

**Return of Organization Exempt From Income Tax****2009**Department of the Treasury  
Internal Revenue ServiceUnder section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code  
(except black lung benefit trust or private foundation)

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

**Open to Public Inspection**For the 2009 calendar year, or tax year beginning 7/01, 2009, and ending 6/30, 2010

<b>B</b> Check if applicable: <input checked="" type="checkbox"/> Address change <input checked="" type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending		<b>C</b> Please use IRS label or print or type. See specific instructions. <b>Meritus Medical Center, Inc. (formerly Washington County Hospital Association)</b> <b>11116 Medical Campus Road</b> <b>Hagerstown, MD 21742</b>		<b>D</b> Employer Identification Number <b>52-0607949</b>	
		<b>E</b> Telephone number <b>301-790-8872</b>		<b>G</b> Gross receipts \$ <b>287,160,994.</b>	
		<b>F</b> Name and address of principal officer <b>Joseph Ross</b> <b>Same As C Above</b>		<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If 'No,' attach a list (see instructions)	
<b>I</b> Tax-exempt status <input checked="" type="checkbox"/> 501(c) ( <u>3</u> ) (insert no ) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		<b>J</b> Website: ▶ <b>www.meritushealth.com</b>			
<b>K</b> Form of organization <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		<b>L</b> Year of Formation <b>1904</b>		<b>M</b> State of legal domicile <b>MD</b>	

<b>Part I Summary</b>	
<b>1</b> Briefly describe the organization's mission or most significant activities <u>Meritus Medical Center, Inc. (MMC) is an acute care hospital located in Hagerstown, Maryland and serves the residents of western Maryland, southern Pennsylvania and the panhandle of West Virginia.</u>	
<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets	
<b>Activities &amp; Governance</b>	<b>3</b> Number of voting members of the governing body (Part VI, line 1a) <b>3</b> <b>8</b>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) <b>4</b> <b>4</b>
	<b>5</b> Total number of employees (Part V, line 2a) <b>5</b> <b>2,486</b>
	<b>6</b> Total number of volunteers (estimate if necessary) <b>6</b> <b>343</b>
	<b>7a</b> Total gross unrelated business revenue from Part VIII, column (C), line 12 <b>7a</b> <b>984,121.</b>
	<b>7b</b> Net unrelated business taxable income from Form 990-T, line 34 <b>7b</b> <b>-744,124.</b>
	<b>8</b> Contributions and grants (Part VIII, line 1h) <b>8</b> <b>543,022.</b>
<b>Revenue</b>	<b>9</b> Program service revenue (Part VIII, line 2g) <b>9</b> <b>244,286,689.</b>
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d) <b>10</b> <b>565,456.</b>
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) <b>11</b> <b>1,354,685.</b>
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) <b>12</b> <b>246,749,852.</b>
	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3) <b>13</b> <b>116,031.</b>
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) <b>14</b> <b>112,903.</b>
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) <b>15</b> <b>127,629,725.</b>
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) <b>16a</b> <b>132,508,787.</b>
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <b>b</b> <b>116,462,710.</b>
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) <b>17</b> <b>123,975,811.</b>
<b>Expenses</b>	<b>18</b> Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) <b>18</b> <b>244,208,466.</b>
	<b>19</b> Revenue less expenses Subtract line 18 from line 12 <b>19</b> <b>256,597,501.</b>
	<b>20</b> Total assets (Part X, line 16) <b>20</b> <b>2,541,386.</b>
	<b>21</b> Total liabilities (Part X, line 26) <b>21</b> <b>-576,491.</b>
<b>Net Assets or Fund Balances</b>	<b>22</b> Net assets or fund balances Subtract line 21 from line 20 <b>22</b> <b>429,170,817.</b>
	<b>Beginning of Year</b> <b>435,961,170.</b>
	<b>End of Year</b> <b>333,812,398.</b>

<b>Part II Signature Block</b>	
<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.
	<b>Signature of officer</b> <u>Raymond A. Grahe</u> <b>Date</b> <u>5/12/2011</u> <b>Type or print name and title</b> <u>Raymond A. Grahe</u>
<b>Paid Preparer's Use Only</b>	<b>Preparer's signature</b> <u>Grant Thornton, LLP</u>
	<b>Firm's name (or yours if self-employed), address, and ZIP + 4</b> <u>2001 Market Street, Suite 3</u> <u>Philadelphia, PA 19103-708</u>

May the IRS discuss this return with the preparer shown above? (see instructions)  
BAA For Privacy Act and Paperwork Reduction Act Notice, see the separate document.

SCANNED JUN 14 2009

**Part III Statement of Program Service Accomplishments****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? See Schedule O☒ Yes ☐ No

If 'Yes,' describe these new services on Schedule O

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

If 'Yes,' describe these changes on Schedule O

**4** Describe the 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 ) (Expenses \$ 206,137,460. including grants of \$ 112,903.) (Revenue \$ 249,998,274.)

See Schedule O

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

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

**4e** Total program service expenses ▶ 206,137,460.

**Part IV Checklist of Required Schedules**

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If 'Yes,' complete Schedule A	X	
2 Is the organization required to complete Schedule B, Schedule of Contributors?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If 'Yes,' complete Schedule C, Part I		X
4 <b>Section 501(c)(3) organizations</b> Did the organization engage in lobbying activities? If 'Yes,' complete Schedule C, Part II		X
5 <b>Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations.</b> Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? If 'Yes,' complete Schedule C, Part III		
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		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? If 'Yes,' complete Schedule D, Part II		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If 'Yes,' complete Schedule D, Part III		X
9 Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If 'Yes,' complete Schedule D, Part IV		X
10 Did the organization, directly or through a related organization, hold assets in term, permanent, or quasi-endowments? If 'Yes,' complete Schedule D, Part V	X	
11 Is the organization's answer to any of the following questions 'Yes'? If so, complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable	X	
• Did the organization report an amount for land, buildings and equipment in Part X, line 10? If 'Yes,' complete Schedule D, Part VI		
• 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		
• 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		
• 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		
• Did the organization report an amount for other liabilities in Part X, line 25? If 'Yes,' complete Schedule D, Part X		
• 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? If 'Yes,' complete Schedule D, Part X		
12 Did the organization obtain separate, independent audited financial statement for the tax year? If 'Yes,' complete Schedule D, Parts XI, XII, and XIII		X
12A Was the organization included in consolidated, independent audited financial statement for the tax year? If 'Yes,' completing Schedule D, Parts XI, XII, and XIII is optional	X	
13 Is the organization a school described in section 170(b)(1)(A)(ii)? If 'Yes,' complete Schedule E		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the United States? If 'Yes,' complete Schedule F, Part I		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or assistance to any organization or entity located outside the United States? If 'Yes,' complete Schedule F, Part II		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, Part III		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		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If 'Yes,' complete Schedule G, Part II		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If 'Yes,' complete Schedule G, Part III		X
20 Did the organization operate one or more hospitals? If 'Yes,' complete Schedule H	X	

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

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

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Form 990 (2009)

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

		Yes	No
<b>1 a</b> Enter the number reported in Box 3 of form 1096, Annual Summary and Transmittal of U S Information Returns. Enter -0- if not applicable	<b>1 a</b> 201		
<b>b</b> Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable	<b>1 b</b> 0		
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>1 c</b>	X	
<b>2 a</b> 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	<b>2 a</b> 2,486		
<b>2 b</b> If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)	<b>2 b</b>	X	
<b>3 a</b> Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	<b>3 a</b>	X	
<b>b</b> If 'Yes,' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O	<b>3 b</b>	X	
<b>4 a</b> 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)?	<b>4 a</b>		X
<b>b</b> If 'Yes,' enter the name of the foreign country ▶ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts			
<b>5 a</b> Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5 a</b>		X
<b>b</b> Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5 b</b>		X
<b>c</b> If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	<b>5 c</b>		
<b>6 a</b> 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?	<b>6 a</b>		X
<b>b</b> If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not deductible?	<b>6 b</b>		
<b>7 Organizations that may receive deductible contributions under section 170(c).</b>			
<b>a</b> 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?	<b>7 a</b>		X
<b>b</b> If 'Yes,' did the organization notify the donor of the value of the goods or services provided?	<b>7 b</b>		
<b>c</b> Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	<b>7 c</b>		X
<b>d</b> If 'Yes,' indicate the number of Forms 8282 filed during the year	<b>7 d</b>		
<b>e</b> Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7 e</b>		X
<b>f</b> Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7 f</b>		X
<b>g</b> For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	<b>7 g</b>		
<b>h</b> For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	<b>7 h</b>		
<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?	<b>8</b>		
<b>9 Sponsoring organizations maintaining donor advised funds.</b>			
<b>a</b> Did the organization make any taxable distributions under section 4966?	<b>9 a</b>		
<b>b</b> Did the organization make any distribution to a donor, donor advisor, or related person?	<b>9 b</b>		
<b>10 Section 501(c)(7) organizations.</b> Enter:			
<b>a</b> Initiation fees and capital contributions included on Part VIII, line 12	<b>10 a</b>		
<b>b</b> Gross Receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10 b</b>		
<b>11 Section 501(c)(12) organizations.</b> Enter:			
<b>a</b> Gross income from other members or shareholders	<b>11 a</b>		
<b>b</b> Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	<b>11 b</b>		
<b>12 a Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12 a</b>		
<b>b</b> If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year	<b>12 b</b>		

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Form 990 (2009)

