0	0	
(4) HERBERT J. GEARY, III BOARD MEMBER	1.00 1.00	X					0	0	0	
(5) MICHAEL E. CROUCH, M.D. BOARD MEMBER	1.00 1.00	X					0	0	0	
(6) MURRAY K. HOY BOARD MEMBER	1.00 1.00	X					0	0	0	
(7) CHRISTJON J. HUDDLESTON, M.D. BOARD MEMBER	1.00 1.00	X					0	0	0	
(8) HUGH MCLAUGHLIN BOARD MEMBER (07/12-10/12)	1.00 1.00	X					0	0	0	
(9) CYNTHIA HOLLOWAY BOARD MEMBER	1.00 2.00	X					0	0	0	
(10) MARION KEENAN BOARD MEMBER	1.00 1.00	X					0	0	0	
(11) DEBBIE ABBOTT BOARD MEMBER	1.00 1.00	X					0	0	0	
(12) THOMAS COATES BOARD MEMBER	1.00 1.00	X					0	0	0	
(13) EDWARD W. URBAN SECRETARY	1.00 1.00	X		X			0	0	0	
(14) WILLIAM R. MCCAIN VICE-CHAIRMAN	1.00 1.00	X		X			0	0	0	

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
15) MONTY SAYLER TREASURER	1.00 1.00	X		X				0	0	0
16) THOMAS RICCIO, M.D. BOARD MEMBER	1.00 1.00	X						0	0	0
17) RYAN MCLAUGHLIN BOARD MEMBER (10/12-06/13)	1.00 1.00	X						0	0	0
18) LURA LUNSFORD VP OF OPERATIONS	40.00 0			X				409,640.	0	47,057.
19) BRUCE I. RITCHIE CFO	40.00 0			X				449,622.	0	71,161.
20) GAYATRI SONTI, D.O. PHYSICIAN	40.00 0					X		645,248.	0	17,517.
21) ANDY PIERRE, M.D. PHYSICIAN	40.00 0					X		744,828.	0	34,418.
22) JACEK MALIK, M.D. PHYSICIAN	40.00 0					X		723,369.	0	32,097.
23) DANIEL DANIELS, M.D. PHYSICIAN	40.00 0					X		656,806.	0	23,247.
24) HALIM CHARBEL, M.D. PHYSICIAN	40.00 0					X		694,987.	0	11,729.
1b Sub-total								905,787.	0	54,424.
c Total from continuation sheets to Part VII, Section A								4,324,500.	0	237,226.
d Total (add lines 1b and 1c)								5,230,287.	0	291,650.

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 **179**

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
ATTACHMENT 2		

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 **56**

Part VIII Statement of Revenue

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

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	325,700.				
	e Government grants (contributions) . .	1e					
	f All other contributions, gifts, grants, and similar amounts not included above .	1f	267,432.				
	g Noncash contributions included in lines 1a-1f: \$						
	h Total. Add lines 1a-1f			593,132.			
Program Service Revenue			Business Code				
	2a NET PATIENT SERVICES	621500	380,759,844.	380,145,253.	614,591.		
	b PURCHASING PARTNERSHIP INC FROM MEMBERS	900099	1,280,627.	1,280,627.			
	c MARYLAND ECARE PARTNERSHIP INCOME	900099	11,224.	11,224.			
	d						
	e						
	f All other program service revenue						
g Total. Add lines 2a-2f			382,051,695.				
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		5,148,443.			5,148,443.	
	4 Income from investment of tax-exempt bond proceeds . . .		0				
	5 Royalties		0				
	6a Gross rents	(i) Real	81,886.				
		(ii) Personal					
		b Less: rental expenses	149,134.				
		c Rental income or (loss)	-67,248.				
	d Net rental income or (loss)		-67,248.			-67,248.	
	7a Gross amount from sales of assets other than inventory	(i) Securities	126,718,734.				
		(ii) Other	197,665.				
		b Less: cost or other basis and sales expenses	118,324,412.	4,835.			
		c Gain or (loss)	8,394,322.	192,830.			
	d Net gain or (loss)		8,587,152.			8,587,152.	
	8a 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				
9a 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				
10a 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					
11a CAFETERIA	722513	675,928.			675,928.		
b PARTNERSHIP INCOME	900099	37,460.		37,460.			
c MANAGEMENT FEES	561000	200,000.		200,000.			
d All other revenue	900099	12,408.			12,408.		
e Total. Add lines 11a-11d		925,796.					
12 Total revenue. See instructions		397,238,970.	381,437,104.	852,051.	14,356,683.		

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	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	2,361,076.	2,124,353.	231,461.	5,262.
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	147,066,587.	132,321,447.	14,417,341.	327,799.
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	6,477,727.	5,828,259.	635,030.	14,438.
9	Other employee benefits	23,249,992.	20,914,519.	2,283,553.	51,920.
10	Payroll taxes	10,098,309.	9,205,144.	874,018.	19,147.
11	Fees for services (non-employees):				
a	Management	0			
b	Legal	421,986.	811.	421,175.	
c	Accounting	185,604.		185,604.	
d	Lobbying	30,001.	30,001.		
e	Professional fundraising services. See Part IV, line 17	0			
f	Investment management fees	1,304,061.		1,304,061.	
g	Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.)	0			
12	Advertising and promotion	0			
13	Office expenses	102,993,319.	100,802,937.	2,112,170.	78,212.
14	Information technology	828,476.	820,052.	8,424.	
15	Royalties	0			
16	Occupancy	3,627,594.	3,627,594.		
17	Travel	625,088.	422,475.	193,396.	9,217.
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	74,613.	74,613.		
20	Interest	6,104,915.	6,104,915.		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	21,931,613.	21,885,519.	46,094.	
23	Insurance	4,253,575.	814,659.	3,438,916.	
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	PROFESSIONAL FEES -----	38,772,109.	26,969,592.	11,782,722.	19,795.
b	BAD DEBTS -----	15,598,456.	15,598,456.		
c	DUES -----	526,905.	164,194.	361,938.	773.
d	-----				
e	All other expenses -----				
25	Total functional expenses. Add lines 1 through 24e	386,532,006.	347,709,540.	38,295,903.	526,563.
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			

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Part X Balance Sheet

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

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing	272,321.	1	653,349.
	2 Savings and temporary cash investments	24,436,989.	2	18,467,868.
	3 Pledges and grants receivable, net	0	3	0
	4 Accounts receivable, net	39,259,952.	4	36,976,172.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	0	5	0
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L	0	6	0
	7 Notes and loans receivable, net	0	7	0
	8 Inventories for sale or use	7,526,666.	8	7,148,121.
	9 Prepaid expenses and deferred charges	5,696,943.	9	5,596,743.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 474,495,637.		
	b Less: accumulated depreciation	10b 266,653,146.	200,234,617.	10c 207,842,491.
	11 Investments - publicly traded securities	160,583,035.	11	176,347,198.
	12 Investments - other securities. See Part IV, line 11	0	12	0
	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	69,956,747.	15	72,481,719.
16 Total assets. Add lines 1 through 15 (must equal line 34)	507,967,270.	16	525,513,661.	
Liabilities	17 Accounts payable and accrued expenses	19,292,791.	17	20,131,916.
	18 Grants payable	0	18	0
	19 Deferred revenue	0	19	0
	20 Tax-exempt bond liabilities	131,216,694.	20	128,009,466.
	21 Escrow or custodial account liability. Complete Part IV of Schedule D	0	21	0
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L	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	45,000.	24	30,000.
	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	46,184,855.	25	39,081,078.
	26 Total liabilities. Add lines 17 through 25	196,739,340.	26	187,252,460.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	287,902,813.	27	312,179,653.
	28 Temporarily restricted net assets	15,254,167.	28	17,998,482.
	29 Permanently restricted net assets	8,070,950.	29	8,083,066.
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	311,227,930.	33	338,261,201.
	34 Total liabilities and net assets/fund balances	507,967,270.	34	525,513,661.

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	397,238,970.
2	Total expenses (must equal Part IX, column (A), line 25)	2	386,532,006.
3	Revenue less expenses. Subtract line 2 from line 1	3	10,706,964.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	311,227,930.
5	Net unrealized gains (losses) on investments	5	9,259,719.
6	Donated services and use of facilities	6	0
7	Investment expenses	7	0
8	Prior period adjustments	8	0
9	Other changes in net assets or fund balances (explain in Schedule O)	9	7,066,588.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	338,261,201.

Part XII Financial Statements and Reporting

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

- 1 Accounting method used to prepare the Form 990: Cash Accrual Other _____
If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.
- 2a Were the organization's financial statements compiled or reviewed by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- b Were the organization's financial statements audited by an independent accountant?
If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:
 Separate basis Consolidated basis Both consolidated and separate basis
- c If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.
- 3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?
- b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		X
2b	X	
2c	X	
3a		X
3b		

SCHEDULE A
(Form 990 or 990-EZ)

Public Charity Status and Public Support

OMB No. 1545-0047

2012

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 PENINSULA REGIONAL MEDICAL CENTER	Employer identification number 52-0591628
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

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

- 1 A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2 A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4 A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8 A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3 % of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3 % of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.

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

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

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

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

- (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 monetary 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) 2012

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

Section A. Public Support

Table with 7 columns: (a) 2008, (b) 2009, (c) 2010, (d) 2011, (e) 2012, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 Tax revenues levied for the organization's benefit; 3 The value of services or facilities furnished by a governmental unit; 4 Total. Add lines 1 through 3; 5 The portion of total contributions by each person; 6 Public support. Subtract line 5 from line 4.

Section B. Total Support

Table with 7 columns: (a) 2008, (b) 2009, (c) 2010, (d) 2011, (e) 2012, (f) Total. Rows include: 7 Amounts from line 4; 8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources; 9 Net income from unrelated business activities; 10 Other income. Do not include gain or loss from the sale of capital assets; 11 Total support. Add lines 7 through 10; 12 Gross receipts from related activities; 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 2 columns: Percentage, %. Rows include: 14 Public support percentage for 2012; 15 Public support percentage from 2011 Schedule A, Part II, line 14; 16a 33 1/3% support test - 2012; b 33 1/3% support test - 2011; 17a 10%-facts-and-circumstances test - 2012; b 10%-facts-and-circumstances test - 2011; 18 Private foundation.

