

Return of Organization Exempt From Income Tax

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

2010

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 2010 calendar year, or tax year beginning 7/01, 2010, and ending 6/30, 2011

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

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

D Employer identification number 52-0607949 E Telephone number 301-790-8872

G Gross receipts \$ 303,228,089.

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

H(a) Is this a group return for affiliates? Yes No X H(b) Are all affiliates included? Yes No

I Tax-exempt status X 501(c)(3) 501(c) ( ) 4947(a)(1) or 527

H(c) Group exemption number L Year of formation 1904 M State of legal domicile MD

J Website: www.meritushealth.com K Form of organization: X Corporation Trust Association Other

Part I Summary

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

Activities & Governance

Table with 2 columns: Description and Amount. Rows include: 2 Check this box, 3 Number of voting members, 4 Number of independent voting members, 5 Total number of individuals employed, 6 Total number of volunteers, 7a Total unrelated business revenue, 7b Net unrelated business taxable income.

Revenue

Table with 3 columns: Description, Prior Year, Current Year. Rows include: 8 Contributions and grants, 9 Program service revenue, 10 Investment income, 11 Other revenue, 12 Total revenue.

Expenses

Table with 3 columns: Description, Prior Year, Current Year. Rows include: 13 Grants and similar amounts paid, 14 Benefits paid to or for members, 15 Salaries, other compensation, 16a Professional fundraising fees, 16b Total fundraising expenses, 17 Other expenses, 18 Total expenses, 19 Revenue less expenses.

Net Assets or Fund Balances

Table with 3 columns: Description, Beginning of Current Year, End of Year. Rows include: 20 Total assets, 21 Total liabilities, 22 Net assets or fund balances.

Part II Signature Block

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

Sign Here: Signature of officer Raymond A. Grahe, Date 5/14/2012, Title VP/Treasurer

Paid Preparer Use Only: Print/preparer's name FRANK D. GIARDINI, Preparer's signature, Date 5/14/12, Check self-employed, PTIN P00532355, Firm's name Grant Thornton, LLP, Firm's address 2001 Market Street, Suite 3100 Philadelphia, PA 19103-7080, Firm's EIN 36-6055558, Phone no. 215-561-4200

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

See Schedule O

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

If 'Yes,' describe these new services on Schedule O. See 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 exempt purpose achievements for each of the organization's three largest program services by expenses. Section 501(c)(3) and 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: [redacted]) (Expenses \$ 211,307,119. including grants of \$ 119,271.) (Revenue \$ 276,520,687.)

See Schedule O

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

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

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

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

4e Total program service expenses ▶ 211,307,119.

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If 'Yes,' complete Schedule A .....	1 X	
2 Is the organization required to complete Schedule B, Schedule of Contributors? (see instructions) .....	2 X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I .....	3	X
4 <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If 'Yes,' complete Schedule C, Part II .....	4 X	
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If 'Yes,' complete Schedule C, Part III .....	5	
6 Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If 'Yes,' complete Schedule D, Part I .....	6	X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' complete Schedule D, Part II .....	7	X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III .....	8	X
9 Did the organization report an amount in Part X, line 21; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? If 'Yes,' complete Schedule D, Part IV .....	9	X
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If 'Yes,' complete Schedule D, Part V .....	10 X	
11 If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings and equipment in Part X, line 10? If 'Yes,' complete Schedule D, Part VI .....	11a X	
b Did the organization report an amount for investments— other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VII .....	11b	X
c Did the organization report an amount for investments— program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part VIII .....	11c	X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If 'Yes,' complete Schedule D, Part IX .....	11d X	
e Did the organization report an amount for other liabilities in Part X, line 25? If 'Yes,' complete Schedule D, Part X .....	11e X	
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If 'Yes,' complete Schedule D, Part X .....	11f X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? If 'Yes,' complete Schedule D, Parts XI, XII, and XIII .....	12a	X
b Was the organization included in consolidated, independent audited financial statements for the tax year? If 'Yes,' and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional .....	12b X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E .....	13	X
14a Did the organization maintain an office, employees, or agents outside of the United States? .....	14a	X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If 'Yes,' complete Schedule F, Parts I and IV .....	14b	X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If 'Yes,' complete Schedule F, Parts II and IV .....	15	X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or assistance to individuals located outside the United States? If 'Yes,' complete Schedule F, Parts III and IV .....	16	X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If 'Yes,' complete Schedule G, Part I (see instructions) .....	17	X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If 'Yes,' complete Schedule G, Part II .....	18	X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If 'Yes,' complete Schedule G, Part III .....	19	X
20 a Did the organization operate one or more hospitals? If 'Yes,' complete Schedule H .....	20 X	
b If 'Yes' to line 20a, did the organization attach its audited financial statements to this return? <b>Note.</b> Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions) .....	20b X	

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

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

BAA

Form 990 (2010)

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

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

		Yes	No
1 a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. . . . .		
1 a	219		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. . . . .		
1 b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	X	
1 c			
2 a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return. . . . .		
2 a	2,212		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? . . . . .	X	
2 b			
<b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file. (see instructions)			
3 a	Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .	X	
3 a			
b	If 'Yes' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O . . . . .	X	
3 b			
4 a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . .		X
4 a			
b	If 'Yes,' enter the name of the foreign country: ▶ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
4 b			
5 a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . .		X
5 a			
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? . . . . .		X
5 b			
c	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T? . . . . .		
5 c			
6 a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible? . . . . .		X
6 a			
b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .		
6 b			
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? . . . . .		X
7 a			
b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided? . . . . .		
7 b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .		X
7 c			
d	If 'Yes,' indicate the number of Forms 8282 filed during the year. . . . .		
7 d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .		X
7 e			
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .		X
7 f			
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . .		
7 g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . .		
7 h			
<b>8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .			
8			
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
a	Did the organization make any taxable distributions under section 4966? . . . . .		
9 a			
b	Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .		
9 b			
<b>10 Section 501(c)(7) organizations. Enter:</b>			
a	Initiation fees and capital contributions included on Part VIII, line 12. . . . .		
10 a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . . . .		
10 b			
<b>11 Section 501(c)(12) organizations. Enter:</b>			
a	Gross income from members or shareholders . . . . .		
11 a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) . . . . .		
11 b			
<b>12 a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? . . . . .			
12 a			
b	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year. . . . .		
12 b			
<b>13 Section 501(c)(29) qualified nonprofit health insurance issuers.</b>			
a	Is the organization licensed to issue qualified health plans in more than one state? . . . . .		
13 a			
<b>Note.</b> See the instructions for additional information the organization must report on Schedule O.			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans . . . . .		
13 b			
c	Enter the amount of reserves on hand. . . . .		
13 c			
14 a	Did the organization receive any payments for indoor tanning services during the tax year? . . . . .		X
14 a			
b	If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O . . . . .		
14 b			

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

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

**Section A. Governing Body and Management**

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

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

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

**Section C. Disclosure**

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

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

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

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

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

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

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

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Pamela Bradford MD Director	3	X					0.	0.	0.	
(2) Marc Kross MD Director	3	X					0.	0.	0.	
(3) Rodney Shoop Director	3	X					0.	0.	0.	
(4) William Su MD Director	20	X					135,506.	0.	0.	
(5) Barbara Miller Director	3	X					0.	0.	0.	
(6) Gregory Snook Chairman	3	X					0.	0.	0.	
(7) Cynthia Pellegrino Vice Chairman	3	X					0.	0.	0.	
(8) Joseph Ross President & CEO	3	X		X			0.	0.	0.	
(9) James P Hamill Former Pres	50	X		X			482,711.	0.	22,807.	
(10) Raymond Grahe VP/Treasurer	50			X			288,799.	0.	27,880.	
(11) Nancy Rothrock Secretary	40			X			77,124.	0.	11,313.	
(12) Carey Leverett Vice President	50				X		175,448.	0.	18,321.	
(13) Deborah Addo-Samuels Vice President	50				X		203,620.	0.	18,455.	
(14) Carolyn Simonsen Vice President	50				X		182,404.	0.	11,894.	
(15) Mary Towe Vice President	50				X		188,540.	0.	15,200.	
(16) T. Michael White Vice President	50				X		326,557.	0.	19,631.	
(17) Kelly Corbi Vice President	50				X		181,442.	0.	19,673.	

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Sch O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(18) Michael Zampelli Vice President	10				X			0.	286,650.	41,031.
(19) Thomas Gilbert, MD Physician	50					X		769,417.	0.	21,205.
(20) Jayantilal Kadiwar, MD Physician	50					X		420,662.	0.	19,023.
(21) Matthew Wagner, MD Physician	50					X		300,557.	0.	24,116.
(22) Garry Seligman, MD Physician	50					X		216,108.	0.	20,445.
(23) Adriana Maldonado-Brem Physician	50					X		189,166.	0.	28,360.
(24)										
(25)										
(26)										
(27)										
(28)										
(29)										
<b>1b Sub-total</b> .....								4,138,061.	286,650.	319,354.
<b>c Total from continuation sheets to Part VII, Section A</b> .....								0.	0.	0.
<b>d Total (add lines 1b and 1c)</b> .....								4,138,061.	286,650.	319,354.

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization ▶ 139

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

**Section B. Independent Contractors**

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization.