**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.

**Section A. Governing Body and Management**

	Yes	No
<b>1 a</b> Enter the number of voting members of the governing body	8	
<b>1 b</b> Enter the number of voting members that are independent	4	
<b>2</b> Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee?		X
<b>3</b> Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
<b>4</b> Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? See Sch O	X	
<b>5</b> Did the organization become aware during the year of a material diversion of the organization's assets?		X
<b>6</b> Does the organization have members or stockholders? See Schedule O	X	
<b>7 a</b> 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>7 b</b> Are any decisions of the governing body subject to approval by members, stockholders, or other persons? See Sch O	X	
<b>8</b> Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b> The governing body?	X	
<b>b</b> Each committee with authority to act on behalf of the governing body?	X	
<b>9</b> Is there any officer, director 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
<b>10 a</b> Does the organization have local chapters, branches, or affiliates?		X
<b>b</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?		
<b>11</b> Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?	X	
<b>11 A</b> Describe in Schedule O the process, if any, used by the organization to review this Form 990 See Schedule O		
<b>12 a</b> Does the organization have a written conflict of interest policy? If 'No,' go to line 13	X	
<b>b</b> Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
<b>c</b> 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	
<b>13</b> Does the organization have a written whistleblower policy?	X	
<b>14</b> Does the organization have a written document retention and destruction policy?	X	
<b>15</b> Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>a</b> The organization's CEO, Executive Director, or top management official	X	
<b>b</b> Other officers 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)		
<b>16 a</b> Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	X	
<b>b</b> If 'Yes,' 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. Disclosures**

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

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year. Use Schedule J-2 if additional space is needed.

- 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. See instructions for definition of 'key employees.'
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

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

☐ Check this box if the organization did not compensate any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week	(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			
Rodney Shoop Director	3	X						0.	0.	0.
Marc Kross MD Director	3	X						0.	0.	0.
Gregory Snook Director	3	X						0.	0.	0.
William Su MD Director	20	X						62,671.	0.	0.
Barbara Miller Director	3	X						0.	0.	0.
William Wright Chairman	3	X		X				0.	0.	0.
Cynthia Pellegrino Vice Chairman	3	X		X				0.	0.	0.
James P Hamill President & CEO	50	X		X				877,635.	0.	26,451.
Raymond Grahe VP/Treasurer	50			X				321,276.	0.	34,202.
Nancy Rothrock Secretary	40			X				63,782.	0.	12,379.
Carey Leverett Vice President	50				X			174,958.	0.	22,516.
Deborah Addo-Samuels Vice President	50				X			227,330.	0.	24,195.
Carolyn Simonsen Vice President	50				X			186,913.	0.	15,077.
Mary Towe Vice President	50				X			189,058.	0.	16,814.
T. Michael White Vice President	50				X			293,775.	0.	24,475.
Kelly Corbi Vice President	50				X			163,288.	0.	15,999.
Michael Zampelli Vice President	10				X			0.	290,731.	37,998.

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

(A) Name and Title	(B) Average hours per week	(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			
Thomas Gilbert, MD Physician	50					X		415,794.	0.	12,928.
Jayantilal Kadiwar, MD Physician	50					X		294,129.	0.	13,737.
Matthew Wagner, MD Physician	50					X		296,530.	0.	14,294.
Garry Seligman, MD Physician	50					X		230,411.	0.	19,986.
Robert Darling, MD Physician	50					X		227,083.	0.	7,746.
<b>1 b Total</b>								<b>4,024,633.</b>	<b>290,731.</b>	<b>298,797.</b>

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 ▶ 103

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

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

5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization for services rendered to the organization? If 'Yes,' complete Schedule J for such person

	Yes	No
3		X
4	X	
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
Gilbane Building Company 7 Jackson Walkway Providence, RI 02940	Professional	75,307,217.
Blue Ridge Anesthesia Associates, LLC 119 King Street Hagerstown, MD	Medical	1,533,757.
Matthei & Colin Associates 332 S. Michigan Ave, Ste 614 Chicago, IL	Professional	1,507,397.
EmCare, Inc. 7032 Collection Center Drive Chicago, IL 60693	Medical	898,437.
Marc E. Kross, MD 12903 Lance Circle Hagerstown, MD 21742	Medical	605,682.

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 ▶ 65



**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
<b>CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS</b>	<b>1a</b> Federated campaigns	<b>1a</b>				
	<b>b</b> Membership dues	<b>1b</b>				
	<b>c</b> Fundraising events	<b>1c</b>				
	<b>d</b> Related organizations	<b>1d</b>				
	<b>e</b> Government grants (contributions)	<b>1e</b>	44,624.			
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	413,859.			
	<b>g</b> Noncash contribns included in lns 1a-1f.	\$				
	<b>h Total.</b> Add lines 1a-1f		458,483.			
<b>PROGRAM SERVICE REVENUE</b>		<b>Business Code</b>				
	<b>2a Patient revenue</b>	900099	249825207.	249825207.		
	<b>b Cafeteria sales</b>	900099	708,507.			708,507.
	<b>c Other revenue</b>	900099	623,398.			623,398.
	<b>d Wellness</b>	900099	103,767.			103,767.
	<b>e Telephone &amp; television</b>	900099	59,603.			59,603.
	<b>f</b> All other program service revenue		174,103.			174,103.
	<b>g Total.</b> Add lines 2a-2f		251494585.			
<b>OTHER REVENUE</b>	<b>3</b> Investment income (including dividends, interest and other similar amounts)		4,503,184.			4,503,184.
	<b>4</b> Income from investment of tax-exempt bond proceeds					
	<b>5</b> Royalties					
	<b>6a</b> Gross Rents	(i) Real 173,067.	(ii) Personal			
	<b>b</b> Less rental expenses					
	<b>c</b> Rental income or (loss)	173,067.				
	<b>d</b> Net rental income or (loss)		173,067.	173,067.		
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities 29933426.	(ii) Other -385,872.			
	<b>b</b> Less. cost or other basis and sales expenses	31139984.				
	<b>c</b> Gain or (loss)	-1206558.	-385,872.			
	<b>d</b> Net gain or (loss)		-1,592,430.			-1,592,430.
	<b>8a</b> Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18	<b>a</b>				
	<b>b</b> Less direct expenses	<b>b</b>				
	<b>c</b> Net income or (loss) from fundraising events					
	<b>9a</b> Gross income from gaming activities See Part IV, line 19	<b>a</b>				
	<b>b</b> Less direct expenses	<b>b</b>				
	<b>c</b> Net income or (loss) from gaming activities					
	<b>10a</b> Gross sales of inventory, less returns and allowances	<b>a</b>				
	<b>b</b> Less: cost of goods sold	<b>b</b>				
	<b>c</b> Net income or (loss) from sales of inventory					
<b>Miscellaneous Revenue</b>		<b>Business Code</b>				
<b>11a Robinwood Food Service</b>	722210	500,066.		500,066.		
<b>b Clinical Trials</b>	541700	401,951.		401,951.		
<b>c Special Medical Waste</b>	562000	82,104.		82,104.		
<b>d</b> All other revenue						
<b>e Total.</b> Add lines 11a-11d		984,121.				
<b>12 Total revenue.</b> See instructions		256021010.	249998274.	984,121.	4,580,132.	

**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).

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>	(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	112,903.	112,903.		
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	2,805,327.	0.	2,805,327.	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	99,229,431.	85,337,311.	13,892,120.	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	889,394.	711,515.	177,879.	
9 Other employee benefits	21,884,782.	17,507,826.	4,376,956.	
10 Payroll taxes	7,699,853.	6,159,882.	1,539,971.	
11 Fees for services (non-employees)				
a Management	65,894.	52,715.	13,179.	
b Legal	306,482.	245,186.	61,296.	
c Accounting	272,490.	217,992.	54,498.	
d Lobbying				
e Prof fundraising svcs. See Part IV, ln 17				
f Investment management fees	83,443.	66,754.	16,689.	
g Other	15,771,264.	12,617,011.	3,154,253.	
12 Advertising and promotion	513,098.	410,478.	102,620.	
13 Office expenses	1,210,237.	968,190.	242,047.	
14 Information technology	1,449,007.	1,159,206.	289,801.	
15 Royalties				
16 Occupancy	4,235,273.	3,388,218.	847,055.	
17 Travel	566,545.	453,236.	113,309.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	177,140.	141,712.	35,428.	
20 Interest	485,925.	291,555.	194,370.	
21 Payments to affiliates	403,828.	323,062.	80,766.	
22 Depreciation, depletion, and amortization	13,877,188.	8,326,312.	5,550,876.	
23 Insurance	1,955,477.	1,564,382.	391,095.	
24 Other expenses. Itemize expenses not covered above. (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below.)				
a Medical supplies	55,242,970.	44,194,376.	11,048,594.	
b Prov for uncollectible acc	12,369,458.	9,895,566.	2,473,892.	
c Physician fees	8,781,293.	7,025,034.	1,756,259.	
d Equipment maintenance	3,014,389.	2,411,511.	602,878.	
e ERIO	1,337,668.	1,070,134.	267,534.	
f All other expenses	1,856,742.	1,485,393.	371,349.	
25 Total functional expenses. Add lines 1 through 24f	256,597,501.	206,137,460.	50,460,041.	0.
26 Joint costs. Check here <input type="checkbox"/> if following SOP 98-2. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

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Form 990 (2009)