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

Section A. Public Support

Table with 7 columns: (a) 2008, (b) 2009, (c) 2010, (d) 2011, (e) 2012, (f) Total. Rows include: 1 Gifts, grants, contributions, and membership fees received; 2 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; 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: (a) 2008, (b) 2009, (c) 2010, (d) 2011, (e) 2012, (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; 12 Other income. Do not include gain or loss from the sale of capital assets; 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, 2012, 2011. Row 15: Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f)). Row 16: Public support percentage from 2011 Schedule A, Part III, line 15.

Section D. Computation of Investment Income Percentage

Table with 3 columns: Description, 2012, 2011. Row 17: Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f)). Row 18: Investment income percentage from 2011 Schedule A, Part III, line 17.

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

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

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

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

Schedule B
(Form 990, 990-EZ,
or 990-PF)
Department of the Treasury
Internal Revenue Service

Schedule of Contributors

OMB No. 1545-0047

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

2012

Name of the organization PENINSULA REGIONAL MEDICAL CENTER	Employer identification number 52-0591628
--	---

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).

PUBLIC INSPECTION COPY

Name of organization PENINSULA REGIONAL MEDICAL CENTER	Employer identification number 52-0591628
---	---

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	----- ----- -----	\$ 325,700.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	----- ----- -----	\$ 17,432.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
3	----- ----- -----	\$ 250,000.	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.)

Name of organization PENINSULA REGIONAL MEDICAL CENTER

Employer identification number

52-0591628

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
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----
-----	----- ----- -----	\$-----	-----

Name of organization PENINSULA REGIONAL MEDICAL CENTER

Employer identification number

52-0591628

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 C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

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

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

See separate instructions.

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

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

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

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

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

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

Table with 2 columns: Name of organization (PENINSULA REGIONAL MEDICAL CENTER) and Employer identification number (52-0591628)

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

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

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

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

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

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities \$
2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities \$
3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b \$
4 Did the filing organization file Form 1120-POL for this year? Yes No
5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments...

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization.

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

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

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

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

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

PUBLIC INSPECTION COPY

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

Table with 3 main columns: (a) Yes/No, (b) Amount. Rows include: 1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation...; 2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?

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

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

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

Table with 2 columns: Question, Amount. Rows include: 1 Dues, assessments and similar amounts from members; 2 Section 162(e) nondeductible lobbying and political expenditures; 3 Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues; 4 If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?; 5 Taxable amount of lobbying and political expenditures (see instructions)

Part IV Supplemental Information

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

SEE PAGE 4

Part IV Supplemental Information (continued)

OTHER ACTIVITIES

PART II-B, LINE 1I

PENINSULA REGIONAL MEDICAL CENTER PAYS DUES TO ORGANIZATIONS THAT LOBBY
FEDERAL AND STATE LEGISLATORS ON BEHALF OF HOSPITALS AND HEALTH SYSTEMS.
THE PORTION OF DUES PAID TO THE AMERICAN HOSPITAL ASSOCIATION AND THE
MARYLAND HOSPITAL ASSOCIATION ATTRIBUTABLE TO LOBBYING DURING FY 2013
TOTALLED \$30,001.

SCHEDULE D (Form 990)

Supplemental Financial Statements

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

Name of the organization

PENINSULA REGIONAL MEDICAL CENTER

Employer identification number

52-0591628

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

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate contributions to (during year), 3 Aggregate grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?, 6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?

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

Table with 2 columns: Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements held by the organization (check all that apply), 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year., 3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year, 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds?, 6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year, 7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year, 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B) (i) and section 170(h)(4)(B)(ii)?, 9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

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

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

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

Schedule D (Form 990) 2012

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

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

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

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

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?

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 XIII 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 XIII. Check here if the explanation has been provided in Part XIII.

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

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 (Beginning of year balance, Contributions, Net investment earnings, gains, and losses, Grants or scholarships, Other expenditures for facilities and programs, Administrative expenses, End of year balance).

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment 50.8200%
b Permanent endowment .1500%
c Temporarily restricted endowment 49.0300%

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

- (i) unrelated organizations
(ii) related organizations

Table with 2 columns: Yes, No. Rows: 3a(i), 3a(ii), 3b.

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

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

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

Table with 4 columns: (a) Cost or other basis (investment), (b) Cost or other basis (other), (c) Accumulated depreciation, (d) Book value. Rows: 1a Land, b Buildings, c Leasehold improvements, d Equipment, e Other, Total.

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

Table with 3 columns: (a) Description of security or category, (b) Book value, (c) Method of valuation. Rows include Financial derivatives, Closely-held equity interests, and Other (A-I).

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

Table with 3 columns: (a) Description of investment type, (b) Book value, (c) Method of valuation. Rows numbered 1 through 10.

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

Table with 2 columns: (a) Description, (b) Book value. Rows include INVESTMENT IN PARTNERSHIP, UNAMORTIZED FINANCING COSTS, OTHER ASSETS, DEBT SERVICE RESERVE FUND, DONOR RESTRICTED FUND, SELF-INSURANCE FUND, BOARD DESIGNATED INVESTMENTS.

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

Table with 2 columns: (a) Description of liability, (b) Book value. Rows include Federal income taxes, ADVANCES FROM THIRD PARTY PAYORS, ACCRUED SELF INSURANCE LIABILITY, OTHER LIABILITIES, EMP. COMP. RELATED PAYROLL TAX, PENSION FUNDING LIABILITY.

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

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

Table with 5 main rows and sub-rows (a-e) for adjustments. Total revenue reported as 397,238,970.

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

Table with 5 main rows and sub-rows (a-e) for adjustments. Total expenses reported as 386,532,006.

Part XIII Supplemental Information

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

SEE PAGE 5

Part XIII Supplemental Information (continued)

INTENDED USE OF ENDOWMENT FUNDS

PART V, LINE 4

THE ORGANIZATION'S ENDOWMENT FUNDS ARE USED FOR CAPITAL, PATIENT SERVICES OR EDUCATIONAL PURPOSES.

FIN 48 FOOTNOTE

PART X, LINE 2

THE ORGANIZATION DID NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT WERE MATERIAL TO THE FINANCIAL STATEMENTS. ACCORDINGLY, THE ORGANIZATION DID NOT INCLUDE A FIN 48 FOOTNOTE IN ITS AUDITED FINANCIAL STATEMENTS.

OTHER RECONCILING ITEMS FORM 990 TO FINANCIAL STATEMENTS

FORM 990, SCHEDULE D, PART XI, LINE 1D

RENT EXPENSE NETTED AGAINST RENT REVENUE	\$ 149,134
PARTNERSHIP K-1 BOOK TO TAX	(107,787)
BAD DEBT EXPENSE	\$(15,598,456)

TOTAL	\$(15,557,109)

FORM 990, SCHEDULE D, PART XI, LINE 4B

INVESTMENT INCOME SWAP	\$(1,135,977)
NET ASSETS RELEASED FROM RESTRICTION	319,252
PARTNERSHIP INCOME	11,224
OTHER EXPENSES ON PREMIER K- 1	20
ROUNDING	1

Part XIII Supplemental Information (continued)

TOTAL \$ (805,480)

FORM 990, SCHEDULE D, PART XII, LINE 2D

RENT EXPENSE NETTED AGAINST REVENUE \$ 149,134

FORM 990, SCHEDULE D, PART XII, LINE 4B

BAD DEBT EXPENSE \$15,598,456

FOUNDATION CONTRIBUTIONS 319,252

MANAGEMENT FEES RECLASSIFIED FROM EXPENSE 200,000

OTHER EXPENSES ON PREMIER K-1 20

ROUNDING 1

TOTAL \$16,117,729

**SCHEDULE F
(Form 990)**

Statement of Activities Outside the United States

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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

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

Name of the organization

PENINSULA REGIONAL MEDICAL CENTER

Employer identification number

52-0591628

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

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

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

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

(a) Region	(b) Number of offices in the region	(c) Number of employees, agents, and independent contractors in region	(d) Activities conducted in region (by type) (e.g., fundraising, program services, investments, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures for and investments in region
(1) CENTRAL AMERICA/CARIBBEAN	1.	1.	INVESTMENTS		100,000.
(2)					
(3)					
(4)					
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					
(11)					
(12)					
(13)					
(14)					
(15)					
(16)					
(17)					
3a Sub-total	1.	1.			100,000.
b Total from continuation sheets to Part I					
c Totals (add lines 3a and 3b)	1.	1.			100,000.

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

Schedule F (Form 990) 2012

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

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

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

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

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

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

Part IV Foreign Forms

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

Part V Supplemental Information

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

ACTIVITIES PER REGION

SCHEDULE F, PART I, LINE 3, COLUMN F

THE AMOUNTS IN COLUMN F WERE DETERMINED USING AN ACCRUAL METHOD OF ACCOUNTING. THE ENTIRE \$100,000 REPRESENTS A CAPITVE DISCLOSURE INVESTMENT.

SCHEDULE H
(Form 990)

Hospitals

OMB No. 1545-0047

2012

Open to Public Inspection

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

Department of the Treasury
Internal Revenue Service

Name of the organization

PENINSULA REGIONAL MEDICAL CENTER

Employer identification number

52-0591628

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 checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <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 as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	X	
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care.		
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	

7 Financial Assistance and Certain Other Community Benefits at Cost	(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
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			17,773,383.		17,773,383.	4.79
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			17,773,383.		17,773,383.	4.79
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		54480	2,167,321.	309,730.	1,857,591.	.50
f Health professions education (from Worksheet 5)		745	1,156,587.	36,583.	1,120,004.	.30
g Subsidized health services (from Worksheet 6)		82743	33,971,388.	15,318,907.	18,652,481.	5.03
h Research (from Worksheet 7)			3,973.		3,973.	
i Cash and in-kind contributions for community benefit (from Worksheet 8)		10127	199,924.		199,924.	.05
j Total. Other Benefits		148095	37,499,193.	15,665,220.	21,833,973.	5.88
k Total. Add lines 7d and 7j.		148095	55,272,576.	15,665,220.	39,607,356.	10.67

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development			601.		601.	
3 Community support			13,891.		13,891.	
4 Environmental improvements			151,231.		151,231.	.04
5 Leadership development and training for community members						
6 Coalition building			74,888.		74,888.	.02
7 Community health improvement advocacy						
8 Workforce development			2,600.		2,600.	
9 Other						
10 Total			243,211.		243,211.	.06

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

- Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? **1** X
- Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount. **2** 15,598,456.
- Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit. **3**
- Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.