(A) Name and business address	(B) Description of services	(C) Compensation
Blue Ridge Anesthesia Associates LLC 119 King Street Hagerstown, MD	Medical	1,533,757.
EmCare Inc 7032 Collection Center Drive Chicago, IL 60693	Medical	898,437.
Neurosurgical Specialists LLC 1150 Professional Court Hagerstown, MD	Medical	497,434.
Associates in Medical Physics 7505 Greenway Center Drive Greenbelt, Hagerstown PA 1733 Howell Road Hagerstown, MD 21740	Medical	488,905.
	Medical	465,045.

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 ▶ 37



**Part VIII Statement of Revenue**

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS	1a Federated campaigns.....	1a					
	b Membership dues.....	1b					
	c Fundraising events.....	1c					
	d Related organizations.....	1d					
	e Government grants (contributions)....	1e	54,125.				
	f All other contributions, gifts, grants, and similar amounts not included above....	1f	396,363.				
	g Noncash contributions included in lns 1a-1f: \$						
	<b>h Total.</b> Add lines 1a-1f.....			450,488.			
PROGRAM SERVICE REVENUE			Business Code				
	2a Patient revenue	900099	273822984.	273822984.			
	b Cafeteria sales	900099	1,244,532.	1,244,532.			
	c Other revenue	900099	1,117,066.	1,117,066.			
	d Wellness	900099	109,725.	109,725.			
	e Pharmacy	900099	105,925.	105,925.			
	f All other program service revenue ...		120,455.	120,455.			
	<b>g Total.</b> Add lines 2a-2f.....			276520687.			
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts).....		5,682,950.			5,682,950.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties.....						
	6a Gross Rents.....	(i) Real	109,094.				
		(ii) Personal					
		b Less: rental expenses.					
		c Rental income or (loss)....	109,094.				
	d Net rental income or (loss).....		109,094.	109,094.			
	7a Gross amount from sales of assets other than inventory..	(i) Securities	19650415.				
		(ii) Other	-210,079.				
		b Less: cost or other basis and sales expenses.....	17947726.				
		c Gain or (loss).....	1,702,689.	-210,079.			
	d Net gain or (loss).....		1,492,610.			1,492,610.	
	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.....							
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.....							
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.....							
Miscellaneous Revenue		Business Code					
11a Robinwood Food Service	722210	539,597.		539,597.			
b Clinical Trials	541700	484,937.		484,937.			
c							
d All other revenue.....							
<b>e Total.</b> Add lines 11a-11d.....			1,024,534.				
<b>12 Total revenue.</b> See instructions.....			285280363.	276629781.	1,024,534.	7,175,560.	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.  
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

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 U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22	119,271.	119,271.		
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	4,012,261.	0.	4,012,261.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.	0.	0.	0.
7 Other salaries and wages	99,863,747.	79,890,998.	19,972,749.	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)				
9 Other employee benefits	20,044,961.	16,035,969.	4,008,992.	
10 Payroll taxes	7,903,514.	6,322,811.	1,580,703.	
11 Fees for services (non-employees):				
a Management				
b Legal	309,957.	247,966.	61,991.	
c Accounting	233,580.	186,864.	46,716.	
d Lobbying	15,430.	15,430.		
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	99,218.	79,374.	19,844.	
g Other	15,480,896.	12,384,717.	3,096,179.	
12 Advertising and promotion	685,891.	548,713.	137,178.	
13 Office expenses	1,255,332.	1,004,266.	251,066.	
14 Information technology	1,715,919.	1,372,735.	343,184.	
15 Royalties				
16 Occupancy	4,409,854.	3,527,883.	881,971.	
17 Travel	585,684.	468,547.	117,137.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	121,922.	97,538.	24,384.	
20 Interest	8,909,404.	5,345,642.	3,563,762.	
21 Payments to affiliates	327,110.	261,688.	65,422.	
22 Depreciation, depletion, and amortization	19,587,835.	11,752,701.	7,835,134.	
23 Insurance	1,370,882.	1,096,706.	274,176.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24f. If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O.)				
a Medical supplies	59,732,777.	47,786,222.	11,946,555.	
b Prov for uncollectible acc	12,904,290.	10,323,432.	2,580,858.	
c Physician fees	8,696,248.	6,956,998.	1,739,250.	
d Equipment maintenance	3,238,006.	2,590,405.	647,601.	
e Purchased linen service	759,375.	607,500.	151,875.	
f All other expenses	2,853,429.	2,282,743.	570,686.	
25 Total functional expenses. Add lines 1 through 24f	275,236,793.	211,307,119.	63,929,674.	0.
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720). Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

**Part X Balance Sheet**

		(A)		(B)		
		Beginning of year		End of year		
ASSETS	1	Cash -- non-interest-bearing .....		1		
	2	Savings and temporary cash investments .....		19,955,626.	2 17,126,778.	
	3	Pledges and grants receivable, net .....		3		
	4	Accounts receivable, net .....		32,272,912.	4 37,340,076.	
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		5		
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) .....		6		
	7	Notes and loans receivable, net .....		6,069,111.	7 4,546,136.	
	8	Inventories for sale or use .....		5,534,418.	8 6,270,491.	
	9	Prepaid expenses and deferred charges .....		5,595,625.	9 5,344,130.	
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	10a	350,725,287.		
	b	Less: accumulated depreciation .....	10b	77,398,922.	242,146,761.	10c 273,326,365.
	11	Investments -- publicly traded securities .....		24,228,879.	11 33,868,350.	
	12	Investments -- other securities. See Part IV, line 11 .....			12	
	13	Investments -- program-related. See Part IV, line 11 .....			13	
	14	Intangible assets .....			14	
	15	Other assets. See Part IV, line 11 .....		100,157,838.	15 50,442,168.	
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34) .....		435,961,170.	16 428,264,494.		
LIABILITIES	17	Accounts payable and accrued expenses .....		55,138,183.	17 38,853,319.	
	18	Grants payable .....		18		
	19	Deferred revenue .....		19		
	20	Tax-exempt bond liabilities .....		262,903,342.	20 263,026,204.	
	21	Escrow or custodial account liability. Complete Part IV of Schedule D .....		21		
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L .....		22		
	23	Secured mortgages and notes payable to unrelated third parties .....		10,158,902.	23 6,477,567.	
	24	Unsecured notes and loans payable to unrelated third parties .....		24		
	25	Other liabilities. Complete Part X of Schedule D .....		5,179,012.	25 2,830,945.	
	26	<b>Total liabilities.</b> Add lines 17 through 25 .....		333,379,439.	26 311,188,035.	
NET ASSETS OR FUND BALANCES	<b>Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29 and lines 33 and 34.</b>					
	27	Unrestricted net assets .....		97,723,567.	27 110,748,543.	
	28	Temporarily restricted net assets .....		3,829,546.	28 5,299,298.	
	29	Permanently restricted net assets .....		1,028,618.	29 1,028,618.	
	<b>Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.</b>					
	30	Capital stock or trust principal, or current funds .....		30		
	31	Paid-in or capital surplus, or land, building, or equipment fund .....		31		
	32	Retained earnings, endowment, accumulated income, or other funds .....		32		
33	<b>Total net assets or fund balances.</b> .....		102,581,731.	33 117,076,459.		
34	<b>Total liabilities and net assets/fund balances.</b> .....		435,961,170.	34 428,264,494.		

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**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	285,280,363.
2	Total expenses (must equal Part IX, column (A), line 25)	2	275,236,793.
3	Revenue less expenses. Subtract line 2 from line 1	3	10,043,570.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	102,581,731.
5	Other changes in net assets or fund balances (explain in Schedule O) .See Schedule O	5	4,451,158.
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	117,076,459.

**Part XII Financial Statements and Reporting**

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

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
2b	Were the organization's financial statements audited by an independent accountant?	X	
2c	If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
d	If 'Yes' to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
3b	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.		

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Form 990 (2010)

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

**Public Charity Status and Public Support**  
Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

OMB No. 1545-0047

**2010**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

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

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

- 1  A church, convention of churches or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33-1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions – subject to certain exceptions, and (2) no more than 33-1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
  - a  Type I
  - b  Type II
  - c  Type III – Functionally integrated
  - d  Type III – Other
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that is a Type I, Type II or Type III supporting organization, check this box.
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?.....		
(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?.....		

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 column (i) listed in your governing document?		(v) Did you notify the organization in column (i) of your support?		(vi) Is the organization in column (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
<b>Total</b>									

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

Schedule A (Form 990 or 990-EZ) 2010

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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include 'unusual grants'.)						
2 Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

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

14 Public support percentage for 2010 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2009 Schedule A, Part II, line 14	15	%
16a 33-1/3% support test – 2010. If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
b 33-1/3% support test – 2009. If the organization did not check a box on line 13 or 16a, and line 15 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
17a 10%-facts-and-circumstances test – 2010. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
b 10%-facts-and-circumstances test – 2009. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization	<input type="checkbox"/>	
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions	<input type="checkbox"/>	

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

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

**Section A. Public Support**

Calendar year (or fiscal yr beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include any 'unusual grants'.)						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 Public support (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal yr beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lines 9, 10c, 11, and 12.)						

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

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

15 Public support percentage for 2010 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2009 Schedule A, Part III, line 15	16	%

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

17 Investment income percentage for 2010 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2009 Schedule A, Part III, line 17	18	%

19a 33-1/3% support tests -- 2010. If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization.

b 33-1/3% support tests -- 2009. 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.





