

Form **990**

Department of the Treasury  
Internal Revenue Service

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

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

OMB No. 1545-0047

**2011**

Open to Public Inspection

**A** For the 2011 calendar year, or tax year beginning **10/01/11**, and ending **09/30/12**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <b>THE WEBBER HOSPITAL ASSOC</b>		<b>D</b> Employer identification number <b>01-0179500</b>
	Doing Business As <b>SOUTHERN MAINE MEDICAL CENTER</b>		<b>E</b> Telephone number <b>207-283-7000</b>
	Number and street (or P.O. box if mail is not delivered to street address) <b>ONE MEDICAL CENTER DRIVE</b>		<b>G</b> Gross receipts\$ <b>176,808,957</b>
	City or town, state or country, and ZIP + 4 <b>BIDDEFORD ME 04005-0626</b>		
<b>F</b> Name and address of principal officer: <b>EDWARD J. MCGEACHEY</b> <b>PO BOX 626</b> <b>BIDDEFORD ME 04005-0626</b>			<b>H(a)</b> Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
<b>J</b> Website: <b>WWW.SMMC.ORG</b>			
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other			<b>L</b> Year of formation: <b>1899</b> <b>M</b> State of legal domicile: <b>ME</b>

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: <b>EXCELLENT HEALTH CARE PROVIDED WITH COMPASSION AND RESPECT.</b>		
	<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>	<b>18</b>
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	<b>12</b>
	<b>5</b> Total number of individuals employed in calendar year 2011 (Part V, line 2a)	<b>5</b>	<b>1523</b>
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	<b>214</b>
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	<b>1,674,377</b>
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	<b>-141,022</b>	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	Prior Year <b>614,501</b>	Current Year <b>1,326,384</b>
	<b>9</b> Program service revenue (Part VIII, line 2g)	<b>166,857,436</b>	<b>171,136,221</b>
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	<b>619,800</b>	<b>966,341</b>
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	<b>3,035,038</b>	<b>3,251,003</b>
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	<b>171,126,775</b>	<b>176,679,949</b>
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	<b>0</b>	<b>0</b>
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	<b>0</b>	<b>0</b>
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	<b>68,620,263</b>	<b>69,698,675</b>
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	<b>0</b>	<b>0</b>
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) <b>178,878</b>		
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	<b>98,395,399</b>	<b>103,034,218</b>
<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	<b>167,015,662</b>	<b>172,732,893</b>	
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	<b>4,111,113</b>	<b>3,947,056</b>	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	Beginning of Current Year <b>138,842,443</b>	End of Year <b>150,707,852</b>
	<b>21</b> Total liabilities (Part X, line 26)	<b>53,607,705</b>	<b>57,508,210</b>
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	<b>85,234,738</b>	<b>93,199,642</b>

**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.

<b>Sign Here</b>	Signature of officer 	Date <b>8/7/2013</b>
	<b>NORMAN BELAIR</b> Type or print name and title	<b>VP OF FINANCE</b>

<b>Preparer Use Only</b>	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if PTIN self-employed
	Firm's name <b>MaineHealth</b>	Firm's EIN		
	Firm's address <b>110 Free St Portland, ME 04101-3908</b>	Phone no. <b>207-661-7110</b>		

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

For Paperwork Reduction Act Notice, see the separate instructions.

Part III Statement of Program Service Accomplishments

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

X

1 Briefly describe the organization's mission:

EXCELLENT HEALTH CARE PROVIDED WITH COMPASSION AND RESPECT.

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 X

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 X

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

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

4a (Code: ) (Expenses \$ 44,014,431 including grants of \$ ) (Revenue \$ 45,262,306 )

Inpatient nursing services provided to Adults/Pediatrics, Intensive Care, Mental Health and Nursery patients with a total of 21,958 patient days.

See attached copy of the most recent Community Benefit Report.

4b (Code: ) (Expenses \$ 44,124,038 including grants of \$ ) (Revenue \$ 38,571,597 )

Provider Based physician clinics with 248,481 primary care and specialty visits.