Section B. Medicare

- Enter total revenue received from Medicare (including DSH and IME) **5** 228,454,237.
- Enter Medicare allowable costs of care relating to payments on line 5 **6** 216,504,566.
- Subtract line 6 from line 5. This is the surplus (or shortfall) **7** 11,949,671.
- 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:
 Cost accounting system Cost to charge ratio Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (owned 10% or more by officers, directors, trustees, key employees, and physicians-see instructions)

(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
13				

Part V Facility Information

Section A. Hospital Facilities

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

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

Name, address, and primary website address

1 PENINSULA REGIONAL MEDICAL CENTER
100 E CARROLL ST
SALISBURY MD 21801-5493

Table with 12 rows and 8 columns: ER-other, ER-24 hours, Research facility, Critical access hospital, Teaching hospital, Children's hospital, General medical & surgical, Licensed hospital. Row 1 has 'X' marks in ER-24 hours, General medical & surgical, and Licensed hospital columns.

Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group PENINSULA REGIONAL MEDICAL CENTER

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

Table with 3 columns: Question, Yes, No. Rows include Community Health Needs Assessment questions 1 through 8c.

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PENINSULA REGIONAL MEDICAL CENTER

52-0591628

Schedule H (Form 990) 2012

Part V Facility Information (continued)

Financial Assistance Policy		PENINSULA REGIONAL MEDICAL CENTER	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:				
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?		X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care: <u>2</u> <u>0</u> <u>0</u> % If "No," explain in Part VI the criteria the hospital facility used.		X	
11	Used FPG to determine eligibility for providing discounted care? If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>3</u> <u>0</u> <u>0</u> % If "No," explain in Part VI the criteria the hospital facility used.		X	
12	Explained the basis for calculating amounts charged to patients? If "Yes," indicate the factors used in determining such amounts (check all that apply):		X	
a	<input checked="" type="checkbox"/> Income level			
b	<input checked="" type="checkbox"/> Asset level			
c	<input checked="" type="checkbox"/> Medical indigency			
d	<input type="checkbox"/> Insurance status			
e	<input type="checkbox"/> Uninsured discount			
f	<input checked="" type="checkbox"/> Medicaid/Medicare			
g	<input checked="" type="checkbox"/> State regulation			
h	<input type="checkbox"/> Other (describe in Part VI)			
13	Explained the method for applying for financial assistance?		X	
14	Included measures to publicize the policy within the community served by the hospital facility? If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		X	
a	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website			
b	<input checked="" type="checkbox"/> The policy was attached to billing invoices			
c	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d	<input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices			
e	<input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility			
f	<input checked="" type="checkbox"/> The policy was available on request			
g	<input checked="" type="checkbox"/> Other (describe in Part VI)			
Billing and Collections				
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?		X	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:			
a	<input type="checkbox"/> Reporting to credit agency			
b	<input type="checkbox"/> Lawsuits			
c	<input type="checkbox"/> Liens on residences			
d	<input type="checkbox"/> Body attachments			
e	<input type="checkbox"/> Other similar actions (describe in Part VI)			
17	Did the hospital facility or an authorized 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)			

Schedule H (Form 990) 2012

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PENINSULA REGIONAL MEDICAL CENTER

52-0591628

Schedule H (Form 990) 2012

Page 6

Part V Facility Information (continued) PENINSULA REGIONAL MEDICAL CENTER

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

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

Policy Relating to Emergency Medical Care

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

	Yes	No
19	X	
a		
b		
c		
d		

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

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

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

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

a		
b		
c		
d		

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

21		X
-----------	--	---

If "Yes," explain in Part VI.

22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?

22		X
-----------	--	---

If "Yes," explain in Part VI.

Schedule H (Form 990) 2012

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	

Schedule H (Form 990) 2012

Part VI Supplemental Information

Complete this part to provide the following information.

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

PART I, LINE 3C

N/A

PART I, LINE 6A

PENINSULA REGIONAL MEDICAL CENTER FILES ANNUALLY A COMMUNITY BENEFIT REPORT WITH THE STATE OF MARYLAND. THE REPORT IS FILED WITH THE HSCRC (HEALTH SERVICES COST REVIEW COMMISSION).

PART I, LINE 7:

PART I, LINE 7, COLUMN (F) - THE AMOUNT OF BAD DEBT EXPENSE EXCLUDED FROM THE DENOMINATOR IN THE COLUMN (F) PERCENTAGES IS \$15,598,456.

LINE 7B COLUMN (C) & (F)- MARYLAND'S REGULATORY SYSTEM CREATES A UNIQUE PROCESS FOR HOSPITAL PAYMENT THAT DIFFERS FROM THE REST OF THE NATION. THE HEALTH SERVICES COST REVIEW COMMISSION, (HSCRC) DETERMINES PAYMENT THROUGH A RATE-SETTING PROCESS AND ALL PAYORS, INCLUDING GOVERNMENTAL

Part VI Supplemental Information

Complete this part to provide the following information.

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

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.

THE COST METHODOLOGY FOR CHARITY CARE AND CERTAIN OTHER COMMUNITY BENEFITS IS THE COST-TO-CHARGE RATIO USED FOR THE CHARITY CARE PROGRAMS AND DIRECT COST METHOD FOR THE OTHER BENEFITS/PROGRAMS.

PART III, LINE 4

Part VI Supplemental Information

Complete this part to provide the following information.

- 1 Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 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.
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THE HOSPITAL PROVIDES SERVICES TO PATIENTS IN THE EASTERN SHORE AREA OF MARYLAND, DELAWARE AND VIRGINIA, THE MAJORITY OF WHOM ARE COVERED BY THIRD-PARTY HEALTH INSURANCE. THE HOSPITAL BILLS THE INSURER DIRECTLY FOR SERVICES PROVIDED. INSURANCE COVERAGE AND FINANCIAL INFORMATION IS OBTAINED FROM PATIENTS UPON ADMISSION WHEN AVAILABLE. THE HOSPITAL'S POLICY IS TO PERFORM IN-HOUSE COLLECTION PROCEDURES FOR APPROXIMATELY 85 DAYS. A DETERMINATION IS MADE AT THAT TIME AS TO WHAT ADDITIONAL COLLECTION EFFORTS TO PURSUE. A PROVISION FOR UNCOLLECTIBLE ACCOUNTS IS RECORDED FOR AMOUNTS NOT YET WRITTEN OFF, WHICH ARE EXPECTED TO BECOME UNCOLLECTIBLE.

DISCOUNTS RANGING FROM 2% TO 6% OF CHARGES ARE GIVEN TO MEDICARE, MEDICAID AND CERTAIN APPROVED COMMERCIAL HEALTH INSURANCE AND HEALTH MAINTENANCE ORGANIZATION PROGRAMS FOR REGULATED SERVICES. DISCOUNTS IN VARYING PERCENTAGES ARE GIVEN FOR CERTAIN UNREGULATED SERVICES. THESE MAJOR PAYORS ROUTINELY REVIEW PATIENT BILLINGS AND DENY PAYMENT FOR CERTAIN CHARGES AS MEDICALLY UNNECESSARY OR AS PERFORMED WITHOUT

Part VI Supplemental Information

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APPROPRIATE PREAUTHORIZATION. DISCOUNTS AND DENIALS ARE RECORDED AS REDUCTIONS OF NET PATIENT SERVICE REVENUE. ACCOUNTS RECEIVABLE FROM THESE THIRD-PARTY PAYORS HAVE BEEN ADJUSTED TO REFLECT THE DIFFERENCE BETWEEN CHARGES AND THE ESTIMATED REIMBURSABLE AMOUNTS.

APPROXIMATELY 38% AND 37%, RESPECTIVELY, OF ACCOUNTS RECEIVABLE WERE DUE FROM THE MEDICARE PROGRAM AS OF JUNE 30, 2013 AND 2012, RESPECTIVELY.

THE MEDICARE AND MEDICAID REIMBURSEMENT PROGRAMS REPRESENT A SUBSTANTIAL PORTION OF THE HOSPITAL'S REVENUES. THE HOSPITAL'S OPERATIONS ARE SUBJECT TO NUMEROUS LAWS AND REGULATIONS OF FEDERAL, STATE AND LOCAL GOVERNMENTS. THESE LAWS AND REGULATIONS INCLUDE, BUT ARE NOT NECESSARILY LIMITED TO, MATTERS SUCH AS LICENSURE, ACCREDITATION, GOVERNMENT HEALTH CARE PROGRAM PARTICIPATION REQUIREMENTS, REIMBURSEMENT FOR PATIENT SERVICES AND MEDICARE AND MEDICAID FRAUD AND ABUSE.

BAD DEBT METHODOLOGY - PENINSULA REGIONAL MEDICAL CENTER IS A TAX-EXEMPT

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; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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NOT-FOR-PROFIT HOSPITAL THAT PROVIDES QUALITY MEDICAL SERVICES TO PATIENTS REGARDLESS OF THEIR ABILITY TO PAY. BY PROVIDING MEDICAL SERVICES TO ALL COMMUNITY MEMBERS REGARDLESS OF THEIR ABILITY TO PAY, THE HOSPITAL'S BAD DEBT EXPENSE QUALIFIES AS A COMMUNITY BENEFIT. THE BAD DEBT EXPENSE CALCULATED ON LINE 2 WAS CALCULATED USING THE PATIENT CARE COST TO CHARGES METHODOLOGY.

PART III, LINE 8

MEDICARE ALLOWABLE COSTS WERE CALCULATED USING A COST TO CHARGE RATIO. PENINSULA REGIONAL MEDICAL CENTER PROVIDES QUALITY MEDICAL SERVICES TO ALL PATIENTS REGARDLESS OF WHAT INSURANCE THEY HAVE. APPROXIMATELY, 38% OF THE MEDICAL CENTER'S REVENUE IS ATTRIBUTABLE TO MEDICARE PATIENTS DURING THE YEAR ENDED JUNE 30, 2013.

PART III, LINE 9B

COLLECTION POLICIES ARE THE SAME FOR ALL PATIENTS. IF A PATIENT NOTIFIES THE MEDICAL CENTER ABOUT THEIR INABILITY TO PAY, THE MEDICAL CENTER WILL

Part VI Supplemental Information

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SEND THEM THE CHARITY CARE AND FINANCIAL ASSISTANCE FORMS TO FILL OUT.

ONCE THE FORMS ARE COMPLETE AND RETURNED TO THE MEDICAL CENTER AND THE

PATIENT QUALIFIES FOR FINANCIAL ASSISTANCE, THEN THE PATIENT'S ACCOUNT

WILL BE REMOVED FROM COLLECTIONS AND THE ACCOUNT WILL BE WRITTEN OFF.