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

Department of the Treasury  
Internal Revenue Service

Schedule of Contributors

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

OMB No. 1545-0047

2010

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

Organization type (check one):

Filers of:

Form 990 or 990-EZ

Section:

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

Form 990-PF

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

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

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

**General Rule**

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, \$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, aggregate 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 aggregate 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 their Form 990, or check the box on line H of its Form 990-EZ, or on line 2 of its Form 990-PF, to certify that it does not meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

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

Schedule B (Form 990, 990-EZ, or 990-PF) (2010)

Name of organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**Part I** Contributors (see instructions.)

(a) Number	(b) Name, address, and ZIP + 4	(c) Aggregate contributions	(d) Type of contribution
1	Meritus Healthcare Found. Grants 1101 Opal Court, Suite 301 Hagerstown, MD 21740	\$ 396,363.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
2	Mental Health Authority 401 East Antietam Street Hagerstown, MD 21740	\$ 54,125.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)
		\$	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II if there is a noncash contribution.)

Name of organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**Part II** Noncash Property (see instructions.)

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

BAA

Name of organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

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

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

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

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

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2010**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

▶ Complete if the organization is described below.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Schedule C (Form 990 or 990-EZ) 2010

**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.  
**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.

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?  Yes  No

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

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

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total
<b>2a</b> Lobbying non-taxable amount .....					
<b>b</b> Lobbying ceiling amount (150% of line 2a, column (e)) .....					
<b>c</b> Total lobbying expenditures .....					
<b>d</b> Grassroots nontaxable amount .....					
<b>e</b> Grassroots ceiling amount (150% of line 2d, column (e)) .....					
<b>f</b> Grassroots lobbying expenditures .....					

BAA

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

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
a Volunteers?		X	
b Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
c Media advertisements?		X	
d Mailings to members, legislators, or the public?		X	
e Publications, or published or broadcast statements?		X	
f Grants to other organizations for lobbying purposes?		X	
g Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?	X		
i Other activities? If 'Yes,' describe in Part IV.	X		15,430.
j Total. Add lines 1c through 1i			15,430.
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
b If 'Yes,' enter the amount of any tax incurred under section 4912.			
c If 'Yes,' enter the amount of any tax incurred by organization managers under section 4912.			
d If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?		X	

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

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

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

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

**Part IV** Supplemental Information

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

Additional Information

For fiscal year 2011, lobbying activities accounted for 8.65 percent of MMC's Maryland Hospital Association dues. The total calculated lobbying expense for MMC is \$15,430.

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

Area with horizontal dashed lines for supplemental information.



**SCHEDULE D  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

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

OMB No. 1545-0047

**2010**

**Open to Public Inspection**

Name of the organization

Employer identification number

Meritus Medical Center, Inc.

52-0607949

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

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

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

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

- 1 Purpose(s) of conservation easements held by the organization (check all that apply).
- Preservation of land for public use (e.g., recreation or education)       Preservation of an historically important land area
- Protection of natural habitat       Preservation of a certified historic structure
- Preservation of open space
- 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

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

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

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

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

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

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

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

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

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

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

1a Is the organization an agent, trustee, custodian, or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

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

	Amount
c Beginning balance.....	1 c
d Additions during the year.....	1 d
e Distributions during the year.....	1 e
f Ending balance.....	1 f

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

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

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

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

2 Provide the estimated percentage of the year end balance held as:

- a Board designated or quasi-endowment ▶ \_\_\_\_\_ %
- b Permanent endowment ▶ 53.00 %
- c Term endowment ▶ 47.00 %

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

	Yes	No
(i) unrelated organizations.....	3a(i)	X
(ii) related organizations.....	3a(ii)	X
b If 'Yes' to 3a(ii), are the related organizations listed as required on Schedule R?.....	3b	

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land.....		15,585,243.		15,585,243.
b Buildings.....		168,903,230.	9,177,169.	159,726,061.
c Leasehold improvements.....				
d Equipment.....		165,082,991.	68,221,753.	96,861,238.
e Other.....		1,153,823.		1,153,823.
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				273,326,365.

BAA

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

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

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

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

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

(a) Description	(b) Book value
(1) Assets held by trustee-debt & construct.	27,776,762.
(2) Inv in Golden Advantage	22,407.
(3) Inv in MD E-Care	-19,992.
(4) Inv in MD Physicians Care	15,975,000.
(5) Inv in Physician Practice	29,000.
(6) Investment in PHO	1,421,138.
(7) Net assets held by MHF	5,237,853.
(8) Other assets	
(9)	
(10)	
Total. (Column (b) must equal Form 990, Part X, column (B), line 15.)	50,442,168.

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

(a) Description of liability	(b) Amount
(1) Federal income taxes	
(2) Accrued retirement benefits	2,830,945.
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
(10)	
(11)	
Total. (Column (b) must equal Form 990, Part X, column (B) line 25.)	2,830,945.

2. FIN 48 (ASC 740) Footnote. In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). See Part XIV

**Part XI Reconciliation of Change in Net Assets from Form 990 to Audited Financial Statements** N/A

1	Total revenue (Form 990, Part VIII, column (A), line 12)	
2	Total expenses (Form 990, Part IX, column (A), line 25)	
3	Excess or (deficit) for the year. Subtract line 2 from line 1	
4	Net unrealized gains (losses) on investments	
5	Donated services and use of facilities	
6	Investment expenses	
7	Prior period adjustments	
8	Other (Describe in Part XIV)	
9	Total adjustments (net). Add lines 4 through 8	
10	Excess or (deficit) for the year per audited financial statements. Combine lines 3 and 9	

**Part XII Reconciliation of Revenue per Audited Financial Statements With Revenue per Return** N/A

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

**Part XIII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return** N/A

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

**Part XIV Supplemental Information**

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, line 8; Part XII, lines 2d and 4b; and Part XIII, lines 2d and 4b. Also complete this part to provide any additional information.

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

Charity care

**Part X - FIN 48 Footnote**

MMC follows the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold. This applies to positons taken or expected to be taken in a tax return.

**Part XIV** Supplemental Information *(continued)*

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

**Hospitals**

OMB No. 1545-0047

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

**2010**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

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

	Yes	No
1a Did the organization have a charity care policy? 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 the various hospital facilities during the tax year.		
<input type="checkbox"/> Applied uniformly to all hospital facilities		
<input type="checkbox"/> Generally tailored to individual hospital facilities		
<input type="checkbox"/> Applied uniformly to most hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care to low income individuals? If 'Yes,' indicate which of the following was the FPG family income limit for eligibility for free care:	X	
<input type="checkbox"/> 100% <input checked="" type="checkbox"/> 150% <input type="checkbox"/> 200% <input type="checkbox"/> Other _____ %		
b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? If 'Yes,' indicate which of the following was the family income limit for eligibility for discounted care:	X	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>150.0</u> %		
c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the 'medically indigent'?	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If 'Yes,' did the organization's financial assistance expenses exceed the budgeted amount?		X
c If 'Yes' to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		
6a Did the organization prepare a community benefit report during the tax year?	X	
b If 'Yes,' did the organization make it available to the public?	X	

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

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

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial assistance at cost (from Worksheets 1 and 2)		3,725	9,588,597.		9,588,597.	3.48
b Unreimbursed Medicaid (from Worksheet 3, column a)			638,272.		638,272.	0.23
c Unreimbursed costs — other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs	0	3,725	10,226,869.	0.	10,226,869.	3.71
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4)		397,490	1,286,029.		1,286,029.	0.47
f Health professions education (from Worksheet 5)		4,496	117,003.		117,003.	0.04
g Subsidized health services (from Worksheet 6)		24,829	11,851,304.	2,733,447.	9,117,857.	3.31
h Research (from Worksheet 7)		406	811,458.	484,937.	326,521.	0.12
i Cash and in-kind contributions to community groups (from Worksheet 8)		1,672	444,471.	287,649.	156,822.	0.06
j Total. Other Benefits	0	428,893	14,510,265.	3,506,033.	11,004,232.	4.00
k Total. Add line 7d and 7j	0	432,618	24,737,134.	3,506,033.	21,231,101.	7.71

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing . . . . .						
2 Economic development . . . . .						
3 Community support . . . . .		48	1,258.		1,258.	
4 Environmental improvements . . . . .						
5 Leadership development and training for community members . . . . .						
6 Coalition building . . . . .						
7 Community health improvement advocacy . . . . .		4	1,279.		1,279.	
8 Workforce development . . . . .						
9 Other . . . . .		1,000	693.		693.	
10 Total . . . . .	0	1,052	3,230.	0.	3,230.	0.

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

**Section A. Bad Debt Expense**

	Yes	No
1 Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15? . . . . .	X	
2 Enter the amount of the organization's bad debt expense (at cost) . . . . .		
3 Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy . . . . .		
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit. Part VI		

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME) . . . . .	5	261,906,044.
6 Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	239,028,749.
7 Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .	7	22,877,295.
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

**Section C. Collection Practices**

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

**Part IV Management Companies and Joint Ventures**

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

**Part V Facility Information****Section A. Hospital Facilities**

(list in order of size, measured by total revenue per facility, from largest to smallest)

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

Name and address

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

Licensed Hospital	General medical and surgical	Child- ren's hospital	Teach- ing hospital	Critical access hospital	Re- search facility	ER- 24 hours	ER- other	Other (describe)
X	X			X		X		



**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

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

Name of Hospital Facility: Meritus Medical Center, Inc.