**Part X Balance Sheet**

		(A) Beginning of year		(B) End of year
<b>ASSETS</b>	1 Cash — non-interest-bearing	62,471.	1	
	2 Savings and temporary cash investments	18,349,009.	2	19,955,626.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	34,949,704.	4	32,272,912.
	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)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L		6	
	7 Notes and loans receivable, net	5,949,655.	7	6,069,111.
	8 Inventories for sale or use	5,035,585.	8	5,534,418.
	9 Prepaid expenses and deferred charges	6,101,525.	9	5,595,625.
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 385,661,170.		
	b Less: accumulated depreciation	10b 143,514,409.	142,663,560.	10c 242,146,761.
	11 Investments — publicly-traded securities	14,927,678.	11	24,228,879.
	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	201,131,630.	15	100,157,838.
16 <b>Total assets</b> Add lines 1 through 15 (must equal line 34)	429,170,817.	16	435,961,170.	
<b>LIABILITIES</b>	17 Accounts payable and accrued expenses	46,087,049.	17	55,138,183.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities	262,855,182.	20	262,903,342.
	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	10,805,495.	23	10,158,902.
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities Complete Part X of Schedule D	14,064,672.	25	5,179,012.
	26 <b>Total liabilities.</b> Add lines 17 through 25	333,812,398.	26	333,379,439.
<b>NET ASSETS OR FUND BALANCES</b>	<b>Organizations that follow SFAS 117, check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29 and lines 33 and 34.</b>			
	27 Unrestricted net assets	89,313,831.	27	97,723,567.
	28 Temporarily restricted net assets	5,015,970.	28	3,829,546.
	29 Permanently restricted net assets	1,028,618.	29	1,028,618.
	<b>Organizations that do not follow SFAS 117, check here</b> <input type="checkbox"/> <b>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, and equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
	33 Total net assets or fund balances	95,358,419.	33	102,581,731.
	34 <b>Total liabilities and net assets/fund balances</b>	429,170,817.	34	435,961,170.

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Form 990 (2009)

**Part XI Financial Statements and Reporting**

- 1 Accounting method used to prepare the Form 990 ☐ Cash ☒ Accrual ☐ Other

If the organization changed its method of accounting from a prior year or checked 'Other,' explain in Schedule O

- 2a Were the organization's financial statements compiled or reviewed by an independent accountant?

- b Were the organization's financial statements audited by an independent accountant?

- c If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?

If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O

- 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 consolidated basis, separate basis, or both

☐ Separate basis ☒ Consolidated basis ☐ 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?

- b If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

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

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Form 990 (2009)



**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.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
<b>1</b> Gifts, grants, contributions and membership fees received. (Do not include 'unusual grants'.)						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to it or expended on its behalf.						
<b>3</b> The value of services or facilities furnished to the organization by a governmental unit without charge. Do not include the value of services or facilities generally furnished to the public without charge.						
<b>4 Total.</b> Add lines 1-through 3.						
<b>5</b> 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).						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
<b>7</b> Amounts from line 4.						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources.						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on.						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets. (Explain in Part IV.)						
<b>11 Total support.</b> Add lines 7 through 10.						
<b>12</b> Gross receipts from related activities, etc. (see instructions)					<b>12</b>	

**13 First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here. ☐**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2009 (line 6, column (f) divided by line 11, column (f))	<b>14</b>	%
<b>15</b> Public support percentage from 2008 Schedule A, Part II, line 14	<b>15</b>	%

**16a 33-1/3 support test – 2009.** 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. ☐**b 33-1/3 support test – 2008.** 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. ☐**17a 10%-facts-and-circumstances test – 2009** 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. ☐**b 10%-facts-and-circumstances test – 2008.** 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. ☐**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. ☐

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Schedule A (Form 990 or 990-EZ) 2009

**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.)

**Section A. Public Support**

Calendar year (or fiscal yr beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
<b>1</b> Gifts, grants, contributions and membership fees received (Do not include 'unusual grants'.)						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in a activity that is related to the organization's tax-exempt purpose						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, 3 received from disqualified persons						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the amount on line 13 for the year						
<b>c</b> Add lines 7a and 7b						
<b>8 Public support</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

Calendar year (or fiscal yr beginning in) ▶	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included on line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13 Total support.</b> (add lns 9, 10c, 11, and 12)						
<b>14 First five years.</b> 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**

<b>15</b> Public support percentage for 2009 (line 8, column (f) divided by line 13, column (f))	<b>15</b>	%
<b>16</b> Public support percentage from 2008 Schedule A, Part III, line 15	<b>16</b>	%

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

<b>17</b> Investment income percentage for 2009 (line 10c, column (f) divided by line 13, column (f))	<b>17</b>	%
<b>18</b> Investment income percentage from 2008 Schedule A, Part III, line 17	<b>18</b>	%

**19a 33-1/3 support tests – 2009.** 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 – 2008.** If the organization did not check a box on line 14 or 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 D  
(Form 990)**Department of the Treasury  
Internal Revenue Service

Name of the organization

**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

**2009****Open to Public  
Inspection**

Employer identification number

Meritus Medical Center, Inc. (formerly  
Washington County Hospital Association)

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 may 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)

<input type="checkbox"/> Preservation of land for public use (e g , recreation or pleasure)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of certified historic structure
<input type="checkbox"/> Preservation of open space	

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the 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	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 easement 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 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.

1a If the organization elected, as permitted under SFAS 116, 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, 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 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
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

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

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

**Part V Endowment Funds** Complete if 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	1,056,042.	1,031,425.			
b Contributions					
c Net Investment earnings, gains, and losses	23,318.	29,534.			
d Grants or scholarships					
e Other expenditures for facilities and programs	35,126.	4,917.			
f Administrative expenses					
g End of year balance	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

- (i) unrelated organizations  
 (ii) related organizations

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

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

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

See Part XIV

**Part VI Investments—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		3,430,773.		3,430,773.
b Buildings		42,464,303.	40,639,280.	1,825,023.
c Leasehold improvements				
d Equipment		125,942,722.	102,875,129.	23,067,593.
e Other		213,823,372.		213,823,372.
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				242,146,761.

BAA

Schedule D (Form 990) 2009

**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
Financial derivatives		
Closely-held equity interests		
Other		
Total. (Column (b) must equal Form 990 Part X, col. (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
Total. (Column (b) must equal Form 990, Part X, col. (B) line 13.)		

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

(a) Description	(b) Book value
Assets held by trustee-debt & construct.	81,073,771.
Inv in Golden Advantage	21,240.
Inv in MD E-Care	-19,992.
Inv in MD Physicians Care	11,812,672.
Investment in PHO	1,293,016.
Net assets held by MHF	3,767,793.
Other assets	2,209,338.
Total. (Column (b) must equal Form 990, Part X, col. (B), line 15.)	100,157,838.

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

(a) Description of Liability	(b) Amount
Federal Income Taxes	
Accrued retirement benefits	5,179,012.
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.)	5,179,012.

2. FIN 48 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. See Part XIV

**Part XI Reconciliation of Change in Net Assets from Form 990 to 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
- 2 Amounts included on line 1 but not on Form 990, Part VIII, line 12
  - a Net unrealized gains on investments
  - b Donated services and use of facilities
  - c Recoveries of prior year grants
  - d Other (Describe in Part XIV)
- e Add lines 2a through 2d
- 3 Subtract line 2e from line 1
- 4 Amounts included on Form 990, Part VIII, line 12, but not on line 1:
  - a Investment expenses not included on Form 990, Part VIII, line 7b
  - b Other (Describe in Part XIV)
- c Add lines 4a and 4b
- 5 Total revenue Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)

2a
2b
2c
2d

4a
4b

1

2e

3

4c

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

2a
2b
2c
2d

4a
4b

1

2e

3

4c

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 positions taken or expected to be taken in a tax return.

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

OMB No 1545-0047

**2009****Open to Public  
Inspection**Department of the Treasury  
Internal Revenue Service

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

Name of the organization

Meritus Medical Center, Inc. (formerly

Employer identification number

52-0607949

**Part I Charity Care and Certain Other Community Benefits at Cost****1a** Does the organization have a charity care policy? If 'No,' skip to question 6a**b** If 'Yes,' is it a written policy?**2** If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals☐ Applied uniformly to all hospitals☐ Applied uniformly to most hospitals☐ Generally tailored to individual hospital**3** Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients**a** Does 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 is the family income limit for eligibility for free care:☐ 100% ☒ 150% ☐ 200% ☐ Other \_\_\_\_\_ %**b** Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals?

If 'Yes,' indicate which of the following is the family income limit for eligibility for discounted care

☐ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☒ Other 150.0 %**c** If the organization does 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 uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care**4** Does the organization's policy provide free or discounted care to the 'medically indigent'?**5a** Does the organization budget amounts for free or discounted care provided under its charity care policy?**b** If 'Yes,' did the organization's charity care expenses exceed the budgeted amount?**c** If 'Yes' to 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** Does the organization prepare an annual community benefit report?**b** If 'Yes,' does the organization make it available to the public?