PART V, LINE 13G PENINSULA REGIONAL MEDICAL CENTER PUBLISHES ANNUALLY AN

ADVERTISEMENT IN THE LOCAL NEWSPAPER ANNOUNCING THE AVAILABILITY OF FREE

OR REDUCED COST CARE.

PART V, LINE 20D

PENINSULA REGIONAL MEDICAL CENTER IS A MARYLAND HOSPITAL. AS SUCH

PATIENTS AND ALL INSURANCE COMPANIES, INCLUDING MEDICARE & MEDICAID, PAY

THE SAME RATE. THIS RATE IS DETERMINED BY THE STATE AGENCY, THE MARYLAND

HEALTH SERVICES COST REVIEW COMMISSION.

PART VI, LINE 2

PENINSULA REGIONAL MEDICAL CENTER IN COOPERATION WITH THE WICOMICO,

WORCESTER AND SOMERSET COUNTIES, HEALTH DEPARTMENTS, THE ATLANTIC GENERAL

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; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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HOSPITAL AND THE EDWARD W. MCCREADY MEMORIAL HOSPITAL, HAS BEEN CONDUCTING COMMUNITY HEALTH SURVEYS OF THE TRI-COUNTY AREA SINCE 1995. THESE SURVEYS, ADMINISTERED BY PROFESSIONAL RESEARCH CONSULTANTS (PRC) OF OMAHA, NEBRASKA WERE ADMINISTERED IN 1995, 2000, 2004 AND 2009. IN ADDITION TO THESE ADULT SURVEYS, A SEPARATE ADOLESCENT SURVEY WAS CONDUCTED IN 2000, 2005, AND 2010.

RESULTS OF THESE SURVEYS ARE USED BY THE PARTICIPANTS TO ASSESS COMMUNITY HEALTH NEEDS AND PLAN FUTURE SERVICES. OF PARTICULAR NOTE WAS THE DEVELOPMENT OF THE TRI-COUNTY DIABETES ALLIANCE, WHICH IS A COOPERATIVE VENTURE BETWEEN ALL THE PARTNERS AND COMMUNITY AGENCIES TO REDUCE THE INCIDENCES OF DIABETES IN THE TRI-COUNTY AREA. OTHER OUTCOMES RESULTING FROM THE SURVEY FINDINGS INCLUDE SMOKING CESSATION PROGRAMS, OTHER EARLY DETECTION AND SCREENING PROGRAMS FOR HEART AND CANCER, AS WELL AS HEALTH PROMOTION AND EDUCATION WITH A FOCUS ON PREVENTION.

THE PRC COMMUNITY HEALTH ASSESSMENT IS A SYSTEMATIC, DATA-DRIVEN APPROACH

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; Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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TO DETERMINING THE HEALTH STATUS, BEHAVIORS AND NEEDS OF OUR COMMUNITY RESIDENTS. SURVEY RESULTS ARE SHARED WITH THE COMMUNITY AND ARE POSTED TO THE PARTICIPANTS WEBSITES. THIS COMMUNITY HEALTH ASSESSMENT SERVES AS A TOOL TOWARDS REACHING THE FOLLOWING THREE GOALS:

1. TO IMPROVE RESIDENTS' HEALTH STATUS, INCREASE THEIR LIFE SPANS, AND ELEVATE THEIR OVERALL QUALITY OF LIFE.
2. REDUCE THE HEALTH DISPARITIES AMONG RESIDENTS BY GATHERING DEMOGRAPHIC INFORMATION ALONG WITH HEALTH STATUS AND BEHAVIOR DATA.
3. TO INCREASE ACCESSIBILITY TO PREVENTIVE SERVICES FOR ALL COMMUNITY RESIDENTS.

PART VI, LINE 3

PENINSULA REGIONAL MEDICAL CENTER MAKES AVAILABLE TO ALL PATIENTS THE HIGHEST QUALITY OF MEDICAL CARE POSSIBLE WITHIN THE RESOURCES AVAILABLE. IF A PATIENT IS UNABLE TO PAY DUE TO FINANCIAL RESOURCES, ALL EFFORTS WILL BE MADE TO HELP THE PATIENT OBTAIN ASSISTANCE THROUGH APPROPRIATE AGENCIES, OR, IF HELP IS NOT AVAILABLE, TO PROVIDE CARE AT REDUCED OR

Part VI Supplemental Information

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ZERO COST. ONE OF PENINSULA REGIONAL'S OVERALL GUIDING PRINCIPLES IS THAT CONCERN OVER A HOSPITAL BILL SHOULD NEVER PREVENT ANY INDIVIDUAL FROM RECEIVING EMERGENCY HEALTH SERVICES THE MEDICAL CENTER WILL COMMUNICATE THIS MESSAGE CLEARLY TO PROSPECTIVE PATIENTS AND TO LOCAL COMMUNITY SERVICE AGENCIES AND MAKE IT CLEAR THAT EMERGENCY SERVICES WILL BE PROVIDED WITHOUT REGARD TO ABILITY TO PAY. THE MEDICAL CENTER WILL ENSURE THAT AN EMERGENCY ADMISSION OR TREATMENT IS NOT DELAYED OR DENIED PENDING DETERMINATION OF COVERAGE OR REQUIREMENT FOR PREPAYMENT OR DEPOSIT. THE MEDICAL CENTER WILL POST ADEQUATE NOTICE OF THE AVAILABILITY OF MEDICAL SERVICES, AND THE GENERAL OBLIGATION OF THE HOSPITAL TO PROVIDE CHARITY CARE. PENINSULA REGIONAL'S "FINANCIAL ASSISTANCE POLICY" INCLUDES THE REQUIRED LANGUAGE OF DETERMINATION OF PROBABLE ELIGIBILITY WITHIN TWO BUSINESS DAYS. ON PAGE 2, THE "FINANCIAL ASSISTANCE POLICY" STATES THAT UPON RECEIPT OF THE FINANCIAL ASSISTANCE REQUEST, THE REPRESENTATIVE WILL REVIEW INCOME AND ALL DOCUMENTATION. THE PATIENT MUST BE NOTIFIED WITHIN TWO BUSINESS DAYS OF THEIR PROBABLE ELIGIBILITY. IN ACCORDANCE WITH SECTION 1, 2 AND 3, PENINSULA REGIONAL PROVIDES PUBLIC

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NOTICE AND INFORMATION REGARDING ITS CHARITY CARE POLICY IN DELMARVA'S LARGEST PAPER "THE DAILY TIMES", POSTED SIGNS IN THE ADMISSION, BUSINESS OFFICE EMERGENCY ROOM AND OTHER MAJOR SERVICE AREAS OF THE MEDICAL CENTER; ADDITIONALLY INDIVIDUAL NOTICE IS PROVIDED TO EACH PERSON WHO SEEKS SERVICES IN THE MEDICAL CENTER AT THE TIME OF PRE-ADMISSION OR ADMISSION. PART VI, LINE 4 PENINSULA REGIONAL IS LOCATED IN SALISBURY, MARYLAND . THE HOSPITAL'S SERVICE AREA IS PREDOMINATELY RURAL AND COVERS 6 COUNTIES LOCATED IN THREE DIFFERENT STATES: MARYLAND, DELAWARE AND VIRGINIA. SOME OF THE UNIQUE HEALTHCARE CHARACTERISTICS OF THESE COUNTIES INCLUDE A HIGH PREVALENCE OF DIABETES WHICH IS APPROXIMATELY TWICE THAT OF THE STATE OF MARYLAND. THERE IS A HIGHER INCIDENCE OF SKIN CANCER AND THE INCIDENCE RATE FOR HEART DISEASE IS STATISTICALLY SIGNIFICANTLY HIGHER THAN MARYLAND. IN ADDITION, THE MEDIAN INCOME IS LOWER THAN THAT OF MARYLAND AND EDUCATIONAL ATTAINMENT LAGS BEHIND THE STATES AVERAGE. THE MEDICAL CENTER'S PRIMARY SERVICE AREA IS COMPRISED OF THE MAJORITY OF ZIP CODES IN WICOMICO, WORCESTER, AND SOMERSET COUNTIES. AS OF JUNE 30, 2013 THESE COUNTIES CONTRIBUTED APPROXIMATELY 77 PERCENT

Part VI Supplemental Information

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OF PENINSULA REGIONAL'S TOTAL DISCHARGES. THE MEDICAL CENTER ALSO SERVICES DORCHESTER COUNTY, MARYLAND, THE SOUTHERN PORTION OF SUSSEX COUNTY, DELAWARE AND THE NORTHERN PORTION OF ACCOMACK COUNTY, VIRGINIA. THESE COUNTIES COMPRISED AN ADDITIONAL 21 PERCENT OF THE MEDICAL CENTER'S TOTAL DISCHARGES DURING THE SAME TIME PERIOD.

PATIENTS DISCHARGED FROM THE FOLLOWING GEOGRAPHICAL AREAS:

AREA	2013 DISCHARGES	%
WICOMICO	9,794	49.3%
WORCESTER	3,338	16.8%
SOMERSET	2,135	10.7%
DORCHESTER, TALBOT, CAROLINE	618	3.1%
DELAWARE	2,317	11.7%
VIRGINIA	1,250	6.3%
ALL OTHERS	431	2.1%

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TOTAL	19,883	100.0%

SOURCE: PENINSULA REGIONAL MEDICAL CENTER, FINANCIAL AND STATISTICAL REPORT, JUNE 30, 2013. BETWEEN 2009 AND 2014, THE MEDICAL CENTER'S PRIMARY SERVICE AREA (WICOMICO, WORCESTER AND SOMERSET COUNTIES, MARYLAND) IS EXPECTED TO GROW 5.3 PERCENT OR SLIGHTLY MORE THAN 1 PERCENT PER YEAR. MUCH OF THIS GROWTH WILL BE EXPERIENCED IN WICOMICO COUNTY AT A RATE OF 6.8 PERCENT FOLLOWED BY WORCESTER COUNTY AT 3.4 PERCENT AND SOMERSET COUNTY AT 3.3 PERCENT. IN THE MEDICAL CENTER'S SECONDARY SERVICE AREA (DORCHESTER COUNTY, MARYLAND, SUSSEX COUNTY, DELAWARE, AND ACCOMACK COUNTY, VIRGINIA) THE POPULATION IS EXPECTED TO GROW 8 PERCENT OR 1.6 PERCENT PER YEAR OVER THE SAME TIME PERIOD. MOST OF THIS GROWTH (10.2 PERCENT) IS EXPECTED TO OCCUR IN SUSSEX COUNTY, DELAWARE.