4c (Code: ) (Expenses \$ 24,515,254 including grants of \$ ) (Revenue \$ 29,881,978 )

Surgical Services were provided to a combined 5,090 inpatients and outpatients.

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

(Expenses \$ 32,534,028 including grants of \$ ) (Revenue \$ 60,960,890 )

4e Total program service expenses 145,187,751

**Part IV Checklist of Required Schedules**

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

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

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

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

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

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	<b>X</b>	
<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>2b</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>X</b>	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?	<b>X</b>	
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	<b>X</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>X</b>
<b>4b</b>	If "Yes," enter the name of the foreign country: <b>▶</b> See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		<b>X</b>
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		<b>X</b>
<b>5c</b>	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
<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?		<b>X</b>
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>7a</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>X</b>
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		<b>X</b>
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year		
<b>7e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		<b>X</b>
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		<b>X</b>
<b>7g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
<b>7h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9a</b>	Did the organization make any taxable distributions under section 4966?		
<b>9b</b>	Did the organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12		
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:		
<b>11a</b>	Gross income from members or shareholders		
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
<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>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>13a</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>13b</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>13c</b>	Enter the amount of reserves on hand		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?		<b>X</b>
<b>14b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

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

**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 in Schedule O.		
	<b>18</b>		
<b>b</b>	Enter the number of voting members included in line 1a, above, who are independent		
	<b>12</b>		
<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?		<b>X</b>
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		<b>X</b>
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		<b>X</b>
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets?		<b>X</b>
<b>6</b>	Did the organization have members or stockholders?	<b>X</b>	
<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?	<b>X</b>	
<b>b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	<b>X</b>	
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b>	The governing body?	<b>X</b>	
<b>b</b>	Each committee with authority to act on behalf of the governing body?	<b>X</b>	
<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 in Schedule O		<b>X</b>

**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?		<b>X</b>
<b>b</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>10b</b>			
<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?	<b>X</b>	
<b>b</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	<b>X</b>	
<b>b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	<b>X</b>	
<b>12b</b>			
<b>c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	<b>X</b>	
<b>12c</b>			
<b>13</b>	Did the organization have a written whistleblower policy?	<b>X</b>	
<b>14</b>	Did the organization have a written document retention and destruction policy?	<b>X</b>	
<b>15</b>	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>a</b>	The organization's CEO, Executive Director, or top management official	<b>X</b>	
<b>b</b>	Other officers or key employees of the organization	<b>X</b>	
	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?		<b>X</b>
<b>b</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?		
<b>16b</b>			

**Section C. Disclosure**

<b>17</b>	List the states with which a copy of this Form 990 is required to be filed ► <b>ME</b>
<b>18</b>	Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply. <input type="checkbox"/> Own website <input type="checkbox"/> Another's website <input checked="" type="checkbox"/> Upon request
<b>19</b>	Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
<b>20</b>	State the name, physical address, and telephone number of the person who possesses the books and records of the organization: ► <b>NORMAN BELAIR</b> <b>1 MEDICAL CENTER DR PO BOX 626</b> <b>BIDDEFORD ME 04005-0626 207-283-7000</b>

