

PUBLIC DISCLOSURE COPY

Form **990**

**Return of Organization Exempt From Income Tax**

OMB No. 1545-0047

**2019**

**Open to Public Inspection**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

Department of the Treasury  
Internal Revenue Service

**A** For the 2019 calendar year, or tax year beginning 07/01, 2019, and ending 06/30, 20 20

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Final return/terminated  
 Amended return  
 Application pending

**C** Name of organization CIVISTA MEDICAL CENTER, INC.  
 Doing business as UM CHARLES REGIONAL MEDICAL CENTER  
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite  
PO BOX 1070  
 City or town, state or province, country, and ZIP or foreign postal code  
LA PLATA, MD 20646

**D** Employer identification number 52-0445374

**E** Telephone number (301) 609-4130

**F** Name and address of principal officer: NOEL CERVINO  
5 GARRETT AVE, LA PLATA, MD 20646

**G** Gross receipts \$ 155,469,452

**H(a)** Is this a group return for subordinates?  Yes  No  
**H(b)** Are all subordinates included?  Yes  No  
 If "No," attach a list. (see instructions)  
**H(c)** Group exemption number ▶

**I** Tax-exempt status:  501(c)(3)  501(c) ( ) ◀ (insert no.)  4947(a)(1) or  527

**J** Website: ▶ WWW.UMMS.ORG/CHARLES

**K** Form of organization:  Corporation  Trust  Association  Other ▶

**L** Year of formation: 1980

**M** State of legal domicile: MD

**Part I Summary**

Activities & Governance	<b>1</b>	Briefly describe the organization's mission or most significant activities: <u>CIVISTA MEDICAL CENTER, INC., D/B/A UM CHARLES REGIONAL MEDICAL CENTER (UM CRMC) IS A COMPONENT OF A REGIONAL INTEGRATED HEALTH SYSTEM SERVING THE HEALTH NEEDS OF CHARLES COUNTY AND THE CITIZENS OF SOUTHERN MARYLAND.</u>		
	<b>2</b>	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	<b>3</b>	Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	<u>17</u>
	<b>4</b>	Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	<u>12</u>
	<b>5</b>	Total number of individuals employed in calendar year 2019 (Part V, line 2a)	<b>5</b>	<u>1,103</u>
	<b>6</b>	Total number of volunteers (estimate if necessary)	<b>6</b>	<u>12</u>
	<b>7a</b>	Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	<u>95,190</u>
<b>b</b>	Net unrelated business taxable income from Form 990-T, line 39	<b>7b</b>	<u>0</u>	
Revenue	<b>8</b>	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
	<b>9</b>	Program service revenue (Part VIII, line 2g)	<u>671,604</u>	<u>8,208,460</u>
	<b>10</b>	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<u>140,343,468</u>	<u>138,540,286</u>
	<b>11</b>	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<u>900,479</u>	<u>380,021</u>
	<b>12</b>	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<u>142,456,097</u>	<u>147,765,754</u>
Expenses	<b>13</b>	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	<u>75,441</u>	<u>52,500</u>
	<b>14</b>	Benefits paid to or for members (Part IX, column (A), line 4)	<u>0</u>	<u>0</u>
	<b>15</b>	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	<u>56,462,879</u>	<u>57,438,355</u>
	<b>16a</b>	Professional fundraising fees (Part IX, column (A), line 11e)	<u>0</u>	<u>0</u>
	<b>b</b>	Total fundraising expenses (Part IX, column (D), line 25) ▶ <u>0</u>		
	<b>17</b>	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	<u>72,849,262</u>	<u>83,881,223</u>
	<b>18</b>	Total expenses. Add lines 13–17 (must equal Part IX, column (A), line 25)	<u>129,387,582</u>	<u>141,372,078</u>
<b>19</b>	Revenue less expenses. Subtract line 18 from line 12	<u>13,068,515</u>	<u>6,393,676</u>	
Net Assets or Fund Balances	<b>20</b>	Total assets (Part X, line 16)	Beginning of Current Year	End of Year
	<b>21</b>	Total liabilities (Part X, line 26)	<u>183,242,155</u>	<u>182,193,947</u>
	<b>22</b>	Net assets or fund balances. Subtract line 21 from line 20	<u>82,187,271</u>	<u>87,427,708</u>
			<u>101,054,884</u>	<u>94,766,239</u>

**Part II Signature Block**

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

**Sign Here**

Signature of officer: ALBERT ZANGER, VP FINANCE/CFO Date: \_\_\_\_\_  
 Type or print name and title

**Paid Preparer Use Only**

Print/Type preparer's name: JUSTIN J. LOWE Preparer's signature: \_\_\_\_\_ Date: \_\_\_\_\_  
 Check  if self-employed PTIN: P01866796

Firm's name ▶ ERNST & YOUNG U.S. LLP Firm's EIN ▶ 34-6565596  
 Firm's address ▶ 1101 NEW YORK AVENUE NW, WASHINGTON, DC 20005 Phone no. (202) 327-6000

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

For Paperwork Reduction Act Notice, see the separate instructions.

Cat. No. 11282Y

Form **990** (2019)

**Part III Statement of Program Service Accomplishments**

Check if Schedule O contains a response or note to any line in this Part III  Yes  No

**1** Briefly describe the organization's mission:  
CIVISTA MEDICAL CENTER, INC. (DOING BUSINESS AS UM CHARLES REGIONAL MEDICAL CENTER, (UM CRMC)) IS A COMPONENT OF A REGIONAL INTEGRATED HEALTHCARE SYSTEM CREATED TO PROVIDE EXCELLENCE IN ACUTE HEALTHCARE AND PREVENTIVE SERVICES IN CHARLES COUNTY AND THE SURROUNDING COMMUNITIES.

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?  Yes  No  
If "Yes," describe these new services on Schedule O.

**3** Did the organization cease conducting, or make significant changes in how it conducts, any program services?  Yes  No  
If "Yes," describe these changes on Schedule O.

**4** Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations 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 \$ 119,005,111 including grants of \$ 52,500 ) (Revenue \$ 138,540,286 )  
AS A MEMBER OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM, CIVISTA MEDICAL CENTER, INC. (D/B/A UM CHARLES REGIONAL MEDICAL CENTER, "UM CRMC") OPERATES A 99-BED HOSPITAL IN LA PLATA, MARYLAND. UM CRMC IS ORGANIZED EXCLUSIVELY FOR CHARITABLE, SCIENTIFIC AND EDUCATIONAL PURPOSES. ITS ACTIVITIES INCLUDE PROVIDING HEALTHCARE TREATMENT AND CARE TO PERSONS WHO ARE ACUTELY ILL, OPERATING A 24-HOUR EMERGENCY DEPARTMENT WHICH SERVICES ALL COMMUNITY PATIENTS WITHOUT REGARD TO THEIR ABILITY TO PAY.

DURING ITS FISCAL YEAR ENDED JUNE 30, 2020, THE HOSPITAL ENGAGED IN THE FOLLOWING ACTIVITIES THAT WERE IN FURTHERANCE OF ITS EXEMPT PURPOSE: PROVIDED INPATIENT SERVICES WHICH INCLUDED 5,908 INPATIENT ADMISSIONS; PROVIDED OUTPATIENT SERVICES WHICH INCLUDED 45,843 EMERGENCY DEPARTMENT VISITS AND 3,585 OUTPATIENT SURGERIES; AND 522 BIRTHS.

(CONTINUED ON SCHEDULE O)

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

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

**4d** Other program services (Describe on Schedule O.)  
(Expenses \$ including grants of \$ ) (Revenue \$ )

**4e** Total program service expenses ▶ 119,005,111

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A . . . . .</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II . . . . .</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>9</b> Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>10</b> Did the organization, directly or through a related organization, hold assets in donor-restricted endowments or in quasi endowments? <i>If "Yes," complete Schedule D, Part V . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>11</b> If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI . . . . .</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</b> Did the organization report an amount for investments—other securities in Part X, line 12, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII . . . . .</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>c</b> Did the organization report an amount for investments—program related in Part X, line 13, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>d</b> Did the organization report an amount for other assets in Part X, line 15, that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX . . . . .</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X . . . . .</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X . . . . .</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional . . . . .</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States? . . . . .	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV. . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV. . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions) . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II . . . . .</i>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III . . . . .</i>	<input type="checkbox"/>	<input type="checkbox"/>
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H . . . . .</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? . . . . .	<input checked="" type="checkbox"/>	<input type="checkbox"/>
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II . . . . .</i>	<input checked="" type="checkbox"/>	<input type="checkbox"/>

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

	Yes	No
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . .		✓
<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> . . . . .	✓	
<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, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> . . . . .		✓
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .		
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) 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> . . . . .		✓
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> . . . . .		✓
<b>26</b> Did the organization report any amount on Part X, line 5 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part II</i> . . . . .		✓
<b>27</b> Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .		✓
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions, for applicable filing thresholds, conditions, and exceptions):		
<b>a</b> A current or former officer, director, trustee, key employee, creator or founder, or substantial contributor? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		✓
<b>b</b> A family member of any individual described in line 28a? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		✓
<b>c</b> A 35% controlled entity of one or more individuals and/or organizations described in lines 28a or 28b? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .		✓
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .		✓
<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> . . . . .		✓
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .		✓
<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> . . . . .		✓
<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> . . . . .		✓
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . .	✓	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? . . . . .		✓
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . .		
<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> . . . . .		✓
<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> . . . . .		✓
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note:</b> All Form 990 filers are required to complete Schedule O. . . . .	✓	

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

Check if Schedule O contains a response or note to any line in this Part V

	Yes	No
<b>1a</b> Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable . . . . .		
<b>b</b> Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . . . . .		
<b>c</b> Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	✓	

**Part V** Statements Regarding Other IRS Filings and Tax Compliance (continued)

		Yes	No		
<b>2a</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>2a</b>	1,103		
<b>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 (see instructions)	<b>2b</b>		✓	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>3a</b>		✓	
<b>b</b>	If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O	<b>3b</b>		✓	
<b>4a</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>4a</b>			✓
<b>b</b>	If "Yes," enter the name of the foreign country ▶ See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).				
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	<b>5a</b>			✓
<b>b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	<b>5b</b>			✓
<b>c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?	<b>5c</b>			
<b>6a</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 as charitable contributions?	<b>6a</b>			✓
<b>b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	<b>6b</b>			
<b>7</b>	<b>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>7a</b>			✓
<b>b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	<b>7b</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>7c</b>			✓
<b>d</b>	If "Yes," indicate the number of Forms 8282 filed during the year	<b>7d</b>			
<b>e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	<b>7e</b>			✓
<b>f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	<b>7f</b>			✓
<b>g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	<b>7g</b>			
<b>h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	<b>7h</b>			
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	<b>8</b>			
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>				
<b>a</b>	Did the sponsoring organization make any taxable distributions under section 4966?	<b>9a</b>			
<b>b</b>	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?	<b>9b</b>			
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:				
<b>a</b>	Initiation fees and capital contributions included on Part VIII, line 12	<b>10a</b>			
<b>b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	<b>10b</b>			
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:				
<b>a</b>	Gross income from members or shareholders	<b>11a</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>11b</b>			
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?	<b>12a</b>			
<b>b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	<b>12b</b>			
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>				
<b>a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note:</b> See the instructions for additional information the organization must report on Schedule O.	<b>13a</b>			
<b>b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	<b>13b</b>			
<b>c</b>	Enter the amount of reserves on hand	<b>13c</b>			
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?	<b>14a</b>			✓
<b>b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O	<b>14b</b>			
<b>15</b>	Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year? If "Yes," see instructions and file Form 4720, Schedule N.	<b>15</b>			✓
<b>16</b>	Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.	<b>16</b>			✓

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

**Section A. Governing Body and Management**

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year . . . . .		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain on Schedule O.		
<b>1b</b>	Enter the number of voting members included on line 1a, above, who are independent . . . . .		
<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? . . . . .	<input checked="" type="checkbox"/>	
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, trustees, or key employees to a management company or other person? . . . . .		<input checked="" type="checkbox"/>
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? . . . . .		<input checked="" type="checkbox"/>
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets? . . . . .		
<b>6</b>	Did the organization have members or stockholders? . . . . .	<input checked="" type="checkbox"/>	
<b>7a</b>	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body? . . . . .	<input checked="" type="checkbox"/>	
<b>7b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? . . . . .	<input checked="" type="checkbox"/>	
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>8a</b>	The governing body? . . . . .	<input checked="" type="checkbox"/>	
<b>8b</b>	Each committee with authority to act on behalf of the governing body? . . . . .	<input checked="" type="checkbox"/>	
<b>9</b>	Is there any officer, director, 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 on Schedule O . . . . .		<input checked="" type="checkbox"/>

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

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates? . . . . .		<input checked="" type="checkbox"/>
<b>10b</b>	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes? . . . . .		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? . . . . .	<input checked="" type="checkbox"/>	
<b>11b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990. . . . .		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13 . . . . .	<input checked="" type="checkbox"/>	
<b>12b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? . . . . .	<input checked="" type="checkbox"/>	
<b>12c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done . . . . .	<input checked="" type="checkbox"/>	
<b>13</b>	Did the organization have a written whistleblower policy? . . . . .	<input checked="" type="checkbox"/>	
<b>14</b>	Did the organization have a written document retention and destruction policy? . . . . .	<input checked="" type="checkbox"/>	
<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>15a</b>	The organization's CEO, Executive Director, or top management official . . . . .	<input checked="" type="checkbox"/>	
<b>15b</b>	Other officers or key employees of the organization . . . . .	<input checked="" type="checkbox"/>	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</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? . . . . .	<input checked="" type="checkbox"/>	
<b>16b</b>	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements? . . . . .	<input checked="" type="checkbox"/>	

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed ► MD
- 18** Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A, if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website     Another's website     Upon request     Other (explain on Schedule O)
- 19** Describe on Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records ►  
ALBERT ZANGER, 5 GARRETT AVE, LA PLATA, MD 20646, (301) 609-4130

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

Check if Schedule O contains a response or note to any line in this Part VII

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

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

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

See instructions for the order in which to list the persons above.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) MOHAN SUNTHA, MD UMMS PRESIDENT AND CEO	1.0 59.0	<input checked="" type="checkbox"/>						0	2,102,885	40,902
(2) JOHN W ASHWORTH, III UMMS INTERIM PRESIDENT/CEO (ENDED 11/19)	1.0 59.0	<input checked="" type="checkbox"/>						0	1,717,490	37,155
(3) JON P BURNS DIRECTOR	1.0 44.0	<input checked="" type="checkbox"/>						0	806,196	32,392
(4) NOEL A CERVINO PRESIDENT AND CEO	40.0 2.0	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				663,929	0	37,696
(5) JOSEPH D MOSER, MD SVP AND CHIEF MEDICAL OFFICER	40.0 0.0				<input checked="" type="checkbox"/>			431,531	0	51,719
(6) ERIK BOAS FORMER SVP FINANCE AND CFO	0.0 0.0					<input checked="" type="checkbox"/>		302,567	0	7,925
(7) ALBERT ZANGER VP FINANCE AND CFO	40.0 2.0			<input checked="" type="checkbox"/>				223,841	32,889	50,904
(8) CLIVE W SAVORY VP PLANNING	40.0 0.0				<input checked="" type="checkbox"/>			232,291	0	55,413
(9) DANA LEVY CHIEF NURSING OFFICER	40.0 0.0				<input checked="" type="checkbox"/>			265,970	0	17,677
(10) MELINDA HARVEY REVENUE CYCLE DIRECTOR	40.0 0.0					<input checked="" type="checkbox"/>		208,951	0	25,979
(11) WILLIAM GRIMES VP ANCILLIARY SERVICES	40.0 0.0					<input checked="" type="checkbox"/>		225,419	0	9,248
(12) KATHERINE MIDDLETON REGISTERED NURSE	40.0 0.0					<input checked="" type="checkbox"/>		178,050	0	25,339
(13) MARILYN GREGORY REGISTERED NURSE	40.0 0.0					<input checked="" type="checkbox"/>		182,994	0	7,960
(14) JOSEPH COLONNA, MD CHIEF OF STAFF	20.0 1.0	<input checked="" type="checkbox"/>						100,875	0	0

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) B. LARRY JENKINS, MD DIRECTOR	1.0 1.0	<input checked="" type="checkbox"/>						11,000	0	0
(16) AUSTIN J SLATER, JR VICE CHAIR (ENDED 10/19)	1.0 1.0	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				0	0	0
(17) BRIANNA D BOWLING VICE CHAIR	1.0 2.5	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				0	0	0
(18) CHARLES ROSENFELD SECRETARY/TREASURER	1.0 1.0	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				0	0	0
(19) R. WAYNE BARNES BOARD CHAIR	1.0 1.0	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				0	0	0
(20) ANTHONY B COVINGTON DIRECTOR	1.0 1.0	<input checked="" type="checkbox"/>						0	0	0
(21) ASHVIN J PATEL, MD DIRECTOR	1.0 1.0	<input checked="" type="checkbox"/>						0	0	0
(22) DIANNA ABNEY, MD DIRECTOR	1.0 1.0	<input checked="" type="checkbox"/>						0	0	0
(23) JOHN HUNGERFORD DIRECTOR	1.0 2.0	<input checked="" type="checkbox"/>						0	0	0
(24) LOUIS P JENKINS, JR DIRECTOR (ENDED 02/20)	1.0 2.0	<input checked="" type="checkbox"/>						0	0	0
(25) (SEE STATEMENT)										
<b>1b Subtotal</b>								3,027,418	4,659,460	400,309
<b>c Total from continuation sheets to Part VII, Section A</b>								0	0	0
<b>d Total (add lines 1b and 1c)</b>								3,027,418	4,659,460	400,309

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **▶** 54

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

**Section B. Independent Contractors**

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

(A) Name and business address	(B) Description of services	(C) Compensation
CROSS COUNTRY STAFFING, PO BOX 404674, ATLANTA, GA 30384-4674	STAFFING	2,800,659
MARYLAND INPATIENT CARE SPECIALISTS, 7250 PARKWAY DRIVE, SUITE 500, HANOVER, MD 21076	PHYSICIAN SERVICES	2,694,393
CMI GENERAL CONTRACTORS, INC., 30069 BUSINESS CENTER DRIVE, CHARLOTTE HALL, MD 20622	CONTRACTORS	2,485,883
CROTHALL HEALTHCARE, 13028 COLLECTIONS CENTER DRIVE, CHICAGO, IL 60693	ENVIRONMENTAL SERVICES	1,998,604
CONCRETE PROTECTION & RESTORATION, 2811 LORD BALTIMORE DR, BALTIMORE, MD 21244	CONTRACTORS	1,649,020

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **▶** 41



**Part VIII Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b>	Federated campaigns . . . . .	<b>1a</b>	0				
	<b>b</b>	Membership dues . . . . .	<b>1b</b>	0				
	<b>c</b>	Fundraising events . . . . .	<b>1c</b>	0				
	<b>d</b>	Related organizations . . . . .	<b>1d</b>	0				
	<b>e</b>	Government grants (contributions)	<b>1e</b>	8,158,464				
	<b>f</b>	All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	49,996				
	<b>g</b>	Noncash contributions included in lines 1a-1f . . . . .	<b>1g</b>	\$ 0				
	<b>h</b>	<b>Total.</b> Add lines 1a-1f . . . . .		8,208,460				
	<b>Program Service Revenue</b>	<b>2a</b>	NET PATIENT REVENUE	Business Code 622110	138,540,286	138,540,286	0	0
<b>b</b>								
<b>c</b>								
<b>d</b>								
<b>e</b>								
<b>f</b>		All other program service revenue . .		0	0	0	0	
<b>g</b>		<b>Total.</b> Add lines 2a-2f . . . . .		138,540,286				
<b>Other Revenue</b>	<b>3</b>	Investment income (including dividends, interest, and other similar amounts) . . . . .		214,209	0	0	214,209	
	<b>4</b>	Income from investment of tax-exempt bond proceeds						
	<b>5</b>	Royalties . . . . .						
	<b>6a</b>	Gross rents . . . . .	<b>6a</b>	(i) Real	0			
				(ii) Personal	0			
				<b>6b</b>	Less: rental expenses	0		
				<b>6c</b>	Rental income or (loss)	0		
	<b>d</b>	Net rental income or (loss) . . . . .						
	<b>7a</b>	Gross amount from sales of assets other than inventory	<b>7a</b>	(i) Securities	7,869,510			
				(ii) Other	0			
				<b>7b</b>	Less: cost or other basis and sales expenses . . . . .	7,703,698		
				<b>7c</b>	Gain or (loss) . . . . .	165,812		
	<b>d</b>	Net gain or (loss) . . . . .		165,812	0	0	165,812	
	<b>8a</b>	Gross income from fundraising events (not including \$ 0 of contributions reported on line 1c). See Part IV, line 18 . . . . .	<b>8a</b>	0				
	<b>b</b>	Less: direct expenses . . . . .	<b>8b</b>	0				
	<b>c</b>	Net income or (loss) from fundraising events . .						
	<b>9a</b>	Gross income from gaming activities. See Part IV, line 19 . . . . .	<b>9a</b>		0			
<b>9b</b>				Less: direct expenses . . . . .	0			
<b>c</b>				Net income or (loss) from gaming activities . . .				
<b>10a</b>	Gross sales of inventory, less returns and allowances . . . . .	<b>10a</b>		0				
			<b>10b</b>	Less: cost of goods sold . . . . .	0			
			<b>c</b>	Net income or (loss) from sales of inventory . . .				
<b>Miscellaneous Revenue</b>	<b>11a</b>	CAFETERIA & COFFEE BAR SALES	Business Code 722514	318,549	0	0	318,549	
	<b>b</b>	JOINT VENTURE	621990	193,611	0	0	193,611	
	<b>c</b>	PHYSICIAN ANSWERING SERVICE	561000	95,190	0	95,190	0	
	<b>d</b>	All other revenue . . . . .	621999	29,637	0	0	29,637	
	<b>e</b>	<b>Total.</b> Add lines 11a-11d . . . . .		636,987				
<b>12</b>	<b>Total revenue.</b> See instructions . . . . .		147,765,754	138,540,286	95,190	921,818		

**Part IX Statement of Functional Expenses**

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

Check if Schedule O contains a response or note to any line in this Part IX

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21 . . . . .	52,500	52,500		
2	Grants and other assistance to domestic individuals. See Part IV, line 22 . . . . .				
3	Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16 . . . . .				
4	Benefits paid to or for members . . . . .	0	0		
5	Compensation of current officers, directors, trustees, and key employees . . . . .	1,618,160	697,501	920,659	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) . . . . .				
7	Other salaries and wages . . . . .	43,809,091	31,134,571	12,674,520	0
8	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions) . . . . .	2,401,919	1,707,014	694,905	0
9	Other employee benefits . . . . .	6,367,770	4,525,494	1,842,276	0
10	Payroll taxes . . . . .	3,241,415	2,303,633	937,782	0
11	Fees for services (nonemployees):				
a	Management . . . . .				
b	Legal . . . . .	95,906	68,159	27,747	0
c	Accounting . . . . .				
d	Lobbying . . . . .	52,896	0	52,896	0
e	Professional fundraising services. See Part IV, line 17 . . . . .				
f	Investment management fees . . . . .				
g	Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O.) . . . . .	37,031,217	37,031,217	0	0
12	Advertising and promotion . . . . .	117,247	83,326	33,921	0
13	Office expenses . . . . .	356,135	253,101	103,034	0
14	Information technology . . . . .				
15	Royalties . . . . .				
16	Occupancy . . . . .	2,755,468	1,958,277	797,191	0
17	Travel . . . . .	117,172	83,273	33,899	0
18	Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . .				
19	Conferences, conventions, and meetings . . . . .	26,801	19,047	7,754	0
20	Interest . . . . .	2,100,761	1,492,984	607,777	0
21	Payments to affiliates . . . . .				
22	Depreciation, depletion, and amortization . . . . .	5,631,954	4,002,559	1,629,395	0
23	Insurance . . . . .	2,862,259	2,801,748	60,511	0
24	Other expenses. Itemize expenses not covered above (List miscellaneous expenses on line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.) . . . . .				
a	<u>MEDICAL SUPPLIES</u> . . . . .	17,462,644	17,462,644	0	0
b	<u>BAD DEBT</u> . . . . .	8,565,198	8,565,198	0	0
c	<u>REPAIRS &amp; MAINTENANCE</u> . . . . .	1,714,723	1,218,632	496,091	0
d	<u>EQUIPMENT RENTAL</u> . . . . .	269,362	191,432	77,930	0
e	All other expenses . . . . .	4,721,480	3,352,801	1,368,679	0
25	<b>Total functional expenses.</b> Add lines 1 through 24e . . . . .	141,372,078	119,005,111	22,366,967	0
26	<b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720) . . . . .				

**Part X Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	9,066,416	<b>1</b>	28,782,151
	<b>2</b> Savings and temporary cash investments . . . . .	0	<b>2</b>	0
	<b>3</b> Pledges and grants receivable, net . . . . .	0	<b>3</b>	0
	<b>4</b> Accounts receivable, net . . . . .	18,405,086	<b>4</b>	13,695,983
	<b>5</b> Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons . . . . .	0	<b>5</b>	0
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B) . . . . .	0	<b>6</b>	0
	<b>7</b> Notes and loans receivable, net . . . . .	0	<b>7</b>	0
	<b>8</b> Inventories for sale or use . . . . .	1,674,776	<b>8</b>	2,016,900
	<b>9</b> Prepaid expenses and deferred charges . . . . .	638,795	<b>9</b>	679,365
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D . . . . .	<b>10a</b> 114,799,495		
	<b>b</b> Less: accumulated depreciation . . . . .	<b>10b</b> 37,017,503	73,947,842	<b>10c</b> 77,781,992
	<b>11</b> Investments—publicly traded securities . . . . .	10,293,000	<b>11</b>	10,631,000
	<b>12</b> Investments—other securities. See Part IV, line 11 . . . . .	11,482,247	<b>12</b>	11,398,341
	<b>13</b> Investments—program-related. See Part IV, line 11 . . . . .	0	<b>13</b>	0
	<b>14</b> Intangible assets . . . . .	0	<b>14</b>	0
	<b>15</b> Other assets. See Part IV, line 11 . . . . .	57,733,993	<b>15</b>	37,208,215
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 33) . . . . .	183,242,155	<b>16</b>	182,193,947	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	10,091,010	<b>17</b>	14,203,475
	<b>18</b> Grants payable . . . . .	0	<b>18</b>	0
	<b>19</b> Deferred revenue . . . . .	0	<b>19</b>	0
	<b>20</b> Tax-exempt bond liabilities . . . . .	0	<b>20</b>	0
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D . . . . .	0	<b>21</b>	0
	<b>22</b> Loans and other payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons . . . . .	0	<b>22</b>	0
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .	2,122,721	<b>23</b>	923,535
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .	0	<b>24</b>	0
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17–24). Complete Part X of Schedule D . . . . .	69,973,540	<b>25</b>	72,300,698
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	82,187,271	<b>26</b>	87,427,708
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow FASB ASC 958, check here <input checked="" type="checkbox"/> and complete lines 27, 28, 32, and 33.</b>			
	<b>27</b> Net assets without donor restrictions . . . . .	101,054,884	<b>27</b>	94,766,239
	<b>28</b> Net assets with donor restrictions . . . . .	0	<b>28</b>	0
	<b>Organizations that do not follow FASB ASC 958, check here <input type="checkbox"/> and complete lines 29 through 33.</b>			
	<b>29</b> Capital stock or trust principal, or current funds . . . . .	0	<b>29</b>	0
	<b>30</b> Paid-in or capital surplus, or land, building, or equipment fund . . . . .	0	<b>30</b>	0
	<b>31</b> Retained earnings, endowment, accumulated income, or other funds . . . . .	0	<b>31</b>	0
	<b>32</b> Total net assets or fund balances . . . . .	101,054,884	<b>32</b>	94,766,239
<b>33</b> Total liabilities and net assets/fund balances . . . . .	183,242,155	<b>33</b>	182,193,947	

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	147,765,754
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	141,372,078
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	6,393,676
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	<b>4</b>	101,054,884
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	(120,643)
<b>6</b>	Donated services and use of facilities	<b>6</b>	0
<b>7</b>	Investment expenses	<b>7</b>	0
<b>8</b>	Prior period adjustments	<b>8</b>	0
<b>9</b>	Other changes in net assets or fund balances (explain on Schedule O)	<b>9</b>	(12,561,678)
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	<b>10</b>	94,766,239

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

	Yes	No
<b>1</b> Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
<b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		<input checked="" type="checkbox"/>
<b>b</b> Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	<input checked="" type="checkbox"/>	
<b>c</b> 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 on Schedule O.	<input checked="" type="checkbox"/>	
<b>3a</b> 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?	<input checked="" type="checkbox"/>	
<b>b</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 on Schedule O and describe any steps taken to undergo such audits.	<input checked="" type="checkbox"/>	

**Part VII**

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (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			
(25) MARY LILLY ----- DIRECTOR	1.0 ----- 2.0	✓						0	0	0
(26) PATRICK PIERCE ----- DIRECTOR	1.0 ----- 1.0	✓						0	0	0
(27) RICHARD FERRARO, MD ----- DIRECTOR	1.0 ----- 1.0	✓						0	0	0
(28) SHELLY CULHANE ----- DIRECTOR	1.0 ----- 1.0	✓						0	0	0
(29) TOM DENNISON ----- DIRECTOR	1.0 ----- 1.0	✓						0	0	0

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

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

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

▶ **Attach to Form 990 or Form 990-EZ.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2019**

**Open to Public Inspection**

Name of the organization <b>CIVISTA MEDICAL CENTER, INC.</b>	Employer identification number <b>52-0445374</b>
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**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ).)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vii)**. (Complete Part II.)
- 9  An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10  An organization that normally receives: (1) more than 33<sup>1</sup>/<sub>3</sub>% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33<sup>1</sup>/<sub>3</sub>% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
  - a  **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
  - b  **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
  - c  **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
  - d  **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
  - e  Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
  - f Enter the number of supported organizations
  - g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1–10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
(A)						
(B)						
(C)						
(D)						
(E)						
<b>Total</b>						

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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") . . . . .						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization 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) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(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 VI.) . . . . .						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) . . . . .					<b>12</b>	
<b>13 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 <b>stop here</b> . . . . .						<input type="checkbox"/>

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

<b>14</b> Public support percentage for 2019 (line 6, column (f) divided by line 11, column (f)) . . . . .	<b>14</b>	%
<b>15</b> Public support percentage from 2018 Schedule A, Part II, line 14 . . . . .	<b>15</b>	%
<b>16a 33 1/3% support test—2019.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>b 33 1/3% support test—2018.</b> 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 <b>stop here.</b> The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>17a 10%-facts-and-circumstances test—2019.</b> 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 <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>b 10%-facts-and-circumstances test—2018.</b> 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 <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization . . . . .		<input type="checkbox"/>
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions . . . . .		<input type="checkbox"/>

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

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose . . . .						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf . . . . .						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge . . . . .						
<b>6 Total.</b> Add lines 1 through 5 . . . . .						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons . . . . .						
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year . . . . .						
<b>c</b> Add lines 7a and 7b . . . . .						
<b>8 Public support.</b> (Subtract line 7c from line 6.) . . . . .						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(f) Total
<b>9</b> Amounts from line 6 . . . . .						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources . . . . .						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 . . . . .						
<b>c</b> Add lines 10a and 10b . . . . .						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on . . . . .						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) . . . . .						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.) . . . . .						

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

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

<b>15</b> Public support percentage for 2019 (line 8, column (f), divided by line 13, column (f)) . . . . .	<b>15</b>	%
<b>16</b> Public support percentage from 2018 Schedule A, Part III, line 15 . . . . .	<b>16</b>	%

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

<b>17</b> Investment income percentage for <b>2019</b> (line 10c, column (f), divided by line 13, column (f)) . . . . .	<b>17</b>	%
<b>18</b> Investment income percentage from <b>2018</b> Schedule A, Part III, line 17 . . . . .	<b>18</b>	%

**19a 33 1/3% support tests—2019.** 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—2018.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization . . . . .

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



**Part IV Supporting Organizations**

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

		Yes	No
1	Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2	Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a	Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
3b	Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
3c	Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a	Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		
4b	Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
4c	Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a	Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
5b	<b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
5c	<b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
6	Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7	Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
8	Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
9a	Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
9b	Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
9c	Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a	Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>		
10b	Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

**Part IV Supporting Organizations** *(continued)*

	Yes	No
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?	<b>11a</b>	
<b>b</b> A family member of a person described in (a) above?	<b>11b</b>	
<b>c</b> A 35% controlled entity of a person described in (a) or (b) above? <i>If "Yes" to a, b, or c, provide detail in Part VI.</i>	<b>11c</b>	

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? <i>If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.</i>	<b>1</b>	
<b>2</b> Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? <i>If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.</i>	<b>2</b>	

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? <i>If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).</i>	<b>1</b>	

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?	<b>1</b>	
<b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? <i>If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).</i>	<b>2</b>	
<b>3</b> By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? <i>If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.</i>	<b>3</b>	

**Section E. Type III Functionally Integrated Supporting Organizations**

<b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
<b>a</b> <input type="checkbox"/> The organization satisfied the Activities Test. Complete <b>line 2</b> below.		
<b>b</b> <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete <b>line 3</b> below.		
<b>c</b> <input type="checkbox"/> The organization supported a governmental entity. Describe in <b>Part VI</b> how you supported a government entity (see instructions).		
<b>2</b> Activities Test. <b>Answer (a) and (b) below.</b>		
<b>a</b> Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? <i>If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.</i>	<b>2a</b>	
<b>b</b> Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? <i>If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.</i>	<b>2b</b>	
<b>3</b> Parent of Supported Organizations. <b>Answer (a) and (b) below.</b>		
<b>a</b> Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? <i>Provide details in Part VI.</i>	<b>3a</b>	
<b>b</b> Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? <i>If "Yes," describe in Part VI the role played by the organization in this regard.</i>	<b>3b</b>	

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

- 1**  Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI). **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

<b>Section A—Adjusted Net Income</b>		(A) Prior Year	(B) Current Year (optional)
<b>1</b> Net short-term capital gain	<b>1</b>		
<b>2</b> Recoveries of prior-year distributions	<b>2</b>		
<b>3</b> Other gross income (see instructions)	<b>3</b>		
<b>4</b> Add lines 1 through 3.	<b>4</b>		
<b>5</b> Depreciation and depletion	<b>5</b>		
<b>6</b> Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	<b>6</b>		
<b>7</b> Other expenses (see instructions)	<b>7</b>		
<b>8 Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	<b>8</b>		
<b>Section B—Minimum Asset Amount</b>		(A) Prior Year	(B) Current Year (optional)
<b>1</b> Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):			
<b>a</b> Average monthly value of securities	<b>1a</b>		
<b>b</b> Average monthly cash balances	<b>1b</b>		
<b>c</b> Fair market value of other non-exempt-use assets	<b>1c</b>		
<b>d Total</b> (add lines 1a, 1b, and 1c)	<b>1d</b>		
<b>e Discount</b> claimed for blockage or other factors (explain in detail in <b>Part VI</b> ):			
<b>2</b> Acquisition indebtedness applicable to non-exempt-use assets	<b>2</b>		
<b>3</b> Subtract line 2 from line 1d.	<b>3</b>		
<b>4</b> Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions).	<b>4</b>		
<b>5</b> Net value of non-exempt-use assets (subtract line 4 from line 3)	<b>5</b>		
<b>6</b> Multiply line 5 by .035.	<b>6</b>		
<b>7</b> Recoveries of prior-year distributions	<b>7</b>		
<b>8 Minimum Asset Amount</b> (add line 7 to line 6)	<b>8</b>		
<b>Section C—Distributable Amount</b>			Current Year
<b>1</b> Adjusted net income for prior year (from Section A, line 8, Column A)	<b>1</b>		
<b>2</b> Enter 85% of line 1.	<b>2</b>		
<b>3</b> Minimum asset amount for prior year (from Section B, line 8, Column A)	<b>3</b>		
<b>4</b> Enter greater of line 2 or line 3.	<b>4</b>		
<b>5</b> Income tax imposed in prior year	<b>5</b>		
<b>6 Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions).	<b>6</b>		
<b>7</b> <input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).			

Schedule A (Form 990 or 990-EZ) 2019

**Part V** Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D—Distributions	Current Year
<b>1</b> Amounts paid to supported organizations to accomplish exempt purposes	
<b>2</b> Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
<b>3</b> Administrative expenses paid to accomplish exempt purposes of supported organizations	
<b>4</b> Amounts paid to acquire exempt-use assets	
<b>5</b> Qualified set-aside amounts (prior IRS approval required)	
<b>6</b> Other distributions (describe in <b>Part VI</b> ). See instructions.	
<b>7 Total annual distributions.</b> Add lines 1 through 6.	
<b>8</b> Distributions to attentive supported organizations to which the organization is responsive (provide details in <b>Part VI</b> ). See instructions.	
<b>9</b> Distributable amount for 2019 from Section C, line 6	
<b>10</b> Line 8 amount divided by line 9 amount	

Section E—Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2019	(iii) Distributable Amount for 2019
<b>1</b> Distributable amount for 2019 from Section C, line 6			
<b>2</b> Underdistributions, if any, for years prior to 2019 (reasonable cause required—explain in <b>Part VI</b> ). See instructions.			
<b>3</b> Excess distributions carryover, if any, to 2019			
<b>a</b> From 2014 . . . . .			
<b>b</b> From 2015 . . . . .			
<b>c</b> From 2016 . . . . .			
<b>d</b> From 2017 . . . . .			
<b>e</b> From 2018 . . . . .			
<b>f Total</b> of lines 3a through e			
<b>g</b> Applied to underdistributions of prior years			
<b>h</b> Applied to 2019 distributable amount			
<b>i</b> Carryover from 2014 not applied (see instructions)			
<b>j</b> Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
<b>4</b> Distributions for 2019 from Section D, line 7:                     \$			
<b>a</b> Applied to underdistributions of prior years			
<b>b</b> Applied to 2019 distributable amount			
<b>c</b> Remainder. Subtract lines 4a and 4b from 4.			
<b>5</b> Remaining underdistributions for years prior to 2019, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>6</b> Remaining underdistributions for 2019. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>7 Excess distributions carryover to 2020.</b> Add lines 3j and 4c.			
<b>8</b> Breakdown of line 7:			
<b>a</b> Excess from 2015 . . . . .			
<b>b</b> Excess from 2016 . . . . .			
<b>c</b> Excess from 2017 . . . . .			
<b>d</b> Excess from 2018 . . . . .			
<b>e</b> Excess from 2019 . . . . .			

**Schedule of Contributors**

**2019**

▶ **Attach to Form 990, Form 990-EZ, or Form 990-PF.**  
 ▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.**

Name of the organization <b>CIVISTA MEDICAL CENTER, INC.</b>	Employer identification number <b>52-0445374</b>
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**Organization type** (check one):

**Filers of:**

**Section:**

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

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

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

**General Rule**

- For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

**Special Rules**

- For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33<sup>1</sup>/<sub>3</sub>% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.
- For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year . . . . . ▶ \$ \_\_\_\_\_

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

Name of organization <b>CIVISTA MEDICAL CENTER, INC.</b>	Employer identification number <b>52-0445374</b>
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**Part I** **Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	----- ----- -----	\$ 7,147,019	<b>Person</b> <input checked="" type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	----- ----- -----	\$ 25,000	<b>Person</b> <input checked="" type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	----- ----- -----	\$ 26,000	<b>Person</b> <input checked="" type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	----- ----- -----	\$ 24,996	<b>Person</b> <input checked="" type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	----- ----- -----	\$ 985,445	<b>Person</b> <input checked="" type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)
-----	----- ----- -----	\$ -----	<b>Person</b> <input type="checkbox"/> <b>Payroll</b> <input type="checkbox"/> <b>Noncash</b> <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization <b>CIVISTA MEDICAL CENTER, INC.</b>	Employer identification number <b>52-0445374</b>
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**Part II** **Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

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

Name of organization <b>CIVISTA MEDICAL CENTER, INC.</b>	Employer identification number <b>52-0445374</b>
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**Part III** *Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor.* Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of *exclusively* religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this information once. See instructions.) ▶ \$ \_\_\_\_\_  
 Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
-----	----- ----- -----	----- ----- -----	----- ----- -----

(e) Transfer of gift	
Transferee's name, address, and ZIP + 4	Relationship of transferor to transferee
----- ----- -----	----- ----- -----



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

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2019**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

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

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**  
▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

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

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

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

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

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

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

Name of organization <b>CIVISTA MEDICAL CENTER, INC.</b>	Employer identification number <b>52-0445374</b>
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**Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.**

- 1 Provide a description of the organization's direct and indirect political campaign activities in Part IV. (see instructions for definition of "political campaign activities")
- 2 Political campaign activity expenditures (see instructions) . . . . . ▶ \$
- 3 Volunteer hours for political campaign activities (see instructions) . . . . .

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

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

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

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

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

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

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

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

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

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2016	(b) 2017	(c) 2018	(d) 2019	(e) Total
<b>2a</b>	Lobbying nontaxable amount				
<b>b</b>	Lobbying ceiling amount (150% of line 2a, column (e))				
<b>c</b>	Total lobbying expenditures				
<b>d</b>	Grassroots nontaxable amount				
<b>e</b>	Grassroots ceiling amount (150% of line 2d, column (e))				
<b>f</b>	Grassroots lobbying expenditures				

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

For each "Yes" response on lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.

	(a)		(b)
	Yes	No	Amount
<b>1</b> During the year, did the filing organization attempt to influence foreign, national, state, or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of:			
<b>a</b> Volunteers?		✓	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		✓	
<b>c</b> Media advertisements?		✓	
<b>d</b> Mailings to members, legislators, or the public?		✓	
<b>e</b> Publications, or published or broadcast statements?		✓	
<b>f</b> Grants to other organizations for lobbying purposes?		✓	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?	✓		47,700
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		✓	
<b>i</b> Other activities?	✓		5,196
<b>j</b> Total. Add lines 1c through 1i			52,896
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		✓	
<b>b</b> If "Yes," enter the amount of any tax incurred under section 4912			
<b>c</b> If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
<b>d</b> If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

**Part IV Supplemental Information**

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

SEE NEXT PAGE

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Part IV

**Supplemental Information.** Provide the descriptions required for Part I-A, line 1; Part I-B, line 4; Part I-C, line 5; Part II-A (affiliated group list); Part II-A, lines 1 and 2 (see instructions); and Part II-B, line 1. Also, complete this part for any additional information.

Return Reference - Identifier	Explanation
SCHEDULE C, PART II-B, LINE 1 - DETAILED DESCRIPTION OF THE LOBBYING ACTIVITY	DIRECT LOBBYING EFFORTS RELATE TO FEDERAL, STATE AND LOCAL LEGISLATION AFFECTING HEALTH CARE ISSUES. THE ORGANIZATION PAYS MEMBERSHIP DUES TO THE MARYLAND HOSPITAL ASSOCIATION (MHA) AND THE AMERICAN HOSPITAL ASSOCIATION (AHA). MHA AND AHA ENGAGE IN MANY SUPPORT ACTIVITIES INCLUDING LOBBYING AND ADVOCATING FOR THEIR MEMBER HOSPITALS. THE MHA AND AHA REPORTED THAT 3.08% AND 23.32% OF MEMBER DUES WERE USED FOR LOBBYING PURPOSES AND AS SUCH, THE ORGANIZATION HAS REPORTED THIS AMOUNT ON SCHEDULE C PART II-B AS LOBBYING ACTIVITIES.

SCHEDULE D (Form 990)

Department of the Treasury Internal Revenue Service

Supplemental Financial Statements

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

Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2019

Open to Public Inspection

Name of the organization: CIVISTA MEDICAL CENTER, INC. Employer identification number: 52-0445374

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

Table with 2 columns: (a) Donor advised funds, (b) Funds and other accounts. Rows include: 1 Total number at end of year, 2 Aggregate value of contributions to (during year), 3 Aggregate value of grants from (during year), 4 Aggregate value at end of year, 5 Did the organization inform all donors... Yes No, 6 Did the organization inform all grantees... Yes No

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

Table with 2 columns: Held at the End of the Tax Year. Rows include: 1 Purpose(s) of conservation easements, 2 Complete lines 2a through 2d if the organization held a qualified conservation contribution... 2a Total number of conservation easements, 2b Total acreage restricted by conservation easements, 2c Number of conservation easements on a certified historic structure included in (a), 2d Number of conservation easements included in (c) acquired after 7/25/06, 3 Number of conservation easements modified, transferred, released, extinguished, or terminated, 4 Number of states where property subject to conservation easement is located, 5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No, 6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year, 7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year \$, 8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No, 9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

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

Table with 2 columns: Revenue, Assets. Rows include: 1a If the organization elected, as permitted under FASB ASC 958, not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide in Part XIII the text of the footnote to its financial statements that describes these items. b If the organization elected, as permitted under FASB ASC 958, to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items: (i) Revenue included on 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 FASB ASC 958 relating to these items: a Revenue included on 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 make 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 program
  - e**  Other \_\_\_\_\_
- 4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.
- 5** During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  **Yes**  **No**

**Part IV Escrow and Custodial Arrangements.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

- 1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  **Yes**  **No**
- b** If "Yes," explain the arrangement in Part XIII and complete the following table:
- |  | Amount    |
|--|-----------|
| <b>c</b> Beginning balance             | <b>1c</b> |
| <b>d</b> Additions during the year     | <b>1d</b> |
| <b>e</b> Distributions during the year | <b>1e</b> |
| <b>f</b> Ending balance                | <b>1f</b> |
- 2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?  **Yes**  **No**
- b** If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

**Part V Endowment Funds.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

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

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

- a** Board designated or quasi-endowment  \_\_\_\_\_ %
- b** Permanent endowment  \_\_\_\_\_ %
- c** Term endowment  \_\_\_\_\_ %

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

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

- (i)** Unrelated organizations
- (ii)** Related organizations

	Yes	No
<b>3a(i)</b>		
<b>3a(ii)</b>		
<b>3b</b>		

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

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

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
<b>1a</b> Land	0	0	0	0
<b>b</b> Buildings	0	69,612,498	13,795,202	55,817,296
<b>c</b> Leasehold improvements	0	0	0	0
<b>d</b> Equipment	0	38,664,059	21,876,426	16,787,633
<b>e</b> Other	0	6,522,938	1,345,875	5,177,063
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				77,781,992

**Part VII Investments—Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives . . . . .		
(2) Closely held equity interests . . . . .		
(3) Other		
(A) ALTERNATIVE INVESTMENTS	11,398,341	END OF YEAR MARKET VALUE
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 12.) . ▶	11,398,341	

**Part VIII Investments—Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

**Part IX Other Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) CONSTRUCTION FUNDS	20,977,000
(2) DUE FROM AFFILIATES	0
(3) SELF INSURANCE TRUST	0
(4) TERRAPIN REINSURANCE	0
(5) ECONOMIC INTEREST ASSETS LTD TO USE	5,338,466
(6) INVESTMENT IN CHESAPEAKE POTOMAC HLTHCR ALLIANCE	4,255,343
(7) OTHER ACCOUNTS RECEIVABLES	1,263,277
(8) CURRENT PORTION ASSETS LTD TO USE	0
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) . . . . . ▶	37,208,215

**Part X Other Liabilities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	75,000
(2) DUE TO AFFILIATES	22,623,938
(3) PENSION	11,064,740
(4) TERRAPIN REINSURANCE	0
(5) MALPRACTICE	0
(6) ADVANCES FROM THIRD PARTIES	33,561,688
(7) LEASE LIABILITIES	0
(8) HCCF ASSESSMENT LIABILITY	0
(9) (SEE STATEMENT)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) . . . . . ▶	72,300,698

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

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

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include description, sub-labels (2a-2d, 4a-4b), and totals (1, 2e, 3, 4c, 5).

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

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

Table with 5 main rows and sub-rows (a-e) for adjustments. Columns include description, sub-labels (2a-2d, 4a-4b), and totals (1, 2e, 3, 4c, 5).

**Part XIII Supplemental Information.**

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

SEE STATEMENT

Series of horizontal dashed lines for providing supplemental information.



**Schedule D**

Other Assets - Complete if the organization answered "Yes" to

**Part IX**

Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book values
PHYSICIAN LOANS	8,503
SECURITY DEPOSITS	0
FINANCING LEASE	2,625,459
INVESTMENTS HELD FOR COLLATERAL	2,740,167

**Schedule D**

Other Liabilities - Complete if the organization answered "Yes" to

**Part X**

Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

(a) Description of liability	(b) Book value
CREDIT BALANCE	1,819,018
FINANCING LEASE	3,026,176
OTHER LIABILITIES	130,138

Part XIII

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

Return Reference - Identifier	Explanation
SCHEDULE D, PART X, LINE 2 - FIN 48 (ASC 740) FOOTNOTE	THE ORGANIZATION IS A SUBSIDIARY OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (THE CORPORATION). THE CORPORATION ADOPTED THE PROVISIONS OF ASC 740, ACCOUNTING FOR UNCERTAINTY IN THE INCOME TAXES (FIN 48) ON JULY 1, 2007. THE FOOTNOTE RELATED TO ASC 740 IN THE CORPORATION'S AUDITED FINANCIAL STATEMENTS IS AS FOLLOWS: THE CORPORATION FOLLOWS A THRESHOLD OF MORE-LIKELY-THAN-NOT FOR RECOGNITION AND DERECOGNITION OF TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN IN A TAX RETURN. MANAGEMENT DOES NOT BELIEVE THAT THERE ARE ANY UNRECOGNIZED TAX LIABILITIES OR BENEFITS THAT SHOULD BE RECOGNIZED.

**SCHEDULE H  
(Form 990)**

**Hospitals**

OMB No. 1545-0047

**2019**

**Open to Public Inspection**

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, question 20.**  
 ▶ **Attach to Form 990.**  
 ▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

Department of the Treasury  
Internal Revenue Service

<b>Name of the organization</b> CIVISTA MEDICAL CENTER, INC.	<b>Employer identification number</b> 52 0445374
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**Part I Financial Assistance and Certain Other Community Benefits at Cost**

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

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
<b>Financial Assistance and Means-Tested Government Programs</b>						
<b>a</b> Financial Assistance at cost (from Worksheet 1) . . . . .			852,843		852,843	0.64
<b>b</b> Medicaid (from Worksheet 3, column a)					0	0.00
<b>c</b> Costs of other means-tested government programs (from Worksheet 3, column b) . . . . .					0	0.00
<b>d Total.</b> Financial Assistance and Means-Tested Government Programs	0	0	852,843	0	852,843	0.64
<b>Other Benefits</b>						
<b>e</b> Community health improvement services and community benefit operations (from Worksheet 4) . . . . .			1,270,916	310	1,270,606	0.96
<b>f</b> Health professions education (from Worksheet 5) . . . . .			138,403		138,403	0.10
<b>g</b> Subsidized health services (from Worksheet 6) . . . . .			7,435,652		7,435,652	5.60
<b>h</b> Research (from Worksheet 7) . . . . .					0	0.00
<b>i</b> Cash and in-kind contributions for community benefit (from Worksheet 8) . . . . .			140,128	36,000	104,128	0.08
<b>j Total.</b> Other Benefits . . . . .	0	0	8,985,099	36,310	8,948,789	6.74
<b>k Total.</b> Add lines 7d and 7j . . . . .	0	0	9,837,942	36,310	9,801,632	7.38

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing					0	0.00
2 Economic development					0	0.00
3 Community support			11,334		11,334	0.01
4 Environmental improvements					0	0.00
5 Leadership development and training for community members			78,429	25,000	53,429	0.04
6 Coalition building					0	0.00
7 Community health improvement advocacy					0	0.00
8 Workforce development			165,151		165,151	0.12
9 Other					0	0.00
10 <b>Total</b>	0	0	254,914	25,000	229,914	0.17

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

**Section A. Bad Debt Expense**

		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1	✓
2	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount . . . . .	2	6,712,546
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit. . . . .	3	0
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.		

**Section B. Medicare**

5	Enter total revenue received from Medicare (including DSH and IME) . . . . .	5	56,611,911
6	Enter Medicare allowable costs of care relating to payments on line 5 . . . . .	6	52,090,741
7	Subtract line 6 from line 5. This is the surplus (or shortfall) . . . . .	7	4,521,170
8	Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		

**Section C. Collection Practices**

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

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

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

**Part V Facility Information**

**Section A. Hospital Facilities**

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

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

Name, address, primary website address, and state license number (and if a group return, the name and EIN of the subordinate hospital organization that operates the hospital facility)

1 [CIVISTA MEDICAL CENTER INC.](#)  
[5 GARRETT AVE, LA PLATA, MD 20646](#)  
[WWW.UMMS.ORG/CHARLES STATE LICENSE NO. : 08-001](#)

<b>2</b>												
<b>3</b>												
<b>4</b>												
<b>5</b>												
<b>6</b>												
<b>7</b>												
<b>8</b>												
<b>9</b>												
<b>10</b>												

Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (describe)	Facility reporting group
✓	✓					✓			1

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

**Section B. Facility Policies and Practices**

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

Name of hospital facility or letter of facility reporting group 1

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

		Yes	No
<b>Community Health Needs Assessment</b>			
<b>1</b>	Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year? . . . . .		✓
<b>2</b>	Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C . . . . .		✓
<b>3</b>	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 12 . . . . .	✓	
If "Yes," indicate what the CHNA report describes (check all that apply):			
<b>a</b>	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input checked="" type="checkbox"/> Demographics of the community		
<b>c</b>	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input checked="" type="checkbox"/> How data was obtained		
<b>e</b>	<input checked="" type="checkbox"/> The significant health needs of the community		
<b>f</b>	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
<b>j</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>4</b>	Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>17</u>		
<b>5</b>	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted . . . . .	✓	
<b>6a</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C . . . . .		✓
<b>6b</b>	Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C . . . . .	✓	
<b>7</b>	Did the hospital facility make its CHNA report widely available to the public? . . . . .	✓	
If "Yes," indicate how the CHNA report was made widely available (check all that apply):			
<b>a</b>	<input checked="" type="checkbox"/> Hospital facility's website (list url): <u>https://www.umms.org/charles/community</u>		
<b>b</b>	<input type="checkbox"/> Other website (list url): _____		
<b>c</b>	<input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
<b>d</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>8</b>	Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11 . . . . .	✓	
<b>9</b>	Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>17</u>		
<b>10</b>	Is the hospital facility's most recently adopted implementation strategy posted on a website? . . . . .	✓	
<b>a</b>	If "Yes," (list url): <u>https://www.umms.org/charles/community</u>		
<b>b</b>	If "No," is the hospital facility's most recently adopted implementation strategy attached to this return? . . . . .		
<b>11</b>	Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
<b>12a</b>	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .		✓
<b>12b</b>	If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .		
<b>c</b>	If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

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

**Financial Assistance Policy (FAP)**

Name of hospital facility or letter of facility reporting group 1

		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
<b>13</b>	Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care? If "Yes," indicate the eligibility criteria explained in the FAP:	✓	
<b>a</b>	<input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>2</u> <u>0</u> <u>0</u> % and FPG family income limit for eligibility for discounted care of <u>3</u> <u>0</u> <u>0</u> %		
<b>b</b>	<input checked="" type="checkbox"/> Income level other than FPG (describe in Section C)		
<b>c</b>	<input checked="" type="checkbox"/> Asset level		
<b>d</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>e</b>	<input checked="" type="checkbox"/> Insurance status		
<b>f</b>	<input checked="" type="checkbox"/> Underinsurance status		
<b>g</b>	<input type="checkbox"/> Residency		
<b>h</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>14</b>	Explained the basis for calculating amounts charged to patients? . . . . .	✓	
<b>15</b>	Explained the method for applying for financial assistance? . . . . . If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):	✓	
<b>a</b>	<input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
<b>b</b>	<input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
<b>c</b>	<input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
<b>d</b>	<input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
<b>e</b>	<input type="checkbox"/> Other (describe in Section C)		
<b>16</b>	Was widely publicized within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	✓	
<b>a</b>	<input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
<b>b</b>	<input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
<b>c</b>	<input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>(SEE STATEMENT)</u>		
<b>d</b>	<input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>e</b>	<input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>f</b>	<input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
<b>g</b>	<input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
<b>h</b>	<input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
<b>i</b>	<input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations		
<b>j</b>	<input type="checkbox"/> Other (describe in Section C)		



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

**Billing and Collections**

Name of hospital facility or letter of facility reporting group 1

		Yes	No
<b>17</b>	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained all of the actions the hospital facility or other authorized party may take upon nonpayment? . . . . .	✓	
<b>18</b>	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP: <b>a</b> <input type="checkbox"/> Reporting to credit agency(ies) <b>b</b> <input type="checkbox"/> Selling an individual's debt to another party <b>c</b> <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP <b>d</b> <input type="checkbox"/> Actions that require a legal or judicial process <b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C) <b>f</b> <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		
<b>19</b>	Did the hospital facility or other authorized party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged: <b>a</b> <input type="checkbox"/> Reporting to credit agency(ies) <b>b</b> <input type="checkbox"/> Selling an individual's debt to another party <b>c</b> <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP <b>d</b> <input type="checkbox"/> Actions that require a legal or judicial process <b>e</b> <input type="checkbox"/> Other similar actions (describe in Section C)		✓
<b>20</b>	Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply): <b>a</b> <input checked="" type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs (if not, describe in Section C) <b>b</b> <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process (if not, describe in Section C) <b>c</b> <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications (if not, describe in Section C) <b>d</b> <input checked="" type="checkbox"/> Made presumptive eligibility determinations (if not, describe in Section C) <b>e</b> <input type="checkbox"/> Other (describe in Section C) <b>f</b> <input type="checkbox"/> None of these efforts were made		

**Policy Relating to Emergency Medical Care**

<b>21</b>	Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? . . . . . If "No," indicate why: <b>a</b> <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions <b>b</b> <input type="checkbox"/> The hospital facility's policy was not in writing <b>c</b> <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C) <b>d</b> <input type="checkbox"/> Other (describe in Section C)	✓	
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**Part V Facility Information** *(continued)*

**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**

Name of hospital facility or letter of facility reporting group 1

		Yes	No
<b>22</b>	Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.		
<b>a</b>	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period		
<b>b</b>	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
<b>c</b>	<input type="checkbox"/> The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period		
<b>d</b>	<input checked="" type="checkbox"/> The hospital facility used a prospective Medicare or Medicaid method		
<b>23</b>	During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care? . . . . . If "Yes," explain in Section C.	<b>23</b>	✓
<b>24</b>	During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual? . . . . . If "Yes," explain in Section C.	<b>24</b>	✓

**Supplemental Information.** Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A (“A, 1,” “A, 4,” “B, 2,” “B, 3,” etc.) and name of hospital facility.

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART V, SECTION B, LINE 3E - THE SIGNIFICANT HEALTH NEEDS OF THE COMMUNITY</p>	<p>THE SIGNIFICANT HEALTH NEEDS ARE A PRIORITIZED DESCRIPTION OF THE SIGNIFICANT HEALTH NEEDS OF THE COMMUNITY AND IDENTIFIED THROUGH THE CHNA.</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 5 - INPUT FROM PERSONS WHO REPRESENT BROAD INTERESTS OF COMMUNITY SERVED</p>	<p>FACILITY NAME: CIVISTA MEDICAL CENTER INC.</p> <p>DESCRIPTION: FROM JULY 2017 TO MARCH 2018, THE UNIVERSITY OF MARYLAND CHARLES REGIONAL MEDICAL CENTER UNDERTOOK A COMPREHENSIVE ASSESSMENT OF THE HEALTH NEEDS OF CHARLES COUNTY, MARYLAND. TO PROVIDE A COMPREHENSIVE ASSESSMENT OF THE HEALTH NEEDS OF THE COUNTY, A FIVE METHOD PLAN WAS DEVELOPED WHICH INCLUDED 5 DIFFERENT SOURCES OF DATA: A LONG ONLINE SURVEY OF CHARLES COUNTY RESIDENTS PERCEPTIONS OF HEALTH AND HEALTH BEHAVIORS, A SHORT PAPER SURVEY ON HEALTH PERCEPTIONS THROUGHOUT THE COUNTY, 5 FOCUS GROUPS WITH COMMUNITY LEADERS, CITIZENS, AND STAKEHOLDERS, 9 KEY INFORMANT INTERVIEWS ON BEHAVIORAL HEALTH, AND A QUANTITATIVE DATA ANALYSIS OF SECONDARY, PUBLISHED DATA. DATA COLLECTION OCCURRED BETWEEN JULY 2017 AND FEBRUARY 2018. THE USE OF THE MULTIPLE DATA COLLECTION METHODS STRENGTHENED THE VALIDITY OF THE ASSESSMENT'S FINDINGS AS WELL AS ENSURING THAT CHARLES COUNTY RESIDENTS HAD AN OPPORTUNITY TO PARTICIPATE IN THE ASSESSMENT PROCESS AND TO FEEL INVESTED IN ITS OUTCOME.</p> <p>FIVE FOCUS GROUPS WERE PERFORMED THROUGHOUT THE COUNTY BETWEEN JULY 2017 AND FEBRUARY 2018. THE FOCUS GROUP TOPICS INCLUDED: CHRONIC DISEASE SPECIFIC HEALTH, COUNTY LEADERSHIP, YOUTH THROUGH THE SCHOOL NURSES, REPRODUCTIVE AND INFANT HEALTH, AND ACCESS TO CARE. APPROXIMATELY 128 PEOPLE PARTICIPATED IN THE COUNTY FOCUS GROUPS. PARTICIPANTS REPRESENTED ALL SERVICE ORGANIZATIONS WITHIN THE COMMUNITY. THEY PROVIDE SERVICES TO ALL FACETS OF THE COMMUNITY INCLUDING WOMEN, INFANTS, SCHOOL AGED CHILDREN, THOSE WHO ARE INCARCERATED, THOSE WITH MENTAL HEALTH PROBLEMS, THOSE WITH FINANCIAL, HOUSING, EMPLOYMENT AND HEALTH ISSUES, THE UN- AND UNDERINSURED, THE HUNGRY, THOSE WITH CHRONIC HEALTH CONDITIONS, THE HOMELESS, THE ELDERLY, COLLEGE STUDENTS, MEDICALLY UNDERSERVED, ALL FAITHS AND RELIGIONS, AND MINORITIES. 846 CHARLES COUNTY RESIDENTS COMPLETED THE 27 QUESTION ONLINE SURVEY THAT WAS CREATED USING SURVEY MONKEY. THE LINK TO THE SURVEY WAS AVAILABLE ON THE UNIVERSITY OF MARYLAND CHARLES REGIONAL MEDICAL CENTER WEBSITE AND THE CHARLES COUNTY DEPARTMENT OF HEALTH WEBSITE. THE FIRST SECTION OF THE SURVEY ASKED PARTICIPANTS ABOUT THEIR PERCEPTION OF HEALTH AND HEALTH SERVICES WITHIN THE COUNTY. THE SECOND SECTION ASKED THEM ABOUT THEIR HEALTH BEHAVIORS, IN ORDER TO DETERMINE THEIR RISK FOR THE DEVELOPMENT OF CERTAIN HEALTH CONDITIONS. MOST OF THE RESPONDENTS WERE FROM CHARLES COUNTY (77%). THE SECOND LARGEST PERCENTAGE IS FROM ST MARY'S COUNTY (12%). ONLY 7% REPORTED LIVING OUTSIDE OF SOUTHERN MARYLAND (CHARLES, CALVERT, ST MARY'S, OR PG). APPROXIMATELY 71% OF THE RESPONDENTS WERE BETWEEN THE AGES OF 35-64 YEARS. THE HIGHEST PERCENTAGE WAS IN THE 55-64 YEAR AGE GROUP (25%). THE OVERWHELMING MAJORITY OF THE RESPONDENTS WERE FEMALE (80%). MINORITIES MADE UP 23% OF THE TOTAL 2018 SURVEY POPULATION. AFRICAN AMERICANS COMPRISED 17% OF THE RESPONDENTS. APPROXIMATELY 4% OF THE SURVEY RESPONDENTS SELF-IDENTIFIED AS HISPANIC. THIS IS SIMILAR TO THE COUNTY OVERALL HISPANIC POPULATION OF 5%. THE SURVEY PARTICIPANTS WERE A HIGHLY EDUCATED GROUP WITH 89.97% REPORTING HAVING HAD ANY AMOUNT OF COLLEGE EDUCATION. JUST OVER HALF OF THE GROUP HAD COMPLETED AN UNDERGRADUATE DEGREE OR HIGHER (50.42%). MOST OF THE PARTICIPANTS WERE EMPLOYED AND WORKING FULL-TIME. THE MOST COMMON RESPONSE WAS A HOUSEHOLD INCOME OF \$60,000-\$120,000 PER YEAR (39.39%). INDIVIDUALS WITH A HOUSEHOLD INCOME LESS THAN \$60,000 MADE UP ONE-QUARTER OF THE 2018 SURVEY.</p> <p>NEARLY ALL OF THE SURVEY PARTICIPANTS (97.59%) REPORTED HAVING HEALTH INSURANCE. THE MAJORITY OF THE PARTICIPANTS ALSO REPORTED HAVING DENTAL INSURANCE (85.92%) THOUGH THIS PERCENTAGE IS SMALLER THAN THOSE REPORTING HEALTH INSURANCE. MANY OF THE RESPONDENTS ALSO HAD VISION INSURANCE (72.68%). ONLY 1.56% OF THE SURVEY POPULATION REPORTED HAVING NO TYPE OF INSURANCE. A SHORT FOUR QUESTION SURVEY WAS DISTRIBUTED THROUGHOUT THE COUNTY REGARDING PERCEPTIONS OF HEALTH WITHIN THE COUNTY. A TOTAL OF 1,317 SHORT SURVEYS WERE COMPLETED. ONGOING SURVEY COLLECTION WAS CONDUCTED AT THE CHARLES COUNTY DEPARTMENT OF HEALTH'S NURSING, SUBSTANCE ABUSE, AND MENTAL HEALTH CLINICS; THE UNIVERSITY OF MARYLAND CHARLES REGIONAL MEDICAL CENTER'S URGENT CARE, PRIMARY CARE, AND OBGYN CLINICS AND CARDIAC REHABILITATION PROGRAM; THE CENTER FOR CHILDREN; HEALTH PARTNERS INC; THE WESTERN COUNTY COMMUNITY HEALTH CENTER; LIFELONG LEARNING CENTER; UNIVERSITY OF MARYLAND EXTENSION OFFICE; WHITE PLAINS PRIMARY CARE; CHARLES COUNTY GOVERNMENT; LIFESTYLES OF MARYLAND INC.; CHARLES COUNTY DEPARTMENT OF AGING; AND CAMBRIDGE PEDIATRICS. THE COMMUNITY WAS ALSO SURVEYED AT LARGE EVENTS SUCH AS MISSION OF MERCY, CHARLES COUNTY COMMUNITY RESOURCE DAY, THE CHARLES COUNTY FAIR, THE CANCER WALK IN INDIAN HEAD, AND THE LIVING WELL WITH CHRONIC CONDITIONS SELF-MANAGEMENT CLASSES</p> <p>A CRITICAL PART OF THE NEEDS ASSESSMENT PROCESS IS TO INVITE THE COMMUNITY TO EXPRESS THEIR PERCEPTIONS OF HEALTH STATUS. QUALITATIVE DATA CUMULATED FROM THIS PROCESS WAS USED IN CONJUNCTION WITH THE QUANTITATIVE HEALTH DATA TO DETERMINE THE MOST IMPORTANT HEALTH ISSUES WITHIN THE COUNTY. QUANTITATIVE DATA WAS ANALYZED FOR VARIOUS HEALTH TOPICS INCLUDING: MORTALITY, POPULATION AND DEMOGRAPHIC DATA, NATALITY, INFANT MORTALITY, HEART DISEASE, STROKE, HYPERTENSION, ACCESS TO HEALTH CARE/HEALTH INSURANCE, CANCER, ASTHMA, INJURIES, DIABETES, OBESITY, OSTEOPOROSIS, ARTHRITIS, DEMENTIA/ALZHEIMER'S DISEASE, COMMUNICABLE DISEASE, ENVIRONMENTAL HEALTH, SEXUALLY TRANSMITTED DISEASES, HIV/AIDS, MENTAL HEALTH, DENTAL HEALTH, SUBSTANCE ABUSE, DISABILITIES, AND TOBACCO USE.</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART V, SECTION B, LINE 6B - CHNA CONDUCTED WITH ONE OR MORE ORGANIZATIONS OTHER THAN HOSPITAL FACILITIES</p>	<p>FACILITY NAME: CIVISTA MEDICAL CENTER, INC.</p> <p>DESCRIPTION: UM CRMC LED THE EFFORT AND COVERED 100% OF THE COST OF THE CHNA HOWEVER THE HOSPITAL WORKED COLLABORATIVELY WITH THE CHARLES COUNTY DEPARTMENT OF HEALTH AND THE LOCAL HEALTH IMPROVEMENT COALITION (LHIC) - PARTNERSHIPS FOR A HEALTHIER CHARLES COUNTY (PHCC) TO COMPLETE THE CHNA. EXECUTIVE LEADERSHIP OF PHCC CONSISTS OF THE CEO OF UM CRMC, THE COUNTY HEALTH OFFICER, THE SUPERINTENDENT OF CHARLES COUNTY PUBLIC SCHOOLS AND THE PRESIDENT OF THE COLLEGE OF SOUTHERN OF SOUTHERN MARYLAND. MEMBERSHIP OF THE PHCC CONSISTS OF OVER 30 NONPROFIT AND COUNTY AGENCIES.</p> <p>EXECUTIVE COMMITTEE OF LHIC CHARLES COUNTY DEPT. OF HEALTH, DIANNA ABNEY, MD, CHARLES COUNTY HEALTH OFFICER CHARLES COUNTY PUBLIC SCHOOLS, DR. KIM HILL, SUPERINTENDENT, COLLEGE OF SOUTHERN MARYLAND, DR. BRAD GOTTFRIED, PRESIDENT UM CRMC, NOEL CERVINO, PRESIDENT AND CEO</p> <p>STEERING COMMITTEE OF LHIC CHARLES COUNTY DEPT. OF HEALTH, AMBER STARN, EPIDEMIOLOGIST CHARLES COUNTY PUBLIC SCHOOLS, JENNIFER CONTE, COORDINATOR OF STUDENT INTERVENTION PROGRAMS COLLEGE OF SOUTHERN MARYLAND, KELLY WINTERS, DIRECTOR, WORKFORCE DEVELOPMENT UM CRMC, CRISTALLE MADRAY, COMMUNITY HEALTH SPECIALIST, COMMUNITY DEVELOPMENT AND PLANNING</p> <p>SUBCOMMITTEES: HEALTH PARTNERS CLINIC, CHRIS MULCAHEY, DIRECTOR CO CHAIR, ACCESS TO CARE UM CRMC, MARY HANNAH CHAIR, ACCESS TO CARE CHARLES COUNTY DEPT. OF HEALTH, MARY BETH KLICK, TOBACCO PREVENTION COORDINATOR, CO-CHAIR, CHRONIC</p> <p>DISEASE PREVENTION AND MANAGEMENT SUBCOMMITTEE UM CRMC, CRISTALLE MADRAY, CO CHAIR, CHRONIC DISEASE SUB COMM. CHARLES COUNTY CORE SERVICES, KARYN BLACK, DIRECTOR, CO-CHAIR, BEHAVIORAL HEALTH SUBCOMMITTEE CHARLES COUNTY DEPT. OF HEALTH, ANGELA DEAL, COMMUNITY HEALTH EDUCATOR, CO-CHAIR, CHRONIC DISEASE</p> <p>PREVENTION AND MANAGEMENT SUBCOMMITTEE CHARLES COUNTY DEPARTMENT OF HEALTH, LAURA BORAWSKI, COMMUNITY OUTREACH WORKER, CO-CHAIR, CHRONIC DISEASE PREVENTION AND MANAGEMENT SUBCOMMITTEE</p>
<p>SCHEDULE H, PART V, SECTION B, LINE 11 - HOW HOSPITAL FACILITY IS ADDRESSING NEEDS IDENTIFIED IN CHNA</p>	<p>FACILITY NAME: CIVISTA MEDICAL CENTER, INC.</p> <p>DESCRIPTION: CUMULATIVE ANALYSIS OF ALL QUANTITATIVE AND QUALITATIVE DATA WAS USED TO PRIORITIZE THE TOP HEALTH CARE NEEDS IN CHARLES COUNTY. THE PRIORITIES WERE CHOSEN BY THE PARTNERSHIPS FOR A HEALTHIER CHARLES COUNTY'S STEERING COMMITTEE AND SUBCOMMITTEE LEADERS USING THE HANLON METHOD, A NATIONAL ASSOCIATION OF CITY AND COUNTY HEALTH OFFICIALS' RECOMMENDED MEANS FOR HEALTH PRIORITIZATION. THE HANLON METHOD SCORES HEALTH CONDITIONS BASED ON THE SIZE OF THE PROBLEM, SERIOUSNESS OF THE PROBLEM, AND THE EFFECTIVENESS OF AVAILABLE INTERVENTIONS.</p> <p>THE HEALTH PRIORITIES CHOSEN INCLUDE: 1. CHRONIC DISEASE PREVENTION AND MANAGEMENT - MAJOR CARDIOVASCULAR DISEASE (HEART DISEASE, HYPERTENSION, AND STROKE) - OBESITY AND OVERWEIGHT - DIABETES MELLITUS 2. BEHAVIORAL HEALTH - SUBSTANCE USE DISORDERS - MENTAL HEALTH 3. ACCESS TO CARE</p> <p>ALL 3 PRIORITIES OUTLINED IN THE CHNA ARE BEING ADDRESSED BY UM CRMC EITHER DIRECTLY (PHYSICIAN RECRUITMENT), OR THROUGH PARTNERSHIPS WITH OTHER ORGANIZATIONS (I.E. CHRONIC DISEASE SELF-MANAGEMENT PROGRAM), OR THROUGH THE LHIC, PARTNERSHIPS FOR A HEALTHIER CHARLES COUNTY (PHCC) WHICH IS CO-LED AND FINANCIALLY SUPPORTED BY UM CRMC. WHERE A NEED IS APPROPRIATELY ADDRESSED BY ANOTHER COMMUNITY ENTITY, UM CRMC PROVIDES LEADERSHIP AND/OR FUNDING THROUGH THE CHARLES COUNTY HEALTH IMPROVEMENT PLAN AND THE LOCAL HEALTH COALITION (PHCC) TO COMMUNICATE INITIATIVES, PROVIDE FINANCIAL SUPPORT AND/OR ASSISTANCE OR DATA WHEN NEEDED, AND REVIEW RESULTS (I.E., SUBSTANCE ABUSE, MENTAL HEALTH). EACH LHIC TEAM HAS DEVELOPED AND IMPLEMENTED STRATEGIES SPECIFIC TO THEIR IDENTIFIED PRIORITIES AND REPORTS BACK QUARTERLY TO THE LHIC STEERING COMMITTEE. THE HOSPITAL PROVIDES SUPPORT AND OVERSIGHT TO THE TEAMS AS A CRITICAL MEMBER OF THE LHIC STEERING COMMITTEE. THE HOSPITAL'S DIRECTOR OF COMMUNITY DEVELOPMENT AND PLANNING SERVES AS THE CO-CHAIR OF THE COUNTY LHIC.</p>