PART VI, LINE 5

PENINSULA REGIONAL MEDICAL CENTER IS COMMITTED TO THE HEALTH OF THE RURAL

Part VI Supplemental Information

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COMMUNITIES IT SERVES. IN FY 2013, THE HOSPITAL'S CHARITY CARE INCREASED 19.3% (\$18,575,221 TO \$22,153,022) FROM THE PREVIOUS YEAR. IN ADDITION, COMBINED CHARITY AND BAD DEBT FOR FY 2013 WAS \$15,598,456.

THE HEALTH OF THE COMMUNITY IS THE HOSPITAL'S MISSION PROVIDING QUALITY HEALTHCARE AND EASE OF ACCESS FOR A RURAL POPULATION. TO THAT END, THE HOSPITAL HAS ESTABLISHED 9 PRIMARY CARE PHYSICIAN SATELLITE OFFICES LOCATED STRATEGICALLY THROUGHOUT THE SERVICE AREA. THESE SATELLITE LOCATIONS ADDRESS THE SPECIFIC DISEASES THAT ARE INDIGENT TO THESE RURAL AREAS. BASED ON THE INFORMATION GATHERED THROUGH THE MOST RECENT COMMUNITY HEALTH ASSESSMENT AND THE GUIDELINES SET FORTH IN HEALTHY PEOPLE 2010, THE FOLLOWING "HEALTH PRIORITIES" REPRESENT A SIGNIFICANT OPPORTUNITY FOR HEALTH IMPROVEMENT WHICH ARE BEING ADDRESSED BY THE HOSPITAL, PHYSICIAN SATELLITE OFFICES AND THE COUNTY HEALTH DEPARTMENTS:

- DIABETES (AS A RESULT OF THE COMMUNITY HEALTH ASSESSMENT SURVEY, A

Part VI Supplemental Information

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TRI-COUNTY DIABETES ALLIANCE WAS ESTABLISHED TO HELP EDUCATE, CREATE AWARENESS, AND IMPROVE THE HEALTH OF PEOPLE WITH DIABETES AND THOSE AT RISK FOR DEVELOPING DIABETES) WWW.TRIDIABETES.ORG

- HEART DISEASE & STROKE
- NUTRITION
- ACCESS TO HEALTH CARE SERVICES

IN ADDITION TO THESE AREAS, THERE ARE MULTIPLE OTHER PRIORITIES AND CONTRIBUTING FACTORS THAT EACH PARTNER ASSESSED IN CONJUNCTION WITH THIS SURVEY. IN IDENTIFYING PRIORITIES FOR COMMUNITY ACTION AND DESIGNING STRATEGIES FOR IMPLEMENTATION, A NUMBER OF CRITERIA WERE APPLIED TO THE CONSIDERATION PROCESS, INCLUDING:

- IMPACT: THE DEGREE TO WHICH THE ISSUE AFFECTS OR EXACERBATES OTHER QUALITY OF LIFE AND HEALTH-RELATED ISSUES.
- MAGNITUDE: THE NUMBER OF PERSONS AFFECTED, ALSO TAKING INTO ACCOUNT VARIANCE FROM BENCHMARK DATA AND YEAR 2010 TARGETS.

Part VI Supplemental Information

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- SERIOUSNESS: THE DEGREE TO WHICH THE PROBLEM LEADS TO DEATH,

DISABILITY OR IMPAIRS ONE'S QUALITY OF LIFE.

- FEASIBILITY: THE ABILITY OF ORGANIZATIONS TO REASONABLY IMPACT THE

ISSUE, GIVEN AVAILABLE RESOURCES.

- CONSEQUENCES OF INACTION: THE RISK OF EXACERBATING THE PROBLEM BY NOT

ADDRESSING AT THE EARLIEST OPPORTUNITY.

EACH PARTNER WAS RESPONSIBLE FOR ENGAGING IN ACTIVITIES SPECIFIC TO THE GEOGRAPHY WITHIN WHICH THEY OPERATE. EACH PARTNER USED THE RESULTS OF THE SURVEY TO PLAN SCREENINGS AND/OR INTERVENTIONS TAILORED TO THE NEEDS OF THEIR POPULATION. PARTNERS SHARED PLANS AND COLLABORATED WHERE POSSIBLE.

IN ADDITION TO THE PROGRAMS ALREADY PRESENTED, A NUMBER OF OTHER

INITIATIVES FROM THE COMMUNITY HEALTH SURVEY HAVE BEEN STARTED INCLUDING:

Part VI Supplemental Information

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- UNDER THE PRIORITY AREA OF ACCESS TO CARE, ACCESS TO DENTAL SERVICES PARTICULARLY FOR CHILDREN WAS IDENTIFIED. AS A RESULT, GRANTS AND GIFTS WERE RECEIVED TO EXPAND DENTAL PROGRAMS AT THE LOCAL HEALTH DEPARTMENT.
- FOR HEART DISEASE, A STATE GRANT SUPPLIED THE MONEY TO DO WORK SITE WELLNESS PROGRAMS INCLUDING SCREENINGS.
- FOR CANCER, MONEY FROM THE CIGARETTE RESTITUTION FUND WAS USED TO PROVIDE COLORECTAL SCREENINGS INCLUDING PREVENTION, EDUCATION, DIAGNOSIS AND TREATMENT. ADDITIONALLY, FUNDS WERE OBTAINED FROM A GRANT TO PROVIDE MAMMOGRAMS FOR LOW INCOME WOMEN.
- IN TERMS OF OBESITY, A THREE YEAR FEDERAL GRANT PROVIDED FUNDS TARGETED AT AFRICAN-AMERICAN FAMILIES TO PARTICIPATE IN A PROGRAM TO MAKE LIFESTYLE CHANGES, QUIT SMOKING, CONTROL THEIR BLOOD PRESSURE, EXERCISE (THROUGH A WALKING PROGRAM) AND MEETINGS WITH A NUTRITIONIST TO MODIFY THEIR EATING BEHAVIOR.
- FOR SUBSTANCE ABUSE, A NEW SUBOXONE (A HEROIN ALTERNATIVE) CLINIC WAS ESTABLISHED WITH GREAT SUCCESS. THIS IS THE ONLY SUCH CLINIC ON THE

Part VI Supplemental Information

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EASTERN SHORE.

- AND FINALLY, FOR MENTAL HEALTH CARE, A NEW CLINIC WHICH IS
CO-LOCATED IN A PRIMARY CARE SITE EXPANDS CARE FOR MENTAL HEALTH PATIENTS
WITHOUT THE STIGMA OF BEING SEEN IN A MENTAL HEALTH CLINIC.

COMMUNITY FLU SHOTS

THE MISSION OF THE MEDICAL CENTER IS TO "IMPROVE THE HEALTH OF THE
COMMUNITIES WE SERVE." IN FISCAL YEAR 2013, THE MEDICAL CENTER PROVIDED
5,156 FLU SHOTS (BELOW COST, WE DID ASK FOR A DONATION) THROUGH A THREE
DAY DRIVE-THRU FLU CAMPAIGN. THE AMOUNT OF COMMUNITY BENEFIT PROVIDED
WAS \$10,648.

PENINSULA PARTNERS

PENINSULA PARTNERS IS DESIGNED FOR INDIVIDUALS 55 AND OLDER AND IS A
SPECIAL PROGRAM PROVIDED AS A SERVICE TO OUR COMMUNITY ABSOLUTELY FREE.
PENINSULA PARTNERS MEMBERS WILL LEARN TIPS ON HEALTHY LIVING, ATTEND
SEMINARS AND PARTICIPATE IN HEALTH SCREENINGS. THIS PROGRAM PROVIDES:

Part VI Supplemental Information

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- MONTHLY LIFESTYLE NEWSLETTER - FEATURING HEALTHY TIPS, IN DEPTH
HEALTH ARTICLES, ETC.

- SAFE DRIVING CLASSES
- HEALTH SCREENINGS
- SOCIAL EVENTS
- INPATIENT VISITS
- SAFETY CLASSES
- SEMINARS ON VARIOUS HEALTH TOPICS

WAGNER WELLNESS VAN

PENINSULA REGIONAL'S WAGNER WELLNESS VAN DELIVERS HEALTH CARE ASSESSMENTS AND EDUCATION TO RURAL LOCATIONS WITHIN THE HOSPITALS SERVICE AREA. THE VAN HAS MULTIPLE USES AND MANY VENUES. IT IS ON SITE AT LOCAL COMMUNITY OUTDOOR FESTIVALS WITH STAFF PROVIDING THE FOLLOWING SCREENINGS: BLOOD PRESSURE, PULSE OXIMETRY, BODY FAT ANALYSIS, GRIP STRENGTH, AND VISION.

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DURING FY2013 WE SCREENED 3,526 MEMBERS OF THE COMMUNITY WITH VARIED "AT RISK" LEVELS AT OVER FORTY LOCATIONS. (THIS ONLY REPRESENTS OUR VAN PRESENCE AT MAJOR COMMUNITY INITIATIVES, AND DOES NOT REPRESENT THE MULTITUDE OF COMMUNITY APPEARANCES MADE BY OTHER MEDICAL CENTER DEPARTMENTS AT HEALTH FAIRS ON THE DELMARVA PENINSULA.)

IN OCTOBER 2008, IN AN EFFORT TO EXPAND OUR MOBILE SERVICE TO THE AT-RISK AND UNDERSERVED POPULATIONS, PENINSULA REGIONAL MEDICAL CENTER FORMED A PARTNERSHIP WITH THE WICOMICO HEALTH DEPARTMENT TO OFFER DIABETES, STROKE AND HYPERTENSION EDUCATION AND SCREENINGS TO THESE POPULATIONS (SITES RECOMMENDED BY THE HEALTH DEPARTMENT). THIS PROGRAM CONTINUES TODAY.