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) CARROLL, MICHAEL, M.D. DIRECTOR	1.00	X					0	402,143	40,598	
(2) QUINN-SKILLINGS, GINA, M.D. PHYSICIAN	40.00	X					0	295,392	45,267	
(3) LAPRISE, PAUL, M.D. DIRECTOR	1.00	X					0	285,246	41,534	
(4) O'HARE, MARY, M.D. DIRECTOR	1.00	X					0	222,105	30,860	
(5) CUTONE, STEVEN, D.O. DIRECTOR	1.00	X					0	219,140	37,110	
(6) BURGESS, DONALD, M.D. DIRECTOR	1.00	X					0	196,676	43,233	
(7) BAUMAN, ROBERT P. DIRECTOR	1.00	X					0	0	0	
(8) DESAULNIER, DONNA M. VICE CHAIRPERSON	1.00	X		X			0	0	0	
(9) FERRICK, AUDREY C. DIRECTOR	1.00	X					0	0	0	
(10) FINK, JOAN R. DIRECTOR	1.00	X					0	0	0	
(11) GAINES, BERNARD CHAIRPERSON	1.00	X		X			0	0	0	
(12) HULL, RICHARD A. III SECRETARY	1.00	X		X			0	0	0	
(13) LANDRY, MARCIA G. DIRECTOR	1.00	X					0	0	0	
(14) KANY, WILLIAM S. DIRECTOR	1.00	X					0	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 (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) PAIGE, BRADFORD TREASURER	C. 1.00	X		X				0	0	0
(16) QUENTIN, ROBERT DIRECTOR	C. 1.00	X						0	0	0
(17) WOLFAHRT, DEAN P. DIRECTOR	C. 1.00	X						0	0	0
(18) MANNING, PETER, M.D. DIRECTOR	M.D. 1.00	X						0	0	0
(19) MCGEACHEY, EDWARD J. PRESIDENT	C. 39.00			X				498,802	0	23,595
(20) LAVOIE, FRANK, M.D. EXEC VP/COO	M.D. 40.00			X				342,898	0	24,355
(21) BELAIR, NORMAN VP FINANCE	C. 39.00			X				265,952	0	21,191
(22) ALBAUM, MICHAEL, M.D. EXEC VP PS	M.D. 1.00				X			0	305,325	49,264
(23) UPHAM, PAUL PHYSICIAN	C. 40.00					X		218,681	0	9,131
(24) CAMIRE, PATRICIA VP CLINICAL SERVICES	C. 40.00					X		185,818	0	9,890
(25) BOUCHARD, LORRAINE VP HUMAN RESOURCES	C. 40.00					X		175,623	0	21,996
<b>1b Sub-total</b>								<b>1,687,774</b>	<b>1,926,027</b>	<b>398,024</b>
<b>c Total from continuation sheets to Part VII, Section A</b>								<b>342,055</b>	<b>111,040</b>	<b>60,052</b>
<b>d Total (add lines 1b and 1c)</b>								<b>2,029,829</b>	<b>2,037,067</b>	<b>458,076</b>

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 in reportable compensation from the organization **27**

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

**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
NorDx Scarborough ME 04074	301A U.S. Route One Laboratory Svs	7,639,137
H P Cummings Construction Ware MA 01082	P.O. Box 29 Construction	1,482,749
Biddeford Medical LLC Portland ME 04101	100 Silver Street Property Lease	1,031,588
Kennebunk Medical LLC Portland ME 04101	100 Silver Street Property Lease	481,824
CompHealth Medical Staffing Dallas TX 75397-2651	PO Box 972651 Temp Staffing	208,616

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 **12**

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

(A) Name and title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(15) <b>FOURNIER, MARC</b> VP, SUPPORT SERVICES	40.00					X		172,863	0	13,192
(16) <b>PENE, MELANI</b> CRNA	40.00					X		169,192	0	12,808
(17) <b>BROWN, ANDREA, M.D.</b> PHYSICIAN	1.00						X	0	111,040	34,052
(18)										
(19)										
(20)										
(21)										
(22)										
(23)										
(24)										
(25)										
<b>1b Sub-total</b>								<b>342,055</b>	<b>111,040</b>	<b>60,052</b>
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>										

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

	Yes	No
<b>3</b> Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? If "Yes," complete Schedule J for such individual		
<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? If "Yes," complete Schedule J for such individual		
<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? If "Yes," complete Schedule J for such person		