Return Reference - Identifier	Explanation
SCHEDULE H, PART V, SECTION B, LINE 13B - ELIGIBILITY FOR DISCOUNTED CARE	FACILITY NAME: CIVISTA MEDICAL CENTER, INC.  DESCRIPTION: THE FINANCIAL ASSISTANCE POLICY EXPLAINS SEVERAL ELIGIBILITY CRITERIA, INCLUDING PARTICIPATION IN MEDICAID/MEDICARE PROGRAMS AS WELL AS ELIGIBILITY UNDER VARIOUS STATE REGULATIONS. IN ADDITION TO FPG, THE INCOME LEVELS DEFINED BY THE MARYLAND STATE DEPARTMENT OF HEALTH AND MENTAL HYGIENE (MD DHMH) ARE USED TO DETERMINE ELIGIBILITY FOR FINANCIAL ASSISTANCE. THE MD DHMH INCOME LEVELS ARE MORE GENEROUS THAT THE FPG INCOME LEVELS.
SCHEDULE H, PART V, SECTION B, LINE 16A - FAP AVAILABLE WEBSITE	<a href="https://www.umms.org/charles/community">https://www.umms.org/charles/community</a>
SCHEDULE H, PART V, SECTION B, LINE 16B - FAP APPLICATION FORM WEBSITE	<a href="https://www.umms.org/charles/community">https://www.umms.org/charles/community</a>
SCHEDULE H, PART V, SECTION B, LINE 16C - PLAIN LANGUAGE FAP SUMMARY WEBSITE	<a href="https://www.umms.org/charles/community">https://www.umms.org/charles/community</a>

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

**Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility**  
(list in order of size, from largest to smallest)

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

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

Provide the following information.

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

Return Reference - Identifier	Explanation
SCHEDULE H, PART I, LINE 3C - CRITERIA FOR FREE OR DISCOUNTED CARE	<p>CRMC IS COMMITTED TO PROVIDING FINANCIAL ASSISTANCE TO PERSONS WHO HAVE HEALTH CARE NEEDS AND ARE UNINSURED, UNDERINSURED, INELIGIBLE FOR A GOVERNMENT PROGRAM, OR OTHERWISE UNABLE TO PAY, FOR MEDICALLY NECESSARY CARE BASED ON THEIR INDIVIDUAL FINANCIAL SITUATION. IN ADDITION TO FPG, THE INCOME LEVELS DEFINED BY THE MARYLAND STATE DEPARTMENT OF HEALTH AND MENTAL HYGIENE (MD DHMH) ARE USED TO DETERMINE ELIGIBILITY FOR FINANCIAL ASSISTANCE. THE MD DHMH INCOME LEVELS ARE MORE GENEROUS THAT THE FPG INCOME LEVELS.</p> <p>THE FAP ALSO USES A FINANCIAL HARDSHIP THRESHOLD WHEN DETERMINING ELIGIBILITY. A PATIENT WITH MEDICAL DEBT EXCEEDING 25% OF FAMILY ANNUAL HOUSEHOLD INCOME MAY BE ELIGIBLE FOR FINANCIAL ASSISTANCE.</p>
SCHEDULE H, PART I, LINE 6B - COMMUNITY BENEFIT REPORT	THE ORGANIZATION ANNUALLY FILES A COMMUNITY BENEFIT REPORT AS REQUIRED BY THE MARYLAND HSCRC. THE REPORT CAN BE FOUND AT <a href="https://hscrc.state.md.us/pages/init_cb.aspx">HTTPS://HSCRC.STATE.MD.US/PAGES/INIT_CB.ASPX</a> .
SCHEDULE H, PART I, LINE 7 - EXPLANATION OF COSTING METHODOLOGY USED FOR CALCULATING LINE 7 TABLE	<p>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.</p> <p>COMMUNITY BENEFIT EXPENSES ARE EQUAL TO MEDICAID REVENUES IN MARYLAND, AS SUCH, THE NET EFFECT IS ZERO. ADDITIONALLY, NET REVENUES FOR MEDICAID SHOULD REFLECT THE FULL IMPACT ON THE HOSPITAL OF ITS SHARE OF THE MEDICAID ASSESSMENT.</p>
SCHEDULE H, PART I, LINE 7, COL (F) - BAD DEBT EXPENSE EXCLUDED FROM FINANCIAL ASSISTANCE CALCULATION	8,565,198

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART II - DESCRIBE HOW COMMUNITY BUILDING ACTIVITIES PROMOTE THE HEALTH OF THE COMMUNITY</p>	<p>AS THE ONLY HOSPITAL SERVING CHARLES COUNTY, MARYLAND, UNIVERSITY OF MARYLAND CHARLES REGIONAL MEDICAL CENTER (UM CRMC) SUPPORTS PROGRAMS AND ACTIVITIES WHERE THE HOSPITAL'S EXPERTISE AND RESOURCES CAN INFLUENCE THE FUNDAMENTAL ISSUES THAT AFFECT THE HEALTH OF THE COMMUNITY.</p> <p>UM CRMC SUPPORTS ECONOMIC DEVELOPMENT OF THE COMMUNITY THROUGH LEADERSHIP PARTICIPATION IN ORGANIZATIONS SUCH AS THE CHAMBER OF COMMERCE, ECONOMIC DEVELOPMENT COMMISSION, LEADERSHIP SOUTHERN MARYLAND, AND THE TRI-COUNTY COUNCIL OF SOUTHERN MARYLAND.</p> <p>UM CRMC PARTICIPATES IN MANY COUNTY, STATE AND REGION-WIDE EMERGENCY PREPAREDNESS PLANNING ACTIVITIES AND DRILLS WITH OUR COMMUNITY PARTNERS SUCH AS EMERGENCY SERVICES, FIRE AND RESCUE, DEPARTMENT OF HEALTH, COUNTY GOVERNMENT, FEMA AND MEMA. THIS SERVES TO ENSURE THAT IN THE EVENT OF A DISASTER, THE HOSPITAL IS READY TO SUPPORT AND CARE FOR OUR COMMUNITY.</p> <p>HOSPITAL ADMINISTRATION PARTICIPATES IN HEALTHCARE WORKFORCE DEVELOPMENT BY SERVING ON COMMITTEES SUCH AS THE CHARLES COUNTY COMMISSIONER'S HEALTHCARE TASKFORCE AND SUPPORT OF COLLEGE OF SOUTHERN MARYLAND NURSING AND ALLIED HEALTH PROGRAMS.</p> <p>ACCORDING TO MARYLAND HEALTH WORKFORCE STUDY PHASE 2 REPORT (JANUARY 2014), THE SOUTHERN MARYLAND REGION HAS A PHYSICIAN SHORTAGE FOR PRIMARY CARE PHYSICIANS. IN CHARLES COUNTY, THE PRIMARY CARE PHYSICIAN FTE DEMAND IS GREATER THAN THE PRIMARY CARE FTE SUPPLY (7.4 VS. 6.1). THERE IS AN 18% SHORTFALL IN THE PRIMARY CARE SERVICES SUPPLY TO FULFILL THE CURRENT DEMAND. UNDER MEDICAL SPECIALTIES, THE SOUTHERN MARYLAND REGION HAD A SHORTAGE FOR CARDIOLOGY, DERMATOLOGY, ENDOCRINOLOGY, GASTROENTEROLOGY, HEMATOLOGY, ONCOLOGY, INFECTIOUS DISEASE, NEPHROLOGY, PSYCHIATRY, PULMONARY MEDICINE, AND RHEUMATOLOGY. THE FTE PER 10,000 SUPPLY RATES FOR PROFESSIONAL COUNSELORS, SOCIAL WORKERS, AND PSYCHOLOGISTS IN CHARLES COUNTY IS MUCH LOWER THAN THE RATES FOR MARYLAND. THE DEMAND FOR PSYCHIATRISTS IN CHARLES COUNTY IS MUCH HIGHER THAN THE COUNTY SUPPLY FOR PSYCHIATRY. CHARLES COUNTY HAS A SHORTAGE BETWEEN 50-75% OF FULL TIME EQUIVALENT PSYCHIATRISTS. AS A RESULT OF THE PREVAILING PHYSICIAN SHORTAGE, AND TO MITIGATE THE EFFECTS OF THE LACK OF ACCESS OF THE COMMUNITY TO MEDICAL CARE, UM CRMC HAS DEVELOPED A ROBUST AND ONGOING PHYSICIAN RECRUITMENT AND RETENTION PROGRAM.</p>
<p>SCHEDULE H, PART III, LINE 2 - METHODOLOGY USED TO ESTIMATE BAD DEBT</p>	<p>THE HEALTH SERVICES COST REVIEW COMMISSION (HSCRC) STARTED SETTING HOSPITAL RATES IN 1974. AT THAT TIME, THE HSCRC APPROVED RATES APPLIED ONLY TO COMMERCIAL INSURERS. IN 1977, THE HSCRC NEGOTIATED A WAIVER FROM MEDICARE HOSPITAL PAYMENT RULES FOR MARYLAND HOSPITALS TO BRING THE FEDERAL MEDICARE PAYMENTS UNDER HSCRC CONTROL.</p> <p>IN 2014, MARYLAND'S WAIVER WITH MEDICARE WAS RENEGOTIATED AND UPDATED TO REFLECT THE CURRENT HEALTHCARE ENVIRONMENT. UNDER THIS NEW WAIVER, SEVERAL CRITERIA WERE ESTABLISHED TO MONITOR THE SUCCESS OF THE SYSTEM IN CONTROLLING HEALTHCARE COSTS AND THE CONTINUANCE OF THE WAIVER ITSELF:</p> <ol style="list-style-type: none"> <li>1. REVENUE GROWTH PER CAPITA</li> <li>2. MEDICARE HOSPITAL REVENUE PER BENEFICIARY</li> <li>3. MEDICARE ALL PROVIDER REVENUE GROWTH PER BENEFICIARY</li> <li>4. MEDICARE READMISSION RATES</li> <li>5. HOSPITAL ACQUIRED CONDITION RATE</li> </ol> <p>BECAUSE OF THIS SYSTEM, THE HOSPITAL IS UNABLE TO ESTIMATE HOW MUCH OF THE AMOUNT REPORTED IN LINE 2 IS ATTRIBUTED TO PATIENTS WHO WOULD APPLY UNDER THE FAP.</p>
<p>SCHEDULE H, PART III, LINE 4 - FOOTNOTE IN ORGANIZATION'S FINANCIAL STATEMENTS DESCRIBING BAD DEBT</p>	<p>THE CORPORATION RECORDS REVENUES AND ACCOUNTS RECEIVABLE FROM PATIENTS AND THIRD-PARTY PAYORS AT THEIR ESTIMATED NET REALIZABLE VALUE. REVENUE IS REDUCED FOR ANTICIPATED DISCOUNTS UNDER CONTRACTUAL ARRANGEMENTS AND FOR CHARITY CARE. AN ESTIMATED PROVISION FOR BAD DEBTS IS RECORDED IN THE PERIOD THE RELATED SERVICES ARE PROVIDED BASED UPON ANTICIPATED UNCOMPENSATED CARE, AND IS ADJUSTED AS ADDITIONAL INFORMATION BECOMES AVAILABLE.</p> <p>THE PROVISION FOR BAD DEBTS IS BASED UPON MANAGEMENT'S ASSESSMENT OF HISTORICAL AND EXPECTED NET COLLECTIONS CONSIDERING HISTORICAL BUSINESS AND ECONOMIC CONDITIONS, TRENDS IN HEALTHCARE COVERAGE, AND OTHER COLLECTION INDICATORS. PERIODICALLY THROUGHOUT THE YEAR, MANAGEMENT ASSESSES THE ADEQUACY OF THE ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS BASED UPON HISTORICAL WRITE-OFF EXPERIENCE BY PAYOR CATEGORY. THE RESULTS OF THIS REVIEW ARE THEN USED TO MAKE MODIFICATIONS TO THE PROVISION FOR BAD DEBTS AND TO ESTABLISH AN ALLOWANCE FOR UNCOLLECTIBLE RECEIVABLES. AFTER COLLECTION OF AMOUNTS DUE FROM INSURERS, THE CORPORATION FOLLOWS INTERNAL GUIDELINES FOR PLACING CERTAIN PAST DUE BALANCES WITH COLLECTION AGENCIES.</p> <p>FOR RECEIVABLES ASSOCIATED WITH SERVICES PROVIDED TO PATIENTS WHO HAVE THIRD-PARTY COVERAGE, THE CORPORATION ANALYZES CONTRACTUALLY DUE AMOUNTS AND PROVIDES AN ALLOWANCE FOR BAD DEBTS, ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS, PROVISION FOR BAD DEBTS, AND CONTRACTUAL ADJUSTMENTS ON ACCOUNTS FOR WHICH THE THIRD-PARTY PAYOR HAS NOT YET PAID OR FOR PAYORS WHO ARE KNOWN TO BE HAVING FINANCIAL DIFFICULTIES THAT MAKE THE REALIZATION OF AMOUNTS DUE UNLIKELY. FOR RECEIVABLES ASSOCIATED WITH SELF-PAY PATIENTS OR WITH BALANCES REMAINING AFTER THE THIRD-PARTY COVERAGE HAD ALREADY PAID, THE CORPORATION RECORDS A SIGNIFICANT PROVISION FOR BAD DEBTS IN THE PERIOD OF SERVICE ON THE BASIS OF ITS HISTORICAL COLLECTIONS, WHICH INDICATES THAT MANY PATIENTS ULTIMATELY DO NOT PAY THE PORTION OF THEIR BILL FOR WHICH THEY ARE FINANCIALLY RESPONSIBLE. THE DIFFERENCE BETWEEN THE DISCOUNTED RATES AND THE AMOUNTS COLLECTED AFTER ALL REASONABLE COLLECTION EFFORTS HAVE BEEN EXHAUSTED IS CHARGED AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS.</p>
<p>SCHEDULE H, PART III, LINE 8 - DESCRIBE EXTENT ANY SHORTFALL FROM LINE 7 TREATED AS COMMUNITY BENEFIT AND COSTING METHOD USED</p>	<p>THE ORGANIZATION FILES ANNUALLY A COMMUNITY BENEFIT REPORT WITH THE STATE OF MARYLAND'S HEALTH SERVICES COST REVIEW COMMISSION (HSCRC). THE HSCRC, WHICH OPERATES UNDER A MEDICARE WAIVER, DOES NOT CONSIDER MEDICARE SHORTFALL AS A COMMUNITY BENEFIT. THE COSTING METHODOLOGY USED BY THE ORGANIZATION IS A COST-TO-CHARGE RATIO.</p>



Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART III, LINE 9B - DID COLLECTION POLICY CONTAIN PROVISIONS ON COLLECTION PRACTICES FOR PATIENTS WHO ARE KNOWN TO QUALIFY FOR ASSISTANCE</p>	<p>THE ORGANIZATION EXPECTS PAYMENT AT THE TIME THE SERVICE IS PROVIDED. OUR POLICY IS TO COMPLY WITH ALL STATE AND FEDERAL LAW AND THIRD PARTY REGULATIONS AND TO PERFORM ALL CREDIT AND COLLECTION FUNCTIONS IN A DIGNIFIED AND RESPECTFUL MANNER. EMERGENCY SERVICES WILL BE PROVIDED TO ALL PATIENTS REGARDLESS OF ABILITY TO PAY. FINANCIAL ASSISTANCE IS AVAILABLE FOR PATIENTS BASED ON FINANCIAL NEED AS DEFINED IN THE FINANCIAL ASSISTANCE POLICY. THE ORGANIZATION DOES NOT DISCRIMINATE ON THE BASIS OF AGE, RACE, CREED, SEX OR ABILITY TO PAY.</p> <p>PATIENTS WHO ARE UNABLE TO PAY MAY REQUEST A FINANCIAL ASSISTANCE APPLICATION AT ANY TIME PRIOR TO SERVICE OR DURING THE BILLING AND COLLECTION PROCESS, EVEN IN EXCESS OF 240 DAYS FOLLOWING THE FIRST POST-DISCHARGE BILLING STATEMENT. THE ORGANIZATION MAY REQUEST THE PATIENT TO APPLY FOR MEDICAL ASSISTANCE PRIOR TO APPLYING FOR FINANCIAL ASSISTANCE. THE ACCOUNT WILL NOT BE FORWARDED FOR COLLECTION DURING THE MEDICAL ASSISTANCE APPLICATION PROCESS OR THE FINANCIAL ASSISTANCE APPLICATION PROCESS. NO EXTRAORDINARY COLLECTION ACTIONS (ECAS) WILL OCCUR EARLIER THAN 120 DAYS FROM SUBMISSION OF FIRST BILL TO THE PATIENT AND WILL BE PRECEDED BY NOTICE 30 DAYS PRIOR TO COMMENCEMENT OF THE ACTION. AVAILABILITY OF FINANCIAL ASSISTANCE WILL BE COMMUNICATED TO THE PATIENT AND A PRESUMPTIVE ELIGIBILITY REVIEW WILL OCCUR PRIOR TO ANY ACTION BEING TAKEN. IF A PATIENT IS DETERMINED TO BE ELIGIBLE FOR FINANCIAL ASSISTANCE AFTER AN ECA IS INITIATED, THE ORGANIZATION WILL TAKE REASONABLE MEASURES TO REVERSE THE ECAS AGAINST THE PATIENT ACCOUNT.</p>
<p>SCHEDULE H, PART VI, LINE 2 - NEEDS ASSESSMENT</p>	<p>IN ADDITION TO CONDUCTING THE CHNA EVERY THREE YEARS, UM CRMC ASSESSES THE HEALTH CARE NEEDS OF THE COMMUNITIES IT SERVES BY TAKING A LEADERSHIP ROLE IN THE COUNTY AND SITTING ON THE PARTNERSHIPS FOR A HEALTHIER CHARLES COUNTY (PHCC) STEERING COMMITTEE. PHCC, THE LOCAL HEALTH IMPROVEMENT COALITION IN CHARLES COUNTY, CONSISTS OF OVER 30 KEY STAKEHOLDERS. TOGETHER, WE COLLABORATE TO DEFINE PRIORITY AREAS USING THE HANLON METHOD AND DEVELOP THE CHARLES COUNTY HEALTH IMPROVEMENT PLAN. COMMUNITY HEALTH IMPROVEMENT STRATEGIES TO ADDRESS THE IDENTIFIED NEEDS ARE INCLUDED IN THE ORGANIZATION'S STRATEGIC PLAN.</p>
<p>SCHEDULE H, PART VI, LINE 3 - PATIENT EDUCATION</p>	<p>UM CRMC POSTS ITS CHARITY CARE POLICY, OR A SUMMARY THEREOF, AS WELL AS FINANCIAL ASSISTANCE CONTACT INFORMATION IN ADMISSIONS AREAS, EMERGENCY ROOMS, BUSINESS OFFICES AND OTHER AREAS OF THE FACILITY WHERE ELIGIBLE PATIENTS ARE LIKELY TO PRESENT. ADDITIONALLY, THE POLICY AND PLAIN LANGUAGE VERSION ARE AVAILABLE ON THE HOSPITAL'S PUBLIC WEBSITE.</p> <p>THE FINANCIAL ASSISTANCE POLICY (FAP) IS WRITTEN IN A CULTURALLY SENSITIVE AND AT AN APPROPRIATE READING LEVEL. IT IS AVAILABLE IN ENGLISH AND SPANISH. ALL PATIENT ACCESS CUSTOMER SERVICE STAFF HAVE TRAINING IN THE FINANCIAL ASSISTANCE PROCESS. DURING THE INTAKE OR DISCHARGE PROCESS OR WHEN THERE IS CONTACT REGARDING A BILLING MATTER, IF A PATIENT DISCLOSES FINANCIAL DIFFICULTY OR CONCERN WITH PAYMENT OF THE BILL, THE PATIENT IS PROVIDED WITH FAP INFORMATION. A PACKET WITH THE APPLICATION, CRITERIA AND A DOCUMENTATION CHECKLIST IS PROVIDED. ASSISTANCE COMPLETING THE APPLICATION IS AVAILABLE. ADDITIONALLY, ASSISTANCE IS PROVIDED FOR PATIENTS OR THEIR FAMILIES WHO QUALIFY AND APPLY FOR GOVERNMENT BENEFITS, I.E. MEDICAID AND OTHER STATE PROGRAMS. ONCE AN APPLICATION IS PROCESSED AND IF IT IS DEEMED INCOMPLETE, A LETTER IS SENT TO THE PATIENT REQUESTING THE MISSING OR INCOMPLETE ITEMS. PATIENTS MAY CALL THE CALL CENTER OR COME INTO THE PATIENT ACCESS OFFICE FOR ASSISTANCE AND CONTACT THE CENTRALIZED BILLING OFFICE.</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART VI, LINE 4 - COMMUNITY INFORMATION</p>	<p>THE UNIVERSITY OF MARYLAND CHARLES REGIONAL MEDICAL CENTER IS CHARLES COUNTY'S ONLY HOSPITAL AND, AS SUCH, SERVES THE RESIDENTS OF THE ENTIRE COUNTY.</p> <p><b>GEOGRAPHY</b> CHARLES COUNTY IS LOCATED 23 MILES SOUTH OF WASHINGTON, D.C. IT IS ONE OF FIVE MARYLAND COUNTIES, WHICH ARE PART OF THE WASHINGTON, DC-MD-VA METROPOLITAN AREA. AT 458 SQUARE MILES, CHARLES COUNTY IS THE EIGHTH LARGEST OF MARYLAND'S TWENTY-FOUR COUNTIES AND ACCOUNTS FOR ABOUT 5 PERCENT OF MARYLAND'S TOTAL LANDMASS. THE NORTHERN PART OF THE COUNTY IS THE "DEVELOPMENT DISTRICT" WHERE COMMERCIAL, RESIDENTIAL, AND BUSINESS GROWTH IS FOCUSED. THE MAJOR COMMUNITIES OF CHARLES COUNTY ARE LA PLATA (THE COUNTY SEAT), PORT TOBACCO, INDIAN HEAD, AND ST CHARLES, AND THE MAIN COMMERCIAL CLUSTER OF HUGHESVILLE-WALDORF-WHITE PLAINS. APPROXIMATELY 60 PERCENT OF THE COUNTY'S RESIDENTS LIVE IN THE GREATER WALDORF-LA PLATA AREA. BY CONTRAST, THE SOUTHERN (COBB NECK AREA) AND WESTERN (NANJEMOY, INDIAN HEAD, MARBURY) AREAS OF THE REGION STILL REMAIN VERY RURAL WITH SMALLER POPULATIONS.</p> <p><b>POPULATION</b> CHARLES COUNTY HAS EXPERIENCED RAPID GROWTH SINCE 1970, EXPANDING ITS POPULATION FROM 47,678 IN 1970 TO 120,546 IN THE 2000 CENSUS AND 146,551 IN THE 2010 CENSUS. THE CURRENT 2019 CENSUS BUREAU ESTIMATES THE POPULATION AT 163,257. THE MAGNITUDE OF GROWTH CAN BE SEEN IN THE CHANGES IN POPULATION DENSITY. THE 1990 CENSUS SHOWED THAT THERE WERE 219.4 INDIVIDUALS PER SQUARE MILE, WHICH INCREASED TO 261.5 INDIVIDUALS PER SQUARE MILE BY 2000, AN INCREASE OF 19.2%, AND TO 320.2 INDIVIDUALS PER SQUARE MILE BY 2010, AN INCREASE OF 22.5%.</p> <p>SOURCE: 2000 AND 2010 US CENSUS BUREAU'S CENSUS AND 2019 AMERICAN COMMUNITY SURVEY ONE-YEAR ESTIMATE</p> <p><b>TRANSPORTATION</b> THE PERCENT CHANGE IN THE POPULATION GROWTH FOR CHARLES COUNTY HAS BEEN SLIGHTLY GREATER THAN THE CHANGE SEEN IN THE MARYLAND POPULATION GROWTH. THIS GROWTH HAS CREATED TRANSPORTATION ISSUES FOR THE COUNTY, IN PARTICULAR FOR THE "DEVELOPMENT DISTRICT" IN THE NORTHERN PART OF THE COUNTY WHERE MANY RESIDENTS COMMUTE TO WASHINGTON D.C. TO WORK. THE AVERAGE WORK COMMUTE TIME FOR A CHARLES COUNTY RESIDENT IS 44.4 MINUTES WHICH IS HIGHER THAN THE MARYLAND AVERAGE OF 32.9 MINUTES (SOURCE US CENSUS BUREAU'S 2014-2018 AMERICAN COMMUNITY SURVEY 5 YEAR ESTIMATES). PUBLIC TRANSPORTATION CONSISTS OF COMMUTER BUSES FOR OUT-OF-COUNTY TRAVEL AND THE COUNTY-RUN VAN GO BUS SERVICE FOR IN-COUNTY TRANSPORTATION.</p> <p>SOURCE: 2014-2018 US CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY 5 YEAR ESTIMATES</p> <p><b>DIVERSITY</b> AS THE POPULATION OF THE COUNTY CHANGES, THE DIVERSITY OF THE COUNTY ALSO INCREASES. THE AFRICAN AMERICAN POPULATION HAS EXPERIENCED THE GREATEST INCREASE. IN 2000, AFRICAN AMERICANS MADE UP 26% OF THE TOTAL CHARLES COUNTY POPULATION; BY 2019, THEY COMPRISE 50.1% OF THE TOTAL COUNTY POPULATION. AS OF 2019, MINORITIES COMPRISE ROUGHLY 62.8% OF THE CHARLES COUNTY POPULATION. THE HISPANIC COMMUNITY HAS ALSO SEEN INCREASES OVER THE PAST FEW YEARS. THEY NOW COMPRISE 6.3% OF THE TOTAL COUNTY POPULATION. THIS IS THE ONE OF THE HIGHEST PERCENTAGES AMONG THE 24 MARYLAND JURISDICTIONS. CHARLES COUNTY ALSO HAS ONE OF THE LARGEST AMERICAN INDIAN/NATIVE AMERICAN POPULATIONS IN THE STATE OF MARYLAND AT 0.8% OF THE TOTAL COUNTY POPULATION.</p> <p>THE 2019 CHARLES COUNTY GENDER BREAKDOWN IS APPROXIMATELY 50/50. MALES MAKE UP 48.2% OF THE POPULATION, AND FEMALES MAKE UP 51.8% OF THE COUNTY POPULATION.</p> <p>SOURCE: 2019 US CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY 1 YEAR ESTIMATE</p> <p><b>ECONOMY</b> EMPLOYMENT AND ECONOMIC INDICATORS FOR THE COUNTY ARE FAIRLY STRONG. THE 2014-2018 US CENSUS AMERICAN COMMUNITY SURVEY ESTIMATES THAT 66.4% OF THE CHARLES COUNTY POPULATION IS CURRENTLY IN THE LABOR WORK FORCE. THE 2014-2018 5-YEAR ESTIMATE FOR CHARLES COUNTY FOUND THAT APPROXIMATELY 6.6% OF CHARLES COUNTY INDIVIDUALS ARE LIVING BELOW THE POVERTY LEVEL; HOWEVER, THIS IS LOWER THAN THE MARYLAND RATE OF 9.0%. THE CHARLES COUNTY MEDIAN HOUSEHOLD INCOME WAS \$95,924, WELL ABOVE THE MARYLAND MEDIAN HOUSEHOLD INCOME OF \$81,868. THE DIVERSITY OF THE COUNTY IS ALSO REPRESENTED IN THE BUSINESS COMMUNITY WITH 46% OF ALL CHARLES COUNTY BUSINESSES BEING MINORITY-OWNED FIRMS. THIS IS HIGHER THAN THE STATE OF MARYLAND AT 38%.</p> <p>SOURCE: 2014-2018 US CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY 5 YEAR ESTIMATES</p> <p><b>EDUCATION</b> CHARLES COUNTY HAS A LARGER PERCENTAGE OF HIGH SCHOOL GRADUATES THAN MARYLAND (93.1% VS. 90.0%); HOWEVER, CHARLES COUNTY HAS A SMALLER PERCENTAGE THAN MARYLAND OF INDIVIDUALS WITH A BACHELOR'S DEGREE OR HIGHER (28.9% VS. 39.6%).</p> <p>SOURCE: 2014-2018 US CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY 5 YEAR ESTIMATES</p> <p><b>HOUSING</b> THERE IS A HIGH LEVEL OF HOME OWNERSHIP IN CHARLES COUNTY (76.5%). THERE IS A GREATER PERCENTAGE OF HOME OWNERS IN CHARLES COUNTY THAN THE PERCENTAGE OF HOMEOWNERS FOR MARYLAND (76.5% VS. 66.8%). THE MEDIAN VALUE OF A HOUSING UNIT IN CHARLES COUNTY IS SIMILAR TO THE MARYLAND AVERAGE (\$302,800 VS. \$305,500). THE AVERAGE HOUSEHOLD SIZE IN CHARLES COUNTY IS 2.78 PERSONS.</p> <p>SOURCE: 2014-2018 US CENSUS BUREAU'S AMERICAN COMMUNITY SURVEY 5 YEAR ESTIMATES</p> <p><b>LIFE EXPECTANCY</b> THE LIFE EXPECTANCY FOR A CHARLES COUNTY RESIDENT, AS CALCULATED FOR 2018, WAS 78.5 YEARS. THIS IS SLIGHTLY BELOW THE STATE AVERAGE LIFE EXPECTANCY OF 79.2 YEARS.</p>