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

Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)		Yes	No
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If 'No,' skip to line 8. . . . .		X
If 'Yes,' indicate what the Needs Assessment describes (check all that apply):			
a	<input type="checkbox"/> A definition of the community served by the hospital facility		
b	<input type="checkbox"/> Demographics of the community		
c	<input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d	<input type="checkbox"/> How data was obtained		
e	<input type="checkbox"/> The health needs of the community		
f	<input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g	<input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h	<input type="checkbox"/> The process for consulting with persons representing the community's interests		
i	<input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess all of the community's health needs		
j	<input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a Needs Assessment: _____		
3	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If 'Yes,' describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .		
4	Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If 'Yes,' list the other hospital facilities in Part VI. . . . .		
5	Did the hospital facility make its Needs Assessment widely available to the public? . . . . .		
If 'Yes,' indicate how the Needs Assessment was made widely available (check all that apply):			
a	<input type="checkbox"/> Hospital facility's website		
b	<input type="checkbox"/> Available upon request from the hospital facility		
c	<input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply):		
a	<input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community		
b	<input type="checkbox"/> Execution of the implementation strategy		
c	<input type="checkbox"/> Participation in the development of a community-wide community benefit plan		
d	<input type="checkbox"/> Participation in the execution of a community-wide community benefit plan		
e	<input type="checkbox"/> Inclusion of a community benefit section in operational plans		
f	<input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment		
g	<input type="checkbox"/> Prioritization of health needs in its community		
h	<input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
i	<input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If 'No,' explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs. . . . .		
<b>Financial Assistance Policy</b>			
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
8	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care? . . . . .	X	
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . . . .	X	
If 'Yes,' indicate the FPG family income limit for eligibility for free care: <u>200</u> %			

**Part V Facility Information** (continued)

Meritus Medical Center, Inc. Copy

1 of 1

		Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? .....	X	
	If 'Yes,' indicate the FPG family income limit for eligibility for discounted care: <u>300</u> %		
11	Explained the basis for calculating amounts charged to patients? .....	X	
	If 'Yes,' indicate the factors used in determining such amounts (check all that apply):		
a	<input checked="" type="checkbox"/> Income level		
b	<input checked="" type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Other (describe in Part VI)		
12	Explained the method for applying for financial assistance? .....	X	
13	Included measures to publicize the policy within the community serviced by the hospital facility? .....	X	
	If 'Yes,' indicate how the hospital facility publicized the policy (check all that apply):		
a	<input checked="" type="checkbox"/> The 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 type="checkbox"/> Other (describe in Part VI)		

**Billing and Collections**

14	Did the hospital have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment? .....	X	
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at any time during the tax year:		
a	<input checked="" type="checkbox"/> Reporting to credit agency		
b	<input checked="" type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other actions (describe in Part VI)		
16	Did the hospital facility engage in or authorize a third party to perform any of the following collection actions during the tax year? .....	X	
	If 'Yes,' check all collection actions in which the hospital facility or a third party engaged (check all that apply):		
a	<input checked="" type="checkbox"/> Reporting to credit agency		
b	<input checked="" type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other actions (describe in Part VI)		
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in line 16 (check all that apply)		
a	<input checked="" type="checkbox"/> Notified patients of the financial assistance policy on admission		
b	<input checked="" type="checkbox"/> Notified patients of the financial assistance policy prior to discharge		
c	<input checked="" type="checkbox"/> Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills		
d	<input checked="" type="checkbox"/> Documented its determination of whether a patient who applied for financial assistance under the financial assistance policy qualified for financial assistance		
e	<input type="checkbox"/> Other (describe in Part VI)		

BAA

**Part V Facility Information** (continued)

**Policy Relating to Emergency Medical Care**

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

**Charges for Medical Care**

19	Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply):			
a	<input type="checkbox"/> The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility			
b	<input type="checkbox"/> The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility			
c	<input type="checkbox"/> The hospital facility used the Medicare rate for those services			
d	<input checked="" type="checkbox"/> Other (describe in Part VI)			
art VI				
20	Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?.....			X
If 'Yes,' explain in Part VI.				
21	Did the hospital facility charge any of its patients an amount equal to the gross charge for any service provided to that patient?.....			X
If 'Yes,' explain in Part VI.				

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

**Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**  
 (list in order of size, measured by total revenue per facility, from largest to smallest)

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

Name and address	Type of Facility (describe)

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 5, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

**Part I, Line 6a - Related Organization Community Benefit Report**

MMC prepares a community benefits report through the Maryland Health Services Cost Review Commission (HSCRC), and it is available via their website.

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

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

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

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

**Part I, Line 7g - Costs Associated With Physicians Clinics**

Subsidized health services for Meritus Medical Center include the following:

**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, 5, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

**Part I, Line 7g - Costs Associated With Physicians Clinics (continued)**

(1) Hospital owned endocrinology and diabetes program

(2) Western Maryland Medication Assistance Center

(3) Hospital owned psychiatric practice

(4) Level III trauma program

(5) On-call fees for emergency specialist call

(6) Hospital owned respiratory care program

(7) Hospice of Washington County allowed a voluntary contractual allowance

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

Meritus Medical Center (MMC) provides an allowance for doubtful accounts for estimated losses resulting from the unwillingness or inability of patients to make payments for services. The allowance is determined by analyzing specific accounts and historical data and trends. Patient accounts receivable are charged off against the allowance for doubtful accounts when management determines that recovery is unlikely and MMC ceases collection efforts. Losses have been consistent with management's expectations.

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

Meritus Medical Center is committed to providing quality health care for all patients regardless of their inability to meet the associated financial obligation and without discrimination on the grounds of race, color, national origin or creed.

**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, 5, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

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

Financial assistance can be offered during, or after services are rendered. The financial assistance procedures are designed to assist individuals who qualify for less than full coverage under available federal, state and local medical assistance programs, but whom residual "self-pay" balances exceed their own ability to pay.

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

A financial application that has been approved for financial assistance will remain eligible for a period of six months. Patients or guarantors incurring accounts after the six month period will be required to reapply, so that any changes in their financial status can be reassessed. Accounts receivable accounts approved for

**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, 5, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

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

financial assistance will be reconciled by the Finance Department at fiscal year end and reported annually to the Health Services Cost Review Commission of the State of Maryland. If financial assistance is denied, a payment arrangement will be obtained on any balance due by the patient or the guarantor by a Patient Financial Services Representative.

**Part V, Line 19d - Other Billing Determination of Individuals Without Insurance**

MMC will follow the Maryland Hospital Association Standards for Financial Assistance for Maryland.

a. MMC will provide 100 percent free hospital care for patients below 200 percent of Federal Poverty levels and the income threshold for reduced-cost medically necessary care is between 200 and 300 percent of the federal poverty level and who have less than \$10,000 in net assets.

b. When a patient's income and/or net assets does not qualify them for 100 percent Financial Assistance, they may be eligible to qualify for financial assistance based on a sliding scale as referenced in Appendix 1.

c. MMC will consider the size of a patient's bill relative to their ability to pay in determining financial assistance and financial assistance options, which could include payment plans.

d. MMC will grant financial assistance for services determined to be medically



**Part V** Supplemental Information

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 5, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

Part V, Line 19d - Other Billing Determination of Individuals Without Insurance (continued)

necessary.

e. It is recognized that Amish and Mennonite patients do not rely on in any manner on any type of government programs or private insurance based upon their religious beliefs. These groups rely on their religious community to pull resources together to pay for healthcare bills for members of their community. These patients, who are 100% self-pay, will be granted a 25% discount when bill is paid in full within 30 days of service.

Part VI - Needs Assessment

Meritus Medical Center completed a community health needs assessment in the Spring of 2009. It was sent to major community agencies to determine what they knew and perceived to be the most important healthcare needs of Washington County residents. Twenty agencies were surveyed, including the healthcare organizations, the United Way, and the Department of Social Services. Internal healthcare providers were also surveyed; some of them included the healthcare management department, medical director of internal medicine, and the community health education and outreach department.

Respondents completed a survey which asked them to identify: the three most important health needs they have encountered; which ones they have designated as current fiscal year priorities; and to name any other agencies that should be

**Part VI Supplemental Information**

Complete this part to provide the following information.

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

included in the survey.

Respondents listed the following as the most important health needs: mental health services, services for the elderly, dental services, and obesity.

They identified three that are fiscal year priorities: mental health, dental services, and substance abuse.

In response to the community needs assessment completed in 2009, MMC responded to the identified needs during fiscal year 2011. The first need identified was to improve access to adolescent mental health and social functioning. MMC developed a model to provide in-school assessment and counseling services at Boonsboro High School which experienced above average substance abuse rates and suicide. MMC secured grant funding of \$70,000 from Maryland Physicians Care and secured funding for building renovations from Washington County Community Partnership. The program services were implemented by Villa Maria Catholic Charities and 34 adolescents were treated.

MMC also worked to advocate and enhance existing community child and adult mental health services by providing expertise to the mental health providers. MMC helped to secure an early childhood mental health grant from Maryland Hospital Association and provided board support and clinical supervision of services. Service expansion included case management and juvenile drug court diversion.