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

	Yes	No
<b>1a</b>	X	
<b>1b</b>	X	
<b>3a</b>	X	
<b>3b</b>	X	
<b>4</b>	X	
<b>5a</b>	X	
<b>5b</b>		X
<b>5c</b>		
<b>6a</b>	X	
<b>6b</b>	X	

**7 Charity Care and Certain Other Community Benefits at Cost**

<b>Charity Care and Means-Tested Government Programs</b>	<b>(a) Number of activities or programs (optional)</b>	<b>(b) Persons served (optional)</b>	<b>(c) Total community benefit expense</b>	<b>(d) Direct offsetting revenue</b>	<b>(e) Net community benefit expense</b>	<b>(f) Percent of total expense</b>
<b>a</b> Charity care at cost (from Worksheets 1 and 2)		4,999	8,836,754.		8,836,754.	3.44
<b>b</b> Unreimbursed Medicaid (from Worksheet 3, column a)			536,759.		536,759.	0.21
<b>c</b> Unreimbursed costs — other means-tested government programs (from Worksheet 3, column b)						
<b>d</b> Total Charity Care and Means-Tested Government Programs	0	4,999	9,373,513.	0.	9,373,513.	3.65
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4)		1115350	1,751,649.		1,751,649.	0.68
<b>f</b> Health professions education (from Worksheet 5)		1,750	206,730.		206,730.	0.08
<b>g</b> Subsidized health services (from Worksheet 6)		24,964	8,268,891.	2,693,892.	5,574,999.	2.17
<b>h</b> Research (from Worksheet 7)		130	910,779.	401,951.	508,828.	0.20
<b>i</b> Cash and in-kind contributions to community groups (from Worksheet 8)		2,545	356,616.	208,860.	147,756.	0.06
<b>j</b> Total Other Benefits	0	1144739	11,494,665.	3,304,703.	8,189,962.	3.19
<b>k</b> Total (line 7d and 7j)	0	1149738	20,868,178.	3,304,703.	17,563,475.	6.84

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

Schedule H (Form 990) 2009

**Part II Community Building Activities** Complete this table if the organization conducted any community building activities.

	(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
1 Physical improvements and housing						
2 Economic development						
3 Community support		3,202	8,696.		8,696.	
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy		588	862.		862.	
8 Workforce development		578	16,097.	324.	15,773.	0.01
9 Other						
10 Total	0	4,368	25,655.	324.	25,331.	0.01

**Part III Bad Debt, Medicare, & Collection Practices****Section A Bad Debt Expense**

1 Does the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?

Yes No

1

X

2 Enter the amount of the organization's bad debt expense (at cost)

2

9,570,250.

3 Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy

3

2,102,808.

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 other bad debt amounts in community benefit. See Part VI

**Section B Medicare**

5 Enter total revenue received from Medicare (including DSH and IME)

5

243,905,662.

6 Enter Medicare allowable costs of care relating to payments on line 5

6

230,887,090.

7 Subtract line 6 from line 5. This is the surplus or (shortfall)

7

13,018,572.

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.

☐ Cost accounting system

☒ Cost to charge ratio

☐ Other
**Section C Collection Practices**

9a Does the organization have a written debt collection policy?

9a

X

b If 'Yes,' does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI. See 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				
14				



**Part VII Supplemental Information**

Complete this part to provide the following information.

- 1 Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g; Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves
- 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 charity care policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves
- 6 Provide any other information important to describing how the organization's hospitals 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.)
- 7 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
- 8 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 VII Supplemental Information**

Complete this part to provide the following information:

- 1 Provide the description required for Part I, line 3c; Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V. See Instructions.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
- 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 charity care policy.
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- 7 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.
- 8 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 VII Supplemental Information**

Complete this part to provide the following information.

- 1 Provide the description required for Part I, line 3c; Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8; Part III, line 9b, and Part V See Instructions.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
- 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 charity care policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- 5 **Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves
- 6 Provide any other information important to describing how the organization's hospitals 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.)
- 7 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
- 8 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 Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8; Part III, line 9b, and Part V. See Instructions.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves.
- 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 charity care policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves.
- 6 Provide any other information important to describing how the organization's hospitals 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.).
- 7 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.
- 8 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 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 included in the survey.

Respondents listed the following as the most important health needs: mental health

**Part VII Supplemental Information**

Complete this part to provide the following information

- 1 Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7; Part III, line 4, Part III, line 8; Part III, line 9b, and Part V See Instructions
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves
- 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 charity care policy.
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- 6 Provide any other information important to describing how the organization's hospitals 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 )
- 7 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
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report

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

services, services for the elderly, dental services, and obesity.

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

**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 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

**Part VI** Supplemental Information

Complete this part to provide the following information.

- 1 Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7; Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves
- 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 charity care policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves.
- 6 Provide any other information important to describing how the organization's hospitals 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.).
- 7 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
- 8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

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

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 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

**Part VI Supplemental Information**

Complete this part to provide the following information:

- 1 Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g; Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8; Part III, line 9b, and Part V See Instructions.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves
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**Part VI - Community Information (continued)**

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, seven cohorts of children and parents have completed the course. Evaluations were done at the end of each course. KidShape staff reported the following:

-84 families attended the program

-67 families completed it

-Over the seven groups,

-the average BMI maintained or decreased by 68 percent

-70 percent decreased systolic or diastolic blood pressure, and

-73 percent decreased their weekly consumption of high sugar,

**Part VI** Supplemental Information

Complete this part to provide the following information.

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**Part VI - Community Building Activities (continued)**high fat foods

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.

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

**Part VII Supplemental Information**

Complete this part to provide the following information

- 1 Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g; Part I, line 7, column (f); Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves
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**Part VI - Explanation Of How Organization Furthers Its Exempt Purpose (continued)**

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, 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

**Part VI Supplemental Information**

Complete this part to provide the following information

- 1 Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4; Part III, line 8, Part III, line 9b, and Part V See Instructions
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**Part VI - Explanation Of How Organization Furthers Its Exempt Purpose (continued)**

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 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



**Part VII Supplemental Information**

Complete this part to provide the following information

- 1 Provide the description required for Part I, line 3c; Part I, line 6a, Part I, line 7g, Part I, line 7, column (f); Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions.
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**Part VI - Explanation Of How Organization Furthers Its Exempt Purpose (continued)**

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 - 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.

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 Provide the description required for Part I, line 3c, Part I, line 6a; Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions
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**Part VI - Affiliated Health Care System Roles and Promotion (continued)**

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

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

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 Provide the description required for Part I, line 3c, Part I, line 6a; Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions
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**Part VI - Affiliated Health Care System Roles and Promotion (continued)**

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 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 VII Supplemental Information**

Complete this part to provide the following information:

- 1 Provide the description required for Part I, line 3c, Part I, line 6a, Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V See Instructions
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**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

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

**Part VI Supplemental Information**

Complete this part to provide the following information

- 1 Provide the description required for Part I, line 3c, Part I, line 6a; Part I, line 7g, Part I, line 7, column (f), Part I, line 7, Part III, line 4, Part III, line 8, Part III, line 9b, and Part V. See Instructions
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**Additional Information (continued)**

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.

Department of the Treasury  
Internal Revenue Service

**Complete if the organization answered 'Yes,' to Form 990, Part IV, lines 21 or 22.**  
**▶ Attach to Form 990.**

OMB No. 1545-0047

2009

**Open to Public Inspection**

Name of the organization

Meritus Medical Center, Inc. (formerly

Employer identification number

52-0607949

<b>Part I</b>	<b>General Information on Grants and Assistance</b>
---------------	---

- 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. Use Part IV and Schedule I-1 (Form 990) if additional space is needed

[illegible]

- 2 Enter total number of section 501(c)(3) and government organizations ▶
- 3 Enter total number of other organizations ▶

**Part III Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 22. Use Part IV and Schedule I-1 (Form 990) if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance
HSCRC Nursing Grant	13	112,903.		N/A	N/A

**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 - Grantmaker's Description of How Grants are Used**

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)**Department of the Treasury  
Internal Revenue Service**Compensation Information****For certain Officers, Directors, Trustees, Key Employees, and Highest  
Compensated Employees**

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

OMB No 1545-0047

**2009****Open to Public  
Inspection**

Name of the organization

Meritus Medical Center, Inc. (formerly

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?

- 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 person 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 Regs. 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		X

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

Schedule J (Form 990) 2009



**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use Schedule J-1 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				
James P Hamill	(i)	493,690.	0.	383,945.	12,250.	14,201.	904,086.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
Raymond Grahe	(i)	313,642.	0.	7,634.	23,275.	10,927.	355,478.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
Carey Leverett	(i)	172,000.	0.	2,958.	11,026.	11,490.	197,474.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
Deborah Addo	(i)	224,992.	0.	2,338.	13,838.	10,357.	251,525.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
Carolyn Simonsen	(i)	180,579.	0.	6,334.	9,159.	5,918.	201,990.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
Mary Towe	(i)	188,793.	0.	265.	14,442.	2,372.	205,872.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
T. Michael White	(i)	285,090.	0.	8,685.	12,250.	12,225.	318,250.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
Kelly Corbi	(i)	116,220.	20,000.	27,068.	2,490.	13,509.	179,287.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
Michael Zampelli	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	284,715.	0.	6,016.	23,730.	14,268.	328,729.	0.
Thomas Gilbert, MD	(i)	375,420.	37,616.	2,758.	0.	12,928.	428,722.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
Jayantilal Kadiwar, M	(i)	259,187.	29,256.	5,686.	0.	13,737.	307,866.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
Matthew Wagner, MD	(i)	292,237.	0.	4,293.	0.	14,294.	310,824.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
Garry Seligman, MD	(i)	223,678.	0.	6,733.	8,146.	11,840.	250,397.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
Robert Darling, MD	(i)	225,267.	0.	1,816.	0.	7,746.	234,829.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							

**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.

**Part III - Additional Information**

An officer has country club dues of \$5,940.

**Compensation from Unrelated Organizations**

The other reportable compensation (iii) for James Hamill is the distribution of the reportable earnings on his 457(f) plan. The distribution was from MMC.

**SCHEDULE K**  
**(Form 990)**Department of the Treasury  
Internal Revenue Service**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 Schedule O (Form 990).  
▶ Attach to Form 990. See separate instructions.