Return Reference - Identifier	Explanation
	<p>SOURCE: 2018 MARYLAND VITAL STATISTICS REPORT</p> <p>BIRTHS</p> <p>THERE WERE 1,867 BIRTHS IN CHARLES COUNTY IN 2018. CHARLES COUNTY REPRESENTS 46% OF THE BIRTHS IN SOUTHERN MARYLAND AND 2.6% OF THE TOTAL BIRTHS IN MARYLAND FOR 2018. MINORITIES MADE UP JUST OVER HALF OF THE BABIES BORN IN CHARLES COUNTY IN 2018 (66%).</p> <p>SOURCE: 2018 MARYLAND VITAL STATISTICS REPORT</p>

Return Reference - Identifier	Explanation
<p>SCHEDULE H, PART VI, LINE 5 - PROMOTION OF COMMUNITY HEALTH</p>	<p>AS THE ONLY HOSPITAL SERVING CHARLES COUNTY, MARYLAND, UNIVERSITY OF MARYLAND CHARLES REGIONAL MEDICAL CENTER (UM CRMC) SUPPORTS PROGRAMS AND ACTIVITIES WHERE THE HOSPITAL'S EXPERTISE AND RESOURCES CAN INFLUENCE THE FUNDAMENTAL ISSUES THAT AFFECT THE HEALTH OF THE COMMUNITY. GOVERNANCE IS PROVIDED THROUGH A COMMUNITY VOLUNTEER BOARD OF DIRECTORS. UM CRMC'S COMMUNITY BENEFITS PROGRAM UTILIZES A PLANNED, MANAGED, ORGANIZED, AND MEASURED APPROACH TO MEETING THE IDENTIFIED COMMUNITY NEEDS OF THE AREA WE SERVE. THE MISSION IS TO IMPROVE OVERALL COMMUNITY HEALTH BY IMPROVING ACCESS TO HEALTH CARE, ENHANCING THE HEALTH OF THE COMMUNITY, ADVANCING HEALTHCARE KNOWLEDGE AND COLLABORATING WITH HEALTH - PROVIDING AGENCY PARTNERS. COMMUNITY HEALTH IMPROVEMENT STRATEGIES ARE INCLUDED IN THE ORGANIZATION'S STRATEGIC PLAN.</p> <p>UM CRMC SUPPORTS ECONOMIC DEVELOPMENT OF THE COMMUNITY THROUGH LEADERSHIP PARTICIPATION IN ORGANIZATIONS SUCH AS THE CHAMBER OF COMMERCE, ECONOMIC DEVELOPMENT COMMISSION, LEADERSHIP SOUTHERN MARYLAND, AND THE TRI-COUNTY COUNCIL OF SOUTHERN MARYLAND.</p> <p>UM CRMC PARTICIPATES IN MANY COUNTY, STATE AND REGION-WIDE EMERGENCY PREPAREDNESS PLANNING ACTIVITIES AND DRILLS WITH OUR COMMUNITY PARTNERS SUCH AS EMERGENCY SERVICES, FIRE AND RESCUE, DEPARTMENT OF HEALTH, COUNTY GOVERNMENT, FEMA AND MEMA. THIS SERVES TO ENSURE THAT IN THE EVENT OF A DISASTER, THE HOSPITAL IS READY TO SUPPORT AND CARE FOR OUR COMMUNITY.</p> <p>HOSPITAL ADMINISTRATION PARTICIPATES IN HEALTHCARE WORKFORCE DEVELOPMENT BY SERVING ON COMMITTEES SUCH AS THE CHARLES COUNTY COMMISSIONER'S HEALTHCARE TASKFORCE AND SUPPORT OF COLLEGE OF SOUTHERN MARYLAND NURSING AND ALLIED HEALTH PROGRAMS.</p> <p>UM CRMC PROVIDED A ROBUST SET OF COMMUNITY BENEFITS INCLUDING \$12,319,019 MILLION IN CHARITY CARE, HEALTH PROFESSIONS EDUCATION, COMMUNITY BENEFIT OPERATIONS, COMMUNITY HEALTH IMPROVEMENT SERVICES, MISSION DRIVEN HEALTH CARE SERVICES, CASH AND IN-KIND DONATIONS AND COMMUNITY BUILDING ACTIVITIES IN FY 2020. THIS YEAR, WE PROVIDED AND SUPPORTED PROGRAMS, ACTIVITIES AND SCREENINGS SUCH AS BLOOD PRESSURE, GLUCOSE, BREAST AND CERVICAL CANCER, COLORECTAL CANCER AND STROKE RISK REDUCTION EDUCATION. MOBILE INTEGRATED HEALTH COMPLETED THE FOURTH YEAR TO IMPROVE ACCESS TO CARE AND WRAP AROUND HEALTH CARE TO COMMUNITY MEMBERS WITH BARRIERS. IN ADDITION TO PARTICIPATING IN THE PROGRAM UM CRMC HAS CONTRIBUTED FINANCIALLY TO THE PROGRAM FOR 3 YEARS. UM CRMC PROVIDED HEALTH EDUCATION PROGRAMS ON HEART HEALTHY EATING, DIABETES EDUCATION, CANCER EDUCATION, BREAST AND CERVICAL CANCER, TOBACCO CESSATION PROGRAM. IN ADDITION, WE SPONSORED COMMUNITY DISASTER DRILLS, THE YOUNG RESEARCHES COMMUNITY PROJECT, AND SUPPORT GROUPS SUCH AS STROKE SUPPORT, CARDIAC SUPPORT, AND THE BETTER BREATHERS CLUB. FISCAL YEAR 2020 WAS A SUCCESSFUL FIFTH YEAR FOR THE LIVING WELL CHRONIC DISEASE SELF-MANAGEMENT PROGRAM, A FREE, 6 WEEK, EVIDENCE BASED PROGRAM TO IMPROVE THE WELL-BEING OF PEOPLE LIVING WITH A VARIETY OF CHRONIC CONDITIONS. THE HOSPITAL OFFERS CLINICS AND CLINIC SERVICES SUCH AS RENAL DIALYSIS SERVICES AND AMERICAN RED CROSS BLOOD DRIVES. WE PARTICIPATED IN COMMUNITY COALITIONS AND BOARDS SUCH AS THE UNITED WAY, PARTNERSHIPS FOR A HEALTHIER CHARLES COUNTY, CHARLES COUNTY TOBACCO COALITION, LEADERSHIP SOUTHERN MARYLAND, HOSPICE OF CHARLES COUNTY, HEALTHY FAMILIES, FETAL INFANT MORTALITY BOARD, CENTER FOR ABUSED PERSONS, MISSION OF MERCY, AND CHAMBER OF COMMERCE. WE PARTICIPATED IN AND SUPPORTED COMMUNITY EVENTS SUCH AS CHRISTMAS CONNECTION, AMERICAN CANCER SOCIETY'S RELAY FOR LIFE, ALZHEIMER'S WALK, AND MARCH OF DIMES.</p> <p>UM CRMC OPERATES UNDER A UNIQUE REGULATORY SYSTEM THAT CAPS HOSPITAL REVENUES AND PROVIDES ADJUSTMENTS TO ALLOW FOR POPULATION HEALTH IMPROVEMENT INVESTMENTS. UNDER MARYLAND'S GLOBAL BUDGET REVENUE MODEL, UM CRMC REPORTS ON A REGULAR BASIS HOW IT IS INVESTING IN EFFORTS TO IMPROVE POPULATION HEALTH. UM CRMC PROVIDES ON-GOING SERVICES THAT ARE FUNDAMENTAL TO ADDRESSING THE IDENTIFIED COMMUNITY HEALTH NEEDS THAT DEMONSTRATE THE EXTENT TO WHICH OUR COMMITMENT TO SERVE OUR COMMUNITY IS INTEGRATED INTO OUR CARE DELIVERY MODEL.</p> <p>WE HAVE A STRONG FOCUS ON TREATING PATIENTS WITH CHRONIC CONDITIONS. UM CRMC WORKS TO COORDINATE CARE, ENSURE SMOOTH TRANSITIONS AND PROMOTE DISEASE SELF-MANAGEMENT STRATEGIES AT EVERY STEP OF A PATIENT'S JOURNEY - WHETHER AT HOME, IN THE COMMUNITY, OR WITHIN OUR HOSPITAL. OUR TRANSITIONAL CARE SERVICES HELP PATIENTS NEWLY DIAGNOSED OR THOSE THAT HAVE HAD A RECENT HOSPITALIZATION TRANSITION SAFELY BACK TO THE COMMUNITY. TRANSITIONAL NURSE NAVIGATORS PROVIDE PATIENTS WITH DISEASE EDUCATION AND SELF-MANAGEMENT STRATEGIES, CONNECT THEM TO PRIMARY CARE PROVIDERS AND SPECIALISTS, AND HELP THEM OVERCOME ANY BARRIERS TO MAKING FOLLOW UP APPOINTMENTS.</p> <p>RESOURCES ARE EMBEDDED THROUGHOUT THE HOSPITAL AND IN THE COMMUNITY SO THAT EVERY PATIENT RECEIVES THE SAME LEVEL OF CARE COORDINATION. CASE MANAGERS ARE EMBEDDED WITHIN OUR EMERGENCY DEPARTMENT, HOSPITAL, POST-ACUTE FACILITIES AND PROVIDE IN-HOME VISITS AS NEEDED.</p> <p>WE MAINTAIN A STRONG RELATIONSHIP WITH CHESAPEAKE POTOMAC HEALTH AGENCY THROUGH OUR RESOURCES EDUCATION AND ACCESS TO COMMUNITY HEALTH (REACH) PROGRAM, WHICH HELPS BRING OUR PATIENTS BACK TO ACHIEVING WELLNESS IN THEIR COMMUNITIES AFTER DISCHARGE BY OFFERING NURSE HOME VISITS, MEDICATION MANAGEMENT, SOCIAL SERVICES, ENVIRONMENTAL HOME SAFETY SCANS, DISEASE-SPECIFIC EDUCATION AND REFERRAL TO OTHER COMMUNITY RESOURCES AS APPROPRIATE.</p> <p>STRONG RELATIONSHIPS ALSO EXIST WITH LOCAL EMERGENCY MEDICAL SERVICE (EMS) PROVIDERS THROUGH OUR MOBILE INTEGRATED HEALTH PROGRAM, WHICH DELIVERS EFFECTIVE AND EFFICIENT CARE TO PATIENTS OUTSIDE OF THE HOSPITAL. NURSES AND COMMUNITY HEALTH WORKERS FUNCTION OUTSIDE TRADITIONAL EMERGENCY RESPONSE ROLES, WITH A FOCUS ON MAINTAINING INDIVIDUALS' HEALTH AT THEIR HOMES WHILE ALSO PROVIDING CONVENIENT ACCESS TO CARE IN THE COMMUNITY. ADDITIONAL CARE PARTNERS INCLUDE PRIMARY CARE PROVIDERS, SPECIALISTS, LOCAL DEPARTMENT OF HEALTH, OFFICE ON AGING AND OTHER COMMUNITY BASED PARTNERS. OUR MOBILE INTEGRATED HEALTH TEAM IS PROUD TO BE RECOGNIZED IN 2018 AS COMMUNITY STARS. THIS PROGRAM ALSO RECEIVED THE 2018 MARYLAND GOVERNOR'S CUSTOMER SERVICE AWARD AND WAS RECOGNIZED IN 2019 AS A MODEL PRACTICE BY THE NATIONAL ASSOCIATION OF CITY AND COUNTY HEALTH OFFICIALS.</p> <p>ADDITIONALLY, AS A RURAL HEALTH PROVIDER, WE RECOGNIZE THE LACK OF PUBLIC TRANSPORTATION OPTIONS IS A BARRIER FOR PATIENTS WHO NEED TRANSPORTATION ASSISTANCE. TO ADDRESS THIS BARRIER AND IMPROVE ACCESS TO HEALTHCARE FOR LOW-INCOME, DISADVANTAGED TRI-COUNTY</p>

Return Reference - Identifier	Explanation
	<p>RESIDENTS, WE LAUNCHED THE TRANSPORTATION TO WELLNESS PROJECT. FOR ELIGIBLE PATIENTS, THIS PROGRAM PROVIDES FREE, ON-DEMAND, CURB-TO-CURB NON-EMERGENCY MEDICAL TRANSPORTATION SERVICES TO A PATIENT'S HOME AFTER DISCHARGE AND TO POST-HOSPITALIZATION MEDICAL APPOINTMENTS.</p> <p>WE ARE PROUD TO SERVE OUR COMMUNITY AND APPRECIATE OUR PARTNERS WHO ALLOW US TO FULFILL OUR MISSION. WE WILL ALWAYS DO WHAT IS RIGHT FOR THE PATIENT, NO MATTER WHERE THEY ARE IN THEIR HEALTH JOURNEY, AND WILL ALWAYS STRIVE TO HAVE OUR PATIENTS RECEIVE CARE IN THE COMMUNITY THEY RESIDE. AS A PART OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS) WE ARE SHAPING A NEW PARADIGM IN CARE DELIVERY THAT WE BELIEVE SHOULD BE THE FUTURE STANDARD OF CARE.</p>
<p>SCHEDULE H, PART VI, LINE 6 - DESCRIPTION OF AFFILIATED GROUP</p>	<p>THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (UMMS) IS A PRIVATE, NOT-FOR-PROFIT CORPORATION PROVIDING COMPREHENSIVE HEALTHCARE SERVICES THROUGH AN INTEGRATED REGIONAL NETWORK OF HOSPITALS AND RELATED CLINICAL ENTERPRISES. UMMS WAS CREATED IN 1984 WHEN ITS FOUNDING HOSPITAL WAS PRIVATIZED BY THE STATE OF MARYLAND. OVER ITS 30-YEAR HISTORY, UMMS EVOLVED INTO A MULTI-HOSPITAL SYSTEM WITH ACADEMIC, COMMUNITY AND SPECIALTY SERVICE MISSIONS REACHING PRIMARILY ACROSS MARYLAND. AS PART OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS), CHARLES REGIONAL MEDICAL CENTER UNDERSTANDS THAT HEALTH CARE GOES BEYOND THE WALLS OF THE HOSPITAL AND INTO THE COMMUNITY IT SERVES. UMMS HOSPITALS ARE COMMITTED TO STRENGTHENING THEIR NEIGHBORING COMMUNITIES. IN DOING SO, UM CHARLES REGIONAL MEDICAL CENTER ASSESSES THE COMMUNITY'S HEALTH NEEDS, IDENTIFIES KEY PRIORITIES, AND RESPONDS WITH SERVICES, PROGRAMS AND INITIATIVES WHICH MAKE A POSITIVE, SUSTAINED IMPACT ON THE HEALTH OF THE COMMUNITY. WITH REPRESENTATION FROM ALL UMMS HOSPITALS, THE MEDICAL SYSTEM'S COMMUNITY HEALTH IMPROVEMENT COUNCIL COORDINATES THE EFFECTIVE AND EFFICIENT UTILIZATION AND DEPLOYMENT OF RESOURCES FOR COMMUNITY-BASED ACTIVITIES AND EVALUATES HOW SERVICES AND ACTIVITIES MEET TARGETED COMMUNITY NEEDS WITHIN DEFINED GEOGRAPHIC AREAS. UM CHARLES REGIONAL MEDICAL CENTER IS COMMITTED TO HEALTH EDUCATION, ADVOCACY, COMMUNITY PARTNERSHIPS, AND ENGAGING PROGRAMS WHICH FOCUS ON HEALTH AND WELLNESS WITH THE GOAL OF ELIMINATING HEALTH CARE DISPARITIES IN CHARLES COUNTY</p>
<p>SCHEDULE H, PART VI, LINE 7 - STATE FILING OF COMMUNITY BENEFIT REPORT</p>	<p>MD</p>

**SCHEDULE I  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

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

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

▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2019**

**Open to Public  
Inspection**

Name of the organization

CIVISTA MEDICAL CENTER, INC.

Employer identification number

52-0445374

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

- 1** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?  **Yes**  **No**
- 2** Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States.

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

<b>1 (a)</b> Name and address of organization or government	<b>(b)</b> EIN	<b>(c)</b> IRC section (if applicable)	<b>(d)</b> Amount of cash grant	<b>(e)</b> Amount of non-cash assistance	<b>(f)</b> Method of valuation (book, FMV, appraisal, other)	<b>(g)</b> Description of noncash assistance	<b>(h)</b> Purpose of grant or assistance
<b>(1)</b> SAGEPOINT SENIOR SERVICES FOUNDATION 10200 LA PLATA ROAD, LA PLATA, MD 20646	20-1666771	501(C)(3)	50,000				GENERAL SUPPORT
<b>(2)</b>							
<b>(3)</b>							
<b>(4)</b>							
<b>(5)</b>							
<b>(6)</b>							
<b>(7)</b>							
<b>(8)</b>							
<b>(9)</b>							
<b>(10)</b>							
<b>(11)</b>							
<b>(12)</b>							

**2** Enter total number of section 501(c)(3) and government organizations listed in the line 1 table ▶ 1

**3** Enter total number of other organizations listed in the line 1 table ▶ 0

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

Cat. No. 50055P

Schedule I (Form 990) (2019)

**Part III Grants and Other Assistance to Domestic Individuals.** Complete if the organization answered “Yes” on Form 990, Part IV, line 22.  
Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of noncash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of noncash assistance
1					
2					
3					
4					
5					
6					
7					

**Part IV Supplemental Information.** Provide the information required in Part I, line 2; Part III, column (b); and any other additional information.

(SEE STATEMENT)

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Part IV

**Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference - Identifier	Explanation
SCHEDULE I, PART I, LINE 2 - PROCEDURES FOR MONITORING USE OF GRANT FUNDS.	THE FILING ORGANIZATION PROVIDES GRANTS TO LOCAL NONPROFITS WHOSE PURPOSES ALIGN WITH THE MISSION OF THE HOSPITAL.



**SCHEDULE J  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

CIVISTA MEDICAL CENTER, INC.

**Compensation Information**

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

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

▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2019**

**Open to Public Inspection**

Employer identification number

52-0445374

**Part I Questions Regarding Compensation**

**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on 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 type="checkbox"/> Health or social club dues or initiation fees     |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> Personal services (such as 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 directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a? . . . . .

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

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

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

- |  |           |                                     |                                     |
|--|-----------|-------------------------------------|-------------------------------------|
| <b>a</b> Receive a severance payment or change-of-control payment? . . . . .                             | <b>4a</b> |                                     | <input checked="" type="checkbox"/> |
| <b>b</b> Participate in, or receive payment from, a supplemental nonqualified retirement plan? . . . . . | <b>4b</b> | <input checked="" type="checkbox"/> |                                     |
| <b>c</b> Participate in, or receive payment from, an equity-based compensation arrangement? . . . . .    | <b>4c</b> |                                     | <input checked="" type="checkbox"/> |

**Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5–9.**

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

- |  |           |  |                                     |
|--|-----------|--|-------------------------------------|
| <b>a</b> The organization? . . . . .         | <b>5a</b> |  | <input checked="" type="checkbox"/> |
| <b>b</b> Any related organization? . . . . . | <b>5b</b> |  | <input checked="" type="checkbox"/> |

If "Yes" on line 5a or 5b, describe in Part III.

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

- |  |           |  |                                     |
|--|-----------|--|-------------------------------------|
| <b>a</b> The organization? . . . . .         | <b>6a</b> |  | <input checked="" type="checkbox"/> |
| <b>b</b> Any related organization? . . . . . | <b>6b</b> |  | <input checked="" type="checkbox"/> |

If "Yes" on line 6a or 6b, describe in Part III.

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

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

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

	Yes	No
<b>1a</b>		
<b>1b</b>		
<b>2</b>		
<b>3</b>		
<b>4a</b>		<input checked="" type="checkbox"/>
<b>4b</b>	<input checked="" type="checkbox"/>	
<b>4c</b>		<input checked="" type="checkbox"/>
<b>5a</b>		<input checked="" type="checkbox"/>
<b>5b</b>		<input checked="" type="checkbox"/>
<b>6a</b>		<input checked="" type="checkbox"/>
<b>6b</b>		<input checked="" type="checkbox"/>
<b>7</b>	<input checked="" type="checkbox"/>	
<b>8</b>		<input checked="" type="checkbox"/>
<b>9</b>		

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

For each individual whose compensation must be reported on 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 aren't listed on Form 990, Part VII.

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

(A) Name and Title		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)–(D)	(F) Compensation in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 MOHAN SUNTHA, MD UMMS PRESIDENT AND CEO	(i)	0	0	0	0	0	0	0
	(ii)	1,414,919	421,551	266,415	11,200	29,702	2,143,787	0
2 JOHN W ASHWORTH, III UMMS INTERIM PRESIDENT/CEO (ENDED 11/19)	(i)	0	0	0	0	0	0	0
	(ii)	899,601	664,660	153,229	11,200	25,955	1,754,645	0
3 JON P BURNS DIRECTOR	(i)	0	0	0	0	0	0	0
	(ii)	568,364	128,976	108,856	11,200	21,192	838,588	0
4 NOEL A CERVINO PRESIDENT AND CEO	(i)	388,878	198,900	76,151	10,800	26,896	701,625	0
	(ii)	0	0	0	0	0	0	0
5 JOSEPH D MOSER, MD SVP AND CHIEF MEDICAL OFFICER	(i)	319,250	94,250	18,031	51,430	289	483,250	0
	(ii)	0	0	0	0	0	0	0
6 ERIK BOAS FORMER SVP FINANCE AND CFO	(i)	165,716	115,457	21,394	6,674	1,251	310,492	0
	(ii)	0	0	0	0	0	0	0
7 ALBERT ZANGER VP FINANCE AND CFO	(i)	161,541	62,003	297	21,601	23,629	269,071	0
	(ii)	32,863	0	26	1,358	4,316	38,563	0
8 CLIVE W SAVORY VP PLANNING	(i)	161,598	45,288	25,405	24,757	30,656	287,704	37,837
	(ii)	0	0	0	0	0	0	0
9 DANA LEVY CHIEF NURSING OFFICER	(i)	176,533	50,916	38,521	7,889	9,788	283,647	0
	(ii)	0	0	0	0	0	0	0
10 MELINDA HARVEY REVENUE CYCLE DIRECTOR	(i)	190,048	18,453	450	2,770	23,209	234,930	0
	(ii)	0	0	0	0	0	0	0
11 WILLIAM GRIMES VP ANCILLIARY SERVICES	(i)	172,705	36,225	16,489	6,964	2,284	234,667	0
	(ii)	0	0	0	0	0	0	0
12 KATHERINE MIDDLETON REGISTERED NURSE	(i)	177,918	0	132	1,803	23,536	203,389	0
	(ii)	0	0	0	0	0	0	0
13 MARILYN GREGORY REGISTERED NURSE	(i)	182,264	0	730	1,955	6,005	190,954	0
	(ii)	0	0	0	0	0	0	0
14	(i)							
	(ii)							
15	(i)							
	(ii)							
16	(i)							
	(ii)							

Part III

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

Return Reference - Identifier	Explanation
<p>SCHEDULE J, PART I, LINE 4B - SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN</p>	<p>DURING THE FISCAL YEAR- ENDED JUNE 30, 2020, CERTAIN OFFICERS AND KEY EMPLOYEES PARTICIPATED IN THE UMMS SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN. THE INDIVIDUALS LISTED BELOW HAVE NOT VESTED IN THE PLAN THEREFORE THE ACCRUED CONTRIBUTION TO THE PLAN FOR THE FISCAL YEAR IS REPORTED ON SCHEDULE J, PART II, COLUMN C, RETIREMENT AND OTHER DEFERRED COMPENSATION:</p> <p>JOSEPH D. MOSER ALBERT J. ZANGER</p> <p>DURING THE FISCAL YEAR ENDED JUNE 30, 2020, CERTAIN OFFICERS AND KEY EMPLOYEES PARTICIPATED IN THE UMMS SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN. THE INDIVIDUAL LISTED BELOW HAS VESTED IN THE PLAN IN THE REPORTING TAX YEAR, THEREFORE THE FULL VALUE OF THE PLAN, INCLUDING ANY CONTRIBUTIONS TO THE PLAN FOR THE CURRENT FISCAL YEAR ARE REPORTED AS TAXABLE COMPENSATION AND REPORTED ON SCHEDULE J, PART II, LINE B(III), OTHER REPORTABLE COMPENSATION. PRIOR YEAR CONTRIBUTIONS TO THE PLAN WERE PREVIOUSLY REPORTED ON FORM 990 AND ARE INDICATED ON SCHEDULE J, PART II, COLUMN (F).</p> <p>CLIVE W. SAVORY</p> <p>DURING THE FISCAL YEAR-ENDED JUNE 30, 2020, CERTAIN OFFICERS AND KEY EMPLOYEES PARTICIPATED IN THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS) SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN. THE INDIVIDUALS LISTED BELOW HAVE VESTED IN THE PLAN IN A PRIOR YEAR, THEREFORE THE CONTRIBUTIONS TO THE PLAN FOR THE FISCAL YEAR ARE REPORTED AS TAXABLE COMPENSATION AND REPORTED ON SCHEDULE J, PART II, LINE B (III), OTHER REPORTABLE COMPENSATION:</p> <p>JOHN W ASHWORTH III MOHAN SUNTHA, MD DANA LEVY JON P. BURNS NOEL A. CERVINO ERIK BOAS WILLIAM GRIMES</p>
<p>SCHEDULE J, PART I, LINE 7 - NON-FIXED PAYMENTS</p>	<p>BONUSES PAID ARE BASED ON A NUMBER OF VARIABLES INCLUDING BUT NOT LIMITED TO INDIVIDUAL GOAL ACHIEVEMENTS AS WELL AS ORGANIZATION OPERATION ACHIEVEMENTS. THE FINAL DETERMINATION OF THE BONUS AMOUNT IS DETERMINED AND APPROVED BY THE BOARD AS PART OF THE OVERALL COMPENSATION REVIEW OF THE OFFICERS AND KEY EMPLOYEES.</p>

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

Department of Treasury Internal Revenue Service

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

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

- ▶ Attach to Form 990 or 990-EZ.
- ▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2019**

Open to Public Inspection

Name of the Organization  
**CIVISTA MEDICAL CENTER, INC.**

Employer Identification Number  
**52-0445374**

Return Reference - Identifier	Explanation
FORM 990, PART III, LINE 4A - PROGRAM SERVICE DESCRIPTION	<p>IN FY20, UM CRMC PROVIDED MORE THAN \$9.8 MILLION IN COMMUNITY BENEFITS INCLUDING CHARITY CARE, HEALTH PROFESSIONS EDUCATION, COMMUNITY BENEFIT OPERATIONS, COMMUNITY HEALTH IMPROVEMENT SERVICES, SUBSIDIZED HEALTH SERVICES, AND CASH AND IN-KIND DONATIONS. THIS YEAR, WE PROVIDED AND SUPPORTED PROGRAMS, ACTIVITIES AND SCREENINGS SUCH AS BLOOD PRESSURE, GLUCOSE, BREAST AND CERVICAL CANCER, COLORECTAL CANCER AND STROKE RISK REDUCTION EDUCATION. MOBILE INTEGRATED HEALTH COMPLETED THE SECOND YEAR TO IMPROVE ACCESS TO CARE AND WRAP AROUND HEALTH CARE TO COMMUNITY MEMBERS WITH BARRIERS. IN ADDITION TO PARTICIPATING IN THE PROGRAM UM CRMC WILL CONTRIBUTE FINANCIALLY TO THE PROGRAM FOR 3 YEARS. UM CRMC PROVIDED HEALTH EDUCATION PROGRAMS ON HEARTY HEALTHY EATING, DIABETES EDUCATION, CANCER EDUCATION, BREAST AND CERVICAL CANCER, TOBACCO CESSATION PROGRAM.</p>
FORM 990, PART IV, LINE 24A - TAX EXEMPT BOND ISSUES	<p>PURSUANT TO A MASTER LOAN AGREEMENT DATED DECEMBER 1, 2017 (THE "MASTER LOAN AGREEMENT"), AS AMENDED, THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (THE "CORPORATION") AND SEVERAL OF ITS SUBSIDIARIES HAVE ISSUED DEBT THROUGH THE MARYLAND HEALTH AND HIGHER EDUCATIONAL FACILITIES AUTHORITY (THE "AUTHORITY"). AS SECURITY FOR THE PERFORMANCE OF THE BOND OBLIGATION UNDER THE MASTER LOAN AGREEMENT, THE AUTHORITY MAINTAINS A SECURITY INTEREST IN THE REVENUE OF THE OBLIGORS. THE MASTER LOAN AGREEMENT CONTAINS CERTAIN RESTRICTIVE COVENANTS. THESE COVENANTS REQUIRE THAT RATES AND CHARGES BE SET AT CERTAIN LEVELS, LIMIT INCURRENCE OF ADDITIONAL DEBT, REQUIRE COMPLIANCE WITH CERTAIN OPERATING RATIOS AND RESTRICT THE DISPOSITION OF ASSETS.</p> <p>THE OBLIGATED GROUP UNDER THE MASTER LOAN AGREEMENT INCLUDES THE CORPORATION, ROI, UM MIDTOWN, UM BALTIMORE WASHINGTON, SHORE HEALTH (UM MEMORIAL AND UM DORCHESTER), UM CHESTER RIVER, CRMC, UM ST. JOSEPH, UM UPPER CHESAPEAKE, UM HARFORD MEMORIAL, UM LAUREL, UM PRICE GEORGE'S, BOWIE HEALTH CENTER (BOWIE), AND THE UMMS FOUNDATION. EACH MEMBER OF THE OBLIGATED GROUP IS JOINTLY AND SEVERALLY LIABLE FOR THE REPAYMENT OF THE OBLIGATIONS UNDER THE MASTER LOAN AGREEMENT OF THE CORPORATION'S \$1,637,683,000 OF OUTSTANDING AUTHORITY BONDS ON JUNE 30, 2020. ALL OF THE BONDS WERE ISSUED IN THE NAME OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION AND ARE REPORTED ON SCHEDULE K OF ITS FORM 990.</p>
FORM 990, PART VI, LINE 2 - FAMILY/BUSINESS RELATIONSHIPS AMONGST INTERESTED PERSONS	<p>AUSTIN SLATER, JR. &amp; TOM DENNISON - BUSINESS RELATIONSHIP</p>
FORM 990, PART VI, LINE 6 - CLASSES OF MEMBERS OR STOCKHOLDERS	<p>UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION ("UMMS") IS THE SOLE MEMBER OF UNIVERSITY OF MARYLAND CHARLES REGIONAL HEALTH, INC. ("UMCRH"). UMCRH IS THE SOLE MEMBER OF CIVISTA MEDICAL CENTER, INC. (D/B/A UM CHARLES REGIONAL MEDICAL CENTER, "CRMC").</p>
FORM 990, PART VI, LINE 7A - MEMBERS OR STOCKHOLDERS ELECTING MEMBERS OF GOVERNING BODY	<p>UMCRH AND UMMS MAY ELECT MEMBERS OF THE CRMC BOARD.</p>
FORM 990, PART VI, LINE 7B - DECISIONS REQUIRING APPROVAL BY MEMBERS OR STOCKHOLDERS	<p>UMCRH AND UMMS MAY APPROVE DECISIONS OF THE CRMC BOARD.</p>
FORM 990, PART VI, LINE 11B - REVIEW OF FORM 990 BY GOVERNING BODY	<p>THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM ("UMMS") PREPARES THE IRS FORM 990 FOR UMMS AND ITS AFFILIATES. INFORMATION NEEDED TO COMPLETE THE RETURN IS GATHERED BY ACCOUNTING PERSONNEL IN THE FINANCE SHARED SERVICES DEPARTMENT UNDER THE SUPERVISION OF THE UMMS TAX DIRECTOR. DRAFT RETURNS ARE PREPARED USING IRS-APPROVED TAX SOFTWARE.</p> <p>ONCE A DRAFT RETURN IS PREPARED, IT UNDERGOES MULTIPLE LEVELS OF REVIEW BOTH INTERNALLY BY UMMS TAX &amp; FINANCE PERSONNEL, AND EXTERNALLY BY ERNST &amp; YOUNG LLP. FOLLOWING ANY NECESSARY CHANGES TO THE RETURN, A FINAL DRAFT IS REVIEWED BY EACH AFFILIATE'S VICE PRESIDENT OF FINANCE AND/OR CFO.</p> <p>PRIOR TO FILING THE IRS FORM 990, THE ORGANIZATION'S BOARD CHAIRMAN, TREASURER, GOVERNANCE COMMITTEE CHAIRMAN, FINANCE COMMITTEE CHAIRMAN OR OTHER MEMBER OF THE BOARD WITH SIMILAR AUTHORITY WILL REVIEW THE IRS FORM 990. ALL BOARD MEMBERS ARE PROVIDED WITH A COPY OF THE FINAL IRS FORM 990 BEFORE FILING.</p>