OTHER INITIATIVES

THE HOSPITAL AND ITS EMPLOYEES ALSO PARTICIPATE ON AN ANNUAL BASIS IN MANY CHARITABLE CAUSES THAT PROMOTE A HEALTHY LIFESTYLE AND OVERALL WELL-BEING OF THOSE IN THE COMMUNITY. IN FY2013, HOSPITAL EMPLOYEES CONTRIBUTED OVER \$106,000 TO THE UNITED WAY CAMPAIGN, IN ADDITION TO

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HAVING EMPLOYEES WALK AND PARTICIPATE IN THE MARCH OF DIMES, HOSPITAL EMPLOYEES AND PHYSICIANS ALSO PARTICIPATED IN THE 2011 WICOMICO COUNTY RELAY FOR LIFE. THIS CANCER SURVIVOR'S RECEPTION HOSTED OVER 600 CANCER SURVIVORS AND BRINGS HOPE TO THOSE SUFFERING. EVERY YEAR HOSPITAL EMPLOYEES ARE ENGAGED IN COMMUNITY OUTREACH WHICH ARE VOLUNTEER TYPE SERVICES PROVIDED "OUTSIDE THE REALM OF NORMAL HOSPITAL PATIENT CARE."

THE HOSPITAL ENCOURAGES VOLUNTEERISM IN THE FOLLOWING AREAS:

- HEALTH SCREENINGS
- HEALTH EDUCATION
- SUPPORT GROUPS
- PROGRAM SUPPORT
- RESEARCH
- FINANCIAL CONTRIBUTIONS

IN FY2013, 279,633 HOURS WERE GIVEN BY EMPLOYEES. AS AN EXAMPLE, THE HOSPITAL IS A COMMUNITY PARTNER WITH "THE WELLNESS COMMUNITY OF

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DELMARVA." THIS IS A NON-PROFIT ORGANIZATION DEDICATED TO PROVIDING FREE EMOTIONAL SUPPORT, EDUCATION AND HOPE FOR PEOPLE AFFECTED BY CANCER AND THEIR LOVED ONES. THE HOSPITAL'S EMPLOYEES VOLUNTARILY GIVE OF THEIR TIME AND TALENTS TO SUPPORT THIS TERRIFIC PROGRAM.

THE HOSPITAL ALSO PARTICIPATES IN THE "HEALTHIEST MARYLAND" INITIATIVE A RECENT PROGRAM LAUNCHED BY LT. GOVERNOR BROWN, THE ADMINISTRATION AND SECRETARY COLMERS. THIS IS A STATEWIDE MOVEMENT TO CREATE A CULTURE OF WELLNESS - AN ENVIRONMENT WHERE THE HEALTHIEST CHOICE IS EASY. MARYLAND RURAL HEALTHCARE ASSOCIATION IS ANOTHER AGENCY THAT PROMOTES THE DELIVERY OF RURAL HEALTH CARE, THEIR MISSION STATEMENT IS TO: ENHANCE THE HEALTH AND WELL BEING OF RURAL POPULATIONS IN MARYLAND THROUGH LEADERSHIP, EDUCATION, ADVOCACY AND COLLABORATION. THE HOSPITAL IS REPRESENTED ON THIS COMMITTEE AND IS COMMITTED TO FINDING SOLUTIONS TO PROVIDING THE MOST EFFICIENT AND EFFECTIVE HEALTHCARE DELIVERY TO AN UNDERSERVED RURAL POPULATION.

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THERE EXIST GEOGRAPHIC POCKETS IN PENINSULA REGIONAL'S SERVICE AREA WHICH ARE FEDERALLY LISTED AS BEING UNDERSERVED BY HEALTHCARE PROVIDERS. IN AN EFFORT TO ADDRESS THE RURAL POPULATIONS NEED FOR PROVIDERS, THE HOSPITAL HAS PARTNERED IN DEVELOPING HEALTHCARE PROGRAMS WITH LOCAL COLLEGES AND UNIVERSITIES. FOR EXAMPLE, THE HOSPITAL HAS COLLABORATED WITH UMES (UNIVERSITY OF MARYLAND EASTERN SHORE) AND HAS MADE A 5 YEAR \$250,000 DOLLAR INVESTMENT IN THEIR PHYSICIAN ASSISTANT PROGRAM. THIS INVESTMENT WILL EXPAND THE HEALTHCARE EDUCATIONAL OPPORTUNITIES, AND IN THE FUTURE PROVIDE HEALTH CARE PROFESSIONALS AVAILABLE TO CARE FOR RESIDENTS IN OUR REGION. THERE CONTINUES TO BE ONGOING COLLABORATIONS WITH WOR-WIC COMMUNITY COLLEGE AND SALISBURY UNIVERSITY TO FURTHER DEVELOP HEALTHCARE PROGRAMS AND PROVIDERS TO MEET THE CHALLENGES OF 21ST CENTURY HEALTHCARE.

PART VI, LINE 6

PENINSULA REGIONAL MEDICAL CENTER IS PART OF THE PENINSULA REGIONAL HEALTH SYSTEM. THE SYSTEM INCLUDES A FOUNDATION AND FOR-PROFIT ENTITIES

Part VI Supplemental Information

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WITH INTERESTS IN VARIOUS HEALTH CARE JOINT VENTURES. IN ADDITION TO THE
 COMMUNITY BENEFITS PROVIDED BY THE MEDICAL CENTER, THE HEALTH SYSTEM
 EVALUATES THE NEEDS OF THE COMMUNITY AND WILL PARTICIPATE IN COMMUNITY
 BENEFIT PROGRAMS AS NEEDED.

PART VI, LINE 7

STATE(S) WITH WHICH THE ORGANIZATION FILES A COMMUNITY BENEFIT REPORT
 MARYLAND

**SCHEDULE J
(Form 990)**

Compensation Information

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

PENINSULA REGIONAL MEDICAL CENTER

Employer identification number

52-0591628

Part I Questions Regarding Compensation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	Yes	No
1b	X	
2	X	
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) 2012

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

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

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 MARGARET NALEPPA PRESIDENT/CEO	(i)	654,318.	199,237.	20,330.	40,472.	13,952.	928,309.	0
	(ii)	0	0	0	0	0	0	0
2 LURA LUNSFORD VP OF OPERATIONS	(i)	316,585.	88,407.	4,648.	34,537.	12,520.	456,697.	0
	(ii)	0	0	0	0	0	0	0
3 BRUCE I. RITCHIE CFO	(i)	364,535.	80,439.	4,648.	50,290.	20,871.	520,783.	0
	(ii)	0	0	0	0	0	0	0
4 GAYATRI SONTI, D.O. PHYSICIAN	(i)	578,032.	65,998.	1,218.	10,586.	6,931.	662,765.	0
	(ii)	0	0	0	0	0	0	0
5 ANDY PIERRE, M.D. PHYSICIAN	(i)	643,610.	75,000.	26,218.	16,630.	17,788.	779,246.	0
	(ii)	0	0	0	0	0	0	0
6 JACEK MALIK, M.D. PHYSICIAN	(i)	647,151.	75,000.	1,218.	19,130.	12,967.	755,466.	0
	(ii)	0	0	0	0	0	0	0
7 DANIEL DANIELS, M.D. PHYSICIAN	(i)	438,247.	191,957.	26,602.	12,735.	10,512.	680,053.	0
	(ii)	0	0	0	0	0	0	0
8 HALIM CHARBEL, M.D. PHYSICIAN	(i)	440,594.	253,175.	1,218.	10,930.	799.	706,716.	0
	(ii)	0	0	0	0	0	0	0
9	(i)							
	(ii)							
10	(i)							
	(ii)							
11	(i)							
	(ii)							
12	(i)							
	(ii)							
13	(i)							
	(ii)							
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III Supplemental Information

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

SUPPLEMENTAL COMPENSATION INFORMATION

PART I, LINE 4B

MARGARET NALEPPA IS A PARTICIPANT IN THE 457F NON QUALIFIED PLAN.

PART I, LINE 6A AND 6B

OFFICERS AND KEY EMPLOYEES OF PENINSULA REGIONAL MEDICAL CENTER ARE PAID

COMPENSATION DETERMINED BY THE NET EARNINGS ACTIVITY OF THE MEDICAL

CENTER AND PENINSULA REGIONAL HEALTH SYSTEM. DURING CALENDAR YEAR 2013

THE FOLLOWING BONUSSES WERE PAID BASED ON EARNINGS: MARGARET NALEPPA

\$199,237, LURA LUNSFORD \$88,407 AND BRUCE RITCHIE \$80,439.

PART I, LINE 7

DURING CALENDAR YEAR 2012, THE FOLLOWING BONUSSES WERE PAID BASED ON

PRODUCTIVITY:

GAYATRI SONTI, D.O. \$ 65,998

ANDY PIERRE, M.D. \$ 75,000

JACEK MALIK, M.D. \$ 75,000

DANIEL DANIELS, M.D. \$191,957

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.

HALIM CHARBEL, M.D. \$253,175

**SCHEDULE K
(Form 990)**

Supplemental Information on Tax-Exempt Bonds

OMB No. 1545-0047

2012

**Open to Public
Inspection**

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

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

Department of the Treasury
Internal Revenue Service

Name of the organization

PENINSULA REGIONAL MEDICAL CENTER

Employer identification number

52-0591628

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 EDUCATION FACILITY	52-0936091	574217WT8	02/09/2006	146,668,251.	SEE PART VI		X		X		X
B											
C											
D											

Part II Proceeds

	A		B		C		D	
1 Amount of bonds retired	154,822,905.							
2 Amount of bonds legally defeased								
3 Total proceeds of issue	154,822,905.							
4 Gross proceeds in reserve funds	11,127,422.							
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds	1,167,501.							
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds	100,184,165.							
11 Other spent proceeds								
12 Other unspent proceeds								
13 Year of substantial completion	2009							
	Yes	No	Yes	No	Yes	No	Yes	No
14 Were the bonds issued as part of a current refunding issue?	X							
15 Were the bonds issued as part of an advance refunding issue?		X						
16 Has the final allocation of proceeds been made?	X							
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	X							

Part III Private Business Use

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

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

Schedule K (Form 990) 2012

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PENINSULA REGIONAL MEDICAL CENTER

52-0591628

Schedule K (Form 990) 2012

Page 2

Part III Private Business Use (Continued)	MARYLAND HEALTH & HIGHER EDUCATION FACILITY							
	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							
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?		X						
c Are there any research agreements that may result in private business use of bond-financed property?	X							
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?	X							
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	.9000 %							
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 ▶	.2300 %							
6 Total of lines 4 and 5	1.1300 %							
7 Does the bond issue meet the private security or payment test?	X							
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X						
b If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?	X							

Part IV Arbitrage								
	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has the issuer filed Form 8038-T?		X						
2 If "No" to line 1, did the following apply?								
a Rebate not due yet?		X						
b Exception to rebate?	X							
c No rebate due?		X						
If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3 Is the bond issue a variable rate issue?		X						
4a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X							
b Name of provider	MORGAN STANLEY							
c Term of hedge	20.400							
d Was the hedge superintegrated?		X						
e Was the hedge terminated?	X							

Schedule K (Form 990) 2012

PUBLIC INSPECTION COPY

PENINSULA REGIONAL MEDICAL CENTER

52-0591628

Schedule K (Form 990) 2012

Page 4

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

SCHEDULE K, PART I, COLUMN F

THE PROCEEDS OF THE ISSUE, AFTER PAYMENT OF FINANCING COSTS, WERE USED
PRIMARILY (I) TO FINANCE AND REFINANCE A PORTION OF THE COSTS OF
CONSTRUCTION, RENOVATION, ACQUISITION AND EQUIPPING OF HEALTHCARE
FACILITIES; (II) TO REFUND OUTSTANDING 1993 BONDS (ISSUED 10/28/93);
(III) TO PAY A PORTION OF THE INTEREST ACCRUING ON THE SERIES 2006 BONDS
FOR A PERIOD TO EXTEND TO JANUARY 1, 2009; AND (IV) TO PAY THE
COUNTERPARTY A TERMINATION PAYMENT OF \$1,575 IN CONNECTION WITH A FORWARD
STARTING INTEREST RATE EXCHANGE AGREEMENT ENTERED INTO ON AUGUST 9, 2005
AND UNWOUND ON JANUARY 24, 2006.