OMB No 1545-0047

**2009****Open to Public  
Inspection**

Name of the organization

Meritus Medical Center, Inc. (formerly

Employer identification number

52-0607949

**Part I Bond Issues**

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer	
						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									
E									

**Part II Proceeds**

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Total proceeds of issue		272,588,824								
2 Gross proceeds in reserve funds		18,345,000								
3 Proceeds in refunding or defeasance escrows										
4 Other unspent proceeds		58,145,688								
5 Issuance costs from proceeds		45,220								
6 Working capital expenditures from proceeds										
7 Capital expenditures from proceeds		196,052,916								
8 Year of substantial completion		2010								
9 Were the bonds issued as part of a current refunding issue?		X								
10 Were the bonds issued as part of an advance refunding issue?		X								
11 Has the final allocation of proceeds been made?		X								
12 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		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1 Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X								
2 Are there any lease arrangements with respect to the financed property which may result in private business use?		X								

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

Schedule K (Form 990) 2009

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

	A		B		C		D		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>3a</b> Are there any management or service contracts with respect to the financed property which may result in private business use?		X								
<b>3b</b> Are there any research agreements with respect to the financed property which may result in private business use?		X								
<b>3c</b> 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									
<b>4</b> 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 ▶		%		%		%		%		%
<b>5</b> 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 ▶		%		%		%		%		%
<b>6</b> Total of lines 4 and 5		%		%		%		%		%
<b>7</b> 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		E	
	Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
<b>1</b> 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									
<b>2</b> Is the bond issue a variable rate issue?		X								
<b>3a</b> Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?		X								
<b>b</b> Name of provider										
<b>c</b> Term of hedge										
<b>4a</b> Were gross proceeds invested in a GIC?		X								
<b>b</b> Name of provider										
<b>c</b> Term of GIC										
<b>d</b> Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?										
<b>5</b> Were any gross proceeds invested beyond an available temporary period?		X								
<b>6</b> Did the bond issue qualify for an exception to rebate?	X									

BAA

Schedule K (Form 990) 2009

**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

**2009****Open to Public  
Inspection**Name of the organization **Meritus Medical Center, Inc. (formerly  
Washington County Hospital Association)**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

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.

(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
Total					► \$					

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount and type of assistance

**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
William Su, MD	Director	132,611.	See Schedule O		X
Raymond A. Grahe	Officer	83,443.	See Schedule O		X
Marc Kross, MD	Director	604,916.	See Schedule O		X
Greg Snook	Director	126,208.	See Schedule O		X

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

Schedule L (Form 990 or 990-EZ) 2009

**SCHEDULE R**  
**(Form 990)**Department of the Treasury  
Internal Revenue Service**Related Organizations and Unrelated Partnerships**

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

OMB No 1545 0047

**2009****Open to Public  
Inspection**

Name of the organization

Meritus Medical Center, Inc. (formerly Washington County Hospital Association)

Employer identification number

52-0607949

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

(A) Name, address, and EIN of disregarded entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Total income	(E) End-of-year assets	(F) Direct controlling entity

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

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity
Meritus Medical Center Endowment Fund 11116 Medical Campus Road Hagerstown, MD 21742 23-7411960	Develops rental properties	MD	501(c)(3)	11-III FI	MH
Meritus Health Inc 11116 Medical Campus Road Hagerstown, MD 21742 52-1656378	Parent corporation	MD	501(c)(3)	11-III FI	N/A
Meritus Healthcare Foundation Inc 1101 Opal Court, Suite 301 Hagerstown, MD 21740 01-0639265	Fundraising	MD	501(c)(3)	11c	MH

**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) Dispropor- tionate allocations?		(I) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(J) General or managing partner?	
							Yes	No		Yes	No

**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
Meritus Insurance Company Ltd P.O. Box 1109GT Grand Cayman, Cayman Islands 98-0162257	Captive insurance	Cayman Islan	MH		0.	0.	100.00
Meritus Enterprises Inc 11116 Medical Campus Road Hagerstown, MD 21742 52-1393624	Health serv	MD	MH	C corp	0.	0.	100.00

**Part V Transactions With Related Organizations** (Complete if the organization answered 'Yes' to Form 990, Part IV, line 34, 35, or 36.)**Note** Complete line 1 if any entity is listed in Parts II, 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**a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity**b** Gift, grant, or capital contribution to other organization(s)**c** Gift, grant, or capital contribution from other organization(s)**d** Loans or loan guarantees to or for other organization(s)**e** Loans or loan guarantees by other organization(s)**f** Sale of assets to other organization(s)**g** Purchase of assets from other organization(s)**h** Exchange of assets**i** Lease of facilities, equipment, or other assets to other organization(s)**j** Lease of facilities, equipment, or other assets from other organization(s)**k** Performance of services or membership or fundraising solicitations for other organization(s)**l** Performance of services or membership or fundraising solicitations by other organization(s)**m** Sharing of facilities, equipment, mailing lists, or other assets**n** Sharing of paid employees**o** Reimbursement paid to other organization for expenses**p** Reimbursement paid by other organization for expenses**q** Other transfer of cash or property to other organization(s)**r** Other transfer of cash or property from other organization(s)

	Yes	No
<b>1 a</b>		X
<b>1 b</b>		X
<b>1 c</b>	X	
<b>1 d</b>	X	
<b>1 e</b>		X
<b>1 f</b>		X
<b>1 g</b>		X
<b>1 h</b>		X
<b>1 i</b>	X	
<b>1 j</b>	X	
<b>1 k</b>	X	
<b>1 l</b>	X	
<b>1 m</b>	X	
<b>1 n</b>	X	
<b>1 o</b>	X	
<b>1 p</b>	X	
<b>1 q</b>		X
<b>1 r</b>	X	

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

(A) Name of other organization	(B) Transaction type (a-r)	(C) Amount involved
(1) Meritus Medical Center Endowment Fund	d	5,407,732.
(2) Meritus Medical Center Endowment Fund	j	2,487,520.
(3) Meritus Medical Center Endowment Fund	k	39,053.
(4) Meritus Medical Center Endowment Fund	p	105,729.
(5) Meritus Health Inc	p	51,101.
(6) Meritus Health Inc	r	480,709.





**Part V** Continuation of Transactions With Related Organizations (Schedule R (Form 990), Part V, line 2)

(A) Name of other organization	(B) Transaction type (a-r)	(C) Amount involved
Meritus Healthcare Foundation Inc	c	3,611,470.
Meritus Healthcare Foundation Inc	l	358,380.
Meritus Healthcare Foundation Inc	m	3,767,793.
Meritus Healthcare Foundation Inc	p	768,236.
Meritus Insurance Company Ltd	o	1,454,232.
Meritus Insurance Company Ltd	p	932,641.
Meritus Enterprises Inc	d	501,220.
Meritus Enterprises Inc	i	183,854.
Meritus Enterprises Inc	k	818,919.
Meritus Enterprises Inc	l	15,189,920.
Meritus Enterprises Inc	n	678,127.
Meritus Enterprises Inc	o	287,447.
Meritus Enterprises Inc	p	2,349,179.

**SCHEDULE O**  
**(Form 990)**

**Supplemental Information to Form 990**

OMB No 1545-0047

**2009**

Department of the Treasury  
Internal Revenue Service

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

**Open to Public  
Inspection**

Name of the organization **Meritus Medical Center, Inc. (formerly  
Washington County Hospital Association)**

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. (formerly  
Washington County Hospital Association)

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 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.

**Schedule L, Part IV**

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 serves on the local board of Columbia Bank.

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.

**Statement of Program Service Acc.**

Meritus Medical Center is a regional medical center for residents of the tri-state area including Washington County, MD; Frederick County, MD; Franklin County, PA;

Fulton County, PA; Morgan County, WV; Jefferson County, WV; and Berkeley County, WV.

Name of the organization Meritus Medical Center, Inc. (formerly  
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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 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 MD 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.

From 7/1/09-6/30/10, the licensed bed designation for MMC was 288. This was designated as follows:

- 214 MSGA Beds
- 18 Obstetric Beds
- 10 Pediatric Beds
- 18 Psychiatric Beds
- 28 Acute Rehabilitation Beds

MMC is also designated for 41 Newborn Bassinets.

In a quest to meet the health care needs of the community and region, MMC constructed a new facility that will open 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

Name of the organization Meritus Medical Center, Inc. (formerly  
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patients of MMC. From single-patient rooms to high-tech operating suites, MMC will  
maximize patient care.

### 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.

### 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:

(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

Name of the organization Meritus Medical Center, Inc. (formerly  
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Employer identification number  
52-0607949

**Form 990, Part III, Line 1 - Organization Mission (continued)**

issues and coverage.

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

The Maryland Health Care Commission granted the cardiac catheterization department at MMC permission to begin performing percutaneous cardiac intervention (PCI). MMC expects to perform about seventy PCIs a year for patients who would have previously been transferred to another medical center for treatment.

**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.

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,

Name of the organization Meritus Medical Center, Inc. (formerly  
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Employer identification number  
52-0607949

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

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 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



Name of the organization Meritus Medical Center, Inc. (formerly  
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Employer identification number  
52-0607949

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

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 4 - Significant Changes to Organizational Documents**

The Articles of Amendment and Bylaws were updated to reflect the name change of the  
Washington County Hospital Association to Meritus Medical Center, Inc. (See  
attached copies.)