Return Reference - Identifier	Explanation
FORM 990, PART VI, LINE 12C - CONFLICT OF INTEREST POLICY	<p>THE FILING ORGANIZATION FOLLOWS THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM (UMMS) CONFLICTS OF INTEREST POLICY, WHICH REQUIRES THAT ALL COVERED PERSONS DISCLOSE CONFLICTS OF INTEREST OR POTENTIAL CONFLICTS OF INTEREST BETWEEN THEIR PERSONAL INTERESTS AND THE INTERESTS OF THE ORGANIZATION, OR ANY ENTITY CONTROLLED BY OR OWNED IN SUBSTANTIAL PART BY THE ORGANIZATION. COVERED PERSONS MEANS ANY MEMBER OF THE ORGANIZATION'S BOARD OF DIRECTORS, A MEMBER OF A COMMITTEE OF THE BOARD, AN OFFICER, OR AN EMPLOYEE OF ORGANIZATION (INCLUDING SUBSIDIARIES) AT THE VP LEVEL OR ABOVE.</p> <p>THE ORGANIZATION (OR ITS SOLE MEMBER) IS RESPONSIBLE FOR ADMINISTERING AND ENFORCING THE CONFLICTS OF INTEREST POLICY (POLICY). THE GOVERNANCE COMMITTEE (OR OTHER BOARD COMMITTEE HAVING SIMILAR AUTHORITY) REVIEWS ANY AND ALL CONFLICTS, SHALL REPORT ANNUALLY TO THE FULL BOARD ON THE ADMINISTRATION, INFRACTIONS, AND ENFORCEMENT OF THE POLICY AND SHALL REPORT AT THE EARLIEST OPPORTUNITY ALL MATTERS OF CONCERN TO THE FULL BOARD IN EXECUTIVE SESSION WHILE INTERESTED PARTIES ARE RECUSED.</p> <p>THE ORGANIZATION OR ITS SOLE MEMBER'S COMPLIANCE OFFICER IS THE RESPONSIBLE ADMINISTRATIVE AUTHORITY TO ASSIST THE BOARD IN ADMINISTERING AND ENFORCING THE CONFLICTS OF INTEREST POLICY AND BRINGING CONCERNS TO THE OVERSIGHT COMMITTEE. A QUESTIONNAIRE WHICH DISCLOSES POTENTIAL CONFLICTS OF INTEREST IS DISTRIBUTED ANNUALLY TO COVERED PERSONS. THE CHIEF COMPLIANCE OFFICER OF THE UNIVERSITY OF MARYLAND MEDICAL SYSTEM CORPORATION (UMMS) DISTRIBUTES AND COLLECTS THE RESPONSES FOR UMMS AND OTHER AFFILIATES, AND MAY BE CALLED FOR CONSULT WHEN POTENTIAL CONFLICTS ARE DISCLOSED.</p> <p>IF THE OVERSIGHT COMMITTEE DETERMINES THAT A CONFLICT OF INTEREST EXISTS, THE COMMITTEE SHALL NOTIFY THE COVERED PERSON AND THE ORGANIZATION'S BOARD CHAIR, AND FURTHER WILL NOTIFY THE FULL BOARD AT ITS NEXT MEETING. FURTHERMORE, IN THE EVENT THE COMMITTEE DETERMINES THAT AN ACTUAL OR PERCEIVED CONFLICT OF INTEREST EXISTS, THE COMMITTEE SHALL DECIDE HOW TO ADDRESS THE CONFLICT OF INTEREST. IF THE COMMITTEE DETERMINES THAT A CONFLICT OF INTEREST EXISTS BUT THAT THE ORGANIZATION MAY ENTER INTO THE SUBJECT TRANSACTION OR ARRANGEMENT, THE INTERESTED COVERED PERSON SHALL BE RECUSED FROM ALL DELIBERATIONS AND DECISIONS CONCERNING SAID TRANSACTION OR ARRANGEMENT, ANY ARRANGEMENTS WITH THAT ENTITY, AND COMPENSATION OR BENEFITS FOR OFFICERS, DIRECTORS, AND TRUSTEES. FURTHERMORE, THE CHAIR OF THE BOARD AND THE CHAIRS OF THE OVERSIGHT COMMITTEE AND THE AUDIT AND COMPLIANCE COMMITTEE SHALL NOT HAVE ANY BUSINESS TRANSACTIONS WITH UMMS, NOR SHALL THEIR FAMILY MEMBERS.</p> <p>IF THE OVERSIGHT COMMITTEE DETERMINES THAT A COVERED PERSON HAS USED THEIR POSITION TO ACCRUE EXCESS BENEFITS OR TO KNOWINGLY ASSIST OTHERS IN ACCRUING EXCESS BENEFITS IN ANY WAY AT THE EXPENSE OF THE ORGANIZATION, THE COMMITTEE SHALL RECOMMEND TO THE EXECUTIVE COMMITTEE APPROPRIATE CORRECTIVE ACTION TO BE TAKEN.</p>
FORM 990, PART VI, LINE 15A - PROCESS TO ESTABLISH COMPENSATION OF TOP MANAGEMENT OFFICIAL	<p>THE ORGANIZATION DETERMINES THE EXECUTIVE COMPENSATION PAID TO ITS EXECUTIVES IN THE FOLLOWING MANNER PRESCRIBED IN THE IRS REGULATIONS:</p> <p>EXECUTIVE COMPENSATION PACKAGES ARE DETERMINED BY A COMMITTEE OF THE BOARD THAT IS COMPOSED ENTIRELY OF BOARD MEMBERS WHO HAVE NO CONFLICT OF INTEREST. THE COMMITTEE ACQUIRES CREDIBLE COMPARABILITY MARKET DATA CONCERNING THE COMPENSATION PACKAGES OF SIMILARLY SITUATED EXECUTIVES. THE COMMITTEE CAREFULLY REVIEWS THAT DATA, THE EXECUTIVE'S PERFORMANCE AND THE PROPOSED COMPENSATION PACKAGES DURING THE DECISION MAKING PROCESS. THE COMMITTEE MEMORIALIZES ITS DELIBERATIONS IN DETAILED MINUTES REVIEWED AND ADOPTED AT THE NEXT-FOLLOWING MEETING.</p> <p>THE COMMITTEE SEEKS AN OPINION OF COUNSEL THAT IT HAS MET THE REQUIREMENTS OF THE IRS INTERMEDIATE SANCTIONS REGULATIONS. THIS PROCESS IS USED TO DETERMINE THE COMPENSATION PACKAGES FOR ALL MANAGEMENT EMPLOYEES FROM THE VICE PRESIDENT LEVEL AND UP.</p>
FORM 990, PART VI, LINE 15B - PROCESS TO ESTABLISH COMPENSATION OF OTHER OFFICERS OR KEY EMPLOYEES	<p>THE ORGANIZATION DETERMINES THE EXECUTIVE COMPENSATION PAID TO ITS EXECUTIVES IN THE FOLLOWING MANNER PRESCRIBED IN THE IRS REGULATIONS:</p> <p>EXECUTIVE COMPENSATION PACKAGES ARE DETERMINED BY A COMMITTEE OF THE BOARD THAT IS COMPOSED ENTIRELY OF BOARD MEMBERS WHO HAVE NO CONFLICT OF INTEREST. THE COMMITTEE ACQUIRES CREDIBLE COMPARABILITY MARKET DATA CONCERNING THE COMPENSATION PACKAGES OF SIMILARLY SITUATED EXECUTIVES. THE COMMITTEE CAREFULLY REVIEWS THAT DATA, THE EXECUTIVE'S PERFORMANCE AND THE PROPOSED COMPENSATION PACKAGES DURING THE DECISION MAKING PROCESS. THE COMMITTEE MEMORIALIZES ITS DELIBERATIONS IN DETAILED MINUTES REVIEWED AND ADOPTED AT THE NEXT-FOLLOWING MEETING.</p> <p>THE COMMITTEE SEEKS AN OPINION OF COUNSEL THAT IT HAS MET THE REQUIREMENTS OF THE IRS INTERMEDIATE SANCTIONS REGULATIONS. THIS PROCESS IS USED TO DETERMINE THE COMPENSATION PACKAGES FOR ALL MANAGEMENT EMPLOYEES FROM THE VICE PRESIDENT LEVEL AND UP.</p>
FORM 990, PART VI, LINE 19 - REQUIRED DOCUMENTS AVAILABLE TO THE PUBLIC	<p>THE ORGANIZATION'S GOVERNING DOCUMENTS ARE MADE PUBLICLY AVAILABLE THROUGH THE STATE OF MARYLAND VIA THE SECRETARY OF STATE'S OFFICE. THE CONFLICT OF INTEREST POLICY IS GENERALLY AVAILABLE ON THE ORGANIZATION'S OR AFFILIATE'S WEBSITE. FINANCIAL STATEMENTS ARE MADE PUBLICLY AVAILABLE ON A QUARTERLY BASIS THROUGH FILINGS ON THE ELECTRONIC MUNICIPAL MARKET ACCESS ("EMMA") SYSTEM.</p>

Return Reference - Identifier	Explanation				
FORM 990, PART VII, SECTION A - HOURS ON RELATED ENTITIES	UMMS IS A MULTI-ENTITY HEALTH CARE SYSTEM THAT INCLUDES 13 ACUTE CARE HOSPITALS, 1 ACUTE CARE HOSPITAL OWNED IN A JOINT VENTURE ARRANGEMENT AND VARIOUS SUPPORTING ENTITIES. A NUMBER OF INDIVIDUALS PROVIDE SERVICES TO VARIOUS ENTITIES WITHIN THE SYSTEM. IN GENERAL, THE OFFICERS AND KEY EMPLOYEES OF UMMS AVERAGE IN EXCESS OF 40 HOURS PER WEEK SERVING THE DIFFERENT ENTITIES THAT COMPRISE UMMS.				
FORM 990, PART IX, LINE 11G - OTHER FEES FOR SERVICES	<b>(a)</b> Description	<b>(b)</b> Total Expenses	<b>(c)</b> Program Service Expenses	<b>(d)</b> Management and General Expenses	<b>(e)</b> Fundraising Expenses
	CONTRACT	6,666,625	6,666,625	0	0
	CORPORATE	16,544,503	16,544,503	0	0
	LABOR	4,573,478	4,573,478	0	0
	PHYSICIAN	9,246,611	9,246,611	0	0
FORM 990, PART XI, LINE 9 - OTHER CHANGES IN NET ASSETS OR FUND BALANCES	<b>(a)</b> Description				<b>(b)</b> Amount
	MALPRACTICE MOVED TO CORPORATE				- 4,168,480
	EQUITY IN FOUNDATION				- 8,030
	STRATEGIC PRIORITIES				- 306,000
	IT ENTERPRISE				- 1,870,000
	CORPORATE DEPRECIATION ALLOCATION				965,903
	FY19 DB PENSION ADJUSTMENT				- 3,137,456
	FY20 DB PENSION ADJUSTMENT				- 4,037,615

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

CIVISTA MEDICAL CENTER, INC.

**Related Organizations and Unrelated Partnerships**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2019**

**Open to Public Inspection**

Employer identification number  
52-0445374

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(1) BALTIMORE WASHINGTON EMERGENCY PHYS INC (52-1756326) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	501(C)(3)	12 TYPE I	BWHS		✓
(2) BALTIMORE WASHINGTON HEALTHCARE SERVICES (52-1830243) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	501(C)(3)	12 TYPE I	UMBWMS		✓
(3) BALTIMORE WASHINGTON MEDICAL CENTER INC (52-0689917) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	501(C)(3)	3	UMBWMS		✓
(4) UM BALTIMORE WASHINGTON MEDICAL SYSTEM (52-1830242) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	501(C)(3)	12 TYPE I	UMMSC		✓
(5) NORTH ARUNDEL DEVELOPMENT CORPORATION (52-1318404) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	REAL ESTATE	MD	501(C)(2)		NCC		✓
(6) NORTH COUNTY CORPORATION (52-1591355) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	REAL ESTATE	MD	501(C)(2)		UMBWMS		✓
(7) (SEE STATEMENT)							

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) (SEE STATEMENT)									
(2)									
(3)									
(4)									
(5)									
(6)									
(7)									



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

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

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

**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 related organization	(b) Transaction type (a–s)	(c) Amount involved	(d) Method of determining amount involved
(1)				
(2)				
(3)				
(4)				
(5)				
(6)				

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

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

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

## Part II

## Identification of Related Tax-Exempt Organizations (continued)

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(7) CHESTER RIVER HEALTH FOUNDATION INC (52-1338861) 100 BROWN STREET, CHESTERTOWN, MD 21620	FUNDRAISING	MD	501(C)(3)	8	UMSRH		✓
(8) UNIV OF MD SHORE REGIONAL HEALTH, INC (52-2046500) 100 BROWN STREET, CHESTERTOWN, MD 21620	HEALTHCARE	MD	501(C)(3)	12 TYPE I	UMMSC		✓
(9) CHESTER RIVER HOSPITAL CENTER (52-0679694) 100 BROWN STREET, CHESTERTOWN, MD 21620	HEALTHCARE	MD	501(C)(3)	3	UMSRH		✓
(10) CHESTER RIVER MANOR INC (52-6070333) 200 MORGNEC ROAD, CHESTERTOWN, MD 21620	HEALTHCARE	MD	501(C)(3)	10	UMSRH		✓
(11) MARYLAND GENERAL CLINICAL PRACTICE GROUP (52-1566211) 827 LINDEN AVENUE, BALTIMORE, MD 21201	HEALTHCARE	MD	501(C)(3)	12 TYPE II	UMMTH		✓
(12) UNIVERSITY OF MARYLAND MIDTOWN HEALTH, INC (52-1175337) 827 LINDEN AVENUE, BALTIMORE, MD 21201	HEALTHCARE	MD	501(C)(3)	12 TYPE II	UMMSC		✓
(13) MARYLAND GENERAL HOSPITAL INC (52-0591667) 827 LINDEN AVENUE, BALTIMORE, MD 21201	HEALTHCARE	MD	501(C)(3)	3	UMMTH		✓
(14) CARE HEALTH SERVICES INC (52-1510269) 219 SOUTH WASHINGTON STREET, EASTON, MD 21601	HEALTHCARE	MD	501(C)(3)	10	SHS		✓
(15) MEMORIAL HOSPITAL FOUNDATION INC (52-1282080) 219 SOUTH WASHINGTON STREET, EASTON, MD 21601	FUNDRAISING	MD	501(C)(3)	12 TYPE I	SHS		✓
(16) SHORE HEALTH SYSTEM INC (52-0160538) 219 SOUTH WASHINGTON STREET, EASTON, MD 21601	HEALTHCARE	MD	501(C)(3)	3	UMSRH		✓
(17) UNIVERSITY OF MARYLAND COMMUNITY MEDICAL (52-1874111) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	HEALTHCARE	MD	501(C)(3)	3	UMSRH		✓
(18) JAMES LAWRENCE KERNAN HOSPITAL INC (52-0591639) 2200 KERNAN DRIVE, BALTIMORE, MD 21207	HEALTHCARE	MD	501(C)(3)	3	UMMSC		✓
(19) UMMS FOUNDATION, INC (52-2238893) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	FUNDRAISING	MD	501(C)(3)	12 TYPE I	UMMSC		✓
(20) UNIVERSITY OF MD MEDICAL SYSTEM CORP (52-1362793) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	HEALTHCARE	MD	501(C)(3)	3	N/A		✓
(21) UNIVERSITY OF MARYLAND CHARLES REGIONAL (52-2155576) PO BOX 1070, LA PLATA, MD 20646	HEALTHCARE	MD	501(C)(3)	12 TYPE III-FI	UMMSC		✓
(22) CHARLES REGIONAL MEDICAL CENTER FOUNDATION (52-1414564) PO BOX 1070, LA PLATA, MD 20646	FUNDRAISING	MD	501(C)(3)	12 TYPE I	UMCRH		✓
(23) UNIV OF MD ST. JOSEPH FOUNDATION, INC (52-1681044) 7601 OSLER DRIVE, TOWSON, MD 21204	FUNDRAISING	MD	501(C)(3)	12 TYPE I	UMSJHS		✓
(24) UMSJ HEALTH SYSTEM, LLC (46-2097818) 7601 OSLER DRIVE, TOWSON, MD 21204	HEALTHCARE	MD	501(C)(3)	3	UMMSC		✓
(25) HARFORD MEMORIAL HOSPITAL, INC (52-0591484) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HEALTHCARE	MD	501(C)(3)	3	UMUCHS		✓
(26) UM UPPER CHESAPEAKE HEALTH SYSTEM, INC (52-1398513) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HEALTHCARE	MD	501(C)(3)	12 TYPE III-O	UMMSC		✓
(27) UPPER CHESAPEAKE HEALTH FOUNDATION, INC (52-1398507) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	FUNDRAISING	MD	501(C)(3)	12 TYPE I	UMUCHS		✓
(28) UPPER CHESAPEAKE MEDICAL CENTER, INC (52-1253920) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HEALTHCARE	MD	501(C)(3)	3	UMUCHS		✓
(29) UPPER CHESAPEAKE MEDICAL SERVICES, INC (52-1501734) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HEALTHCARE	MD	501(C)(3)	10	UMUCHS		✓

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
(30) UPPER CHESAPEAKE PROPERTIES, INC (52-1907237) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	REAL ESTATE	MD	501(C)(2)		UMUCHS		✓
(31) UPPER CHES RESIDENTIAL HOSPICE HOUSE, INC (26-0737028) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HOSPICE	MD	501(C)(3)	10	UMUCHS		✓
(32) HARFORD CRISIS CENTER, INC. (52-1229742) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HOME CARE	MD	501(C)(3)	12 TYPE II	UMUCHS		✓
(33) DIMENSIONS HEALTH CORPORATION (52-1289729) 3001 HOSPITAL DRIVE, CHEVERLY, MD 20785	HEALTHCARE	MD	501(C)(3)	3	UMMSC		✓
(34) DIMENSIONS HEALTHCARE ASSOCIATES (52-1902711) 3001 HOSPITAL DRIVE, CHEVERLY, MD 20785	HEALTHCARE	MD	501(C)(3)	12 TYPE I	UMCAPRH		✓
(35) UM CAPITAL REGION HEALTH, INC (82-3596114) 250 W PRATT ST, STE 2400, BALTIMORE, MD 21201	HEALTHCARE	MD	501(C)(3)	12 TYPE III-FI	UMMSC		✓

**Part III**

**Identification of Related Organizations Taxable as a Partnership** (continued)

(a) Name, address and EIN of related organization	(b) Primary Activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income related, unrelated, excluded from tax under sections 512-514	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V - UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
(1) ARUNDEL PHYSICIANS ASSOCIATES (52-2000762) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	APA, INC	N/A	N/A	N/A		✓			✓	
(2) BALTIMORE WASHINGTON IMAGING (20-0806027) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	UMBWMS	N/A	N/A	N/A		✓			✓	
(3) UNIVERSITYCARE LLC (52-1914892) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	HEALTHCARE	MD	UMMSC	N/A	N/A	N/A		✓			✓	
(4) O'DEA MEDICAL ARTS LIMITED PAR (52-1682964) 7601 OSLER DRIVE, TOWSON, MD 21204	RENTAL	MD	SJMC PROP.	N/A	N/A	N/A		✓			✓	
(5) ADVANCED IMAGING AT ST JOSEPH (52-1958002) 7601 OSLER DRIVE, TOWSON, MD 21204	HEALTHCARE	MD	UMSJMC	N/A	N/A	N/A		✓			✓	
(6) UNIVERSITY OF MARYLAND CHARLES (30-0956382) PO BOX 1070, LAPLATA, MD 20646	HEALTHCARE	MD	UMCRCP	N/A	N/A	N/A		✓			✓	
(7) BALTIMORE ASC VENTURES, LLC (82-4133899) 7620 YORK ROAD, TOWSON, MD 21204	HEALTHCARE	DE	UMSJMC	N/A	N/A	N/A		✓			✓	
(8) UCHS/UMMS REAL ESTATE TRUST (27-6803540) 520 UPPER CHESAPEAKE DRIVE, BEL AIR, MD 21014	HOLDING CO	MD	UMMSC	N/A	N/A	N/A		✓			✓	

**Part IV**

**Identification of Related Organizations Taxable as a Corporation or Trust** (continued)

(a) Name, address and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C-corp, S-corp or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
(1) ARUNDEL PHYSICIANS ASSOCIATES, INC (52-1992649) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(2) BALTIMORE WASHINGTON HEALTH ENTERPRISES (52-1936656) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(3) BW PROFESSIONAL SERVICES, INC (52-1655640) 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(4) NA EXECUTIVE BUILDING CONDO ASSN, INC 301 HOSPITAL DRIVE, GLEN BURNIE, MD 21061	REAL ESTATE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(5) UM CHARLES REGIONAL CARE PARTNERS (52-2176314) PO BOX 1070, LA PLATA, MD 20646	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(6) UNIVERSITY MIDTOWN PROF CENTER (52-1891126) 827 LINDEN AVENUE, BALTIMORE, MD 21201	REAL ESTATE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(7) UNIVERSITY OF MARYLAND HEALTH ADVANTAGE (46-1411902) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	INSURANCE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(8) UNIVERSITY OF MARYLAND HEALTH PARTNERS (45-2815803) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	INSURANCE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(9) UNIVERSITY OF MARYLAND MEDICAL SYSTEM HE (45-2815722) 22 SOUTH GREENE STREET, BALTIMORE, MD 21201	INSURANCE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(10) UPPER CHESAPEAKE HEALTH VENTURES, INC (52-2031264) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(11) UPPER CHESAPEAKE MEDICAL CENTER LAND CON (77-0674478) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	REAL ESTATE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(12) UPPER CHESAPEAKE MEDICAL OFFICE BUILDING (52-1946829) 520 UPPER CHESAPEAKE DR, BEL AIR, MD 21014	REAL ESTATE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(13) SHORE ORTHOPEDICS, INC (37-1817262) 219 S WASHINGTON STREET, EASTON, MD 21601	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(14) MADISON MANOR, INC (52-1269059) 5801 42ND AVE, HYATTSVILLE, MD 20781	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(15) AFFILIATED ENTERPRISES, INC (52-1542144) 3001 HOSPITAL DRIVE, CHEVERLY, MD 20785	HEALTHCARE	MD	N/A	C CORPORATION	N/A	N/A	N/A		✓
(16) DIMENSIONS ASSURANCE LTD (98-0348082) PO BOX 1363, GENESIS BLDG, GRAND CAYMAN, CJ	INSURANCE	CAYMAN ISLANDS	N/A	C CORPORATION	N/A	N/A	N/A		✓
(17) RIVERSIDE HEALTH OF DELAWARE, INC (46-3205820) 1966 GREENSPRING DRIVE, STE 600, TIMONIUM, MD 21093	HEALTHCARE	DE	N/A	C CORPORATION	N/A	N/A	N/A		✓
(18) RIVERSIDE HEALTH OF DC, INC (46-1411713) 1966 GREENSPRING DRIVE, STE 600, TIMONIUM, MD 21093	HEALTHCARE	DC	N/A	C CORPORATION	N/A	N/A	N/A		✓

CONSOLIDATED FINANCIAL STATEMENTS

University of Maryland Medical System Corporation and Subsidiaries  
Years Ended June 30, 2020 and 2019  
With Report of Independent Auditors

Ernst & Young LLP



University of Maryland Medical System Corporation and Subsidiaries

Consolidated Financial Statements

Years Ended June 30, 2020 and 2019

**Contents**

Report of Independent Auditors.....1

Consolidated Financial Statements

Consolidated Balance Sheets .....3

Consolidated Statements of Operations and Changes in Net Assets .....4

Consolidated Statements of Cash Flows.....6

Notes to Consolidated Financial Statements.....8





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## Report of Independent Auditors

The Board of Directors  
University of Maryland Medical System Corporation

We have audited the accompanying consolidated financial statements of the University of Maryland Medical System Corporation and Subsidiaries (the Corporation), which comprise the consolidated balance sheet as of June 30, 2020, and the related consolidated statement of operations and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University of Maryland Medical System Corporation and Subsidiaries as of June 30, 2020, and the consolidated results of their operations, changes in net assets and their cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

## Adoption of New Accounting Pronouncement

As discussed in Note 1(y) to the consolidated financial statements, the Corporation changed its method of accounting for leases as a result of the adoption of the amendments to the Financial Accounting Standards Board Accounting Standards Codification resulting from Accounting Standards Update No. 2016-02, *Leases*, effective July 1, 2019. Our opinion is not modified with respect to this matter.

## Report of Other Auditors on June 30, 2019 Financial Statements

The consolidated financial statements of the University of Maryland Medical System Corporation and Subsidiaries for the year ended June 30, 2019, were audited by other auditors who expressed an unmodified opinion on those statements on October 28, 2019.

*Ernst + Young LLP*

October 28, 2020

University of Maryland Medical System Corporation and Subsidiaries

Consolidated Balance Sheets  
(In Thousands)

	June 30	
	2020	2019
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 961,647	\$ 360,318
Assets limited as to use, current portion	64,026	64,910
Accounts receivable:		
Patient accounts receivable, net	472,351	458,437
Other	118,228	91,103
Inventories	105,879	70,478
Assets held for sale	149,563	116,828
Prepaid expenses and other current assets	60,178	48,055
Total current assets	1,931,872	1,210,129
Investments	927,366	885,640
Assets limited as to use, less current portion	1,113,986	1,227,384
Property and equipment, net	2,556,548	2,309,086
Investments in joint ventures	92,485	91,942
Other assets	517,654	409,188
Total assets	\$ 7,139,911	\$ 6,133,369
<b>Liabilities and net assets</b>		
Current liabilities:		
Trade accounts payable	\$ 302,133	\$ 288,841
Accrued payroll and benefits	282,410	281,177
Advances from third-party payors	773,947	139,163
Lines of credit	193,500	161,300
Short-term financing	150,000	150,000
Other current liabilities	129,813	127,760
Liabilities held for sale	65,461	60,830
Long-term debt subject to short-term remarketing arrangements	28,794	18,895
Current portion of long-term debt	40,468	47,621
Total current liabilities	1,966,526	1,275,587
Long-term debt, less current portion and amount subject to short-term remarketing arrangements	1,438,257	1,484,960
Other long-term liabilities	653,388	439,024
Interest rate swap liabilities	270,430	196,174
Total liabilities	4,328,601	3,395,745
Net assets:		
Without donor restrictions	2,055,346	1,973,405
With donor restrictions	755,964	764,219
Total net assets	2,811,310	2,737,624
Total liabilities and net assets	\$ 7,139,911	\$ 6,133,369

*See accompanying notes to consolidated financial statements.*

University of Maryland Medical System Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets  
(In Thousands)

	<b>Year Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Operating revenue, gains, and other support:		
Net patient service revenue	<b>\$ 3,915,931</b>	\$ 4,017,054
State and county support	<b>19,737</b>	41,521
CARES Act – Provider relief funds	<b>199,632</b>	–
Other revenue	<b>228,754</b>	176,699
Total operating revenue, gains, and other support	<b>4,364,054</b>	4,235,274
Operating expenses:		
Salaries, wages and benefits	<b>2,230,484</b>	2,158,136
Expendable supplies	<b>760,113</b>	792,015
Purchased services	<b>696,028</b>	634,618
Contracted services	<b>276,959</b>	269,897
Depreciation and amortization	<b>235,891</b>	244,056
Interest expense	<b>46,561</b>	57,792
Total operating expenses	<b>4,246,036</b>	4,156,514
Income from continuing operations	<b>118,018</b>	78,760
Nonoperating income and expenses, net:		
Unrestricted contributions	<b>9,293</b>	5,607
Equity in net income of joint ventures	<b>3,536</b>	3,624
Investment income, net	<b>24,635</b>	30,632
Change in fair value of investments	<b>(4,884)</b>	24,421
Change in fair value of undesignated interest rate swaps	<b>(75,811)</b>	(47,995)
Other nonoperating losses, net	<b>(24,376)</b>	(33,045)
Excess of revenues over expenses from continuing operations	<b>50,411</b>	62,004
Gain (loss) on discontinued operations, net	<b>19,599</b>	(25,847)
Excess of revenues over expenses	<b>\$ 70,010</b>	\$ 36,157

University of Maryland Medical System Corporation and Subsidiaries

Consolidated Statements of Operations and Changes in Net Assets (continued)  
(In Thousands)

	Without Donor Restrictions	With Donor Restrictions	Total
Balance at June 30, 2018	\$ 1,952,422	\$ 742,667	\$ 2,695,089
Excess of revenues over expenses from continuing operations	62,004	–	62,004
Loss on discontinued operations, net	(25,847)	–	(25,847)
Investment gains, net	–	1,666	1,666
State support for capital	–	5,565	5,565
Contributions, net	–	26,782	26,782
Net assets released from restrictions used for operations and nonoperating activities	–	(4,279)	(4,279)
Net assets released from restrictions used for purchase of property and equipment	14,130	(14,130)	–
Change in economic and beneficial interests in the net assets of related organizations	–	1,982	1,982
Change in funded status of defined benefit pension plans	(26,886)	–	(26,886)
Other	(2,418)	3,966	1,548
Increase in net assets	20,983	21,552	42,535
Balance at June 30, 2019	1,973,405	764,219	2,737,624
Excess of revenues over expenses from continuing operations	<b>50,411</b>	–	<b>50,411</b>
Gain on discontinued operations, net	<b>19,599</b>	–	<b>19,599</b>
Investment gains, net	–	<b>1,206</b>	<b>1,206</b>
State support for capital	–	<b>20,803</b>	<b>20,803</b>
Contributions, net	–	<b>18,111</b>	<b>18,111</b>
Net assets released from restrictions used for operations and nonoperating activities	–	<b>(6,307)</b>	<b>(6,307)</b>
Net assets released from restrictions used for purchase of property and equipment	<b>18,791</b>	<b>(18,791)</b>	–
Change in economic and beneficial interests in the net assets of related organizations	<b>27,283</b>	<b>(27,283)</b>	–
Change in funded status of defined benefit pension plans	<b>(36,971)</b>	–	<b>(36,971)</b>
Other	<b>2,828</b>	<b>4,006</b>	<b>6,834</b>
Increase (decrease) in net assets	<b>81,941</b>	<b>(8,255)</b>	<b>73,686</b>
Balance at June 30, 2020	<b>\$ 2,055,346</b>	<b>\$ 755,964</b>	<b>\$ 2,811,310</b>

See accompanying notes to consolidated financial statements.