SCHEDULE K, PART II, LINE 10

OF THE AMOUNT REPORTED ON PART II, LINE 10, NONE IS CAPITALIZED INTEREST.

SCHEDULE K, PART IV, LINE 2C

THE REBATE COMPUTATION WAS PERFORMED ON AUGUST 2010.

SCHEDULE L (Form 990 or 990-EZ)

Transactions With Interested Persons

OMB No. 1545-0047

2012

Open To Public Inspection

Department of the Treasury Internal Revenue Service

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

Name of the organization

PENINSULA REGIONAL MEDICAL CENTER

Employer identification number

52-0591628

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

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

Table with 4 main columns: (a) Name of disqualified person, (b) Relationship between disqualified person and organization, (c) Description of transaction, (d) Corrected? (Yes/No). Rows 1-6.

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a or Form 990, Part IV, line 26; or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22.

Table with 9 main columns: (a) Name of interested person, (b) Relationship with organization, (c) Purpose of loan, (d) Loan to or from the organization? (To/From), (e) Original principal amount, (f) Balance due, (g) In default? (Yes/No), (h) Approved by board or committee? (Yes/No), (i) Written agreement? (Yes/No). Rows 1-10 and Total.

Part III Grants or Assistance Benefiting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

Table with 5 main columns: (a) Name of interested person, (b) Relationship between interested person and the organization, (c) Amount of assistance, (d) Type of assistance, (e) Purpose of assistance. Rows 1-10.

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

Schedule L (Form 990 or 990-EZ) 2012

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) THOMAS RICCIO, M.D.	TRUSTEE	99,225.	SEE PART V		X
(2) CHRISTJON HUDDLESTON, M.D.	TRUSTEE	42,825.	SEE PART V		X
(3) MARTIN NEAT	OFFICER	31,902.	SEE PART V		X
(4) MURRAY HOY, ED.D.	TRUSTEE	165,461.	SEE PART V		X
(5)					
(6)					
(7)					
(8)					
(9)					
(10)					

Part V Supplemental Information

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

DESCRIPTION OF TRANSACTIONS WITH INTERESTED PERSONS

SCHEDULE L, PART IV, COLUMN D

THOMAS RICCIO, M.D. IS PRESIDENT OF THE MEDICAL STAFF. TRANSACTIONS ARE STIPENDS FOR OFFICERS AND DEPARTMENT CHIEFS.

CHRISTJON HUDDLESTON M.D. IS THE PRMC HEALTH PLAN MEDICAL DIRECTOR, DIABETES DISEASE MANAGEMENT MEDICAL DIRECTOR, AND PATIENT CENTERED HOME MEDICAL DIRECTOR. TRANSACTIONS ARE FOR DIRECTORSHIP PAYMENTS AND ADMINISTRATION FOR THE EMPLOYEE HEALTH PLAN.

MARTY NEAT TRANSACTIONS ARE FOR COMPENSATION AND EXPENSE REIMBURSEMENT FOR THE BOARD CHAIRMAN.

MURRAY HOY IS PRESIDENT OF WOR-WIC COMMUNITY COLLEGE. TRANSACTIONS ARE PAYMENTS FOR TUITION AND FEES TO THE COLLEGE.

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

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.

Name of the organization

PENINSULA REGIONAL MEDICAL CENTER

Employer identification number

52-0591628

FORM 990, PART VI, SECTION A, LINE 2

BUSINESS RELATIONSHIPS

MARGARET NALEPPA, MARTIN NEAT, AND HUGH MCLAUGHLIN ARE MEMBERS OF THE BOARD OF DIRECTORS OF PENINSULA HEALTH VENTURES, A WHOLLY-OWNED TAXABLE SUBSIDIARY OF PENINSULA REGIONAL HEALTH SYSTEM.

FORM 990, PART VI, SECTION A, LINE 6

MEMBERS OF THE ORGANIZATION

PENINSULA REGIONAL HEALTH SYSTEM IS THE SOLE CORPORATE MEMBER OF THE MEDICAL CENTER.

FORM 990, PART VI, SECTION A, LINE 7A

MEMBER'S ABILITY TO ELECT MEMBERS OF THE GOVERNING BODY IN ITS CAPACITY AS THE SOLE CORPORATE MEMBER OF THE MEDICAL CENTER, PENINSULA REGIONAL HEALTH SYSTEM HAS THE ABILITY TO ELECT MEMBERS OF THE MEDICAL CENTER'S GOVERNING BODY.

FORM 990, PART VI, SECTION A, LINE 7B

DECISIONS SUBJECT TO APPROVAL BY MEMBERS AS THE SOLE CORPORATE MEMBER, PENINSULA REGIONAL HEALTH SYSTEM HAS THE ABILITY TO APPROVE MAJOR EXPENDITURES AND LONG TERM BORROWINGS OF THE MEDICAL CENTER.

FORM 990, PART VI, SECTION B, LINE 11B

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Name of the organization PENINSULA REGIONAL MEDICAL CENTER	Employer identification number 52-0591628
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REVIEW PROCESS OF FORM 990

OVERSIGHT OF THE COMPLETION OF THE ORGANIZATION'S FORM 990 HAS BEEN DELEGATED TO THE CHIEF FINANCIAL OFFICER OF PENINSULA REGIONAL MEDICAL CENTER BY THE PRESIDENT OF THE ORGANIZATION. ONCE THE FORM 990 AND ALL SCHEDULES HAVE BEEN PREPARED BY THE ORGANIZATION'S INDEPENDENT TAX SERVICES PROVIDER, THEY ARE REVIEWED BY THE EXECUTIVE COMMITTEE OF THE BOARD PRIOR TO FILING.

FORM 990, PART VI, SECTION B, LINE 12C

MONITORING AND ENFORCEMENT OF CONFLICT OF INTEREST POLICY

THE BOARD OF TRUSTEES ARE REQUIRED TO DISCLOSE ANNUALLY, IN WRITING, ANY AND ALL INTERESTS WHICH THEY OR ANY IMMEDIATE MEMBER OF THEIR FAMILY MAY HAVE IN ANY BUSINESS ENTITY WHICH HAS OR SEEKS A CONTRACTUAL OR COMPETITIVE RELATIONSHIP WITH THE ORGANIZATION. THE BOARD HAS THE AUTHORITY TO DETERMINE IF A VIOLATION HAS OCCURRED AND WHETHER ANY INTEREST WHICH SHOULD BE DISCLOSED SHOULD DISQUALIFY A DIRECTOR FROM PARTICIPATING IN ANY SPECIFIC BOARD DISCUSSION OR BOARD MEMBERSHIP.

FORM 990, PART VI, SECTION B, LINES 12A, 13, 14 & 16B

WRITTEN POLICIES

THE ORGANIZATION HAS WRITTEN CONFLICT OF INTEREST, WHISTLEBLOWER, DOCUMENT RETENTION & DESTRUCTION AND JOINT VENTURE POLICIES WITH WHICH IT COMPLIES. HOWEVER, THE POLICIES HAD BEEN FORMALLY ADOPTED BY THE HOSPITAL BOARD OR A COMMITTEE OF THE BOARD AS OF JUNE 30, 2013.

FORM 990, PART VI SECTION B, LINE 15A & 15B

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Name of the organization PENINSULA REGIONAL MEDICAL CENTER	Employer identification number 52-0591628
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PROCESS USED TO DETERMINE COMPENSATION

THE ORGANIZATION USES A COMPENSATION COMMITTEE TO DETERMINE THE COMPENSATION OF THE CEO/EXECUTIVE DIRECTOR AND OTHER KEY EMPLOYEES. THE CEO OF THE ORGANIZATION HAS A WRITTEN EMPLOYMENT CONTRACT. THE COMPENSATION COMMITTEE USES AN INDEPENDENT CONSULTANT, COMPENSATION SURVEYS AND OTHER ORGANIZATION'S FORM 990 IN THE DETERMINATION PROCESS.

FORM 990, PART VI, SECTION C, LINE 19

AVAILABILITY OF DOCUMENTS, POLICIES & FINANCIAL STATEMENTS TO THE PUBLIC THE ORGANIZATION'S GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST TO THE PUBLIC INFORMATION OFFICE OF PENINSULA REGIONAL MEDICAL CENTER AT 100 EAST CARROLL STREET, SALISBURY, MD 21801.