**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.

Name of the organization Meritus Medical Center, Inc. (formerly  
Washington County Hospital Association)

Employer identification number  
52-0607949

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

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:

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 11 - 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

Name of the organization **Meritus Medical Center, Inc. (formerly  
Washington County Hospital Association)**

Employer identification number  
**52-0607949**

**Form 990, Part VI, Line 11 - Form 990 Review Process (continued)**

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 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.

Name of the organization Meritus Medical Center, Inc. (formerly  
Washington County Hospital Association)

Employer identification number  
52-0607949

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

The positions reviewed on 9/24/09 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.

**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.

ARTICLES OF AMENDMENT **RECEIVED**

OF

2010 OCT 14 A 10:50

WASHINGTON COUNTY HOSPITAL ASSOCIATION

DEPARTMENT  
OF ASSESSMENTS

Washington County Hospital Association, a Maryland non-profit, non-stock corporation, having its principal office at 251 East Antietam Street, Hagerstown, Maryland 21740, hereinafter called the "Corporation" hereby certifies to the State Department of Assessments and Taxation of Maryland that:

**FIRST:** The Charter of the Corporation is amended by deleting Section 1 of said Charter and by substituting in lieu thereof a new Section 1 to read as follows:

**"SECTION 1. The name of the Corporation is Meritus Medical Center, Inc."**

**SECOND:** The Charter of the Corporation is amended by deleting Section 5 of said Charter and by substituting in lieu thereof a new Section 5 to read as follows:

**"SECTION 5. Term and Powers of the Board of Directors.**

**A. The term of office of each Director shall be three (3) years with each Director being eligible to serve two (2) additional terms consecutive with the first term except that when a Director is serving as Chairman or Vice Chairman at the time of expiration of their third three (3) year term their term as a**

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WORK ORDER:0003710680  
DATE:10-15-2010 08:49 PM  
AMT. PAID:\$465.00

Director shall be extended by three (3) years beyond the completion of their term as Chairman or Vice Chairman.

- B. The methods of nominating, electing and removing Directors shall be set forth in the Bylaws of the Corporation.
- C. The Board of Directors shall have the power to appoint and/or employ all necessary physicians, health affiliates, nurses and employees and fix their compensation and to discharge them whenever they shall deem it expedient to do so."

**THIRD:** The Charter of the Corporation is amended by deleting Section 8 of said Charter and by substituting in lieu thereof a new Section 8 to read as follows:

"Section 8. Membership. The sole member of the Corporation shall be Meritus Health, Inc., a Maryland non-profit corporation, or its successor which shall enjoy all of the rights and privileges of members of non-stock corporations under the general laws of the State of Maryland in addition to such rights and privileges set forth in this Charter or the Bylaws of the Corporation."

**FOURTH:** The amendments to the Charter herein made were duly approved by the affirmative vote of at least two-thirds (2/3) of the Board of Directors of the Corporation at a meeting duly convened and held on the 27<sup>th</sup> day of July, 2010 and resolution adopted thereat declaring said amendments to be advisable.

# CORPORATE CHARTER APPROVAL SHEET

**\*\*EXPEDITED SERVICE\*\***

**\*\* KEEP WITH DOCUMENT \*\***

DOCUMENT CODE 09A BUSINESS CODE \_\_\_\_\_

# 10071508

Close \_\_\_\_\_ Stock \_\_\_\_\_ Nonstock \_\_\_\_\_

P A \_\_\_\_\_ Religious \_\_\_\_\_

Merging (Transferor) \_\_\_\_\_

Surviving (Transferee) \_\_\_\_\_



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MERITUS MEDICAL CENTER, INC.

MAIL  
BACK

10/14/2010 AT 10:50 A WD # 0003710680

New Name

~~Meritus Medical~~  
Center, Inc.

## FEES REMITTED

Base Fee	<u>100</u>
Org & Cap Fee	
Expedite Fee	<u>50</u>
Penalty	
State Recordation Tax	
State Transfer Tax	
Certified Copies	
Copy Fee	
Certificates	
Certificate of Status Fee	
Personal Property Filings	
Mail Processing Fee	<u>5</u>
Other	

TOTAL FEES 155

<input checked="" type="checkbox"/>	Change of Name
<input type="checkbox"/>	Change of Principal Office
<input type="checkbox"/>	Change of Resident Agent
<input type="checkbox"/>	Change of Resident Agent Address
<input type="checkbox"/>	Resignation of Resident Agent
<input type="checkbox"/>	Designation of Resident Agent
<input type="checkbox"/>	and Resident Agent's Address
<input type="checkbox"/>	Change of Business Code

Adoption of Assumed Name

Other Change(s)

Credit Card \_\_\_\_\_ Check ☒ Cash \_\_\_\_\_

Documents on 6 Checks

Approved By. 6

Keyed By \_\_\_\_\_

COMMENT(S)

Code \_\_\_\_\_

Attention \_\_\_\_\_

MCGRORY AND SCHAEFER  
148 W WASHINGTON ST  
HAGERSTOWN MD 21740-4710

CUST ID:0002494100  
WORK ORDER:0003710680  
DATE:10-15-2010 08:48 PM  
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**BYLAWS  
OF  
MERITUS MEDICAL CENTER, INC.**

**ARTICLE I  
OFFICE**

The principal office of this Corporation shall be in the Medical Center at 11116 Medical Campus Road, Hagerstown, Maryland 21742 or such other place as the Directors of the Corporation may designate.

**ARTICLE II  
SEAL**

The Corporate seal of this Corporation shall have inscribed thereon, the name of the Corporation with the words "Incorporated 1904, Hagerstown, Maryland".

**ARTICLE III  
MEMBERS AND DIRECTORS**

**Section 1.**     **Member.** The sole member of the Corporation shall be Meritus Health, Inc. hereinafter referred to as the "Member." The Member may take actions by written notice signed by a duly authorized representative delivered to the President of the Corporation. (*Approved 11/11/2009*).

**Section 2.**     **Number and Term of Office of Directors.** The number of Directors shall not be less than three (3); however, such number may be increased to a number not larger than nine (9) by a vote of a majority of all of the Directors. The term of office of Directors shall be three (3) years with each Director being eligible to serve two (2) additional terms consecutive with the first term. Notwithstanding the above limitation of nine (9) consecutive years, if a Director is serving as Chairman or Vice Chairman at the expiration of their third three (3) year term their term as a Director shall be extended by three (3) years beyond the completion of their term as Chairman. With respect to all Directors serving on the Board as of the 11<sup>th</sup> day of November, 2009, their eligibility for continued service shall be set forth in a resolution presented and voted upon at a duly called meeting of the Board of the Member. The application of the extension to the term of the Chairman and Vice Chairman in office at the time the Amendment is approved shall be addressed in a resolution by the Board of Directors at the time of approval. Directors shall be elected by the Board of Directors of the Member pursuant to the process set forth below and once elected shall serve until replaced or removed. (*Approved 11/11/2009*).

**Section 3.**     **Election Process.** The Process described below shall be followed to fill Board positions required by any of the following circumstances:

- To renew an existing Director's term
- To replace a Director who is ineligible for renewal



- To fill vacancies created by the death, resignation, disqualification or removal of a Director; or
- To fill positions created by an increase in the size of the Board

The Chairman of the Board shall confer with the Chairman of the Governance Committee of the Member in advance of an anticipated need or as soon after an unanticipated need arises as is practicable. The identity, eligibility and qualifications of potential nominees shall be discussed.

Thereafter, nominees for the available positions shall be selected at a duly called meeting of the Governance Committee. The Chairman of the Governance Committee shall then notify the Board of Directors of the Member of the names of the nominees at least ten (10) days prior to the meeting of the Board of Directors of the Member at which the election shall occur. Election of nominees for renewal of an existing Director's term and to replace a Director who is ineligible for renewal shall take place at the annual meeting of the Member. Election of nominees to fill unexpected vacancies and positions created by an increase in the size of the Board may take place at any regular or special meeting of the Board of Directors of the Member. *(Approved 11/11/2009).*

**Section 4.**     **Removal.** Any Director may be removed from office with or without cause by the affirmative vote of the majority of the Board of Directors of the Member. *(Approved 11/11/2009).*

**Section 5.**     **Non-Discrimination.** No person shall be denied a position of Director on the basis of age, race, color, religion, handicap, gender, national origin, sexual orientation or social or economic status. *(Approved 11/11/2009).*

**Section 6.**     **Member Designee.** The Chairman of the Board of Directors shall serve as the designated representative of the Board in an ex-officio capacity on the Board of Directors of the Member. *(Approved 11/11/2009).*

## **ARTICLE IV** **OFFICERS**

The officers of the Corporation shall consist of a Chairperson, Vice Chairperson, President, a Secretary, a Treasurer and whenever deemed advisable by the Board, one (1) or more Vice Presidents. All of said officers shall be chosen by the Board of Directors and, except officers holding contracts for fixed terms, shall hold office only during the pleasure of the Board or until their successors are chosen and qualified. Any two offices except those of Chairperson, Vice Chairperson, President and Vice President, may be held by the same person, but no officer shall execute, acknowledge or certify any instrument in more than one capacity, when such instrument is required to be executed, acknowledged, or verified by any two or more officers. The President may from time to time appoint such other agents and employees, with such powers and duties as they deem proper.