**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

**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

**Part VIII Statement of Revenue**

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns				
	1b	Membership dues				
	1c	Fundraising events				
	1d	Related organizations	70,550			
	1e	Government grants (contributions)				
	1f	All other contributions, gifts, grants, and similar amounts not included above	1,255,834			
	g	Noncash contributions included in lines 1a-1f: \$				
	h	<b>Total. Add lines 1a-1f</b>		<b>1,326,384</b>		
Program Service Revenue	2a	PATIENT SERVICES	623000	169,461,844	169,461,844	
	b	PATIENT SERVICES	621500	1,674,377		1,674,377
	c					
	d					
	e					
	f	All other program service revenue				
	g	<b>Total. Add lines 2a-2f</b>		<b>171,136,221</b>		
	3	Investment income (including dividends, interest, and other similar amounts)		676,794		
4	Income from investment of tax-exempt bond proceeds					
5	Royalties					
Other Revenue	6a	Gross rents				
	b	Less: rental exps.				
	c	Rental inc. or (loss)				
	d	<b>Net rental income or (loss)</b>				
	7a	Gross amount from sales of assets other than inventory	289,588	128,967		
	b	Less: cost or other basis & sales exps.		129,008		
	c	Gain or (loss)	289,588	-41		
	d	<b>Net gain or (loss)</b>		289,547	289,547	
	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c). See Part IV, line 18	a			
	b	Less: direct expenses	b			
c	<b>Net income or (loss) from fundraising events</b>					
9a	Gross income from gaming activities. See Part IV, line 19	a				
b	Less: direct expenses	b				
c	<b>Net income or (loss) from gaming activities</b>					
10a	Gross sales of inventory, less returns and allowances	a				
b	Less: cost of goods sold	b				
c	<b>Net income or (loss) from sales of inventory</b>					
Miscellaneous Revenue			Busn. Code			
11a	OTHER MEDICAL SERVICES	900099	852,834	852,834		
b	PHARMACY	446110	852,272	852,272		
c	CAFETERIA	722210	806,133	806,133		
d	All other revenue	900099	739,764	739,764		
e	<b>Total. Add lines 11a-11d</b>		<b>3,251,003</b>			
12	<b>Total revenue. See instructions.</b>		<b>176,679,949</b>	<b>173,002,394</b>	<b>1,674,377</b>	<b>676,794</b>

**Part IX Statement of Functional Expenses**

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U.S. See Part IV, line 21				
2 Grants and other assistance to individuals in the U.S. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the U.S. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,177,293		1,177,293	
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	54,616,349	45,867,211	8,606,126	143,012
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,245,701	1,044,512	197,932	3,257
9 Other employee benefits	8,738,833	7,231,221	1,485,065	22,547
10 Payroll taxes	3,920,499	3,227,018	683,419	10,062
11 Fees for services (non-employees):				
a Management				
b Legal	84,058	11,458	72,600	
c Accounting	56,793		56,793	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other	14,171,916	10,059,222	4,112,694	
12 Advertising and promotion	349,465	981	348,484	
13 Office expenses	5,778,092	4,244,208	1,533,884	
14 Information technology				
15 Royalties				
16 Occupancy	2,741,968	1,145,426	1,596,542	
17 Travel	169,955	97,858	72,097	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	1,656,618	1,367,094	289,524	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	8,738,741	7,211,489	1,527,252	
23 Insurance	1,373,418	1,133,388	240,030	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a <b>PHYSICIAN FEES</b>	30,218,043	29,960,186	257,857	
b <b>MEDICAL SUPPLIES</b>	15,164,737	15,016,055	148,682	
c <b>BAD DEBT &amp; RECOVERIES</b>	10,222,281	10,222,281		
d <b>MISCELLANEOUS</b>	6,081,632	2,683,079	3,398,553	
e All other expenses	6,226,501	4,665,064	1,561,437	
25 <b>Total functional expenses.</b> Add lines 1 through 24e	172,732,893	145,187,751	27,366,264	178,878
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**