University of Maryland Medical System Corporation and Subsidiaries

Consolidated Statements of Cash Flows  
(In Thousands)

	<b>Year Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Operating activities</b>		
Increase in net assets	\$ 73,686	\$ 42,535
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	235,891	244,056
Amortization of bond premium and deferred financing costs	1,477	1,477
Net realized gains and change in fair value of investments	(3,183)	(41,626)
Equity in net income of joint ventures	(3,536)	(3,624)
Change in economic and beneficial interests in net assets of related organizations	27,281	(1,982)
Change in fair value of interest rate swaps	74,256	46,385
Change in funded status of defined benefit pension plans	36,971	26,886
Restricted contributions, grants and other support, net	(40,120)	(22,503)
Change in operating assets and liabilities:		
Patient accounts receivable	(13,027)	(26,772)
Other receivables, prepaid expenses, other current assets and other assets	(76,747)	152,963
Inventories	(35,401)	298
Trade accounts payable, accrued payroll and benefits, other current liabilities and other long-term liabilities	74,235	14,617
Advances from third-party payors	634,784	(14,704)
Net cash provided by operating activities	<u>986,567</u>	<u>418,006</u>
<b>Investing activities</b>		
Purchases and sales of investments and assets limited as to use, net	125,958	(98,355)
Purchases of alternative investments	(79,572)	(66,267)
Sales of alternative investments	101,417	89,948
Purchase of UM Ambulatory Care, LLC, net cash acquired	(608)	-
Purchases of property and equipment	(461,896)	(394,588)
Distributions from (contributions to) joint ventures, net	1,922	(1,238)
Net cash used in investing activities	<u>(312,779)</u>	<u>(470,500)</u>

University of Maryland Medical System Corporation and Subsidiaries

Consolidated Statements of Cash Flows (continued)  
(In Thousands)

	<b>Year Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
<b>Financing activities</b>		
Proceeds from long-term debt	\$ —	\$ 10,016
Repayment of long-term debt and capital leases	(45,434)	(78,394)
Draws on lines of credit, net	32,200	62,000
Restricted contributions, grants and other support	40,120	22,503
Net cash provided by financing activities	<u>26,886</u>	<u>16,125</u>
Net increase (decrease) in cash, cash equivalents and restricted cash	700,674	(36,369)
Cash, cash equivalents and restricted cash, beginning of year	511,949	548,318
Cash, cash equivalents and restricted cash, end of year	<u>\$ 1,212,623</u>	<u>\$ 511,949</u>
Cash and cash equivalents	\$ 961,647	\$ 360,318
Restricted cash included in assets limited as to use	250,976	151,631
Cash, cash equivalents and restricted cash, end of year	<u>\$ 1,212,623</u>	<u>\$ 511,949</u>
<b>Discontinued operations</b>		
Operating activities	<u>\$ 19,374</u>	<u>\$ 2,150</u>
Investing activities	<u>\$ (569)</u>	<u>\$ (3,131)</u>
Financing activities	<u>\$ —</u>	<u>\$ —</u>
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the year for interest, net of amounts capitalized	<u>\$ 54,306</u>	<u>\$ 58,860</u>
Amount included in accounts payable for construction in progress	<u>\$ 45,415</u>	<u>\$ 35,414</u>
<b>Supplemental disclosures of noncash information</b>		
Capital leases	<u>\$ —</u>	<u>\$ 427</u>

See accompanying notes to consolidated financial statements.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (In Thousands)

June 30, 2020

### **(1) Organization and Summary of Significant Accounting Policies**

#### **(a) Organization**

The University of Maryland Medical System Corporation (the Corporation or UMMS) is a private, not-for-profit corporation providing comprehensive healthcare services through an integrated regional network of hospitals and related clinical enterprises. UMMS was created in 1984 when its founding hospital was privatized by the State of Maryland. Prior to that time, the founding hospital was state-owned, operated and financed as part of the University of Maryland, now a part of the University System. As part of the privatization process, the Maryland General Assembly and the University of Maryland's Board of Regents adopted legislation (the Governance Legislation) separating the major health care delivery components from the University System to UMMS. This Governance Legislation provides for certain level of oversight by the State of Maryland to ensure UMMS' founding purposes are consistently set forth in its functions and operating practices.

Over its 35-year history, UMMS evolved into a multi-hospital system with academic, community and specialty service missions reaching primarily across Maryland. In continuing partnership with the University of Maryland School of Medicine, UMMS operates healthcare programs that improve the physical and mental health of thousands of people each day.

The accompanying consolidated financial statements include the accounts of the Corporation, its wholly owned subsidiaries, and entities controlled by the Corporation. In addition, the Corporation maintains equity interests in various unconsolidated joint ventures, which are described in Note 5. The significant operating divisions of the Corporation are described in further detail below.

All material intercompany balances and transactions have been eliminated in consolidation.



# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

(In Thousands)

### (1) Organization and Summary of Significant Accounting Policies (continued)

#### (i) Recent Acquisitions and Divestitures

During the year ended June 30, 2020, the Corporation signed a letter of intent to sell the assets and liabilities of UM Health Plans. The sale, which will include both the Medicaid Plan and Medicare Advantage Plan, is expected to be completed within the next 12 months. Based on the criteria in Accounting Standards Codification (ASC) 205, *Discontinued Operations*, it was determined that the pending sale met the criteria for discontinued operations treatment. The carrying amount of the assets and liabilities held for sale are stated at their net realizable value as of June 30, 2020 and any gain or loss on the sale is considered to be immaterial to the consolidated financial statements of the Corporation. As of June 30, 2020 and 2019, assets held for sale were approximately \$149,600 and \$116,800 and liabilities held for sale were approximately \$65,500 and \$60,800, respectively. For the years ended June 30, 2020 and 2019, operating revenues from discontinued operations were approximately \$361,618 and \$379,630, respectively. For the years ended June 30, 2020 and 2019, operating and nonoperating expenses from discontinued operations were approximately \$342,019 and \$405,477, respectively.

Effective March 1, 2020, the Corporation purchased the full interest in nine urgent care sites from ChoiceOne, which is a subsidiary of Fresenius Medical Care. Previously the urgent care sites were operated under a joint venture agreement between ChoiceOne and three affiliates: UM St. Joseph Medical Center, UM Shore Regional Health and UM Upper Chesapeake Health. Upon becoming a wholly-owned subsidiary of the Corporation, the nine sites were moved under one Company, University of Maryland Ambulatory Care, LLC (UM Ambulatory Care).

#### (ii) University of Maryland Medical Center (Medical Center)

The Medical Center, which is a major component of UMMS, is a 806-bed academic medical center located in Baltimore. The Medical Center has served as the teaching hospital of the School of Medicine of the University System of Maryland, Baltimore since 1823. As part of the privatization in 1984, only clinical faculty members of the School of Medicine may serve as medical staff of the Medical Center.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

(In Thousands)

### (1) Organization and Summary of Significant Accounting Policies (continued)

The Medical Center is comprised of two operating divisions: University Hospital, which includes the Greenebaum Cancer Center, and Shock Trauma Center. University Hospital, which generates approximately 80% of the Medical Center's admissions and patient days, is a tertiary teaching hospital providing over 70 clinical services and programs. The Greenebaum Cancer Center specializes in the treatment of cancer patients and is a site for clinical cancer research. The Shock Trauma Center, which specializes in emergency treatment of patients suffering severe trauma, generates approximately 20% of admissions and patient days.

The Medical Center's operations include UniversityCARE, LLC (UCARE), a physician hospital organization of which the Corporation owns a majority ownership interest and therefore consolidates, and 36 South Paca Street, LLC, a wholly owned subsidiary of the Corporation that operates a residential apartment building.

The Corporation has certain agreements with various departments of the University of Maryland School of Medicine concerning the provision of professional and administrative services to the Corporation and its patients. Total expense under these agreements in the years ended June 30, 2020 and 2019 was approximately \$168,438 and \$159,043, respectively.

#### *(iii) University of Maryland Rehabilitation and Orthopaedic Institute (ROI)*

ROI is comprised of a medical/surgical and rehabilitation hospital in Baltimore with 137 licensed beds, which includes rehabilitation beds, chronic care beds, medical/surgical beds, and off-site physical therapy facilities.

A related corporation, The James Lawrence Kernan Endowment Fund, Inc. (Kernan Endowment), is governed by a separate, independent board of directors and is required to hold investments and income derived therefrom for the exclusive benefit of ROI. Accordingly, the accompanying consolidated financial statements reflect an economic interest in the net assets of the Kernan Endowment.

#### *(iv) University of Maryland Medical Center Midtown Campus (Midtown)*

Midtown is located in Baltimore city and is comprised of University of Maryland Midtown Hospital (UM Midtown), with 177 licensed beds, including 100 acute care beds and 77 chronic care beds and a wholly owned subsidiary providing primary care.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### **(1) Organization and Summary of Significant Accounting Policies (continued)**

#### *(v) University of Maryland Baltimore Washington Medical System, Inc. (Baltimore Washington)*

Baltimore Washington is located in Anne Arundel County, a suburb of Baltimore city, and is a health system comprised of University of Maryland Baltimore Washington Medical Center (UM Baltimore Washington), a 285-bed acute care hospital providing a broad range of services, and several wholly owned subsidiaries providing emergency physician and other services.

Baltimore Washington Medical Center Foundation, Inc. (BWMC Foundation) is governed by a separate, independent board of directors and is required to hold investments and income derived therefrom for the exclusive benefit of UM Baltimore Washington. Accordingly, the accompanying consolidated financial statements reflect an economic interest in the net assets of the BWMC Foundation.

#### *(vi) University of Maryland Shore Regional Health System (Shore Regional)*

Shore Regional is a health system located on the Eastern Shore of Maryland. Shore Regional owns and operates University of Maryland Memorial Hospital (UM Memorial), a 132-bed acute care hospital providing inpatient and outpatient services in Easton, Maryland; University of Maryland Dorchester Hospital (UM Dorchester), a 34-bed acute care hospital providing inpatient and outpatient services in Cambridge, Maryland; University of Maryland Chester River Hospital Center (UM Chester River), a 21-bed acute care hospital providing inpatient and outpatient services to the residents of Kent and Queen Anne's counties; Shore Emergency Center at Queenstown (Shore Emergency Center), a free-standing emergency center; Memorial Hospital Foundation (Memorial Foundation), a nonprofit corporation established to solicit donations for the benefit of UM Memorial; Chester River Health Foundation (Chester River Foundation), a nonprofit corporation established to solicit donations for the benefit of UM Chester River; and several other subsidiaries providing various outpatient and home care services.

Dorchester General Hospital Foundation, Inc. (Dorchester Foundation) is governed by a separate, independent board of directors to raise funds on behalf of UM Dorchester. Shore Regional does not have control over the policies or decisions of the Dorchester Foundation, and accordingly, the accompanying consolidated financial statements reflect a beneficial interest in the net assets of the Dorchester Foundation.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### **(1) Organization and Summary of Significant Accounting Policies (continued)**

#### *(vii) University of Maryland Charles Regional Health System, Inc. (Charles Regional)*

Charles Regional owns and operates University of Maryland Charles Regional Medical Center (UM Charles Regional), which is comprised of a 99-bed acute care hospital and other community healthcare resources providing inpatient and outpatient services to the residents of Charles County in Southern Maryland.

#### *(viii) University of Maryland St. Joseph Health System, LLC (St. Joseph)*

St. Joseph owns and operates University of Maryland St. Joseph Medical Center (UM St. Joseph), a 219-bed, Catholic acute care hospital located in Towson, Maryland, as well as other subsidiaries providing inpatient and outpatient services to the residents of Baltimore County.

#### *(ix) University of Maryland Upper Chesapeake Health System (Upper Chesapeake)*

Upper Chesapeake is a health system located in Harford County, Maryland. Upper Chesapeake's healthcare delivery system includes two acute care hospitals, University of Maryland Upper Chesapeake Medical Center (UM Upper Chesapeake), a 174-bed acute care hospital and University of Maryland Harford Memorial Hospital (UM Harford Memorial), an 82-bed acute care hospital; a physician practice; a land holding company; and Upper Chesapeake Health Foundation.

#### *(x) University of Maryland Capital Region Health (Capital Region)*

Capital Region is a health system located in Prince George's County. Capital Region owns and operates UM Prince George's Hospital Center (UM Prince George's), a 230-bed acute care teaching hospital providing an array of services including emergency medicine, behavioral health, cardiac surgery and a Level II Trauma Center; UM Laurel Medical Center (UM Laurel), a free standing medical facility providing emergency medicine and outpatient surgery and UM Bowie Health Center (UM Bowie) a free standing medical facility providing emergency medicine and diagnostic imaging and lab services.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

(In Thousands)

### **(1) Organization and Summary of Significant Accounting Policies (continued)**

#### *(xi) University of Maryland Medical System Foundation, Inc. (UMMS Foundation)*

The UMMS Foundation, a not-for-profit foundation, was established for the purpose of soliciting contributions on behalf of the Corporation.

#### *(xii) University of Maryland Quality Care Network (QCN)*

QCN, a wholly owned subsidiary of UMMS, is a network comprised of UMMS employed physicians and independent physician practices in the UMMS service area. The participants bear shared responsibility for the care of a defined population of patients and can contract as one entity with payors.

### **(b) Basis of Presentation**

The consolidated financial statements are prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

### **(c) Cash and Cash Equivalents**

Cash and cash equivalents, excluding amounts shown within investments and assets limited as to use, consist of cash and interest-bearing deposits with maturities of three months or less from the date of purchase. Cash and cash equivalent balances may exceed amounts insured by federal agencies and, therefore, bear a risk of loss. The Corporation has not experienced such losses on these funds.

### **(d) Investments and Assets Limited as to Use**

The Corporation's investment portfolios are classified as trading and are reported in the consolidated balance sheets, as long-term assets, at their fair value, based on quoted market prices, at June 30, 2020 and 2019. Unrealized holding gains and losses on trading securities with readily determinable market values are included in nonoperating income. Investment income, including realized gains and losses, is included in nonoperating income in the accompanying consolidated statements of operations and changes in net assets.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

### **(1) Organization and Summary of Significant Accounting Policies (continued)**

Assets limited as to use include investments set aside at the discretion of the board of directors for the replacement or acquisition of property and equipment, investments held by trustees under bond indenture agreements and self-insurance trust arrangements, and assets whose use is restricted by donors. Such investments are stated at fair value. Amounts required to meet current liabilities have been included in current assets in the consolidated balance sheets. Changes in fair values of donor-restricted investments are recorded in net assets with donor restrictions unless otherwise required by the donor or state law.

Assets limited as to use also include the Corporation's economic interests in financially interrelated organizations (Note 13).

Alternative investments, which the Corporation defines to include multi-strategy commingled funds, hedge funds, hedge fund-of-funds, and private equity investments, are recorded under the equity method of accounting. Underlying securities of these alternative investments may include certain debt and equity securities that are not readily marketable. Because certain investments are not readily marketable, their fair value is subject to additional uncertainty, and therefore, values realized upon disposition may vary significantly from current reported values.

Investments are exposed to certain risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, changes in the value of investment securities could occur in the near term, and these changes could materially differ from the amounts reported in the accompanying consolidated financial statements.

### **(e) Inventories**

Inventories, consisting primarily of drugs and medical/surgical supplies, are carried at the lower of cost or market, on a first-in, first-out basis.

### **(f) Economic Interests in Financially Interrelated Organizations**

The Corporation recognizes its rights to assets held by recipient organizations, which accept cash or other financial assets from a donor and agree to use those assets on behalf of or transfer those assets, the return on investment of those assets, or both, to the Corporation. Changes in the Corporation's economic interests in these financially interrelated organizations are recognized in the accompanying consolidated statements of changes in net assets.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

(In Thousands)

### (1) Organization and Summary of Significant Accounting Policies (continued)

#### (g) Property and Equipment

Property and equipment are stated at cost or estimated fair value at date of contribution, less accumulated depreciation. Depreciation is provided on a straight-line basis over the estimated useful lives of the depreciable assets using the half-year convention. The estimated useful lives of the assets are as follows:

Buildings	20 to 40 years
Building and leasehold improvements	5 to 15 years
Equipment	3 to 15 years

Interest costs incurred on borrowed funds less interest income earned on the unexpended bond proceeds during the period of construction are capitalized as a component of the cost of acquiring those assets.

Gifts of long-lived assets, such as land, buildings, or equipment are reported as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed in service.

#### (h) Deferred Financing Costs

Costs incurred related to the issuance of long-term debt, which are included in long-term debt, are deferred and are amortized over the life of the related debt agreements or the related letter of credit agreements using the effective-interest method.

#### (i) Intangible Assets and Goodwill

Intangible assets include amounts recognized in connection with acquisitions. Intangible assets are initially valued at fair market value using generally accepted valuation methods. Amortization is recognized on a straight-line basis over the estimated useful life of the intangible assets. Intangible assets with definite and indefinite lives are reviewed for impairment if indicators of impairment arise.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### (1) Organization and Summary of Significant Accounting Policies (continued)

Goodwill is an asset representing the future economic benefits arising from other assets acquired in a business combination that are not individually identified and separately recognized. The carrying value of goodwill is evaluated at least annually for impairment.

The Corporation has one reporting unit within continuing operations.

There was no impairment loss recognized for the year ended June 30, 2020 and 2019.

The changes in the carrying amount of goodwill are as follows:

	<b>Health Care Delivery</b>
Goodwill at June 30, 2018	\$ 48,810
Acquisitions	—
Write-downs	—
Goodwill at June 30, 2019	48,810
Acquisitions	—
Write-downs	—
Goodwill at June 30, 2020	<b><u>\$ 48,810</u></b>

### (j) Impairment of Long-Lived Assets

Long-lived assets, such as property, plant, and equipment, and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparing the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized in the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the consolidated balance sheets and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate asset and liability sections of the consolidated balance sheets.

No impairment losses were recorded for the years ended June 30, 2020 or 2019.



# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

(In Thousands)

### **(l) Organization and Summary of Significant Accounting Policies (continued)**

#### **(k) Investments in Joint Ventures**

When the Corporation does not have a controlling interest in an entity where less than 50% of the voting common stock is owned or does not exert a significant influence over the entity, the Corporation applies the equity method of accounting.

#### **(l) Self-Insurance**

Under the Corporation's self-insurance programs (general and professional liability, workers' compensation, and employee health and long-term disability benefits), incurred claims are estimated primarily based upon actuarial methods which include incurred but not reported claims analysis and reported claims the severity of incidents and the expected timing of claim payments. These estimates are continually reviewed and adjusted as necessary based on experience. These adjustments are recorded within the current period operating income.

#### **(m) Net Assets**

The Corporation classifies net assets based on the existence or absence of donor-imposed restrictions. Net assets without donor restrictions represent contributions, gifts, and grants, which have no donor-imposed restrictions or which arise as a result of operations. Net assets with donor restrictions are subject to donor-imposed restrictions that must or will be met either by satisfying a specific purpose and/or passage of time. Generally, the donors of these assets permit the use of all or part of the income earned on related investments for specific purposes. The restrictions associated with these net assets generally pertain to patient care, specific capital projects, and funding of specific hospital operations and community outreach programs.

#### **(n) Net Patient Service Revenue and Patient Accounts Receivable**

In accordance with ASC 606, *Revenue from Contracts with Customers*, net patient service revenue, which includes hospital inpatient services, hospital outpatient services, physician services, and other patient services revenue, is recorded at the transaction price estimated by the Corporation to reflect the total consideration due from patients and third-party payors (including commercial payers and government programs) and others. Revenue is recognized over time as performance obligations are satisfied in exchange for providing goods and services in patient care. Revenue is

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

### **(1) Organization and Summary of Significant Accounting Policies (continued)**

recorded as these goods and services are provided. The services provided to a patient during an inpatient stay or outpatient visit represent a bundle of goods and services that are distinct and accounted for as a single performance obligation.

The Corporation's estimate of the transaction price includes the Corporation's standard charges for the goods and services provided with a reduction recorded related to explicit price concessions for such items as contractual allowances, charity care, potential adjustments that may arise from payment and other reviews, and implicit price concessions such as uncollectible amounts. The price concessions are determined using the portfolio approach as a practical expedient to account for patient contracts as collective groups rather than individually. Based on historical experience, a significant portion of the self-pay population will be unable or unwilling to pay for services and only the amount anticipated to be collected is recognized the transactions price. Subsequent changes to the estimate of the transaction price are generally recorded as adjustment to net patient service revenue in the period of change. Subsequent changes that are determined to be the result of an adverse change in the payor's or patient's ability to pay are considered bad debt expense and recorded within operating expenses. Estimates for uncollectible amounts are based on the historical collections experience for similar payors and patients, current market conditions, and other relevant factors. The Corporation recognizes a significant amount of patient service revenue even though they do not assess the patient's ability to pay.

The standard charges for goods and services for the Medical Center, ROI, Midtown, Baltimore Washington, Shore Regional, Charles Regional, St. Joseph, Upper Chesapeake, and Capital Region reflects actual charges to patients based on rates established by the state of Maryland Health Services Cost Review Commission (HSCRC) in effect during the period in which the services are rendered. See Note 20 for further discussion on the HSCRC and regulated rates.

Patient accounts are recorded at the net realizable value based on certain assumptions determined by each payor. For third-party payors including Medicare, Medicaid, and commercial insurance, the net realizable value is based on the estimated contractual adjustments which is based on approved discounts on charges as permitted by the HSCRC. For self-pay accounts, which includes patients who are uninsured and the patient responsibility portion for patients with insurance, the net realizable value is determined using estimates of historical collection experience.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(1) Organization and Summary of Significant Accounting Policies (continued)**

The Corporation has elected to apply the optional exemption in ASC 606-10-50-14a as all performance obligations relate to contracts with duration of less than one year. Under this exemption, the Corporation was not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Any unsatisfied or partially unsatisfied performance obligations at the end of the year are completed within days or weeks of the end of the year.

Net patient service revenue by line of business are as follows:

	<b>Year Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Hospital inpatient and outpatient services	<b>\$ 3,658,694</b>	\$ 3,734,201
Physician services	<b>238,498</b>	245,150
Other	<b>18,739</b>	37,703
Net patient service revenue	<b><u>\$ 3,915,931</u></b>	<u>\$ 4,017,054</u>

**(o) Charity Care**

The Corporation is committed to providing quality healthcare to all, regardless of one's ability to pay. Patients who meet the criteria of its charity care policy receive services without charge or at amounts less than its established rates. The criteria for charity care consider the household income in relation to the federal poverty guidelines. The Corporation provides services at no charge for patients with adjusted gross income equal to or less than 200% of the federal poverty guidelines. For uninsured patients with adjusted gross income greater than 200% of the federal poverty guidelines, a sliding scale discount is applied. Income and asset information obtained from patient credit reporting data are used to determine patients' ability to pay. The Corporation maintains records to identify and monitor the level of charity care it furnished under its charity care policy.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

### **(1) Organization and Summary of Significant Accounting Policies (continued)**

Due to the complexity of the eligibility process, the Corporation provides eligibility services to patients free of charge to assist in the qualification process. These eligibility services include, but are not limited to, the following:

- Financial assistance brochures and other information are posted at each point of service. When patients have questions or concerns, they are encouraged to call a toll-free number to reach customer service representatives during the business day. Financial assistance programs are published on the Corporation's Web site and included on the statements provided to patients.
- The Corporation offers assistance to patients in completing the applications for Medicaid or other government payment assistance programs, or applying for care under the Corporation's charity care policy, if applicable. The Corporation also employs an external firm to assist in the eligibility process.
- Any patient, whether covered by insurance or not, may meet with a UMMS representative and receive financial counseling from UMMS' dedicated financial assistance unit.

The Corporation recognizes that a large number of uninsured and insured patients meet the charity care guidelines but do not respond to the Corporation's attempts to obtain necessary financial information. In these instances, the Corporation uses credit reporting data to properly classify these unpaid balances as charity care as opposed to bad debt expense. Utilization of income and asset information and credit reporting data indicate the vast majority of amounts reported as uncollectible (implicit price concessions) represent amounts due from patients that would otherwise qualify for charity benefits but do not respond to the Corporation's attempts to obtain the necessary financial information. In these cases, reasonable collection efforts are pursued, but yield few collections. Amounts determined to meet the criteria under the charity care policy or determined to be uncollectible from patients are reported as reductions to net patient service revenue.

The amounts reported as charity care represent the cost of rendering such services. Costs incurred are estimated based on the cost-to-charge ratio for each hospital and applied to charity care charges. The Corporation estimates the total direct and indirect costs to provide charity care were \$48,254 and \$48,821 for the years ended June 30, 2020 and 2019, respectively.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### **(1) Organization and Summary of Significant Accounting Policies (continued)**

#### **(p) Nonoperating Income and Expenses, Net**

Other activities that are only indirectly related to the Corporation's primary business of delivering healthcare services are recorded as nonoperating income and expenses, and include investment income, equity in the net income of joint ventures, general donations and fund-raising activities, inherent contributions, changes in fair value of investments, changes in fair value of undesignated interest rate swaps, and settlement payments on interest rate swaps that do not qualify for hedge accounting treatment. Settlement payments on interest rate swaps were approximately \$18,444 and \$15,124 for the years ended June 30, 2020 and 2019, respectively, and are reported within other nonoperating losses, net.

#### **(q) Derivative Financial Instruments**

The Corporation records derivative and hedging activities on the consolidated balance sheets at their respective fair values.

The Corporation utilizes derivative financial instruments to manage its interest rate risks associated with long-term tax-exempt debt. The Corporation does not hold or issue derivative financial instruments for trading purposes.

The Corporation's specific goals are to (a) manage interest rate sensitivity by modifying the reprising or maturity characteristics of some of its tax-exempt debt, and (b) lower unrealized appreciation or depreciation in the market value of the Corporation's fixed-rate tax-exempt debt when that market value is compared with the cost of the borrowed funds. The effect of this unrealized appreciation or depreciation in market value; however, will generally be offset by the income or loss on the derivative instruments that are linked to the debt.

All derivative instruments are reported as other assets or interest rate swap liabilities in the consolidated balance sheets and measured at fair value. Currently, the Corporation is accounting for its interest rate swaps as economic hedges at fair value with changes in the fair value recognized in other nonoperating income and expenses.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### **(1) Organization and Summary of Significant Accounting Policies (continued)**

#### **(r) Excess of Revenue over Expenses from Continuing Operations**

The accompanying consolidated statements of operations and changes in net assets includes a performance indicator, excess of revenues over expenses from continuing operations. Changes in net assets without donor restrictions that are excluded from the performance indicator, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions, which, by donor restrictions, were to be used for the purpose of acquiring such assets), changes in the funded status of defined benefit pension plans, and other items that are required by generally accepted accounting principles to be reported separately.

#### **(s) Income Taxes**

The Corporation and most of its subsidiaries are not-for-profit corporations formed under the laws of the State of Maryland, organized for charitable purposes and recognized by the Internal Revenue Service as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the Code) pursuant to Section 501(a) of the Code. The effect of the taxable status of its for-profit subsidiaries is not material to the consolidated financial statements.

The Corporation follows a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. Management does not believe that there are any unrecognized tax liabilities or benefits that should be recognized.

#### **(t) Donor-Restricted Gifts**

Unconditional promises to give cash and other assets to the Corporation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the promise becomes unconditional. Contributions are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction is satisfied, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Such amounts are classified as other revenue or transfers and additions to property and equipment. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions on the accompanying consolidated statements of operations.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

(In Thousands)

### (1) Organization and Summary of Significant Accounting Policies (continued)

Contributions to be received after one year are discounted at a fixed discount rate commensurate with the risks involved. An allowance for uncollectible contributions receivable is provided based upon management's judgment including such factors as prior collection history, type of contributions, and nature of fund-raising activity.

### (u) Fair Value Measurements

The following methods and assumptions were used by the Corporation in estimating the fair value of its financial instruments:

*Cash and cash equivalents, accounts receivable, assets limited as to use, investments, trade accounts payable, accrued payroll and benefits, other accrued expenses, and advances from third-party payors* – The carrying amounts reported in the consolidated balance sheets approximate the related fair values.

*Pension plan assets* – The Corporation applies Accounting Standards Update (ASU) 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset per Share (or Its Equivalent)*, to its pension plan assets. The guidance permits, as a practical expedient, fair value of investments within its scope to be estimated using the net asset value (NAV) or its equivalent. The alternative investments classified within the fair value hierarchy have been recorded using the NAV.

The Corporation discloses its financial assets, financial liabilities, and fair value measurements of nonfinancial items according to the fair value hierarchy required by generally accepted accounting principles that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted market prices in active markets for identical assets or liabilities (Level 1 measurement) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted market prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access at the measurement date.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### (1) Organization and Summary of Significant Accounting Policies (continued)

- Level 2 inputs are inputs other than quoted market prices including within Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3 inputs are unobservable inputs for the asset or liability.

Assets and liabilities classified as Level 1 are valued using unadjusted quoted market prices for identical assets or liabilities in active markets. The Corporation uses techniques consistent with the market approach and the income approach for measuring fair value of its Level 2 and Level 3 assets and liabilities. The market approach is a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The income approach generally converts future amounts (cash flows or earnings) to a single present value amount (discounted).

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

As of June 30, 2020, and 2019, the Level 2 assets and liabilities listed in the fair value hierarchy tables presented in Notes 3 and 11 utilize the following valuation techniques and inputs:

#### *Cash Equivalents*

The fair value of investments in cash equivalent securities, with maturities within three months of the date of purchase, is determined using techniques that are consistent with the market approach. Significant observable inputs include reported trades and observable broker-dealer quotes.

#### *U.S. Government and Agency Securities*

The fair value of investments in U.S. government, state, and municipal obligations is primarily determined using techniques consistent with the income approach. Significant observable inputs to the income approach include data points for benchmark constant maturity curves and spreads.



# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### **(1) Organization and Summary of Significant Accounting Policies (continued)**

#### *Corporate Obligations*

The fair value of investments in U.S. and international corporate bonds, including commingled funds that invest primarily in such bonds and foreign government bonds, is primarily determined using techniques that are consistent with the market approach. Significant observable inputs include benchmark yields, reported trades, observable broker-dealer quotes, issuer spreads, and security specific characteristics, such as early redemption options. The fair value of collateralized corporate obligations is primarily determined using techniques consistent with the income approach, such as a discounted cash flow model. Significant observable inputs include prepayment speeds and spreads, benchmark yield curves, volatility measures, and quotes.

#### *Derivative Liabilities*

The fair value of derivative contracts is primarily determined using techniques consistent with the market approach. Derivative contracts include interest rate, credit default, and total return swaps. Significant observable inputs to valuation models include interest rates, treasury yields, volatilities, credit spreads, maturity, and recovery rates.

### **(v) Commitments and Contingencies**

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, penalties, and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

### **(w) Going Concern**

Management evaluates whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern within one year after the date the financial statements are issued. As of the date of this report, there are no conditions or events that raise substantial doubt about the Corporation's ability to continue as a going concern.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### (1) Organization and Summary of Significant Accounting Policies (continued)

#### (x) Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### (y) New Accounting Pronouncements

The Corporation adopted ASU 2016-02, *Leases (ASC Topic 842)*, on July 1, 2019. ASC Topic 842 required the recognition of right-of-use assets (ROU) and lease liabilities on the accompanying consolidated balance sheet and the disclosure of qualitative and quantitative information about leasing arrangements. The guidance was adopted using a modified retrospective approach without restating prior comparative periods. The Corporation elected to utilize the transition practical expedient to not reassess whether a contract is or contains a lease, the lease classification and initial direct costs. Additionally, the Corporation also elected the practical expedient which allows the System to treat the lease and non-lease components of a contract as a single component and account for as a lease. The Corporation recognized operating ROU assets and corresponding operating lease liabilities of approximately \$99,000 in the accompanying consolidated balance sheet at July 1, 2019. See further discussion in Note 6.

Effective January 1, 2019, the Corporation adopted ASU 2016-18, *Statement of Cash Flows (Topic 320): Restricted Cash*, which requires that the statement of cash flows explain the change during the period in total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Therefore, amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. See further discussion in Note 3.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

### **(2) COVID-19 Pandemic and the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020**

Maryland Governor Larry Hogan began preparing the State for the COVID-19 pandemic on January 29, 2020 by raising the State's emergency operations center threat to "enhanced." As a result of close monitoring of the pandemic's impact data, on March 5, 2020, Governor Hogan declared a State of Emergency in Maryland, an action that was succeeded by several others intended to limit the spread of COVID-19 in Maryland and ensure residents who required medical care were able to obtain it safely and efficiently. Notably, Governor Hogan issued an executive order on March 16, 2020 restricting elective procedures. As a result, volume in the months of March and April declined significantly and based on the State of Maryland's phased resumption of certain elective procedures in May and June, volumes increased compared to April 2020.

In response to COVID-19, the Coronavirus Aid, Relief and Economic Security (CARES) Act, was signed into law on March 27, 2020. The CARES Act authorizes funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (Relief Fund). Payments from the Relief Fund are to be used to prevent, prepare for, and respond to coronavirus, and shall reimburse the recipient for health care related expenses or lost revenues attributable to coronavirus and not required to be repaid, provided the recipients attest to and comply with the terms and conditions.

The U.S. Department of Health and Human Services' distributions from the Relief Fund include general distribution and targeted distributions to support hospitals in high impact areas and rural providers. For the year ended June 30, 2020, the Corporation received and recognized as other operating revenue, approximately \$199,600 in relief funding. Amounts recognized as revenue could change in the future based on evolving compliance guidance provided by HHS, among other factors, as discussed further in Note 21.