**ARTICLE V**  
**ELECTION OF DIRECTORS/APPOINTMENT OF OFFICERS**

The Officers of the Corporation shall be a Chairman, Vice Chairman, President, one or more Vice Presidents, Secretary and a Treasurer. Officers of the Corporation shall be appointed by the Board of Directors annually at their first regular meeting following the annual meeting of the Member except where a longer term is expressly provided in an employment contract duly authorized and approved by the Board of Directors. A person may serve each of the offices of Chairman and Vice Chairman for a maximum of three (3) consecutive years. *(Approved 11/11/2009).*

**ARTICLE VI**  
**TIME AND PLACE OF DIRECTORS' MEETING**

The annual meeting of the Board of Directors shall be held in September of each year. *(Approved 2/22/2005)*

Regular or special meetings of the Board may be held within or without the State of Maryland, as the Board may from time to time determine. The time and place of the meeting may be fixed by the party making the call. The Board of Directors may hold their meetings by conference telephone or other similar electronic communication equipment unless prohibited by law.

Special meetings of the Board may be called by the Chairman of the Board or President of the Corporation at any time and shall be called by the Chairman or President of the Corporation upon the written request of a majority of the Directors, which request shall state the purpose of the meeting and the matters proposed to be acted upon thereat. *(Approved 2/22/2005)*

Under extraordinary circumstances and within the discretion of the Chairman of the Board, members of the Board of Directors or any of its Committees may participate in a meeting by means of electronic communications equipment if all persons participating in the meeting can hear and speak to each other at the same time. Participation in a meeting by these means constitutes presence in person at a meeting. *(Approved 2/22/2005)*

The Board of Directors may adopt such rules and regulations for the conduct of their meetings and the management of the affairs of the Corporation, as they may deem proper and not inconsistent with the laws of the State of Maryland or these By-Laws or the Articles of Incorporation.

**ARTICLE VII**  
**QUORUM AND NOTICE**

A majority of the members of the Board of Directors shall constitute a quorum for the transaction of any business. A notice of twenty four (24) hours shall be required for any Special Meeting of the Board of Directors, and when emergencies require meetings to be held on

shorter notice, a waiver must be secured from a majority of the Board members present to legalize such meetings.

**ARTICLE VIII**  
**DUTIES OF CHAIRPERSON OF THE BOARD OF DIRECTORS**

The Chairperson shall be a member of the Board of Directors. The term of office shall be for one year and may be renewed. The Chairperson shall have the following duties and responsibilities:

1. To preside at all meetings of the Board of Directors.
2. To call Special Meetings of the Board of Directors as provided in Article VI hereof.
3. To appoint all Standing Committees of the Board of Directors and to designate the Chairperson thereof, except as provided otherwise in these Bylaws.
4. To appoint all Special Committees of the Board and to designate the Chairperson thereof, except as provided otherwise in these Bylaws.
5. To served as an ex-officio and voting member of all Committees, Standing and Special, except as provided otherwise in these Bylaws.
6. To preside at all Executive Committee meetings of the Board of Directors.
7. To perform such other duties and assume such other responsibilities as may be expressly delegated to him or her by the Board of Directors including attendance at plenary, committee or departmental meetings of management or medical staff.
8. To perform such other duties and assume other responsibilities as may be expressly delegated to him or her by the Charter or these Bylaws.

**ARTICLE IX**  
**DUTIES OF VICE CHAIRPERSON OF THE BOARD OF DIRECTORS**

The Vice Chairperson shall be a member of the Board of Directors. The term of office shall be for one year and may be renewed. The Vice Chairperson shall have the following duties and responsibilities:

1. In the absence of the Chairperson to serve in the place and stead of the Chairperson and in such event to assume and perform all of the duties and have all the responsibilities of the Chairperson.
2. To assist the Chairperson in such areas of responsibility as may be delegated to him or her by the Chairperson.

3. To attend and participate in meetings between the President and the Chairperson.
4. To perform such other duties and assume such other responsibilities as may be expressly delegated to him or her by the Board of Directors.
5. To perform such other duties and assume such other responsibilities as may be expressly delegated to him or her by the Charter or these Bylaws.

## **ARTICLE X**

### **PRESIDENT**

The President shall have the following duties and responsibilities:

1. To serve as the chief executive officer of the Corporation.
2. To serve as ex-officio voting member of the Board of Directors with all rights and privileges attendant to Board membership.
3. To be responsible and accountable to the Board of Directors for carrying out and implementing all policy and program decisions of the Board.
4. To execute in the name of and for and on behalf of the Corporation all deeds, mortgages, deeds of trust, promissory notes, and bonds pursuant; however, to the express authorization of the Board duly recorded among its Minutes. Other types of legal documents or instruments may be executed in the name of and for and on behalf of the Corporation by the President without prior authorization of the Board so long as the document or instrument is within the ordinary course of business and does not cause an approved budget limit or contingency fund to be exceeded. In the event of the incapacity or unavailability of the President, the President may delegate some or all of his duties to a Vice President except with respect to his position as a member of the Board of Directors. This delegation must be in writing, a copy of which must be supplied to the Chairperson of the Board in advance of or simultaneous with the effective date of the delegation.
5. To submit to the Board for their consideration any changes in the organization of management staff.
6. To serve as an ex-officio, voting member of all Standing Committees of the Board of Directors, except as otherwise noted.
7. To monitor and evaluate the quality of patient care, the quality of medical and clinical services, and the compliance with accreditation and regulatory standards.
8. To oversee and evaluate all fiscal management and control systems to assure that the Board has appropriate and adequate information to meet its fiduciary responsibilities.

**ARTICLE XI**  
**SECRETARY**

The Secretary shall have the following duties and responsibilities.

1. To record or provide for the recordation of the proceedings of all meetings of the Board of Directors.
2. To keep and maintain or provide for the keeping and maintenance of the official minute books of the Corporation, its Charter, and all Amendments thereto, and the Bylaws and all Amendments thereto.
3. To keep or provide for the keeping of the Corporate Seal of the Corporation and to affix said Seal to and attest all documents requiring the Official Seal of the Corporation.
4. To maintain records of attendance and all absences of Board members at regular and Special Board Meetings and Committee meetings.
5. To perform such other duties as may be assigned or delegated by the Board of Directors.

**ARTICLE XII**  
**TREASURER**

The Treasurer shall have the following duties and responsibilities:

1. To keep and maintain or provide for the keeping and maintenance of the deeds, and other indications of ownership of the real property of the Corporation.
2. Oversee the management and safekeeping of Medical Center assets, including investments and restricted endowments.
3. To review all insurance policies and coverage needed for the protection of the assets of the Corporation and to report thereon to the Board with recommendations as to needed additions or changes in such insurance coverage.
4. To assist the Medical Center's internal auditor, where such a position is staffed, and report findings and recommendations of the internal auditor to the Board.
5. To perform such other duties as may be assigned or delegated by the Board of Directors.

**ARTICLE XIII**  
**BOARD VACANCIES/REMOVAL**

Vacancies occurring on the Board of Directors shall be filled by the Member as provided in these Bylaws. Vacancies occurring in any officer position of the Board of Directors shall be appointed by the Board of Directors.

A Director may be removed with or without cause by the Member at will or by the Board of Directors by a majority vote.

**ARTICLE XIV**  
**STANDING COMMITTEES**

1. Unless otherwise specified, the term of all Committee Chairpersons shall be for one year and is renewable.
2. Vacancies on any committee shall be filled by the Chairperson of the Board except ex-officio positions or except as otherwise expressly provided in these Bylaws.
3. Unless otherwise specified, a majority of the members of each committee shall constitute a quorum and actions taken by each committee shall carry by a simple majority vote of those members present.
4. Each standing committee shall maintain Minutes of its meetings and submit a copy of them to Medical Center Management. Minutes of all committee meetings shall be taken by a recorder who shall be appointed by the Committee Chairperson. Management shall make the Minutes part of the permanent records of the corporation once approved by the Committee. Unless otherwise specified by the Chairperson of the Committee or in these Bylaws, the Minutes of each meeting shall be distributed to each member of the Board of Directors.
5. In addition to the specific Management Personnel named as members of a standing committee, the President of the Medical Center may designate management personnel he/she believes should attend the meetings of a committee. Their presence at each meeting shall be subject to the discretion of the committee Chairperson.
6. Each Committee shall select a Vice Chairperson on an annual basis to perform the duties of the Committee Chairperson in his/her absence.
7. Unless otherwise specified, the President, serves as an ex-officio voting member of each Committee in addition to the designated number of members set forth under each Committee.

8. Whenever reports are required by any Committee, they shall be presented by the Committee chairperson but may be delegated to another Board member of the Committee or to the senior management staff member responsible for oversight of the subject matter of the report.
9. Unless otherwise specified, ex-officio members of a committee shall not be counted to comprise a quorum. At the discretion of the Chairperson of a committee, ex-officio members who are not members of the Board of Directors may be excluded from meetings or portions of meetings held in executive sessions. The standing committees of the Board of Directors are as follows:

**EXECUTIVE COMMITTEE *(Eliminated 11/5/2007)***

**JOINT CONFERENCE COMMITTEE *(Approved 11/5/2007)***

1. **Composition**

The Joint Conference Committee shall be composed of the following members of the Board of Directors: Chairperson of the Board, Non-provider Member of the Professional Affairs Committee, Chairperson of the Performance and Improvement Committee; plus the Chief of Staff; and three additional members of the Medical Staff appointed by the Chief of Staff; and the President of the Medical Center.

2. **Selection of a Chairman**

The Chairperson of the Board of Directors shall serve as Chairperson of this Committee for six (6) consecutive months, and the Chief of Staff shall serve as Chairperson for the remaining six (6) months of the committee year.