		(A) Beginning of year		(B) End of year	
Assets	1	Cash—non-interest bearing	7,038	1	6,821
	2	Savings and temporary cash investments	19,008,922	2	11,411,211
	3	Pledges and grants receivable, net	130,980	3	50,250
	4	Accounts receivable, net	18,493,498	4	21,572,879
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions)		6	
	7	Notes and loans receivable, net		7	
	8	Inventories for sale or use	1,544,789	8	1,532,519
	9	Prepaid expenses and deferred charges	889,705	9	1,176,387
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 160,538,925		
	b	Less: accumulated depreciation	10b 97,005,143	10c 65,416,709	63,533,782
	11	Investments—publicly traded securities	20,955,148	11	24,552,738
	12	Investments—other securities. See Part IV, line 11	2,325,367	12	3,787,039
	13	Investments—program-related. See Part IV, line 11		13	
	14	Intangible assets		14	
	15	Other assets. See Part IV, line 11	10,070,287	15	23,084,226
16	<b>Total assets.</b> Add lines 1 through 15 (must equal line 34)	138,842,443	16	150,707,852	
Liabilities	17	Accounts payable and accrued expenses	17,661,267	17	20,060,490
	18	Grants payable		18	
	19	Deferred revenue	25,200	19	43,956
	20	Tax-exempt bond liabilities	18,822,797	20	16,899,452
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23	Secured mortgages and notes payable to unrelated third parties	1,508,388	23	1,036,724
	24	Unsecured notes and loans payable to unrelated third parties	1,663,274	24	1,212,322
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	13,926,779	25	18,255,266
	26	<b>Total liabilities.</b> Add lines 17 through 25	53,607,705	26	57,508,210
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets	83,170,257	27	91,359,686
	28	Temporarily restricted net assets	473,507	28	240,576
	29	Permanently restricted net assets	1,590,974	29	1,599,380
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund		31	
	32	Retained earnings, endowment, accumulated income, or other funds		32	
33	<b>Total net assets or fund balances</b>	85,234,738	33	93,199,642	
34	<b>Total liabilities and net assets/fund balances</b>	138,842,443	34	150,707,852	

**Part XI Reconciliation of Net Assets**

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

1	Total revenue (must equal Part VIII, column (A), line 12)	1	176,679,949
2	Total expenses (must equal Part IX, column (A), line 25)	2	172,732,893
3	Revenue less expenses. Subtract line 2 from line 1	3	3,947,056
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	85,234,738
5	Other changes in net assets or fund balances (explain in Schedule O)	5	4,017,848
6	Net assets or fund balances at end of year. Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	93,199,642

**Part XII Financial Statements and Reporting**

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

		Yes	No
1	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
2b	Were the organization's financial statements audited by an independent accountant?	X	
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were issued on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

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

**Public Charity Status and Public Support**

OMB No. 1545-0047

**2011**

Open to Public Inspection

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

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

**THE WEBBER HOSPITAL ASSOC**

Employer identification number

**01-0179500**

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

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

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E.)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: .....
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 10  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h.
  - a  Type I      b  Type II      c  Type III—Functionally integrated      d  Type III—Other
- e  By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
  - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
  - (ii) A family member of a person described in (i) above?
  - (iii) A 35% controlled entity of a person described in (i) or (ii) above?

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

**h Provide the following information about the supported organization(s).**

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col. (i) of your support?		(vi) Is the organization in col. (i) organized in the U.S.?		(vii) Amount of support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
<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) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 <b>Total.</b> Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 <b>Public support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 <b>Total support.</b> Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	

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

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

14 Public support percentage for 2011 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2010 Schedule A, Part II, line 14	15	%
16a <b>33 1/3% support test—2011.</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—2010.</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"/>		
17a <b>10%-facts-and-circumstances test—2011.</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 IV 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—2010.</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 IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization <input type="checkbox"/>		
18 <b>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 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 <b>Total.</b> Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 <b>Public support</b> (Subtract line 7c from line 6.)						