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

Secondly MMC increased awareness of senior services. Seniors living in the Washington County region were identified as having a lack of awareness of health issues unique to an aging population. Through community health fairs, screenings, and educational events, MMC provides the information necessary to heighten awareness of senior issues and assist seniors in identifying where help can be obtained. A third identified area was the need to decrease adult obesity. MMC provided BMI screenings and nutritional information at community educational events and health fairs to increase awareness and knowledge of elevated body mass index and potential health risks. Participants were able to identify the need to make lifestyle changes and where such assistance could be obtained. 204 persons completed obesity screening and education for fiscal year 2011.

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

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

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

their families. The hospital makes every effort to inform patients of this policy throughout their visit.

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

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

**Part VI - Community Information**

Meritus Medical Center is a regional medical center for residents of the tri-state area including Washington County, Maryland; Frederick County, Maryland; Franklin County, PA; Fulton County, PA; Morgan County, WV; Jefferson County, WV; and Berkley County, WV. The hospital's primary service area is Washington County, MD and residents of the county make up the majority of the hospital's customers. However, with service offerings including a regional trauma center, a center for bariatric surgery, non-primary and primary angioplasty, and a designated stroke center, the

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**Part VI - Community Information (continued)**

hospital draws from southern PA and northern WV for a variety of services. For

example, in 2009, emergency medical service providers brought more than 200

Frederick county residents to Meritus Medical Center's trauma center for treatment.

According to the Hagerstown-Washington County Economic Development Commission,

people are moving to Washington County for its employment opportunities, world-class

educational system, and excellent quality of life. With a net increase of 1,000

people, Washington County ranks first in Maryland for the largest total migration

increase according to the U.S. Census Bureau 2007 Statistics. The population of the

county is 145,384 and is projected to grow to 170,950 by 2020, according to the

Maryland Department of Planning.

**Part VI - Community Building Activities**

Meritus Medical Center participates in an on-going, nationally recognized program

called KidShape. It seeks to improve the health and well-being of children from

ages 6 to 17. It targets overweight and obese children by involving them and their

parents in a program that emphasizes eating management and fun activities to get

kids active. The program benefits the whole family. Children are referred by their

physicians and parents may self-refer. It is an outreach program implemented by the

hospital's community health education outreach department.

The KidShape program was initiated in April 2008. Since that time, 19 families have

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

completed the course. Evaluations were done at the end of each course. KidShape staff reported the following:

1. 69% decreased or maintained their BMI
2. 72% decreased their blood pressure
3. 52% increased vegetable consumption
4. 45% increased fruit consumption
5. 67% decreased their "junk" food intake
6. 54% decreased TV time on weekends
7. 46% increased time they spend exercising
8. 46% increased their self esteem

As a result of the evaluations, the hospital is continuing its commitment to providing the KidShape program in our community.

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

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

**Part VI Supplemental Information**

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Part VI - Explanation Of How Organization Furthers Its Exempt Purpose (continued)

Every day, the hospital's employees live out MMC's values by treating others as they would like to be treated. MMC participates in a variety of activities that focus on the well-being of the patients, including committees and teams that evaluate the progress in the areas of quality patient care, patient safety and professional development. Many staff members provide outreach to the community through educational offerings which have been identified by a survey of community health education needs.

MMC is a vibrant healthcare facility, where dedicated staff engages patients and their families in their care, promoting a partnership that leads to improved patient outcomes. At the same time, employees work together to plan a future that focuses on the well-being of the citizens of the tri-state region.

The focus for any healthcare organization is the community it serves. At Meritus Health, the parent company of Meritus Medical Center, we want to ensure that we are a good corporate citizen. We do that in two very important ways: the way we use our financial resources to provide healthcare services and through the oversight provided by our boards of directors. All surplus funds are used for the purchase of capital equipment which improves the quality of care provided.

As a tax exempt hospital, we contribute funds to help many people who might not be able to afford their healthcare. These dollars are used to provide free,

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Part VI - Explanation Of How Organization Furthers Its Exempt Purpose (continued)

reduced-cost or subsidized services to many individuals in the community. It's a collaborative effort involving numerous areas of the health system in activities such as health education and outreach, screenings, programs and events, as well as helping individuals obtain prescription medications, access to needed services, and even transportation to healthcare appointments.

Unlike giant healthcare corporations -where every decision is made at company headquarters-all decisions regarding Meritus Health are made here in Hagerstown.

That's because as a regional health system, our local governing board of directors, made up entirely of volunteers, guides the health system's decisions with the best interests of the community at heart.

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

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

As a community trust that works hard to keep the values and interests of the



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

community at heart, the Meritus Health Board of Directors is ensuring that the health system has the support necessary to provide care for future generations.

The opening of MMC on December 11, 2010 was a realization of the planning and hard work by staff that went into creating a cutting-edge facility to take the region into the next century in health care.

Through the planning and implementation of a project this size, people were tapped along the way to make sure the replacement facility was going to meet the needs of the community now and beyond. With the new facility, basic needs such as a larger emergency room are being met, and technologies that were not available even a year ago have been added.

**Part VI - Affiliated Health Care System Roles and Promotion**

Meritus Health - the largest healthcare provider in Western Maryland - is located at the crossroads of Western Maryland, southern Pennsylvania, and the Eastern Panhandle of West Virginia. As the largest employer in Washington County, it has a deep understanding of the needs of the community. Its programs span the continuum of healthcare, ranging from inpatient care to occupational health services to physician practices and outpatient care. The system delivers patient care through two primary components, MMC and ME.

Located in Hagerstown, MMC, an acute care hospital- which opened December 11, 2010 -

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Part VI - Affiliated Health Care System Roles and Promotion (continued)

has 267 single-patient rooms, along with the most advanced technologies available.

Services include a special care nursery, a level III trauma program, a primary

stroke center, a wound center, as well as a cardiac diagnostic laboratory. Other

hospital services that address outpatient needs continue to be available, such as

the John R. Marsh Cancer Center, Total Rehab Care, the Center for Clinical Research,

and the Center for Bariatric Surgery.

State-of-the-art medical technologies at MMC include new technologies such as

advanced 3T magnetic resonance imaging, single-photo-emission computed tomography

(SPECT) scanners, and cardiac interventions.

Patients will benefit from the convenient location of MMC, which is adjacent to the

Robinwood Professional Center, operated by ME. With

this proximity, patients can take advantage of an array of both inpatient and

outpatient services. The medical mall houses a pharmacy, medical laboratory, an

urgent care clinic, surgery centers,

and diagnostic imaging services. In addition, there are numerous physician

practices, offering a wide variety of medical specialties.

ME, an affiliate of MH, is a leading provider in ambulatory health care services in

the tri-state region. Its mission is to engage in ambulatory health activities that

complement the goals and objectives of MH. ME vigorously recruits physicians and

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**Part VI - Affiliated Health Care System Roles and Promotion (continued)**

other healthcare providers to the region, to assure an adequate supply of physicians in many medical specialties. ME has a very successful record of joint-venture relationships with physicians that has greatly benefited the well being of tri-state area residents. ME includes a number of businesses and medical practices. It maintains three urgent care clinics in Hagerstown. The urgent care clinics work closely with primary care physicians, caring for patients with minor illnesses or injuries. Because numerous patients can be seen at these clinics, local physicians have more time to spend with regularly-scheduled patients in their offices.

Tri-State Health

Partners (THP) is a physician hospital organization (PHO) owned by more than 200 physicians and MMC. This partnership enhances the ability of its physician owners and the medical center to focus on technology and initiatives to improve quality and patient care outcomes in the community.

THP's mission is to be the region's most comprehensive healthcare solutions company, fostering collaboration with community practitioners and providers to create a fully-integrated medical care delivery system.

Clinical integration engages THP physicians in a cooperative effort to improve the quality of healthcare and the cost-effectiveness of healthcare services.

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

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**Part VI - Affiliated Health Care System Roles and Promotion (continued)**

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

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

MD

**Part V - Explanation of Number of Facility Type**

N/A

**Additional Information**

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

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**Additional Information (continued)**

revenue related to Uncompensated Care.

Line 7b Columns (c) through (f) - Maryland's regulatory system creates a unique process for hospital payment that differs from the rest of the nation. The Health Services Cost Review Commission, (HSCRC) determines payment through a rate-setting process and all payors, including governmental payors, pay the same amount for the same services delivered at the same hospital. Maryland's unique all-payor system includes a method for referencing Uncompensated Care in each payors' rates, which does not enable Maryland hospitals to breakout any directed offsetting revenue related to Uncompensated Care. Community benefit expenses are equal to Medicaid revenues in Maryland, as such, the net effect is zero. The exception to this is the impact on the hospital of its share of the Medicaid assessment. In recent years, the state of Maryland has closed fiscal gaps in the state Medicaid budget by assessing hospitals through the rate-setting system.

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

Meritus Medical Center, Inc.

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

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

**2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States. See **Part IV**

**Part II** **Grants and Other Assistance to Governments and Organizations in the United States.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 21 for any recipient that received more than \$5,000. Check this box if no one recipient received more than \$5,000. Part II can be duplicated if additional space is needed.