In April 2020, the Corporation requested Medicare advanced payments under the Centers for Medicare and Medicaid Services' Accelerated and Advanced Payment Program designed to increase cash flow to Medicare providers and suppliers impacted by COVID-19. The Medicare advanced payment program allows eligible health care facilities to request up to six months of advance Medicare payments for acute care hospitals or up to three months of advance Medicare payments for other health care providers. The Corporation received approximately \$641,300 of advanced payments with repayment to occur based upon the terms and conditions of the program. Amounts received represent contract liabilities under Topic 606 and are recorded in advances from third party payors within the accompanying consolidated balance sheet as of June 30, 2020.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(2) COVID-19 Pandemic and the Coronavirus Aid, Relief, and Economic Security (CARES) Act of 2020 (continued)**

The CARES Act provided for deferred payment of the employer portion of social security taxes through December 31, 2020, with 50% of the deferred amount to December 31, 2021 and the remaining 50% due December 31, 2022. As of June 30, 2020, the Corporation deferred \$26,971, which is recorded in other long-term liabilities in the accompanying consolidated balance sheet.

**(3) Investments and Assets Limited as to Use**

The carrying values of assets limited as to use were as follows:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Investments held for collateral	\$ 166,507	\$ 113,586
Debt service and reserve funds	37,696	86,157
Construction funds – held by trustee	204,366	279,205
Construction funds – held by the Corporation	174,675	183,917
Board designated funds	116,811	140,689
Self-insurance trust funds	215,162	212,384
Funds restricted by donors	91,975	78,255
Economic and beneficial interests in the net assets of related organizations (Note 13)	170,820	198,101
Total assets limited as to use	<u>1,178,012</u>	1,292,294
Less amounts available for current liabilities	(64,026)	(64,910)
Total assets limited as to use, less current portion	<u>\$ 1,113,986</u>	<u>\$ 1,227,384</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(3) Investments and Assets Limited as to Use (continued)**

The carrying values of assets limited as to use were as follows:

	Investments Held for Collateral	Debt Service and Reserve Funds	Construction Funds	Board Designated Funds	Self- Insurance Trust Funds	Funds Restricted by Donors	Economic and Beneficial Interests	Total
<b>June 30, 2020</b>								
Cash and cash equivalents	\$ 136,101	\$ 15,851	\$ 260,606	\$ 37,409	\$ 591	\$ 13,093	\$ -	\$ 463,651
Corporate obligations	-	-	-	365	12,381	974	-	13,720
Fixed income funds	-	-	-	18,350	394	16,106	-	34,850
U.S. government and agency securities	30,406	21,845	118,435	169	2,782	449	-	174,086
Common stocks, including mutual funds	-	-	-	43,630	5,799	29,569	-	78,998
Alternative investments	-	-	-	16,888	10,830	31,784	-	59,502
Assets held by other organizations	-	-	-	-	182,385	-	170,820	353,205
Total assets limited as to use	<u>\$ 166,507</u>	<u>\$ 37,696</u>	<u>\$ 379,041</u>	<u>\$ 116,811</u>	<u>\$ 215,162</u>	<u>\$ 91,975</u>	<u>\$ 170,820</u>	<u>\$ 1,178,012</u>
<b>June 30, 2019</b>								
Cash and cash equivalents	\$ 31,394	\$ 25,070	\$ 265,160	\$ 19,216	\$ 8,473	\$ 13,924	\$ -	\$ 363,237
Corporate obligations	-	-	-	293	3,015	772	-	4,080
Fixed income funds	-	-	-	26,842	2,944	12,727	-	42,513
U.S. government and agency securities	82,192	61,087	197,962	153	11,151	402	-	352,947
Common stocks, including mutual funds	-	-	-	48,283	7,046	23,074	-	78,403
Alternative investments	-	-	-	45,902	-	27,356	-	73,258
Assets held by other organizations	-	-	-	-	179,755	-	198,101	377,856
Total assets limited as to use	<u>\$ 113,586</u>	<u>\$ 86,157</u>	<u>\$ 463,122</u>	<u>\$ 140,689</u>	<u>\$ 212,384</u>	<u>\$ 78,255</u>	<u>\$ 198,101</u>	<u>\$ 1,292,294</u>

Self-insurance trust funds include amounts held by the Maryland Medicine Comprehensive Insurance Program (MMCIP) for payment of malpractice claims. These assets consist primarily of cash, stocks and fixed-income and corporate obligations. MMCIP is a funding mechanism for the Corporation's malpractice insurance program. As MMCIP is not an insurance provider, transactions with MMCIP are recorded under the deposit method of accounting. Accordingly, the Corporation accounts for its participation in MMCIP by carrying limited-use assets representing the amount of funds contributed to MMCIP and recording a liability for claims, which is included in other current and other long-term liabilities in the accompanying consolidated balance sheets. These assets include the Corporation's portion of the investment pool shared with University of Maryland Faculty Physician, Inc., which is part of the University of Maryland School of Medicine.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(3) Investments and Assets Limited as to Use (continued)**

The related restricted cash and cash equivalents included in Investments Held for Collateral, Debt Service and Reserve Funds, Construction Funds (held by trustee), and Funds Restricted by Donors are included in the accompanying Consolidated Statements of Cash Flows for the years ended June 30, 2020 and 2019.

The carrying values of investments were as follows:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Cash and cash equivalents	\$ 54,553	\$ 61,004
Corporate obligations	56,424	55,023
Fixed income funds	91,095	83,822
U.S. government and agency securities	26,062	23,304
Common stocks	235,673	213,139
Alternative investments:		
Hedge funds/private equity	193,250	137,693
Commingled funds	270,309	311,655
	<u>\$ 927,366</u>	<u>\$ 885,640</u>

Alternative investments include hedge fund, private equity, and commingled investment funds, which are valued using the equity method of accounting. As of June 30, 2020, the majority of these alternative investments are subject to 30 day or less notice requirements and are available to be redeemed on at least a monthly basis. Approximately \$137,700 of the alternative investments were subject to 31–60-day notice requirements and can only be redeemed monthly, quarterly, or annually. Other funds, totaling approximately \$72,500, are subject to over 60-day notice requirements and can only be redeemed monthly, quarterly, or annually. Of the funds with over 60-day notice requirements, approximately \$14,200 are subject to lockup restrictions and are not available to be redeemed until certain time restrictions are met, which range from one to three years. In addition, there are approximately \$5,700 of other funds that are subject to lockup restrictions and are not available to be redeemed until certain time restrictions are met, which range from one to three years. The Corporation had \$5,240 of unfunded commitments in alternative investments as of June 30, 2020.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

### **(3) Investments and Assets Limited as to Use (continued)**

As of June 30, 2019, the majority of these alternative investments are subject to 30 day or less notice requirements and are available to be redeemed on at least a monthly basis. Approximately \$140,600 of the alternative investments were subject to 31–60 day notice requirements and can only be redeemed monthly, quarterly, or annually. Other funds, totaling approximately \$72,000, are subject to over 60-day notice requirements and can only be redeemed monthly, quarterly, or annually. Of the funds with over 60-day notice requirements, approximately \$15,000 are subject to lockup restrictions and are not available to be redeemed until certain time restrictions are met, which range from one to three years. In addition, there are approximately \$5,700 of other funds that are subject to lockup restrictions and are not available to be redeemed until certain time restrictions are met, which range from one to three years.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(3) Investments and Assets Limited as to Use (continued)**

The following table presents investments and assets limited as to use that are measured at fair value on a recurring basis excluding alternative investments in the amount of \$463,559 and \$148,346 (\$88,844 of which is included within investments held by other organizations\*), respectively, which are accounted for under the equity method at June 30, 2020:

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments:				
Cash and cash equivalents	\$ 54,553	\$ –	\$ –	\$ 54,553
Corporate obligations	–	56,424	–	56,424
Fixed income funds	91,095	–	–	91,095
U.S. government and agency securities	7,586	18,476	–	26,062
Common and preferred stocks, including mutual funds	235,673	–	–	235,673
	<b>388,907</b>	<b>74,900</b>	<b>–</b>	<b>463,807</b>
Assets limited as to use:				
Cash and cash equivalents	463,651	–	–	463,651
Corporate obligations	–	13,720	–	13,720
Fixed income funds	34,850	–	–	34,850
U.S. government and agency securities	170,795	3,291	–	174,086
Common and preferred stocks, including mutual funds	78,998	–	–	78,998
Investments held by other organizations	–	264,361	–	264,361
	<b>748,294</b>	<b>281,372</b>	<b>–</b>	<b>1,029,666</b>
	<b>\$ 1,137,201</b>	<b>\$ 356,272</b>	<b>\$ –</b>	<b>\$ 1,493,473</b>

\*“Investments held by other organizations” includes assets of the MMCIP Self-insurance Trust, which holds alternative investments within its portfolios. Alternative investments include hedge fund, private equity, and commingled investment funds, which are valued using the equity method of accounting. As of June 30, 2020, the majority of these alternative investments are subject to 30 day or less notice requirements and are available to be redeemed on at least a monthly basis.



University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(3) Investments and Assets Limited as to Use (continued)**

The following table presents investments and assets limited as to use that are measured at fair value on a recurring basis excluding alternative investments in the amount of \$449,348 and \$73,258, respectively, which are accounted for under the equity method at June 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
Investments:				
Cash and cash equivalents	\$ 61,004	\$ —	\$ —	\$ 61,004
Corporate obligations	—	55,023	—	55,023
Fixed income funds	83,822	—	—	83,822
U.S. government and agency securities	15,581	7,723	—	23,304
Common and preferred stocks, including mutual funds	213,139	—	—	213,139
	<u>373,546</u>	<u>62,746</u>	<u>—</u>	<u>436,292</u>
Assets limited as to use:				
Cash and cash equivalents	363,237	—	—	363,237
Corporate obligations	—	4,080	—	4,080
Fixed income funds	42,513	—	—	42,513
U.S. government and agency securities	352,630	317	—	352,947
Common and preferred stocks, including mutual funds	78,403	—	—	78,403
Investments held by other organizations	—	377,856	—	377,856
	<u>836,783</u>	<u>382,253</u>	<u>—</u>	<u>1,219,036</u>
	<u>\$ 1,210,329</u>	<u>\$ 444,999</u>	<u>\$ —</u>	<u>\$ 1,655,328</u>

Changes to Level 1 and Level 2 securities between June 30, 2020 and 2019 were the result of strategic investments and reinvestments, interest income earnings, and changes in the fair value of investments.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(3) Investments and Assets Limited as to Use (continued)**

The Corporation's total return on its investments and assets limited as to use was as follows:

	<b>Year Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Dividends and interest, net of fees	\$ 17,775	\$ 18,059
Net realized gains	7,551	14,276
Change in fair value of trading securities	<b>(4,368)</b>	24,384
Total investment return	<b>\$ 20,958</b>	<b>\$ 56,719</b>

Total investment return is classified in the accompanying consolidated statements of operations as follows:

	<b>Year Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Nonoperating investment income, net	\$ 24,635	\$ 30,632
Change in fair value of unrestricted investments	<b>(4,884)</b>	24,421
Investment gains on net assets with donor restrictions	<b>1,207</b>	1,666
Total investment return	<b>\$ 20,958</b>	<b>\$ 56,719</b>

Investment return does not include the returns on the economic interests in the net assets of related organizations, the returns on the self-insurance trust funds, returns on undesignated interest rates swaps, or the returns on certain construction funds where amounts have been capitalized.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(4) Property and Equipment**

The following is a summary of property and equipment:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Land	\$ 203,544	\$ 196,004
Buildings	1,495,471	1,496,177
Building and leasehold improvements	1,080,875	1,048,608
Equipment	1,986,526	1,814,503
Construction in progress	635,895	321,660
	<u>5,402,311</u>	<u>4,876,952</u>
Less accumulated depreciation and amortization	<u>(2,845,763)</u>	<u>(2,567,866)</u>
	<u>\$ 2,556,548</u>	<u>\$ 2,309,086</u>

Interest cost capitalized was \$380 and \$0 for years ended June 30, 2020 and 2019, respectively.

Remaining contractual commitments on construction projects were approximately \$172,900 at June 30, 2020, of which approximately \$60,700 relates to Capital Region.

Construction in progress includes building and renovation costs for assets that have not yet been placed into service. These costs relate to major construction projects as well as routine renovations under way at the Corporation's facilities.

**(5) Investments in Joint Ventures**

The Corporation has equity method investments of \$92,485 and \$91,942 at June 30, 2020 and 2019, respectively, in the following unconsolidated joint ventures:

	<b>Ownership %</b>	<b>2020</b>	<b>2019</b>
Mt. Washington Pediatric Hospital, Inc. (Mt. Washington)	50%	\$ 69,025	\$ 67,002
Terrapin Insurance	50%	975	975
Other investments	10-51%	22,485	23,965
		<u>\$ 92,485</u>	<u>\$ 91,942</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(5) Investments in Joint Ventures (continued)**

The Corporation recorded equity in net income of \$3,536 and \$3,624 related to these joint ventures for the years ended June 30, 2020 and 2019, respectively.

The following is a summary of the Corporation's joint ventures' combined unaudited condensed financial information as of and for the years ended June 30:

	<b>2020</b>			
	<b>Mt. Washington</b>	<b>Terrapin</b>	<b>Others</b>	<b>Total</b>
Current assets	\$ 36,255	\$ 23,194	\$ 36,993	\$ 96,442
Noncurrent assets	107,664	294,881	46,096	448,641
Total assets	<u>\$ 143,919</u>	<u>\$ 318,075</u>	<u>\$ 83,089</u>	<u>\$ 545,083</u>
Current liabilities	\$ 13,560	\$ 705	\$ 18,914	\$ 33,179
Noncurrent liabilities	7,746	315,420	12,979	336,145
Net assets	122,613	1,950	51,196	175,759
Total liabilities and net assets	<u>\$ 143,919</u>	<u>\$ 318,075</u>	<u>\$ 83,089</u>	<u>\$ 545,083</u>
Total operating revenue	\$ 61,670	\$ 36,445	\$ 102,477	\$ 200,592
Total operating expenses	(61,533)	(38,494)	(87,599)	(187,626)
Total nonoperating gains (losses), net	2,320	2,049	(80)	4,289
Contributions from (to) owners	-	-	(10,400)	(10,400)
Other changes in net assets, net	3,780	-	(288)	3,492
Increase (decrease) in net assets	<u>\$ 6,237</u>	<u>\$ -</u>	<u>\$ 4,110</u>	<u>\$ 10,347</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(5) Investments in Joint Ventures (continued)**

	2019			
	Mt. Washington	Terrapin	Others	Total
Current assets	\$ 31,609	\$ 52,058	\$ 35,045	\$ 118,709
Noncurrent assets	104,354	242,783	50,079	397,216
Total assets	<u>\$ 135,963</u>	<u>\$ 294,841</u>	<u>\$ 85,121</u>	<u>\$ 515,925</u>
Current liabilities	\$ 14,565	\$ 4,878	\$ 18,850	\$ 38,293
Noncurrent liabilities	6,452	288,013	11,526	305,991
Net assets	114,946	1,950	54,745	171,641
Total liabilities and net assets	<u>\$ 135,963</u>	<u>\$ 294,841</u>	<u>\$ 85,121</u>	<u>\$ 515,925</u>
Total operating revenue	\$ 64,668	\$ 44,898	\$ 105,786	\$ 215,352
Total operating expenses	(61,835)	(49,435)	(96,071)	(207,341)
Total nonoperating gains (losses), net	2,157	4,536	1,446	8,139
Contributions from (to) owners	2,986	–	(9,525)	(6,539)
Other changes in net assets, net	–	–	2,469	2,469
Increase (decrease) in net assets	<u>\$ 7,976</u>	<u>\$ (1)</u>	<u>\$ 4,105</u>	<u>\$ 12,080</u>

**(6) Leases**

The Corporation determines if an arrangement is a lease at inception. Operating leases are included in other assets, other current liabilities, and other long-term liabilities on the consolidated balance sheet. Finance leases are included in property, plant and equipment, other current liabilities, and other long-term liabilities on the accompanying consolidated balance sheet.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

### **(6) Leases (continued)**

The Corporation's leases primarily consist of real estate leases for medical and administrative office buildings and the Corporation determines if an arrangement is a lease at inception of the contract. Operating leases are included in other assets, other current liabilities, and other long-term liabilities on the consolidated balance sheet. Finance leases are included in property, plant and equipment, other current liabilities, and other long-term liabilities on the accompanying consolidated balance sheet.

Lease liabilities are recognized based on the present value, net of the future minimum lease payments over the lease term using the Corporation's incremental borrowing rate based on the information available at commencement. The ROU asset is derived from the lease liability and also includes any lease payments made and excludes lease incentives and initial direct costs incurred. Certain lease agreements for real estate include payments based on actual common area maintenance expenses and others include rental payments adjusted periodically for inflation. These variable lease payments are recognized in other operating expenses, net, but are not included in the right-of-use asset or liability balances. Lease agreements may include one or more renewal options which are at the Corporation's sole discretion. The Corporation does not consider the renewal options to be reasonably likely to be exercised, therefore they are not included in ROU assets and lease liabilities. Lease expense for minimum lease payments is recognized on a straight-line basis over the lease term for operating leases.

In accordance with ASC 842, the Corporation has elected to not recognize ROU assets and lease liabilities for short-term leases with a lease term of 12 months or less. The Corporation recognizes the lease payments associated with its short-term leases as an expense on a straight-line basis over the lease term. Variable lease payments associated with these leases are recognized and presented in the same manner as all other leases.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(6) Leases (continued)**

The following table summarizes the components of operating and finance lease assets and liabilities classified as current and noncurrent on the accompanying consolidated balance sheet as of June 30, 2020:

<b>Operating leases</b>	<b>Balance sheet classification</b>	
Operating lease ROU asset	Other assets	\$ 92,333
Operating lease obligation – current	Other current liabilities	(12,724)
Operating lease obligation- long-term	Other long-term liabilities	(81,951)
<b>Finance leases</b>		
Finance lease ROU asset	Property and equipment, net	\$ 47,598
Current finance lease liabilities	Other current liabilities	(760)
Long-term finance lease liabilities	Other long-term liabilities	(55,310)

The components of lease expense for the year ended June 30, 2020, were as follows:

Finance lease expense:	
Amortization of ROU assets	\$ 1,518
Interest on lease liabilities	1,992
Total finance lease expense	<u>3,510</u>
Operating lease expense	16,159
Short-term/variable lease expense	12,848
Total lease expense	<u>\$ 32,517</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(6) Leases (continued)**

Commitments related to noncancelable operating and finance leases for each of the next five years and thereafter as of June 30, 2020, are as follows:

	<u>Operating</u>	<u>Finance</u>
2021	\$ 15,896	\$ 2,833
2022	14,425	2,866
2023	12,496	2,900
2024	11,959	2,936
2025	10,621	2,973
Thereafter	49,504	61,586
Total	<u>114,901</u>	<u>76,094</u>
Less: Present value discount	<u>(20,226)</u>	<u>(20,024)</u>
Lease liabilities	<u>\$ 94,675</u>	<u>\$ 56,070</u>

Other information for the year ended June 30, 2020 is as follows:

Weighted average remaining lease terms (in years):	
Finance leases	11.17
Operating leases	10.25
Weighted average discount rate:	
Finance leases	3.72%
Operating leases	3.58%

Because the Corporation elected to use the modified retrospective transition approach, the Corporation is required to include the disclosures required prior the adoption of ASU 2016-02 for 2019.



University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(6) Leases (continued)**

The following is a summary of all property and equipment under capital leases at June 30, 2019:

Land	\$ 3,770
Buildings	29,230
Equipment	<u>28,571</u>
	61,571
Less accumulated amortization	<u>(26,261)</u>
	<u><u>\$ 35,310</u></u>

Rent expense under operating leases for the year ended June 30, 2019 amounted to \$35,912.

The future noncancelable minimum lease payments under operating leases are as follows for the years ending June 30:

2020	\$ 9,464
2021	7,076
2022	6,768
2023	6,522
2024	6,158
Thereafter	<u>13,791</u>
	<u><u>\$ 49,779</u></u>

The Corporation rents property used for administration under a 99-year lease. As of June 30, 2019, the lease was recorded as a capital lease and recorded \$38,093. The lease includes an option for the Corporation to purchase the property. Management exercised the option on October 21, 2019 to purchase the property for \$40,000 in January 2031. The Corporation accounted for the option to purchase the underlying asset as a lease modification as a part of the existing contract and remeasured the finance lease liability and corresponding finance asset.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(6) Leases (continued)**

Future minimum lease payments under capital leases, together with the present value of the net minimum lease payments, are as follows as of June 30, 2019:

2020	\$ 2,811
2021	1,862
2022	1,145
2023	891
2024	891
Thereafter	<u>52,083</u>
Total minimum lease payments	59,683
Less amounts representing interest	<u>(7,156)</u>
Present value of net minimum lease payments	<u>\$ 52,527</u>

**(7) Line of Credit**

For the fiscal years ended June 30, 2020 and 2019, the Corporation had a \$250,000 revolving line of credit outstanding with a syndicate of banking partners. The line of credit is annually renewing and the current expiration date is August 25, 2021. Interest is calculated based on an optional base rate or percentage of 1-month LIBOR plus a credit spread. As of June 30, 2020 and 2019, the amount outstanding on the line of credit was \$193,500 and \$161,300, respectively. The calculated interest rates as of June 30, 2020 and 2019 was a range from 0.89% to 3.25%.

For the fiscal year ended June 30, 2020, the Corporation had \$225,000 in additional lines of credit consisting of separate agreements with three banking partners. The borrowing facilities were put in place to provide additional access to liquidity in the event it would be needed during the COVID-19 pandemic, and each of the facilities expires no later than May 2021. All three borrowing facilities call for interest to be calculated on the drawn amount based on a percentage of one-month LIBOR, subject to a percentage floor, plus a credit spread. As of June 30, 2020, there were \$0 outstanding on these lines of credit, and the calculated interest rate on that date would have been within a range of 1.69% to 2.25% across the three facilities.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(8) Long-Term Debt and Other Borrowings**

Long-term debt consists of the following:

	Interest Rate	Payable in Fiscal Year(s)	June 30	
			2020	2019
MHHEFA project revenue bonds:				
Corporation issue, payments due annually UCHS Term Loan:				
Series 2017D/E Bonds	4.00%–4.17%	2045–2049	\$ 189,965	\$ 189,965
Series 2017B/C Bonds	2.23%–5.00%	2018–2040	256,455	260,835
Series 2017A Bonds	Variable rate	2017–2043 <sup>(1)</sup>	42,840	44,010
Series 2016A–F Bonds	Variable rate	2017–2042 <sup>(1)</sup>	309,500	314,270
Series 2015 Bonds	3.63%–5.00%	2016–2042	73,630	75,060
Series 2013 Bonds	4.00%–5.00%	2014–2044	335,545	339,465
Series 2010 Bonds	4.75%–5.25%	2011–2032	41,510	50,210
Series 2008D/E Bonds	Variable rate	2025–2042	105,000	105,000
Series 2008F Bonds	4.50%–5.25%	2009–2024	20,630	27,555
Series 2007A Bonds	Variable rate	2008–2035	76,425	79,440
MHHEFA Pooled Loan Program	Variable rate	2017–2035	16,149	17,099
Other long-term debt:				
UCHS Term Loan	Variable rate	2021	150,000	150,000
Term loans	1.86%–4.44%	2009–2022	7,356	9,377
Other loans, mortgages and notes payable	3.25%–6.73%	Monthly, 1991–2025	12,678	17,893
Total debt			1,637,683	1,680,179
Less current portion of long-term debt			40,468	47,621
Less short-term financing			150,000	150,000
Less long-term debt subject to short-term remarketing agreements			28,794	18,895
			1,418,421	1,463,663
Plus unamortized premiums and discounts, net			28,713	30,762
Plus unamortized deferred financing costs			(8,877)	(9,465)
			\$ 1,438,257	\$ 1,484,960

<sup>(1)</sup>Mandatory purchase options are due in the following (fiscal years), unless the bondholding bank and the Obligated Group agree to an extension: Series 2016A (2024), 2016B (2022), 2016C&D (2024), 2016E&F (2027), and 2017A (2022).

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### **(8) Long-Term Debt and Other Borrowings (continued)**

Pursuant to an Amended and Restated Master Loan Agreement dated December 1, 2017 (UMMS Master Loan Agreement), the Corporation and several of its subsidiaries have issued debt through Maryland Health and Higher Educational Facilities Authority (MHHEFA or the Authority). As security for the performance of the bond obligation under the Master Loan Agreement, the Authority maintains a security interest in the revenue of the obligors. The UMMS Master Loan Agreement contains certain restrictive covenants. These covenants require that rates and charges be set at certain levels, limit incurrence of additional debt, require compliance with certain operating ratios and restrict the disposition of assets.

The Obligated Group under the UMMS Master Loan Agreement includes the Medical Center, ROI, UM Midtown, UM Baltimore Washington, Shore Health (UM Memorial and UM Dorchester), UM Chester River, UM Charles Regional, UM St. Joseph, UM Upper Chesapeake, UM Harford Memorial, UM Laurel, UM Prince George's, Bowie Health Center (Bowie), and the UMMS Foundation. Each member of the Obligated Group is jointly and severally liable for the repayment of the obligations under the UMMS Master Loan Agreement.

Under the terms of the UMMS Master Loan Agreement and other loan agreements, certain funds are required to be maintained on deposit with the Master Trustee to provide for repayment of the obligations of the Obligated Group (Note 3).

The Corporation has a term loan in the amount of \$150,000 related to the acquisition of Upper Chesapeake, which expires on March 1, 2021. The Corporation intends to obtain long term financing prior to its maturity date, and has classified this obligation as a short-term financing at June 30, 2020 and 2019, in the consolidated balance sheets. See further discussion in Subsequent Events (Note 21).

In December 2018, MHHEFA issued \$145,265 of tax-exempt Revenue Bonds, Series 2017D, and \$44,700 taxable Revenue Bonds, Series 2017E. These proceeds are to be used for the purpose of financing a portion of the costs of acquisition, construction and equipping of certain capital projects related to Capital Region, including (a) construction of a new regional medical center and an adjacent new ambulatory care center and (b) construction of a new freestanding medical facility.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### (8) Long-Term Debt and Other Borrowings (continued)

The aggregate annual future maturities of long-term debt according to the original terms of the Master Loan Agreement and all other loan agreements are as follows for the years ending June 30:

2021	\$ 219,262
2022	260,771
2023	71,073
2024	196,073
2025	39,036
Thereafter	851,468
	<u>\$ 1,637,683</u>

The Corporation's Series 2007A and 2008D-E Bonds are variable rate demand bonds requiring remarketing agents to purchase and remarket any bonds tendered before the stated maturity date. The reimbursement obligations with respect to the letters of credit are evidenced and secured by the respective bonds. To provide liquidity support for the timely payment of any bonds that are not successfully remarketed, the Corporation has entered into letter-of-credit agreements with three banking institutions. These agreements have terms that expire in 2021 through 2022. If the bonds are not successfully remarketed, the Corporation is required to pay an interest rate specified in the letter-of-credit agreement, and the principal repayment of bonds may be accelerated to require repayment in periods ranging from 20 to 60 months from the date of the failed remarketing. The Corporation has reflected the amount of its long-term debt that is subject to these short-term remarketing arrangements as a separate component of current liabilities in its consolidated balance sheets. In the event that bonds are not remarketed, the Corporation maintains available letters of credit and has the ability to access other sources to obtain the necessary liquidity to comply with accelerated repayment terms. All variable rate demand bonds were successfully remarketed as of June 30, 2020 and 2019.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(8) Long-Term Debt and Other Borrowings (continued)**

The approximate interest rates on outstanding debt bearing interest at variable rates were as follows:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Series 2008D Bonds	<b>0.11%</b>	1.92%
Series 2008E Bonds	<b>0.12</b>	1.85
Series 2007A Bonds	<b>0.09</b>	1.85
Series 2016A Bonds	<b>1.13</b>	2.74
Series 2016B Bonds	<b>1.01</b>	2.62
Series 2016C Bonds	<b>0.75</b>	2.54
Series 2016D Bonds	<b>0.98</b>	2.63
Series 2016E Bonds	<b>0.87</b>	2.66
Series 2016F Bonds	<b>0.84</b>	2.63
Series 2017A Bonds	<b>0.67</b>	2.46
Series 1985 Pooled Loan Program (MHHEFA)	<b>1.00</b>	2.40
UCHS Term Loan	<b>0.89</b>	3.10

**(9) Interest Rate Risk Management**

The Corporation uses a combination of fixed and variable rate debt to finance capital needs. The Corporation maintains an interest rate risk-management strategy that uses interest rate swaps to minimize significant, unanticipated earnings fluctuations that may arise from volatility in interest rates.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(9) Interest Rate Risk Management (continued)**

At June 30, 2020 and 2019, the Corporation's notional values of outstanding interest rate swaps were \$735,015 and \$746,348, respectively, the details of which were as follows:

	Notional Amount	Pay Rate	Receive Rate	Maturity Date	Mark to Market
<b>June 30, 2020</b>					
Swap #1	\$ 79,800	3.59%	70% 1-month LIBOR	7/1/2031	\$ (15,036)
Swap #2	84,000	3.93	68% 1-month LIBOR	7/1/2041	(45,040)
Swap #3	21,000	4.24	68% 1-month LIBOR	7/1/2041	(12,364)
Swap #4	32,025	3.99	67% 1-month LIBOR	7/1/2034	(8,987)
Swap #5	24,770	3.54	70% 1-month LIBOR	7/1/2031	(4,606)
Swap #6	196,000	3.93	68% 1-month LIBOR	7/1/2041	(105,113)
Swap #7	49,000	4.24	68% 1-month LIBOR	7/1/2041	(28,855)
Swap #8	74,700	4.00	67% 1-month LIBOR	7/1/2034	(21,020)
Swap #9	2,465	3.63	67% 1-month LIBOR	7/1/2032	(307)
Swap #10	95,475	3.92	67% 1-month LIBOR	1/1/2043	(38,240)
Swap #11	75,780	0.51	67% 1-month LIBOR + 0.5133%	1/1/2038	2,351
	<u>735,015</u>				<u>(277,217)</u>
Valuation adjustments		-			6,787
Total	<u>\$ 735,015</u>				<u>\$ (270,430)</u>
<b>June 30, 2019</b>					
Swap #1	\$ 80,998	3.59%	70% 1-month LIBOR	7/1/2031	\$ (11,813)
Swap #2	84,000	3.93	68% 1-month LIBOR	7/1/2041	(31,398)
Swap #3	21,000	4.24	68% 1-month LIBOR	7/1/2041	(8,869)
Swap #4	33,200	3.99	67% 1-month LIBOR	7/1/2034	(7,048)
Swap #5	25,160	3.54	70% 1-month LIBOR	7/1/2031	(3,589)
Swap #6	196,000	3.93	68% 1-month LIBOR	7/1/2041	(73,275)
Swap #7	49,000	4.24	68% 1-month LIBOR	7/1/2041	(20,698)
Swap #8	77,450	4.00	67% 1-month LIBOR	7/1/2034	(16,496)
Swap #9	2,850	3.63	67% 1-month LIBOR	7/1/2032	(269)
Swap #10	98,425	3.92	67% 1-month LIBOR	1/1/2043	(27,914)
Swap #11	78,265	0.51	67% 1-month LIBOR + 0.5133%	1/1/2038	2,299
	<u>746,348</u>				<u>(199,070)</u>
Valuation adjustments		-			2,896
Total	<u>\$ 746,348</u>				<u>\$ (196,174)</u>

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

### **(9) Interest Rate Risk Management (continued)**

The mark-to-market values of the Corporation's interest rate swaps include a valuation adjustment representing the creditworthiness of the counterparties to the swaps.

The Corporation recorded a net nonoperating loss on changes in the fair value of nonqualifying interest rate swaps of \$75,811 and \$47,995 for the years ended June 30, 2020 and 2019, respectively.

The swap agreements are included in the consolidated balance sheets at their fair value of \$270,430 and \$196,174 as of June 30, 2020 and 2019, respectively, an amount that is based on observable inputs other than quoted market prices in active markets for identical liabilities (Level 2 in the fair value hierarchy).

The Corporation is subject to a collateral posting requirement with two of its swap counterparties. Collateral posting requirements are based on the Corporation's long-term debt credit ratings, as well as the net liability position of total interest rate swap agreements outstanding with that counterparty. The amount of such posted collateral was \$165,848 and \$109,934 at June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, the Corporation met its collateral posting requirement through the use of collateralized investments and cash equivalents, which were selected and purchased by the Corporation and subsequently transferred to the custody of the swap counterparty. The amount of posted investments that is required to meet the collateral requirement is computed daily and is accounted for as a component of the Corporation's assets limited as to use on the accompanying consolidated balance sheets as of that date. Any excess investment value is considered a component of the Corporation's unrestricted investment portfolio and is included in investments on the accompanying consolidated balance sheets as of that date.



University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(10) Other Liabilities**

Other liabilities consist of the following:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Professional and general malpractice liabilities	\$ 351,441	\$ 313,136
Accrued pension obligations	130,903	108,533
Lease obligations – Operating	94,675	–
Lease obligations – Finance (capital in prior year)	56,070	52,527
Deferred payroll taxes	26,971	–
Accrued interest payable	22,200	21,922
Other miscellaneous	100,941	70,666
Total other liabilities	<u>783,201</u>	566,784
Less current portion	<u>(129,813)</u>	(127,760)
Other long-term liabilities	<u>\$ 653,388</u>	<u>\$ 439,024</u>

Other miscellaneous liabilities consist of patient credit balances, unearned revenue and other current and long-term liabilities.