FORM 990, PART XI, LINE 9

OTHER CHANGES IN NET ASSETS OR FUND BALANCE

PENSION ADJUSTMENT - FAS 158	\$ 5,143,324
INVESTMENT INCOME SWAP	1,148,701
CHANGE IN EQUITY INTEREST OF FOUNDATION	836,688
CAPITAL CAMPAIGN TRANSFERS FROM FOUNDATION	(205,296)
U/R NET ASSETS RELEASED FROM RESTRICTION	68,939
ENDOWMENT DONATIONS	(6,448)
NET ASSETS RELEASED FROM RESTRICTION	199,690
PARTNERSHIP K-1 INCOME ON BOOKS NOT ON TAX RETURN	(119,011)
ROUNDING	1

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Name of the organization PENINSULA REGIONAL MEDICAL CENTER	Employer identification number 52-0591628
---	--

\$ 7,066,588

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ATTACHMENT 1

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

PENINSULA REGIONAL MEDICAL CENTER IS A NOT-FOR-PROFIT 501 (C)(3) NON-STOCK CORPORATION FOUNDED IN 1897 TO SERVE THE HEALTH CARE NEEDS OF THE COMMUNITY. THE HOSPITAL'S PRIMARY PURPOSE IS TO PROVIDE THE HIGHEST PRIMARY, SECONDARY, AND SELECTED TERTIARY HEALTH CARE SERVICES TO RESIDENTS OF AND VISITORS TO THE MID-DELMARVA PENINSULA IN A COMPETENT, COMPASSIONATE, AND COST-EFFECTIVE MANNER DESIGNED TO ELICIT A HIGH DEGREE OF CUSTOMER SATISFACTION. THE HOSPITAL'S MISSION IS TO IMPROVE THE HEALTH OF THE COMMUNITIES WE SERVE BY PROVIDING QUALITY MEDICAL CARE REGARDLESS OF RACE, CREED, SEX, NATIONAL ORIGIN, HANDICAP, OR AGE. IF A PATIENT IS UNABLE TO PAY DUE TO FINANCIAL RESOURCES, EFFORTS WILL BE TAKEN TO ASSURE CARE AT AN AFFORDABLE COST, OR OBTAINED ASSISTANCE THROUGH APPROPRIATE AGENCIES ON THE PATIENT'S BEHALF. EMERGENCY SERVICES CARE WILL BE PROVIDED TO EVERYONE REGARDLESS OF ABILITY TO PAY.

PENINSULA REGIONAL MEDICAL CENTER SERVED OVER 19,000 INPATIENTS AND PROVIDED MORE THAN 500,000 OUTPATIENT SERVICES DURING FISCAL 2013. FOOD SERVICE PROVIDED MORE THAN 450,000 MEALS TO PATIENTS AND EMPLOYEES.

ALTHOUGH REIMBURSEMENT FOR SERVICES RENDERED IS CRITICAL TO

PUBLIC INSPECTION COPY

Name of the organization PENINSULA REGIONAL MEDICAL CENTER	Employer identification number 52-0591628
---	--

ATTACHMENT 1 (CONT'D)

THE OPERATION AND STABILITY OF PENINSULA REGIONAL MEDICAL CENTER,
IT IS RECOGNIZED THAT NOT ALL INDIVIDUALS POSSESS THE ABILITY TO
PAY FOR ESSENTIAL MEDICAL SERVICES. THE HOSPITAL, IN KEEPING WITH
THE COMMITMENT TO SERVE ALL MEMBERS OF THE COMMUNITY, DURING
FISCAL 2013 PROVIDED:

CHARITY AND OTHER ALLOWANCES TOTALING \$56,792,433
DISCOUNTS TO THIRD PARTY PAYORS INCLUDING
GOVERNMENT PROGRAMS SUCH AS MEDICARE
AND MEDICAID \$46,015,032
WRITE-OFF OF UNCOLLECTIBLE ACCOUNTS \$15,598,456

THE TOTAL UNREIMBURSED VALUE OF PROVIDING CARE
TO THESE PATIENTS IS \$118,405,921

ALSO PROVIDED ARE MANY WELLNESS PROGRAMS, COMMUNITY EDUCATION
AND FREE PROGRAMS OFFERED THROUGHOUT THE YEAR BASED UPON
ACTIVITIES AND SERVICES THAT PENINSULA REGIONAL MEDICAL CENTER
BELIEVES WILL SERVE A BONA FIDE COMMUNITY HEALTH NEED. SOME OF
THE PROGRAMS ARE AS FOLLOWS:

A VARIETY OF BROCHURES ARE DISPLAYED IN ALL HOSPITAL WAITING AREAS
TO EDUCATE MEMBERS OF THE COMMUNITY REGARDING PROGRAMS AND
SERVICES.

Name of the organization

Employer identification number

PENINSULA REGIONAL MEDICAL CENTER

52-0591628

ATTACHMENT 1 (CONT'D)

PARTICIPATION IN HEALTH FAIRS DURING FY 2013 IN ORDER TO FOSTER HEALTH EDUCATION IN THE COMMUNITY.

BEING CALLED UPON TO SPEAK BEFORE COMMUNITY ORGANIZATIONS ON A VARIETY OF HEALTHCARE TOPICS. WE PROVIDE CHILDBIRTH PREPARATION CLASSES, EXERCISE CLASSES FOR PRENATAL AND POSTPARTUM WOMEN AND CPR CLASSES.

WE PROVIDE ASSISTANCE TO EDUCATORS THROUGH OUR WORK WITH STUDENT NURSES, RADIOLOGY, RESPIRATORY AND LABORATORY TECHNICIANS.

DURING FY 2013, PENINSULA REGIONAL MEDICAL CENTER VOLUNTEERS CONTRIBUTED OVER 43,500 HOURS TOWARD THE COMMON PURPOSE OF SERVICING THE HEALTH CARE OF THE COMMUNITY.

PROGRAM ACTIVITY

DURING FY 2013, PENINSULA REGIONAL MEDICAL CENTER PERFORMED OVER 550 COMMUNITY OUTREACH ACTIVITIES. SPECIFIC EXAMPLES OF EDUCATION AND OUTREACH PROGRAMS, SUPPORT GROUPS, COMMUNITY HEALTH SCREENINGS, AND FITNESS AND WELLNESS ACTIVITIES SUPPORTED BY PENINSULA REGIONAL MEDICAL CENTER ARE AS FOLLOWS:

COMMUNITY EDUCATIONAL AND OUTREACH PROGRAMS:

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Name of the organization PENINSULA REGIONAL MEDICAL CENTER	Employer identification number 52-0591628
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ATTACHMENT 1 (CONT'D)

LABOR & DELIVERY TOURS (EXCLUSIVE OF
CHILD BIRTH CLASS TOURS)

CPR

CHILD BIRTH PREPARATION CLASSES

REFRESHER COURSE - CHILD BIRTH

SIBLING CLASSES

INFANT CARE CLASSES

GRANDPARENT CLASSES

SAFE SITTER PROGRAM

WOMEN'S HEALTH EDUCATION

SUPPORT GROUPS:

DIABETES SUPPORT GROUPS

STROKE SUPPORT GROUP

HEAD AND NECK CANCER SUPPORT GROUP

EVENTS:

COMMUNITY SCREENINGS:

HEIGHT/WEIGHT, BLOOD PRESSURE

SKIN CANCER SCREENINGS

ORAL, HEAD AND NECK CANCER SCREENINGS

HEARING SCREENINGS

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Name of the organization PENINSULA REGIONAL MEDICAL CENTER	Employer identification number 52-0591628
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ATTACHMENT 1 (CONT'D)

FLU CLINIC

EDUCATIONAL EXHIBITS TO PROMOTE HEALTHY LIFESTYLES

BENEFITS:

MARCH OF DIMES WALK AMERICA

UNITED WAY

FITNESS/EXERCISE PROGRAMMING:

CARDIAC REHABILITATION

INDOOR CYCLING AND WEIGHTS

ATTACHMENT 2

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

<u>NAME AND ADDRESS</u>	<u>DESCRIPTION OF SERVICES</u>	<u>COMPENSATION</u>
HORIZON CSA 265 PIT ROAD MOORESVILLE, NC 28115	BIOMEDICAL SERVICES	5,280,184.
SHERIDAN ANESTHESIA OF MD P.O. BOX 452197 SUNRISE, FL 33323-2197	ANESTHESIA SERVICES	2,038,609.
SLEEP WAVES, INC 873 E BALTIMORE PIKE STE 345 KENNETT SQUARE, PA 19348	MEDICAL SERVICES	1,850,000.
ASSOCIATES IN RADIATION MED 4901 TELSAR DR. STE A BOWIE, MD 20715	MEDICAL SERVICES	1,346,476.
MAYO COLLABORATIVE SERVICES P.O. BOX 9146	MEDICAL SERVICES	1,322,159.

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Name of the organization PENINSULA REGIONAL MEDICAL CENTER	Employer identification number 52-0591628
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ATTACHMENT 2 (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>
MINNEAPOLIS, MN 55480-9146		

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No. 1545-0047

2012

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

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

Name of the organization

PENINSULA REGIONAL MEDICAL CENTER

Employer identification number

52-0591628

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

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) -----					
(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) PENINSULA REGIONAL MED CTR FOUNDATION 52-1851935 100 EAST CARROLL ST. SALISBURY, MD 21801	FUNDRAISING	MD	501(C)(3)	11 TYPE I	PRHS		X
(2) PENINSULA REGIONAL HEALTH SYSTEM (PRHS) 52-2132761 100 EAST CARROLL ST. SALISBURY, MD 21801	PARENT	MD	501(C)(3)	11 TYPE II	N/A		X
(3) PENINSULA GENERAL HOSPITAL INS. TRUST 52-6321234 100 EAST CARROLL ST. SALISBURY, MD 21801	INSURANCE	MD	501(C)(3)	11 TYPE III	PRHS	X	
(4) -----							
(5) -----							
(6) -----							
(7) -----							

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

Schedule R (Form 990) 2012

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

(a) 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) DELMARVA SURG CTR 52-2251436 641 S. SALISBURY, SALISBURY, MD	HEALTHCARE	MD	PHV									
(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	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) PENINSULA HEALTH VENTURES (PHV) 52-2250012 100 EAST CARROLL ST. SALISBURY SALISBURY, MD 21801	P'SHIP INV	MD	PRHS	C CORP					X
(2) PRLTC INC. 52-2190588 100 EAST CARROLL ST. SALISBURY, MD 21801	LONG TERM CAR	MD	PHV	C CORP					X
(3) -----									
(4) -----									
(5) -----									
(6) -----									
(7) -----									

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PENINSULA REGIONAL MEDICAL CENTER

52-0591628

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

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

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

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) PENINSULA REGIONAL MEDICAL CENTER FOUNDATION	N, O, Q	458,913.	FMV
(2) PENINSULA REGIONAL MEDICAL CENTER FOUNDATION	M, S	394,639.	FMV
(3) PENINSULA HEALTH VENTURES	L	200,000.	FMV
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under 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).