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

**2** Enter total number of section 501(c)(3) and government organizations ..... **0**

**3** Enter total number of other organizations ..... **0**

Open to Public Inspection  
Employer identification number  
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(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
1 HSCRC Nursing Grant	13	119,271.		N/A	N/A
2					
3					
4					
5					
6					
7					

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

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

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

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

**Compensation Information**

OMB No. 1545-0047

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

**2010**

Department of the Treasury  
Internal Revenue Service

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

**Open to Public Inspection**

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

**Part I Questions Regarding Compensation**

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

- |  |   |
|--|---|
| <input type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use          |
| <input type="checkbox"/> Travel for companions                     | <input type="checkbox"/> Payments for business use of personal residence          |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input 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 organization uses to establish the compensation of the organization's CEO/Executive Director. Check all that apply.

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

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

**a** Receive a severance payment or change-of-control payment from the organization or a related organization?

**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		

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

Schedule J (Form 990) 2010



**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) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a.

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus and incentive compensation	(iii) Other reportable compensation				
1 James P Hamill	(i) 459,897 (ii) 0	0	22,814	10,922	11,885	505,518	0
2 Raymond Grahe	(i) 280,919 (ii) 0	0	7,880	17,150	10,730	316,679	0
Carey Leverett	(i) 171,776 (ii) 0	0	3,672	6,832	11,489	193,769	0
3 Deborah Addo-S	(i) 201,304 (ii) 0	0	2,316	8,243	10,212	222,075	0
4 Carolyn Simons	(i) 175,898 (ii) 0	0	6,506	6,006	5,888	194,298	0
Mary Towe	(i) 186,656 (ii) 0	0	1,884	12,882	2,318	203,740	0
T. Michael Whi	(i) 319,237 (ii) 0	0	7,320	8,674	10,957	346,188	0
7 Kelly Corbi	(i) 173,137 (ii) 0	0	8,305	6,046	13,627	201,115	0
8 Michael Zampel	(i) 0 (ii) 281,022	0	5,628	26,790	14,241	327,681	0
Thomas Gilbert	(i) 765,329 (ii) 0	0	4,088	6,125	15,080	790,622	0
10 Jayantilal Kad	(i) 414,540 (ii) 0	0	6,122	6,164	12,859	439,685	0
11 Matthew Wagner	(i) 296,419 (ii) 0	0	4,138	9,800	14,316	324,673	0
12 Garry Seligman	(i) 209,735 (ii) 0	0	6,373	8,697	11,748	236,553	0
13 Adriana Maldon	(i) 182,259 (ii) 0	0	6,907	10,152	18,208	217,526	0
14	(i) 0 (ii) 0	0	0	0	0	0	0
15	(i) 0 (ii) 0	0	0	0	0	0	0
16	(i) 0 (ii) 0	0	0	0	0	0	0

**Part III Supplemental Information**

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

Area with horizontal dashed lines for supplemental information.

**SCHEDULE K**  
(Form 990)

Department of the Treasury  
Internal Revenue Service

Name of the organization

Meritus Medical Center, Inc.

**Part I Bond Issues**

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A MD Hlth & Hig Ed Fac Aut	52-0936091	574217T21	2/12/2008	264,300,000.	Construction-new hospital		X				X
B											
C											
D											

Employer identification number

52-0607949

**Supplemental Information on Tax Exempt Bonds**

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

**Part II Proceeds**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired.....								
2 Amount of bonds legally defeased.....								
3 Total proceeds of issue.....		262,855,181.						
4 Gross proceeds in reserve funds.....		18,344,513.						
5 Capitalized interest from proceeds.....								
6 Proceeds in refunding escrows.....								
7 Issuance costs from proceeds.....		3,121,975.						
8 Credit enhancement from proceeds.....								
9 Working capital expenditures from proceeds.....								
10 Capital expenditures from proceeds.....		235,980,961.						
11 Other spent proceeds.....		5,407,732.						
12 Other unspent proceeds.....								
13 Year of substantial completion.....		2010						

14 Were the bonds issued as part of a current refunding issue?.....									
15 Were the bonds issued as part of an advance refunding issue?.....		X							
16 Has the final allocation of proceeds been made?.....		X							
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?.....		X							

**Part III Private Business Use**

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

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

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

	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 Are there any research agreements that may result in private business use of bond-financed property?		X						
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or 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.		30.000	%				%	
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government.			%				%	
6 Total of lines 4 and 5.		30.000	%				%	
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X							

**Part IV Arbitrage**

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

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


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

Department of the Treasury  
Internal Revenue Service

**Transactions With Interested Persons**

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

OMB No. 1545-0047

**2010**

**Open to Public Inspection**

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

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

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

2 Enter the amount of tax imposed on 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, Part IV, line 26 or Form 990-EZ, Part V, line 38a.

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

**Part III Grants or Assistance Benefiting Interested Persons.**

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

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

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

Schedule L (Form 990 or 990-EZ) 2010

**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) William Su, MD	Director	135,506.	See suppl. info. below		X
(2) Raymond A. Grahe	Officer	99,218.	See suppl. info. below		X
(3) Marc Kross, MD	Director	614,374.	See suppl. info. below		X
(4) Greg Snook	Director	146,181.	See suppl. info. below		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).

**Supplemental Information**

Marc Kross, MD has contracts with MMC to serve as Surgeon and Chief of Trauma, to provide emergency room call coverage and to provide trauma call coverage.

William Su, MD has a contract directly with MMC to provide emergency room and trauma call coverage.

Raymond Grahe is an officer of the MHF board and an employee of MMC and served on the local board of Columbia Bank until 1/1/2011.

Greg Snook is the owner of a property that is leased by Meritus Enterprises and his brother owns a storage company in which various entities under MH lease space.

**SCHEDULE R**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

OMB No. 1545-0047

**2010**

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

Open to Public Inspection

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

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

(1)	(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1)	-----					
(2)	-----					
(3)	-----					
(4)	-----					
(5)	-----					
(6)	-----					

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

(1)	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Sec 512(p)(13) controlled entity?	
							Yes	No
(1)	Meritus Medical Center Endowment Fund 11116 Medical Campus Road Hagerstown, MD 21742	Develops rental properties	MD	501(c)(3)	11-III FI	MH		X
(2)	Meritus Health Inc 11116 Medical Campus Road Hagerstown, MD 21742	Parent corporation	MD	501(c)(3)	11-III FI	N/A		X
(3)	Meritus Healthcare Foundation Inc 11116 Medical Campus Road Hagerstown, MD 21742	Fundraising	MD	501(c)(3)	11c	MH		X
(4)	-----							
(5)	-----							
(6)	-----							

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) Meritus Insurance Company Ltd PO Box 1109GT Grand Cayman, Cayman Islands 98-0162257	Captive insurance	Cayman Isl	MH		0.	0.	100.00
(2) Meritus Enterprises Inc 11116 Medical Campus Road Hagerstown, MD 21742 52-1393624	Health serv	MD	MH	C corp	0.	0.	100.00
(3) -----							



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

		Yes	No	
<b>Note.</b> Complete line 1 if any entity is listed in Parts I, III, or IV of this schedule.				
1	During the tax year did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
	<b>a</b> Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity	1a	X	
	<b>b</b> Gift, grant, or capital contribution to other organization(s)	1b	X	
	<b>c</b> Gift, grant, or capital contribution from other organization(s)	1c	X	
	<b>d</b> Loans or loan guarantees to or for other organization(s)	1d	X	
	<b>e</b> Loans or loan guarantees by other organization(s)	1e	X	
	<b>f</b> Sale of assets to other organization(s)	1f	X	
	<b>g</b> Purchase of assets from other organization(s)	1g	X	
	<b>h</b> Exchange of assets	1h	X	
	<b>i</b> Lease of facilities, equipment, or other assets to other organization(s)	1i	X	
	<b>j</b> Lease of facilities, equipment, or other assets from other organization(s)	1j	X	
	<b>k</b> Performance of services or membership or fundraising solicitations for other organization(s)	1k	X	
	<b>l</b> Performance of services or membership or fundraising solicitations by other organization(s)	1l	X	
	<b>m</b> Sharing of facilities, equipment, mailing lists, or other assets	1m	X	
	<b>n</b> Sharing of paid employees	1n	X	
	<b>o</b> Reimbursement paid to other organization for expenses	1o	X	
	<b>p</b> Reimbursement paid by other organization for expenses	1p	X	
	<b>q</b> Other transfer of cash or property to other organization(s)	1q	X	
	<b>r</b> Other transfer of cash or property from other organization(s)	1r	X	
<b>2</b> 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.				
(1)	(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproportionate allocations?		(g) Code V-UBI amount in box 20 of Schedule K-1 Form (1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No
(1) ----- ----- ----- -----										
(2) ----- ----- ----- -----										
(3) ----- ----- ----- -----										
(4) ----- ----- ----- -----										
(5) ----- ----- ----- -----										
(6) ----- ----- ----- -----										
(7) ----- ----- ----- -----										
(8) ----- ----- ----- -----										



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.