**Section B. Total Support**

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

15 Public support percentage for 2011 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	%

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

17 Investment income percentage for 2011 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2010 Schedule A, Part III, line 17	18	%

- 19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization
- b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization
- 20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions



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

**Political Campaign and Lobbying Activities**

OMB No. 1545-0047

**2011**

**Open to Public Inspection**

Department of the Treasury  
Internal Revenue Service

For Organizations Exempt From Income Tax Under section 501(c) and section 527  
▶ **Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.**  
▶ **See separate instructions.**

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

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

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

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

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

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

Name of organization

**THE WEBBER HOSPITAL ASSOC**

Employer identification number

**01-0179500**

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

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

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

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

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

- 1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ \$
- 2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt function activities ▶ \$
- 3 Total exempt function expenditures. Add lines 1 and 2. Enter here and on Form 1120-POL, line 17b ▶ \$
- 4 Did the filing organization file Form 1120-POL for this year?  Yes  No
- 5 Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. 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												
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)															
b Total lobbying expenditures to influence a legislative body (direct lobbying)															
c Total lobbying expenditures (add lines 1a and 1b)															
d Other exempt purpose expenditures															
e Total exempt purpose expenditures (add lines 1c and 1d)															
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.															
<table border="1" style="width: 100%;"> <thead> <tr> <th style="width: 50%;">If the amount on line 1e, column (a) or (b) is:</th> <th style="width: 50%;">The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
g Grassroots nontaxable amount (enter 25% of line 1f)															
h Subtract line 1g from line 1a. If zero or less, enter -0-															
i Subtract line 1f from line 1c. If zero or less, enter -0-															
j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year?		<input type="checkbox"/> Yes	<input type="checkbox"/> No												

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

<b>Lobbying Expenditures During 4-Year Averaging Period</b>					
Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

**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 to 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?		X	
<b>b</b> Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		X	
<b>c</b> Media advertisements?		X	
<b>d</b> Mailings to members, legislators, or the public?		X	
<b>e</b> Publications, or published or broadcast statements?		X	
<b>f</b> Grants to other organizations for lobbying purposes?		X	
<b>g</b> Direct contact with legislators, their staffs, government officials, or a legislative body?		X	
<b>h</b> Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		X	
<b>i</b> Other activities?	X		17,070
<b>j</b> Total. Add lines 1c through 1i			17,070
<b>2a</b> Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		X	
<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>2</b> Did the organization make only in-house lobbying expenditures of \$2,000 or less?		
<b>3</b> Did the organization agree to carry over lobbying and political expenditures from the prior year?		

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

<b>1</b> Dues, assessments and similar amounts from members	1	
<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	2a	
<b>b</b> Carryover from last year	2b	
<b>c</b> Total	2c	
<b>3</b> Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
<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?	4	
<b>5</b> Taxable amount of lobbying and political expenditures (see instructions)	5	

**Part IV Supplemental Information**

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

**Schedule C, Part II-B, Line 1i**

SMMC is a member of the Maine Hospital Association (MHA) and the American Hospital Association (AHA). 16.90% or \$10,625 of the dues paid to MHA and 24.6% or \$6,445 of the dues paid to AHA are available for lobbying.



**SCHEDULE D  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

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

OMB No. 1545-0047

**2011**

Open to Public Inspection

Name of the organization

Employer identification number

**THE WEBBER HOSPITAL ASSOC**

**01-0179500**

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

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 Aggregate contributions to (during year) .....		
3 Aggregate grants from (during year) .....		
4 Aggregate value at end of year .....		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply).

Preservation of land for public use (e.g., recreation or education)       Preservation of an historically important land area

Protection of natural habitat       Preservation of a certified historic structure

Preservation of open space

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

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

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ .....

4 Number of states where property subject to conservation easement is located ▶ .....

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? .....

Yes  No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ .....

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ .....

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? .....

Yes  No

9 In Part XIV, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIV, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenues included in Form 990, Part VIII, line 1 .....

(ii) Assets included in Form 990, Part X .....

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1 .....

b Assets included in Form 990, Part X .....