3. **Vacancies**

Vacancies from the Medical Staff on this Committee shall be filled by the Chief of Staff. Vacancies from the Board of Directors shall be filled by the Chairperson of the Board of Directors.

4. **Voting and Quorum**

All recommendations made by this Committee must carry a two-thirds (2/3) vote of those members present. The quorum shall be a majority.

5. **Meetings**

The Joint Conference Committee shall meet regularly as needed. Minutes of its meetings and any written reports of its activities or recommendations shall be submitted to the Board of Directors and the Medical Executive Committee

unless the chairperson indicates otherwise.

6. **Duties**

The Joint Conference Committee shall formulate and recommend policies and shall act as a liaison group between the Board of Directors, the Medical Staff and the Medical Center administration, discussing matters of common concern that may be brought to its attention, and making such recommendations as may be deemed advisable.

**BOARD OF DIRECTORS  
PERFORMANCE IMPROVEMENT COMMITTEE  
(Deleted 2/22/05)**

**PROFESSIONAL AFFAIRS COMMITTEE**

This Committee shall be comprised of three non provider members of the Board of Directors as follows: One member of the Board of Directors serving on the Board's Performance Improvement Committee, one member of the Joint Conference Committee of the Board and one other Director, the President of the Medical Staff, or his/her designee; and the Chairperson of the Credentials Committee of the Medical Staff, as ex officio nonvoting members. All appointments shall be made by the Chairperson of the Board of Directors.

The Professional Affairs Committee shall meet regularly as needed, but not less frequently than bi-monthly. (*Approved 11/14/2001; 2/22/05*)

This Committee shall review the recommendations of the Medical Staff regarding the subjects numbered below and give advice to the Board of Directors with respect to such matters:

1. Appointment and reappointment to the Medical Staff and other changes in Staff status;
2. The granting of clinical privileges for all members of the Medical Staff and/ or affiliate staff.
3. Classification and scope of clinical privileges;
4. Establishment of standards for the practice of granting clinical privileges;
5. All matters concerning the credentialling and performance of affiliated personnel;
6. Matters relating to professional competency;
7. Corrective actions;
8. Amendments to the Bylaws and Rules and Regulations of the Medical Staff;



9. Matters concerning the overall performance of the Medical Staff or any member thereof as it affects the Medical Center's accreditation status.

This Committee shall also have the authority to initiate a review or investigation of such matters or to direct the Medical Staff to do so.

Minutes of meetings of this Committee shall be distributed to members of the Committee only and shall become a part of the permanent records of the corporation once approved by the Committee.

Criteria shall be established and maintained by the Committee and applied when it reviews the above matters.

To assist this Committee to perform its responsibilities, it may require the full assistance and cooperation of the Medical Staff and Medical Center management and may seek the advice of outside expertise. It shall have the authority to call upon any member of the Medical Staff or management to contribute information and may require the production of any written material.

This Professional Affairs Committee is a "Medical Review Committee" as defined in Section 1-401 of the Health Occupations Article of the Annotated Code of Maryland. *(Approved 2/22/05).*

#### **ARTICLE XV**

#### **ESTABLISHMENT OF A MEDICAL STAFF**

There shall be a Medical Staff of qualified physicians, dentists and other professionals, licensed by the Board of Medical Examiners or other appropriate licensing authorities, to practice in the State of Maryland.

The Medical Staff shall operate pursuant to Bylaws, rules and regulations that are consistent with these Bylaws and which have been approved by the Board of Directors. Modifications to Medical Staff Bylaws should ordinarily originate from the Medical Staff. However, in the event the Board of Directors determines that the Medical Staff has failed to exercise their duties and responsibilities to protect, maintain or improve patient care or the integrity of the Medical Center, the Board of Directors shall request the Medical Staff to adopt modifications. The Board may adopt necessary modifications after consideration of advice from the Medical Staff Executive Committee. All proposed changes to the Medical Staff Bylaws, rules and regulations shall be submitted to the Professional Affairs Committee of the Board for review at least fourteen days before they are submitted to the Board for approval.

Appointment and reappointment to the Medical Staff and granting and delineation of clinical privileges for a period not to exceed two years shall be by the authority of the Board of Directors which shall consider the recommendation of the Professional Affairs Committee and the recommendation of the Medical Staff when making such decisions.

All members of the Medical Staff and Affiliate Staff shall be required to deposit with the Medical Center satisfactory evidence of insurance coverage for professional liability of the type and amount as, in the sole judgment of the Medical Center, is acceptable for continuation of privileges, such evidence to be a continued requirement for maintaining clinical privileges.

The Medical Staff and Affiliate Staff shall be responsible and accountable to the Board of Directors to fulfill, on a continuous basis, the following duties in accordance with written Bylaws, rules, regulations, policies and procedures approved by the Board of Directors.

1. Make recommendations regarding the appointment and reappointment of members of the Medical Staff and Affiliate Staff.
2. Make recommendations regarding the granting and delineation of clinical privileges for all members of the Medical Staff and Affiliate Staff.
3. Establish a process for and conduct corrective actions.
4. Establish, implement and measure standards of professional competency for members of the Medical Staff and Affiliate Staff.
5. Establish, implement and measure standards for continuous quality assessment and improvement of patient care for all departments/services and members of the Medical Staff and Affiliate Staff.
6. Establish and implement standards, policies and procedures for rehabilitation of members of the Medical Staff and Affiliate Staff who abuse drugs and alcohol.
7. Establish and implement policies and procedures for disciplining members of the Medical Staff and Affiliate Staff who demonstrate discriminatory or harassing or other disruptive behavior toward employees, patients, or guests of the Medical Center.
8. Establish and implement standards, policies and procedures for assessing the physical and mental health of members of the Medical Staff and Affiliate Staff, including but not limited to, the following matters: frequency of routine assessments, circumstances warranting assessments in addition to routine assessments, types of tests or procedures comprising the assessments, specific communicable diseases to be targeted by each assessment.
9. Review and revise when warranted but not less frequently than one every three years, all Medical Staff Bylaws, Rules and Regulations and all department rules and regulations and procedures.
10. Report to the Board of Directors, regularly but at least on a quarterly basis, on its activities in furtherance of the duties set forth above.

11. Perform such specific duties as may be referred to the Medical Staff by the Board of Directors or by the Professional Affairs Committee.

## **ARTICLE XVI**

### **ESTABLISHING OF AUXILIARY GROUPS**

The establishment of auxiliary groups within the Medical Center must be with the approval of the Board of Directors. Such groups shall adopt bylaws, subject to the approval of the Board of Directors. The Board of Directors shall have the authority to review, modify, repeal, amend or alter in any way the bylaws of all auxiliaries now existing or hereafter created.

Auxiliary groups will submit annual reports of their activities as required by the Board.

The Medical Center may provide liability insurance coverage for members of approved auxiliary groups.

## **ARTICLE XVII**

### **REVIEW OF BYLAWS/AMENDMENTS**

These Bylaws shall be reviewed at least every two (2) years by the Board of Directors.

These Bylaws may be amended or replaced, in whole or in part, only by a vote of two-thirds (2/3) of the Board of Directors of the Member. When a proposed amendment originates from the Member a written notice of any proposed change shall be sent to the Board of Directors of the Medical Center at least thirty (30) days prior to the vote by the Member. In all other cases the proposed amendment shall be reviewed and approved by the Board of Directors of the Medical Center prior to being sent to the Member.

Any new or amended Bylaws approved by the Member shall be promptly communicated to the Medical Staff so that its Bylaws may be made to conform.

## **ARTICLE XVIII**

### **RESERVED AUTHORITY OF MEMBER**

**Section 1.** Notwithstanding any provision to the contrary that may be contained in these Bylaws, the following actions of the Board of Directors require the review and approval of the Member 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 anyone 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 operations of any subsidiary of the Member.
5. Any joint venture between the Corporation and another person or entity that meets with anyone of the following criteria:
- a. Extends beyond the scope of the annual business plan of the Corporation.
  - b. Requires external approval by external health and/or financial regulatory agency.
  - c. Has the potential of adversely impacting the operation of any subsidiary of the Member.
6. Sales or Transfers of all or substantially all of the assets of the Corporation or sales or transfers of assets that meet with anyone of the following criteria:
- a. Fall outside the scope of the Corporation's annual business plan.
  - b. Require approval by external health and/or financial regulatory agency.
  - c. Has the potential of adversely impacting the operations of any subsidiary of the Member.
7. Formation of a subsidiary.
8. Adoption and amendment of the Mission and Vision Statements.

## **ARTICLE XIX**

### **INDEMNIFICATION**

- 1. As used in this Article XIX, any word or words defined in Section 2-418 of the Corporation and Associations Article of the Annotated Code of Maryland, as amended from time to time, (the "Indemnification Section") shall have the same meaning as provided in the Indemnification Section.
- 2. The Corporation shall indemnify and advance expenses to a Director or officer of the Corporation in connection with a proceeding to the fullest extent permitted by and in accordance with the "Indemnification Section".
- 3. With respect to an employee or agent other than a Director or officer of the Corporation, the Corporation may, as determined by the Board of Directors of the Corporation indemnify and advance expenses to such employee or agent in

connection with a proceeding to the extent permitted by and in accordance with the "Indemnification Section".

## **ARTICLE XX**

### **BONDS**

Upon direction of the Board of Directors, officers of the Corporation or employees thereof may be required to give bond for the faithful performance of their duties from a responsible bonding company selected by the Board, in such sums as the Board may determine; the premiums to be paid by the said Corporation.

Revised 2/22/2005  
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Revised 11/11/2009

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