Open to Public  
Inspection

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

Part I, Line 6 - Volunteers

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

Part VI, Line 16a

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

Meritus Medical Center holds a 50% equity interest in Tri-State Health Partners ("THP"). THP is an innovative physician-hospital organization ("PHO") established to organize, assemble and facilitate the provision of cost effective health care services. The partnership consists of more than 200 local physicians and the Hospital. THP is involved in the medical management of more than 6,000 covered lives through regional self-insured businesses. In April of 2009, THP developed a clinical integration program that was approved by the Federal Trade Commission ("FTC"). THP has one of only three clinical integration programs that have been approved by the FTC to date. Within a clinical integration program, physicians agree to work together with a high degree of cooperation, collaboration and mutual interdependence that focuses on improving the quality of care they collectively provide. Physicians use electronic health record technology to coordinate treatment among the patients' healthcare providers, which can substantially reduce the cost of care.

Part XI, Line 2b

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

Meritus Medical Center is audited as part of the consolidated audit of the Meritus Health, Inc. entities. The medical center received consolidated audited financial statements prepared in accordance with GAAP from an independent accounting firm.

**Part VI, Line 16b**

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

**Statement of Program Service Acc.**

Meritus Health is the largest healthcare provider in Western Maryland, located at the crossroads of Western Maryland, southern Pennsylvania, and the eastern panhandle of West Virginia. MMC is an acute care hospital with 272 single-patient rooms providing services including a special care nursery, a designated trauma center, a primary stroke center, a wound center, and a designated cardiac interventional center. As the leading provider of healthcare services in the tri-state region, Meritus Health's primary service area is Washington County, Maryland - with residents of that county making up the majority of the hospital's customers - while also serving residents of Frederick County, Maryland; Franklin County, Pennsylvania; Fulton County, Pennsylvania; Morgan County, West Virginia; Jefferson County, West Virginia; and Berkeley County, West Virginia.

In a quest to meet the health care needs of the community and region, MMC

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

constructed a new facility that opened in December of 2010. With the new facility, basic needs such as a larger emergency room are being met, and technologies that were not available even a year ago have been added to bring the facility into the next century. The improvements will benefit the staff and the patients of MMC. From single-patient rooms to high-tech operating suites, MMC will maximize patient care.

As a sole community provider, MMC must provide around the clock care in the Emergency Department (ED). It has become increasingly difficult to insure 24/7 specialist coverage for the ED in the current environment of decreased physician reimbursement and increasing volume. Therefore, MMC pays on-call fees for emergency specialist call to insure adequate physician coverage in the ED. Those specialties contracted with to provide emergency specialist call include: cardiology, critical care, ENT, eye, GI, general surgery, interventional cardiologist, neurology, neurosurgery, ortho, pediatrics, plastics, and urology.

#### Schedule K

As of the fiscal year ending June 30, 2010, MMC was entering the final stages of its new hospital, which was the purpose of Maryland Health & Higher Educational Facility's 2008 bond.

In this regard, the above mentioned new hospital facility was completed and opened on December 11, 2010.

#### Part VII, Section 6, Line 8

Joseph Ross began employment on March 30, 2011 and did not receive any compensation during calendar year 2010.

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

The mission of MMC is to be the most effective provider of health services in our service area through:

- (1) Leadership and responsiveness to our community's healthcare needs:

Name of the organization

Meritus Medical Center, Inc.

Employer identification number

52-0607949

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

(2) Accessibility of those services in partnership with our extended community:

(3) The high level of respect we afford our patients, physicians, customers, and employees.

MMC will succeed in accomplishing its mission of ensuring it is the community's preeminent quality healthcare provider via a five-part strategy. This strategy includes:

(1) Creating and enhancing regional healthcare through an integrated delivery system;

(2) Forming a framework of partnerships and affiliations;

(3) Establishing centers of excellence in partnership with the medical community;

(4) Providing excellent health education in cooperation with appropriate institutions and

(5) Developing a health plan that assures a holistic approach to medical issues and coverage.

**Form 990, Part III, Line 2 - New Services**

eICU (eCare Program) - A technology that links video cameras and physiologic monitoring systems within ICU units, as well as other data from clinical information systems to a remote eICU site. The remote site is staffed by experienced board-certified intensivists and specially trained nursing staff, who monitor the condition of the patients and apply the latest evidence-based decision support tools in managing the care provided to each of the patients.

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

Meritus Medical Center offers a variety of specialized services to meet the healthcare needs of the tri-state region.

Name of the organization

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

The Cardiac Catheterization Lab has focused on bringing the very best in cardiac services to the community. Services in cardiac screening, diagnosis, intervention, and rehabilitation are offered. Meritus Medical Center has invested in the most up-to-date technologies to assist physicians in diagnosing and treating heart disease. The board certified cardiologists and interventional cardiologists offer patients a highly specialized experience in structural heart disease and electrical heart malfunctions. They are supported by a team of highly-trained nurses and technicians.

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

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

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

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

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

Total Rehab Care is a comprehensive service providing a full range of rehabilitation



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

programs, including pediatric services, traumatic brain injury rehab, outpatient therapies, inpatient joint replacement, occupational rehabilitation, and support groups. Skilled physicians, nurses, and therapists develop individualized treatment plans for every patient.

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

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

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

The vision of the Nursing Department at Meritus Medical Center is to be a dynamic force in the advancement of nursing practice and an advocate for the promotion of quality healthcare for all. Their mission is to foster the development and advancement of nursing practice and to work to achieve quality healthcare for all.

They believe that the excellence of care for patients and families matters the most and that superior customer service and constant innovation sustains excellence.

**Form 990, Part VI, Line 2 - Business or Family Relationship of Officers, Directors, Etc.**

Marc Kross, MD has contracts with MMC to serve as Surgeon and Chief of Trauma, to provide emergency room call coverage and to provide trauma call coverage.

William Su, MD has a contract directly with MMC to provide emergency room and trauma call coverage.

Raymond Grahe is an officer of the MHF board and an employee of MMC and served on

Name of the organization

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**Form 990, Part VI, Line 2 - Business or Family Relationship of Officers, Directors, Etc.**

the local board of Columbia Bank until 1/1/2011.

Greg Snook is the owner of a property that is leased by Meritus Enterprises and his brother owns a storage company in which various entities under MH lease space.

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

The sole member of the Corporation, MMC, is MH. MH has the right to elect the members of the governing body and approve significant decisions of the governing body.

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

MMC nominates candidates for their board and presents the nominees to the MH Board (Parent) through the board designated Governance Committee. Final election occurs through the MH Board. The MH Board also approves the budget.

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

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

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

Name of the organization

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

a. Extends beyond the scope of the annual business plan of the Corporation.

b. Requires external approval by external health and/or financial regulatory agency.

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

6. Sales or transfers of all or substantially all of the assets of the Corporation or sales or transfers of assets that meet with any one of the following criteria:

a. Fall outside the scope of the Corporation's annual business plan.

b. Require approval by external health and/or financial regulatory agency.

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

7. Formulation of a subsidiary.

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

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

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

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

An annual disclosure of interest is required for all officers, directors or trustees, and key employees. These disclosures are then reviewed against the

Name of the organization

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

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

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

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

Market Data - Presented by an independent third party compensation consultant

Performance Evaluation - Provided by the CEO

Overall Financials- used for Bonus

Current Salary Along with Merit Guidelines

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

The positions reviewed on 9/24/10 were as follows: CEO, VP for Information

Services, VP for Financial Services, VP for Patient Care Services, Chief Medical

Officer, VP for Business Integrity, VP for Human Resources, VP for Nursing Services,

VP for Meritus Enterprises and Executive Director of the MHF.

Name of the organization

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

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

Client 3

Meritus Medical Center, Inc.

52-0607949

4/30/12

04:25PM

Form 990, Part XI, Line 5  
Other Changes in Net Assets or Fund Balances

Minimum pension liability adjustment.....	\$	714,279.
Net assets held by Meritus Healthcare Foundation.....		1,470,059.
Net Unrealized Gains or Losses on Investments.....		2,711,288.
Other.....		-444,468.
Total	\$	<u>4,451,158.</u>

**Exempt Organization Business Income Tax Return**  
(and proxy tax under section 6033(e))

For calendar year 2010 or other tax year beginning 7/01, 2010,  
and ending 6/30, 2011

**2010**

Department of the Treasury  
Internal Revenue Service

▶ See separate instructions.

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

<p><b>A</b> <input type="checkbox"/> Check box if address changed</p> <p><b>B</b> Exempt under section  <input checked="" type="checkbox"/> 501(c)(3)  <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e)  <input type="checkbox"/> 408A <input type="checkbox"/> 530(a)  <input type="checkbox"/> 529(a)</p>	<p><b>Print or Type</b></p>	<p>Meritus Medical Center, Inc. 11116 Medical Campus Road Hagerstown, MD 21742</p>	<p><b>D</b> Employer identification number (Employees' trust, see instructions.) <b>52-0607949</b></p> <p><b>E</b> Unrelated business activity codes (See instructions.) <b>621990 812300</b></p>
<p><b>C</b> Book value of all assets at end of year <b>428,264,494.</b></p>		<p><b>F</b> Group exemption number (See instructions.) ▶</p> <p><b>G</b> Check organization type. . . . ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust</p>	

**H** Describe the organization's primary unrelated business activity.  
▶ **Other shared medical services**

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

**J** The books are in care of. ▶ **Raymond A. Grahe** Telephone number ▶ **301-790-8872**

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1 a Gross receipts or sales . . .				
b Less returns and allowances . . .	c Balance ▶	1 c		
2 Cost of goods sold (Schedule A, line 7) . . . . .		2		
3 Gross profit. Subtract line 2 from line 1c . . . . .		3		
4 a Capital gain net income (attach Schedule D) . . . . .		4 a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797) . . . . .		4 b		
c Capital loss deduction for trusts . . . . .		4 c		
5 Income (loss) from partnerships and S corporations (attach statement) . . . . .		5		
6 Rent income (Schedule C) . . . . .		6		
7 Unrelated debt-financed income (Schedule E) . . . . .		7		
8 Interest, annuities, royalties, and rents from controlled organizations (Schedule F) . . . . .		8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Sch G) . . . . .		9		
10 Exploited exempt activity income (Schedule I) . . . . .		10		
11 Advertising income (Schedule J) . . . . .		11		
12 Other income (See instructions; attach schedule.)	See Statement 1	12	1,024,534.	1,024,534.
13 Total. Combine lines 3 through 12. . . . .		13	1,024,534.	0.