**(11) Retirement Plans**

Employees of the Corporation are included in various retirement plans established by the Corporation, the Medical Center, ROI, Midtown, Baltimore Washington, Shore Regional, Charles Regional, St. Joseph, Upper Chesapeake, and Capital Region. Participation by employees in their specific plan(s) has evolved based upon the organization by which they were first employed and the elections that they made at the times when their original employers became part of the Corporation. The following is a brief description of each of the retirement plans in which employees of the Corporation participate:

**(a) Defined Benefit Plans**

*University of Maryland Medical Center Midtown Campus Retirement Plan for Non-Union Employees (Midtown Plan)* – A noncontributory defined benefit plan covering substantially all nonunion employees. The benefits are based on years of service and compensation. Contributions

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

(In Thousands)

### (11) Retirement Plans (continued)

to this plan are made to satisfy the minimum funding requirements of ERISA. In 2006, Midtown froze the defined benefit pension plan.

*Baltimore Washington Medical Center Pension Plan (Baltimore Washington Plan)* – A noncontributory defined benefit pension plan covering full-time employees who have been employed for at least one year and have reached 21 years of age. In 2018, Baltimore Washington closed the defined benefit pension plan to new hires.

*Baltimore Washington Medical Center Supplemental Executive Retirement Plan* – A noncontributory defined benefit pension plan for senior management level employees. In 2018, Baltimore Washington terminated the defined benefit pension plan and liquidation of its remaining benefit obligation using its plan assets was completed on December 29, 2017.

On June 30, 2015, the Corporation amended the Baltimore Washington Medical Center Pension Plan to provide for the merger of the Midtown Plan and the Charles Regional Plan into the Baltimore Washington Plan and to change the name of the newly consolidated plan to the University of Maryland Medical System Corporate Pension Plan (the Corporate Plan). All provisions of the respective previous plans shall continue to apply to the respective applicable participants. All of the assets of the three formerly separate plans are now available to pay benefits for all participants under the newly consolidated Corporate Plan.

*Chester River Health System, Inc. Pension Plan and Trust* – A noncontributory defined benefit pension plan covering substantially all CRHC employees as well as employees of a subsidiary. The benefits are paid to retirees based upon age at retirement, years of service, and average compensation. Chester River's funding policy is to satisfy the minimum funding requirements of ERISA. Effective June 30, 2008, Chester River froze the defined-benefit pension plan. On March 31, 2018, Chester River terminated the defined benefit pension plan and liquidation of its remaining benefit obligation using its plan assets was completed as of June 30, 2019.

*Civista Health Inc. Retirement Plan and Trust (Charles Regional Plan)* – A noncontributory defined benefit pension plan covering employees that have worked at least one thousand hours per year during three or more plan years. Plan benefits are accumulated based upon a combination of years of service and percent of annual compensation. Charles Regional makes annual contributions to the plan based upon amounts required to be funded under provisions of ERISA.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

(In Thousands)

### (11) Retirement Plans (continued)

*Upper Chesapeake Health System, Inc. Pension Plan and Trust* – A noncontributory defined benefit pension plan covering substantially all employees of the various affiliates of Upper Chesapeake who have completed six months of employment and attained the age of twenty and a half years. Upper Chesapeake makes annual contributions to the plan equal to the minimum funding requirements pursuant to ERISA regulations. On December 31, 2005, Upper Chesapeake froze the defined benefit pension plan. On June 30, 2015, Upper Chesapeake terminated the defined benefit pension plan and liquidation of its remaining benefit obligation using its plan assets was completed by September 30, 2017.

*Dimensions Health Corporation Pension Plan (Capital Region Pension Plan)* – A noncontributory defined benefit pension plan covering substantially all employees. For employees not covered under collective-bargaining agreements and employees who are represented by the 1199 SEIU Health Care Workers East – Health Care Workers union (formerly District 1199E-DC, SEIU union and formerly Local No. 63 union), the Plan operates as a cash balance plan. The annual contribution by the Corporation is allocated to individual employee accounts based on years of service and the individual's retirement account. For employees represented by the 1199 SEIU Health Care Workers East – Registered Nurses Chapter union (formerly Professional Staff Nurses Association union), benefits are based on years of service and average final compensation. On December 31, 2007, the Capital Region Pension Plan was frozen. No further benefit accruals will be made to the Plan. The Plan freeze substantially reduces annual funding obligations beginning with Plan year 2008. The Corporation's funding policy is to contribute such actuarially determined amounts as necessary to provide assets sufficient to meet the benefits to be paid to the Plan participants and to meet the funding requirements of the Employees Retirement Income Security Act of 1974 (ERISA).

*Dimensions Health Corporation Post Retirement Benefit Plans (Capital Region Post Retirement Benefit Plans)* – A postretirement health care plan is provided to both salaried and non-salaried employees who have retired and certain other employees who were eligible to retire prior to July 1, 1995. The plan is contributory for those who retired prior to July 1, 1995, with retiree contributions adjusted annually. Employees who retired on July 1, 1995 and later are eligible to participate in the plan by paying 100% of the premiums without corporate contributions. The Corporation's policy has been to fund this plan on an as needed basis.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(11) Retirement Plans (continued)**

A defined postretirement life insurance plan is a noncontributory plan for all eligible retirees prior to July 1, 2001. For employees represented by the 1199 SEIU Health Care Workers East – Registered Nurses Chapter union, the plan was no longer offered to new retirees as of July 1, 1999. Effective July 1, 2001, the plan was modified to become contributory for the nonunion employees and employees represented by the 1199 SEIU Health Care Workers East – Health Care Workers union who retired prior to July 1, 2001 and for the employees represented by the 1199 SEIU Health Care Workers East – Registered Nurses Chapter union who retired prior to July 1, 1999. The Corporation's policy has been to fund its share of these benefits as they are incurred.

The Corporation recognizes the funded status (i.e., the difference between the fair value of plan assets and projected benefit obligations) of its defined benefit pension plans as an asset or liability in its consolidated balance sheets. The Corporation recognizes changes in the funded status in the year in which the changes occur as changes in unrestricted net assets. All defined benefit pension plans use a June 30 measurement date.

The following tables set forth the combined benefit obligations and assets of the defined benefit plans:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Change in projected benefit obligations:		
Benefit obligations at beginning of year	\$ 425,709	\$ 431,340
Settlements	–	(37,686)
Service cost	3,337	3,093
Interest cost	15,299	17,812
Actuarial loss	30,743	30,783
Benefit payments	(26,091)	(19,633)
Projected benefit obligations at end of year	<u>\$ 448,997</u>	<u>\$ 425,709</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 317,176	\$ 340,130
Actual return on plan assets	9,529	16,354
Settlements	–	(38,544)
Employer contributions	17,480	18,869
Benefit payments	(26,091)	(19,633)
Fair value of plan assets at end of year	<u>\$ 318,094</u>	<u>\$ 317,176</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(11) Retirement Plans (continued)**

The funded status of the plans and amounts recognized as accrued payroll and benefits and other long-term liabilities in the accompanying consolidated balance sheets are as follows:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Funded status, end of period:		
Fair value of plan assets	<b>\$ 318,094</b>	\$ 317,176
Projected benefit obligations	<b>448,997</b>	425,709
Net funded status	<b>(130,903)</b>	(108,533)
Accumulated benefit obligation at end of year	<b>446,100</b>	423,017
Amounts recognized in consolidated balance sheets at June 30:		
Accrued pension obligation	<b>(130,903)</b>	(108,533)
	<b>(130,903)</b>	(108,533)
Amounts recognized in net assets without donor restrictions at June 30:		
Net actuarial gain (loss)	<b>(108,221)</b>	(71,177)
Prior service cost	<b>(86)</b>	(159)
	<b>\$ (108,307)</b>	\$ (71,336)

The accrued pension obligation includes \$98,365 and \$82,694 as of June 30, 2020 and 2019, respectively, related to the Capital Region Pension Plan described above.

The estimated amounts that will be amortized from net assets without donor restrictions into net periodic pension cost in fiscal year 2020 are as follows:

Net actuarial loss	\$ 7,829
Prior service cost	72
	<b>\$ 7,901</b>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(11) Retirement Plans (continued)**

The components of net periodic pension cost are as follows:

	<b>Year Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Service cost	\$ 3,337	\$ 3,093
Interest cost	15,299	17,812
Expected return on plan assets	(19,782)	(19,849)
Prior service cost recognized	72	76
Recognized gains or losses	3,953	8,173
Net periodic pension cost	<u>\$ 2,879</u>	<u>\$ 9,305</u>

Components of net benefit cost other than the service cost of \$3,337 in 2020 and \$3,093 in 2019 were recorded in other nonoperating losses, net in the accompanying consolidated statement of operations and changes in net assets for the years ended June 30, 2020 and 2019. Service cost is included as a component of fringe benefits, which is recorded as salaries, wages, and benefits in the accompanying consolidated statements of operations.

The following table presents the weighted average assumptions used to determine benefit obligations for the plans:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Discount rate	2.34–%3.03%	3.25%–3.70%
Rate of compensation increase (for nonfrozen plan)	3.00	3.00

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(11) Retirement Plans (continued)**

The following table presents the weighted average assumptions used to determine net periodic benefit cost for the plans:

	<b>Year Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Discount rate	<b>3.25%–3.70%</b>	4.22%–4.69%
Expected long-term return on plan assets	<b>6.00–6.50</b>	6.25–6.50
Rate of compensation increase (for nonfrozen plan)	<b>3.00</b>	3.00

The investment policies of the Corporation’s pension plans incorporate asset allocation and investment strategies designed to earn superior returns on plan assets consistent with reasonable and prudent levels of risk. Investments are diversified across classes, sectors, and manager style to minimize the risk of loss. The Corporation uses investment managers specializing in each asset category, and regularly monitors performance and compliance with investment guidelines. In developing the expected long-term rate of return on assets assumption, the Corporation considers the current level of expected returns on risk-free investments, the historical level of the risk premium associated with the other asset classes in which the portfolio is invested, and the expectations for future returns of each asset class. The expected return for each asset class is then weighted based on the target allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

The Corporation’s pension plans’ target allocation and weighted average asset allocations at the measurement date of June 30, 2020 and 2019, by asset category, are as follows:

<b>Asset Category</b>	<b>Target Allocation</b>	<b>Percentage of Plan Assets as of June 30</b>	
		<b>2020</b>	<b>2019</b>
Cash and cash equivalents	0–10%	<b>8%</b>	4%
Fixed income securities	20–40	<b>29</b>	28
Equity securities	30–50	<b>38</b>	41
Global assets allocation	10–20	<b>16</b>	17
Hedge funds	5–15	<b>9</b>	10
		<b>100%</b>	<b>100%</b>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(11) Retirement Plans (continued)**

Equity and fixed income securities include investments in hedge fund of funds that are categorized in accordance with each fund's respective investment holdings.

The table below presents the Corporation's combined investable assets of the defined benefit pension plans aggregated by the fair value hierarchy as described in Note 1(u):

	Level 1	Level 2	Level 3	Investments Reported at NAV*	Total
<b>June 30, 2020</b>					
Cash and cash equivalents	\$ 13,728	\$ 11,120	\$ –	\$ –	\$ 24,848
Corporate obligations	–	21,447	–	–	21,447
Government and agency bonds	7,565	9,993	–	–	17,558
Fixed income funds	–	–	–	12,639	12,639
Common and preferred stocks	25,047	–	–	–	25,047
Equity mutual funds	36,973	12,749	–	10,084	59,806
Other mutual funds	22,405	–	–	–	22,405
Alternative investments	–	–	–	134,344	134,344
	<b>\$ 105,718</b>	<b>\$ 55,309</b>	<b>\$ –</b>	<b>\$ 157,067</b>	<b>\$ 318,094</b>
<b>June 30, 2019</b>					
Cash and cash equivalents	\$ 7,324	\$ 4,589	\$ –	\$ –	\$ 11,913
Corporate obligations	–	19,531	–	–	19,531
Government and agency bonds	16,509	–	–	–	16,509
Fixed income funds	12,430	–	–	–	12,430
Common and preferred stocks	21,840	–	–	–	21,840
Equity mutual funds	45,633	15,096	–	–	60,729
Other mutual funds	26,582	–	–	–	26,582
Alternative investments	–	–	–	147,642	147,642
	<b>\$ 130,318</b>	<b>\$ 39,216</b>	<b>\$ –</b>	<b>\$ 147,642</b>	<b>\$ 317,176</b>

\*Fund investments reported at NAV as practical expedient.



# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### (11) Retirement Plans (continued)

Alternative investments include hedge funds and commingled investment funds. The majority of these alternative investments held as of June 30, 2020 are subject to notice requirements of 30 days or less and are available to be redeemed on at least a monthly basis. There are funds, totaling \$30,000, which are subject to notice requirements of 30-60 days and are available to be redeemed on a monthly or quarterly basis. Funds totaling \$13,000 are subject to notice requirements of 90 days and can be redeemed monthly or quarterly. Of these funds, one fund totaling \$1,900 is subject to a lock-up restriction of three years. The Corporation had no unfunded commitments as of June 30, 2020.

Alternative investments include hedge funds and commingled investment funds. The majority of these alternative investments held as of June 30, 2019 are subject to notice requirements of 30 days or less and are available to be redeemed on at least a monthly basis. There are funds, totaling \$33,000, which are subject to notice requirements of 30-60 days and are available to be redeemed on a monthly or quarterly basis. Funds totaling \$14,500 are subject to notice requirements of 90 days and can be redeemed monthly or quarterly. Of these funds, one fund totaling \$2,100 is subject to a lock-up restriction of three years. In addition, one fund totaling \$13 is subject to lockup restrictions and is not available to be redeemed until certain time restrictions are met, which range from one to three years. The Corporation had no unfunded commitments as of June 30, 2019.

The Corporation expects to contribute \$18,820 to its defined benefit pension plans for the fiscal year ended June 30, 2021.

The following benefit payments, which reflect expected future employee service, as appropriate, are expected to be paid from plan assets in the following years ending June 30:

2021	\$	24,353
2022		24,555
2023		25,262
2024		25,758
2025		25,386
2026–2030		124,468

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(11) Retirement Plans (continued)**

The expected benefits to be paid are based on the same assumptions used to measure the Corporation's benefit obligation at June 30, 2020.

**(b) Defined Contribution Plans**

The Corporation offers a number of defined contribution benefits through 403(b) and 401(k) programs that were established by its affiliate hospitals. These plans allow for deferral of compensation or employer matching of compensation subject to vesting requirements.

Total annual retirement costs incurred by the Corporation for the previously discussed defined contribution plans were \$50,456 and \$48,972 for the years ended June 30, 2020 and 2019, respectively. Such amounts are included in salaries, wages and benefits in the accompanying consolidated statements of operations.

**(12) Net Assets with Donor Restrictions**

Net assets are restricted primarily for the following purposes:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Facility construction and renovations, research, education, and other:		
Capital Region	\$ 424,034	\$ 424,034
All others	161,110	142,084
Economic and beneficial interests in the net assets of related organizations	170,820	198,101
	<u>\$ 755,964</u>	<u>\$ 764,219</u>

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### (12) Net Assets with Donor Restrictions (continued)

Net assets were released from donor restrictions by expending funds satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

	Year Ended June 30	
	2020	2019
Purchases of equipment and construction costs	\$ 18,791	\$ 14,130
Research, education, uncompensated care, and other	6,307	4,279
	<u>\$ 25,098</u>	<u>\$ 18,409</u>

The Corporation's endowments consist of donor-restricted funds established for a variety of purposes. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

#### (a) Interpretation of Relevant Law

The Corporation has interpreted the Maryland Uniform Prudent Management of Institutional Funds Act (MUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Corporation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund are classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by MUPMIFA. In accordance with MUPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Corporation and the donor-restricted endowment fund
3. General economic conditions

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(12) Net Assets with Donor Restrictions (continued)**

4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Corporation
7. The investment policies of the Corporation.

Endowment net assets are as follows:

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>June 30, 2020</b>			
Donor-restricted endowment funds	\$ 43	\$ 67,165	\$ 67,208
<b>June 30, 2019</b>			
Donor-restricted endowment funds	\$ 39	\$ 65,433	\$ 65,472

Donor restricted endowment funds within net assets with donor restrictions whose use is restricted in perpetuity were \$50,243 and \$48,826 as of June 30, 2020 and 2019, respectively.

**Funds with Deficiencies**

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or MUPMIFA requires the Corporation to retain as a fund of perpetual duration. The Corporation does not have any donor-restricted endowment funds that are below the level that the donor or MUPMIFA requires.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

### **(12) Net Assets with Donor Restrictions (continued)**

#### **Investment Strategies**

The Corporation has adopted policies for corporate investments, including endowment assets that seek to maximize risk-adjusted returns with preservation of principal. Endowment assets include those assets of donor-restricted funds that the Corporation must hold in perpetuity or for a donor-specified period(s). The endowment assets are invested in a manner that is intended to hold a mix of investment assets designed to meet the objectives of the account. The Corporation expects its endowment funds, over time, to provide an average rate of return that generates earnings to achieve the endowment purpose.

To satisfy its long-term rate-of-return objectives, the Corporation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Corporation employs a diversified asset allocation structure to achieve its long-term return objectives within prudent risk constraints.

The Corporation monitors the endowment funds' returns and appropriates average returns for use. In establishing this practice, the Corporation considered the long-term expected return on its endowment. This is consistent with the Corporation's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

### **(13) Economic and Beneficial Interests in the Net Assets of Related Organizations**

The Corporation is supported by several related organizations that were formed to raise funds on behalf of the Corporation and certain of its subsidiaries. These interests are accounted for as either economic or beneficial interests in the net assets of such organizations.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(13) Economic and Beneficial Interests in the Net Assets of Related Organizations  
(continued)**

The following is a summary of economic and beneficial interests in the net assets of financially interrelated organizations:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Economic interests in:		
UCH Legacy Funding Corporation	\$ 122,430	\$ 150,000
The James Lawrence Kernan Hospital Endowment Fund, Incorporated	34,766	33,099
Baltimore Washington Medical Center Foundation, Inc.	9,213	10,337
Total economic interests	<u>166,409</u>	<u>193,436</u>
Beneficial interest in the net assets of:		
Dorchester General Hospital Foundation, Inc.	3,082	3,709
Prince George's Hospital Center Foundation, Inc.	1,267	894
Laurel Regional Hospital Auxiliary, Inc.	62	62
	<u>\$ 170,820</u>	<u>\$ 198,101</u>

The UCH Legacy Funding Corporation was formed in December 2013 to hold funds restricted for the benefit of Upper Chesapeake.

At the discretion of its board of trustees, the Kernan Endowment Fund may pledge securities to satisfy various collateral requirements on behalf of ROI and may provide funding to ROI to support various clinical programs or capital needs.

BWMC Foundation was formed in July 2000 and supports the activities of UM Baltimore Washington by soliciting charitable contributions on its behalf.

Shore Regional maintains a beneficial interest in the net assets of Dorchester Foundation, a nonprofit corporation organized to raise funds on behalf of Dorchester Hospital. Shore Regional does not have control over the policies or decisions of the Dorchester Foundation.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(13) Economic and Beneficial Interests in the Net Assets of Related Organizations  
(continued)**

The Prince George's Hospital Center Foundation, Inc. the Laurel Regional Hospital Auxiliary, Inc. and the Laurel Regional Hospital Foundation, Inc. were established to solicit contributions from the general public solely for the funding of capital acquisitions and operations of the associated Capital Region hospitals. Capital Region does not have control over the policies or decisions of these entities. In the current year the Prince George's Hospital Center Foundation, Inc. changed its name to University of Maryland Capital Region Health Foundation, Inc. and the Laurel Regional Hospital Foundation, Inc. was closed, and its assets were transferred into the new University of Maryland Capital Region Health Foundation, Inc.

A summary of the combined unaudited condensed financial information of the financially interrelated organizations in which the Corporation holds an economic or beneficial interest is as follows:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Current assets	\$ 4,086	\$ 4,447
Noncurrent assets	166,835	193,756
Total assets	<u>\$ 170,921</u>	<u>\$ 198,203</u>
Current liabilities	\$ 101	\$ 102
Net assets	170,820	198,101
Total liabilities and net assets	<u>\$ 170,921</u>	<u>\$ 198,203</u>
Total operating revenue	\$ 1,897	\$ 4,481
Total operating expense	(1,380)	(2,505)
Other changes in net assets	(27,800)	5
Total (decrease) increase in net assets	<u>\$ (27,283)</u>	<u>\$ 1,981</u>

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### (14) State and County Support

The Corporation received \$3,400 and \$3,300 in support for the Shock Trauma Center operations from the state of Maryland for the years ended June 30, 2020 and 2019, respectively.

In support of Capital Region operations, the Corporation received the following:

	<b>Year Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
State of Maryland	\$ 15,000	\$ 27,000
Prince George's County government	295	10,178
Magruder Memorial Hospital Trust	1,042	1,042
	<u>\$ 16,337</u>	<u>\$ 38,220</u>

The State of Maryland appropriates funds for construction costs incurred, equipment purchases made, and other capital support. The Corporation recognizes this support as the funds are expended for the intended projects. The Corporation expended and recorded \$20,803 and \$5,565 during the years ended June 30, 2020 and 2019, respectively.



University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(15) Functional Expenses**

The Corporation provides healthcare services to residents within its geographic location. Expenses related to providing these services, based on management's estimates of expense allocations, are as follows:

	Healthcare Service				Corporate	Total
	Hospital & Ambulatory	Retail Pharmacy	Physician Practices	Risk Taking	Services, Other and Eliminations	
<b>Year ended June 30, 2020</b>						
Operating expenses:						
Salaries, wages and benefits	\$ 1,682,480	\$ 5,928	\$ 272,804	\$ 4,887	\$ 264,385	\$ 2,230,484
Expendable supplies	626,029	90,169	34,401	16	9,498	760,113
Purchased services:						
Purchased services	884,976	14,488	70,665	2,978	(277,079)	696,028
Contracted services	291,951	–	28,243	–	(43,235)	276,959
Depreciation and amortization	236,360	–	2,022	–	(2,491)	235,891
Interest expense	47,426	–	–	696	(1,561)	46,561
Total operating expenses	<u>\$ 3,769,222</u>	<u>\$ 110,585</u>	<u>\$ 408,135</u>	<u>\$ 8,577</u>	<u>\$ (50,483)</u>	<u>\$ 4,246,036</u>
<b>Year ended June 30, 2019</b>						
Operating expenses:						
Salaries, wages and benefits	\$ 1,646,025	\$ 5,177	\$ 268,023	\$ 3,886	\$ 235,025	\$ 2,158,136
Expendable supplies	678,620	71,514	34,480	42	7,359	792,015
Purchased services:						
Purchased services	826,688	9,150	65,400	4,480	(271,100)	634,618
Contracted services	274,221	–	30,169	–	(34,493)	269,897
Depreciation and amortization	232,436	–	2,484	–	9,136	244,056
Interest expense	54,698	–	–	1,492	1,602	57,792
Total operating expenses	<u>\$ 3,712,688</u>	<u>\$ 85,841</u>	<u>\$ 400,556</u>	<u>\$ 9,900</u>	<u>\$ (52,471)</u>	<u>\$ 4,156,514</u>

Corporate services are allocated primarily using percentage of net patient service revenue.

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(16) Liquidity and Availability of Resources**

The Corporation had financial assets available to management for general expenditure within one year of the financial reporting date, or June 30, 2020 and 2019, as follows:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 961,647	\$ 360,318
Receivables, net	590,579	549,540
Current investments and assets whose use is limited	64,026	64,910
Long-term investments and assets whose use is limited	2,041,352	2,113,024
Total financial assets available within one year	<u>3,657,604</u>	<u>3,087,792</u>
Less:		
Amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	91,975	78,255
Restricted for swap collateral	166,507	113,586
Debt service and reserve funds	37,696	86,157
Self-insurance trust funds	215,162	212,384
Construction funds – held by trustee	204,366	279,205
Economic and beneficial interests in the net assets of related organizations	170,820	198,101
Alternative investments subject to lockup restrictions	19,900	20,700
Total amounts unavailable for general expenditures within one year	<u>906,426</u>	<u>988,388</u>
Total financial assets available to management for general expenditure within one year	<u>\$ 2,751,178</u>	<u>\$ 2,099,404</u>

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)  
(In Thousands)

**(17) Insurance**

The Corporation maintains self-insurance programs for professional and general liability risks, employee health, employee long-term disability, and workers' compensation. The accrued liabilities for these programs were as follows:

	<b>June 30</b>	
	<b>2020</b>	<b>2019</b>
Professional and general malpractice liabilities	\$ 351,441	\$ 313,136
Employee health	27,201	33,556
Employee long-term disability	4,751	5,577
Workers' compensation	23,430	20,977
Total self-insured liabilities	<b>406,823</b>	373,246
Less current portion	<b>(64,550)</b>	(70,368)
	<b>\$ 342,273</b>	<b>\$ 302,878</b>

The Corporation provides for and funds the present value of the costs for professional and general liability claims and insurance coverage related to the projected liability from asserted and unasserted incidents, which the Corporation believes may ultimately result in a loss. In management's opinion, these accruals provide an adequate and appropriate loss reserve. The professional and general malpractice liabilities presented above include \$243,143 and \$202,779 as of June 30, 2020 and 2019, respectively, for which related insurance receivables have been recorded within other assets on the accompanying consolidated balance sheets.

The Corporation and each of its affiliates are self-insured for professional and general liability claims up to the limits of \$1,000 on individual claims and \$3,000 in the aggregate on an annual basis. For amounts in excess of these limits, the risk of loss has been transferred to Terrapin, an unconsolidated joint venture. Terrapin provides insurance for claims in excess of \$1,000 individually and \$3,000 in the aggregate up to \$155,000 individually and \$160,000 in the aggregate under claims made policies between the Corporation and Terrapin. For claims in excess of Terrapin's coverage limits, if any, the Corporation retains the risk of loss.

As discussed in Note 5, Terrapin is a joint venture corporation in which a 50% equity interest is owned by the Corporation and a 50% equity interest is owned by Faculty Physicians, Inc.

Total malpractice insurance expense for the Corporation during the years ended June 30, 2020 and 2019 was approximately \$69,374 and \$60,654, respectively.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued) (In Thousands)

### (18) Business and Credit Concentrations

The Corporation provides healthcare services through its inpatient and outpatient care facilities located in the State of Maryland. The Corporation generally does not require collateral or other security in extending credit; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits receivable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, Blue Cross, workers' compensation, health maintenance organizations (HMOs), and commercial insurance policies).

The Corporation maintains cash accounts with highly rated financial institutions, which generally exceed federally insured limits. The Corporation has not experienced any losses from maintaining cash accounts in excess of federally insured limits, and as such, management does not believe the Corporation is subject to any significant credit risks related to this practice.

The Corporation had receivables from patients and third-party payors as follows at June 30, 2020:

Medicare	27%
Medicaid	32
Commercial insurance and HMOs	20
Blue Cross	14
Self-pay and others	7
	100%

The Corporation recorded net patient service revenues from patients and third-party payors as follows:

	<b>Year Ended June 30</b>	
	<b>2020</b>	<b>2019</b>
Medicare	37%	37%
Medicaid	24	24
Commercial insurance and HMOs	24	24
Blue Cross	10	10
Self-pay and others	5	5
	<b>100%</b>	<b>100%</b>

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

### **(19) Certain Significant Risks and Uncertainties**

The Corporation provides general acute healthcare services in the state of Maryland. The Corporation and other healthcare providers in Maryland are subject to certain inherent risks, including the following:

- Dependence on revenues derived from reimbursement by the federal Medicare and state Medicaid programs;
- Regulation of hospital rates by the State of Maryland Health Services Cost Review Commission;
- Government regulation, government budgetary constraints, and proposed legislative and regulatory changes; and
- Lawsuits alleging malpractice and related claims.

Such inherent risks require the use of certain management estimates in the preparation of the Corporation's consolidated financial statements, and it is reasonably possible that a change in such estimates may occur.

The Medicare and state Medicaid reimbursement programs represent a substantial portion of the Corporation's revenues, and the Corporation's operations are subject to a variety of other federal, state, and local regulatory requirements. Failure to maintain required regulatory approvals and licenses and/or changes in such regulatory requirements could have a significant adverse effect on the Corporation.

Changes in federal and state reimbursement funding mechanisms and related government budgetary constraints could have a significant adverse effect on the Corporation.

The healthcare industry is subject to numerous laws and regulations from federal, state, and local governments. The Corporation's compliance with these laws and regulations can be subject to periodic governmental review and interpretation, which can result in regulatory action unknown or unasserted at this time. Management is aware of certain asserted and unasserted legal claims and regulatory matters arising in the ordinary course of business, none of which, in the opinion of management, are expected to result in losses in excess of insurance limits or have a materially adverse effect on the Corporation's financial position.

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

### **(19) Certain Significant Risks and Uncertainties (continued)**

The federal government and many states have aggressively increased enforcement under Medicare and Medicaid antifraud and abuse laws and physician self-referral laws (STARK law and regulation). Recent federal initiatives have prompted a national review of federally funded healthcare programs. In addition, the federal government and many states have implemented programs to audit and recover potential overpayments to providers from the Medicare and Medicaid programs. The Corporation has implemented a compliance program to monitor conformance with applicable laws and regulations, but the possibility of future government review and enforcement action exists.

### **(20) Maryland Health Services Cost Review Commission**

Effective July 1, 2013, the Health System and the Health Services Cost Review Commission (HSCRC) agreed to implement the Global Budget Revenue (GBR) methodology for the following hospitals: Medical Center, ROI, UM Midtown, UM Baltimore Washington, UM Charles Regional, UM St. Joseph, UM Memorial, UM Dorchester, UM Chester River, Shore Emergency Center, UM Upper Chesapeake, UM Harford Memorial, UM Prince George's, and UM Laurel. The agreements will continue each year and on July 1 of each year thereafter; the agreements will renew for a one-year period unless it is canceled by the HSCRC or by the Corporation. The agreements were in place for the years ended June 30, 2020 and 2019. The GBR model is a revenue constraint and quality improvement system designed by the HSCRC to provide hospitals with strong financial incentives to manage their resources efficiently and effectively in order to slow the rate of increase in healthcare costs and improve healthcare delivery processes and outcomes. The GBR model is consistent with the Corporation's mission to provide the highest value of care possible to its patients and the communities it serves.

The GBR agreements establish a prospective, fixed revenue base "GBR cap" for the upcoming year. This includes both inpatient and outpatient regulated services. Under GBR, a hospital's revenue for all HSCRC regulated services is predetermined for the upcoming year, regardless of changes in volume, service mix intensity, or mix of inpatient or outpatient services that occurred during the year. The GBR agreement allows the Corporation to adjust unit rates, within certain limits, to achieve the overall revenue base for the Corporation at year-end. Any overcharge or undercharge versus the GBR cap is prospectively subtracted from the subsequent year's GBR cap. Although the GBR cap is fixed each year, it does not adjust for changes in volume or service mix. The GBR cap is also adjusted annually for inflation, and for changes in payor mix and uncompensated care. The Corporation will receive an annual adjustment to its cap for the change

# University of Maryland Medical System Corporation and Subsidiaries

## Notes to Consolidated Financial Statements (continued)

(In Thousands)

### (20) Maryland Health Services Cost Review Commission (continued)

in population in the Corporation's service areas. GBR is designed to encourage hospitals to operate efficiently by reducing excess utilization and managing patients in the appropriate care delivery setting. The HSCRC also may impose various other revenue adjustments, which could be significant in the future.

### (21) Subsequent Events

The Corporation evaluated all events and transactions that occurred after June 30, 2020 and through October 28, 2020, the date the consolidated financial statements were issued. Other than described below, the Corporation did not have any material subsequent events during the period.

During the month of July 2020, the Corporation issued \$752.7 million in debt in the form of Maryland Health and Higher Educational Facilities Authority (MHHEFA) Revenue Bonds – Series 2020B/D. The proceeds were used to advance refund \$13,500 of UMMS' Series 2008F Revenue Bonds, \$31,500 of UMMS Series 2010 Revenue Bonds, and \$218,200 of UMMS Series 2013A Revenue Bonds. In addition, \$150,000 of the proceeds were used to refund a term loan. The remaining proceeds of \$339,500 will be used for various capital projects.

During the month of July and August 2020, the Corporation received additional CARES Act Relief Funds of approximately \$109,000 and \$8,800 respectively. These funds were not recognized as Other Revenue for the year ended June 30, 2020.

On October 1, 2020, a new law was signed that included modifications to the CMS Accelerated and Advance Payment Program. These modifications included an extension to the previous terms discussed within Note 2. The changes in payments terms are considered a non-recognized subsequent event in accordance with ASC 855.

On October 22, 2020, HHS released additional reporting requirements for health care entities that received distributions from the Provider Relief Fund. The Post-Payment Notice of Reporting Requirements (the Notice) supplements the previous notice issued on July 20, 2020, and amended on August 14, 2020 and September 19, 2020. The Corporation considered the effects of the changes included in the Notice and concluded these changes represent non-recognized (i.e., Type II) subsequent events in accordance with ASC 855, *Subsequent Events*, since the reporting requirements included in the Notice provide evidence about conditions that did not exist at the balance sheet date but instead are conditions that arose after that date but before financial

University of Maryland Medical System Corporation and Subsidiaries

Notes to Consolidated Financial Statements (continued)

*(In Thousands)*

**(21) Subsequent Events (continued)**

statements were issued. The Corporation will continue to monitor changes in reporting guidance or additional clarifications that may be issued by HHS which would affect the accounting for distributions from the Provider Relief Fund.

The Corporation completed the sale of both University of Maryland Health Partners, Inc. which provides managed care services to approximately 48,000 Medicaid recipients and University of Maryland Health Advantage, Inc. which provides Medicare Advantage coverage to approximately 6,000 members. The transaction with CareFirst BlueCross Blue Shield was effective on October 10, 2020 after receiving regulatory approval.



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