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

14 Compensation of officers, directors, and trustees (Schedule K) . . . . .		14		
15 Salaries and wages . . . . .		15	334,394.	
16 Repairs and maintenance . . . . .		16		
17 Bad debts . . . . .		17		
18 Interest (attach schedule) . . . . .		18		
19 Taxes and licenses . . . . .		19		
20 Charitable contributions (See instructions for limitation rules.) . . . . .		20		
21 Depreciation (attach Form 4562) . . . . .		21	39,726.	
22 Less depreciation claimed on Schedule A and elsewhere on return . . . . .		22 a		39,726.
23 Depletion . . . . .		23		
24 Contributions to deferred compensation plans . . . . .		24		
25 Employee benefit programs . . . . .		25	91,585.	
26 Excess exempt expenses (Schedule I) . . . . .		26		
27 Excess readership costs (Schedule J) . . . . .		27		
28 Other deductions (attach schedule) . . . . .	See Statement 2	28	1,013,083.	
29 Total deductions. Add lines 14 through 28 . . . . .		29	1,478,788.	
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13 . . . . .		30	-454,254.	
31 Net operating loss deduction (limited to the amount on line 30) . . . . .	See Statement 3	31		
32 Unrelated business taxable income before specific deduction. Subtract line 31 from line 30 . . . . .		32	-454,254.	
33 Specific deduction (Generally \$1,000, but see line 33 instructions for exceptions) . . . . .		33		
34 Unrelated business taxable income. Subtract line 33 from line 32. If line 33 is greater than line 32, enter the smaller of zero or line 32. . . . .		34		-454,254.

**Part III Tax Computation**

35 Organizations Taxable as Corporations. See instructions for tax computation.  
 Controlled group members (sections 1561 and 1563) check here . See instructions and:  
 a Enter your share of the \$50,000, \$25,000, and \$9,925,000 taxable income brackets (in that order):  
 (1) \$ \_\_\_\_\_ (2) \$ \_\_\_\_\_ (3) \$ \_\_\_\_\_  
 b Enter organization's share of: (1) Additional 5% tax (not more than \$11,750) ..... \$ \_\_\_\_\_  
 (2) Additional 3% tax (not more than \$100,000) ..... \$ \_\_\_\_\_  
 c Income tax on the amount on line 34 ..... **35c** 0.

36 Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 34 from:  Tax rate schedule or  Schedule D (Form 1041) ..... **36**

37 Proxy tax. See instructions. .... **37**

38 Alternative minimum tax ..... **38**

39 Total. Add lines 37 and 38 to line 35c or 36, whichever applies ..... **39** 0.

**Part IV Tax and Payments**

40a Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116).... **40a**

b Other credits (see instructions)..... **40b**

c General business credit. Attach Form 3800..... **40c**

d Credit for prior year minimum tax (attach Form 8801 or 8827)..... **40d**

e Total credits. Add lines 40a through 40d..... **40e** 0.

41 Subtract line 40e from line 39..... **41** 0.

42 Other taxes. Check if from:  Form 4255  Form 8611..  Form 8697  Form 8866  
 Other (attach schedule)..... **42**

43 Total tax. Add lines 41 and 42..... **43** 0.

44a Payments: A 2009 overpayment credited to 2010..... **44a**

b 2010 estimated tax payments..... **44b**

c Tax deposited with Form 8868..... **44c**

d Foreign organizations: Tax paid or withheld at source (see instructions)..... **44d**

e Backup withholding (see instructions)..... **44e**

f Credit for small employer health insurance premiums (Attach Form 8941)..... **44f**

g Other credits and payments:  Form 2439 \_\_\_\_\_  
 Form 4136 \_\_\_\_\_  Other \_\_\_\_\_ Total... **44g**

45 Total payments. Add lines 44a through 44g..... **45** 0.

46 Estimated tax penalty (see instructions). Check if Form 2220 is attached. ....  **46**

47 Tax due. If line 45 is less than the total of lines 43 and 46, enter amount owed..... **47**

48 Overpayment. If line 45 is larger than the total of lines 43 and 46, enter amount overpaid..... **48**

49 Enter the amount of line 48 you want: Credited to 2011 estimated tax  Refunded  **49**

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

1 At any time during the 2010 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If YES, the organization may have to file Form TDF 90-22.1, Report of Foreign Bank and Financial Accounts. If YES, enter the name of the foreign country here. ....  Yes  No

2 During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If YES, see instructions for other forms the organization may have to file. ....  Yes  No

3 Enter the amount of tax-exempt interest received or accrued during the tax year  \$ 0  Refunded

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

1 Inventory at beginning of year.....	1	6 Inventory at end of year.....	6
2 Purchases.....	2	7 Cost of goods sold. Subtract line 6 from line 5. Enter here and in Part I, line 2.....	7
3 Cost of labor.....	3		
4a Additional section 263A costs (attach schedule)	4a		
b Other costs (attach sch)	4b		
5 Total. Add lines 1 through 4b.....	5	8 Do the rules of section 263A (with respect to properly produced or acquired for resale) apply to the organization?.....	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No

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

Sign Here: *Frank D. Giardini* Signature of officer Date *5/14/2012* Title *VP/Treasurer*

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

Paid Preparer Use Only: Print/Type preparer's name: FRANK D. GIARDINI Preparer's signature: *Frank D. Giardini* Date: 5/14/12 Check  If PPIN self-employed: P00532355 Firm's name: Grant Thornton, LLP Firm's EIN: 36-6055558 Firm's address: 2001 Market Street, Suite 3100 Philadelphia, PA 19103-7080 Phone no.: 215-561-4200



**Schedule C – Rent Income (From Real Property and Personal Property Leased With Real Property)** (see instructions)

1 Description of property		
(1)		
(2)		
(3)		
(4)		
2 Rent received or accrued		
(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
Total	Total	
(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A)..... ▶		(b) Total deductions. Enter here and on page 1, Part I, line 6, column (B)..... ▶

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

1 Description of debt-financed property		2 Gross income from or allocable to debt-financed property	3 Deductions directly connected with or allocable to debt-financed property	
			(a) Straight line depreciation (attach sch)	(b) Other deductions (attach schedule)
(1)				
(2)				
(3)				
(4)				
4 Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5 Average adjusted basis of or allocable to debt-financed property (attach schedule)	6 Column 4 divided by column 5	7 Gross income reportable (column 2 x column 6)	8 Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals .....			Enter here and on page 1, Part I, line 7, column (A).	Enter here and on page 1, Part I, line 7, column (B).
Total dividends-received deductions included in column 8..... ▶				

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

Exempt Controlled Organizations					
1 Name of Controlled Organization	2 Employer Identification Number	3 Net unrelated income (loss) (see instructions)	4 Total of specified payments made	5 Part of column 4 that is included in the controlling organization's gross income	6 Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					
Nonexempt Controlled Organizations					
7 Taxable Income	8 Net unrelated income (loss) (see instructions)	9 Total of specified payments made	10 Part of column 9 that is included in the controlling organization's gross income	11 Deductions directly connected with income in column 10	
(1)					
(2)					
(3)					
(4)					
Totals .....			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).	

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

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

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

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

**Schedule J – Advertising Income** (See instructions.)

**Part I Income From Periodicals Reported on a Consolidated Basis**

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

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

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

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

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

Client 3

Meritus Medical Center, Inc.

52-0607949

4/30/12

04:25PM

**Statement 1**  
**Form 990-T, Part I, Line 12**  
**Other Income**

Clinical Trials.....	\$ 484,937.
Robinwood Food Service.....	539,597.
Total	<u>\$ 1,024,534.</u>

**Statement 2**  
**Form 990-T, Part II, Line 28**  
**Other Deductions**

Administrative.....	\$ 207,212.
Direct expense.....	736,049.
Fiscal services.....	32,310.
Maintenance.....	25,933.
Medical records.....	11,579.
Total	<u>\$ 1,013,083.</u>

**Statement 3**  
**Form 990-T, Part II, Line 31**  
**Net Operating Loss Deduction**

Loss Year Ending	Original Loss	Loss Previously Used	Loss Available
6/30/99	\$ 37,726.	\$ 0.	\$ 37,726.
6/30/00	109,519.	0.	109,519.
6/30/01	72,647.	0.	72,647.
6/30/02	30,719.	0.	30,719.
Net Operating Loss Available.....			<u>\$ 250,611.</u>
Taxable Income.....			\$ -454,254.
Net Operating Loss Deduction (Limited to Taxable Income).....			<u>\$ 0.</u>