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance	19,464,355	20,007,122	18,150,275	15,078,471	
b Contributions	11,991	10,006	9,468	2,014	
c Net investment earnings, gains, and losses	3,964,578	-552,773	1,847,379	3,069,790	
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	23,440,924	19,464,355	20,007,122	18,150,275	

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

- a Board designated or quasi-endowment ▶ 95.02 %
- b Permanent endowment ▶ 4.98 %
- c Temporarily restricted endowment ▶ %

The percentages in 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
3a(i)		X
3a(ii)		X
3b		

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

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

**Part VI Land, Buildings, and Equipment.** 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
1a Land		1,232,167		1,232,167
b Buildings		79,978,188	42,933,353	37,044,835
c Leasehold improvements		3,831,747	1,558,602	2,273,145
d Equipment		75,028,633	52,513,188	22,515,445
e Other		468,190		468,190
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				63,533,782

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

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

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

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

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

(a) Description	(b) Book value
(1) <b>ESTIMATED 3RD PARTY PAYOR SETTLEMENT</b>	<b>14,393,999</b>
(2) <b>PREPAID SHR EPIC</b>	<b>4,567,589</b>
(3) <b>SMMC CASH 457 PLAN</b>	<b>2,043,002</b>
(4) <b>OTHER RECEIVABLES</b>	<b>1,040,781</b>
(5) <b>BENEFICIAL INTEREST PERPETUAL TRUST</b>	<b>630,790</b>
(6) <b>DEFERRED FINANCING COSTS</b>	<b>213,816</b>
(7) <b>INVESTMENT IN MH ACO</b>	<b>174,000</b>
(8) <b>HOSPICE OF SOUTHERN MAINE</b>	<b>20,249</b>
(9)	
(10)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.)	<b>23,084,226</b>

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

1. (a) Description of liability	(b) Book value	
(1) Federal income taxes		
(2) <b>CAPITAL LEASE OBLIGATION</b>	<b>10,939,992</b>	
(3) <b>ESTIMATED 3RD PARTY PAYOR SETTLEMENT</b>	<b>5,160,902</b>	
(4) <b>SMMC CASH 457 PLAN</b>	<b>2,043,002</b>	
(5) <b>BIDDEFORD FREE CLINIC</b>	<b>111,370</b>	
(6)		
(7)		
(8)		
(9)		
(10)		
(11)		
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.)	<b>18,255,266</b>	

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

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

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

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

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

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

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

**Part XIV Supplemental Information**

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

**Part V, Line 4 - Intended Uses for Endowment Funds**

SMMC INTENDS TO USE ITS ENDOWMENT FUNDS TO GENERATE INVESTMENT EARNINGS TO FUND BOTH CAPITAL AND OPERATING EXPENDITURES FOR FACILITIES AND PROGRAMS.



**SCHEDULE H  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Hospitals**

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

OMB No. 1545-0047

**2011**

Open to Public  
Inspection

Name of the organization

**THE WEBBER HOSPITAL ASSOC**

Employer identification number

**01-0179500**

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

	Yes	No
1a Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	<input checked="" type="checkbox"/>	
b If "Yes," was it a written policy?	<input checked="" type="checkbox"/>	
2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year. <input type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year.		
a Did the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input type="checkbox"/> 200% <input checked="" type="checkbox"/> Other <u>175%</u>	<input checked="" type="checkbox"/>	
b Did the organization use FPG to determine eligibility for providing discounted care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input checked="" type="checkbox"/> Other <u>225%</u>	<input checked="" type="checkbox"/>	
c If the organization did not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care. Include in the description whether the organization used an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care.		
4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	<input checked="" type="checkbox"/>	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	<input checked="" type="checkbox"/>	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	<input checked="" type="checkbox"/>	
c If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligible for free or discounted care?		<input checked="" type="checkbox"/>
6a Did the organization prepare a community benefit report during the tax year?	<input checked="" type="checkbox"/>	
b If "Yes," does the organization make it available to the public?	<input checked="" type="checkbox"/>	

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

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

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			<b>3,523,071</b>		<b>3,523,071</b>	<b>2.17</b>
b Medicaid (from Worksheet 3, column a)			<b>24,952,189</b>	<b>20,872,849</b>	<b>4,079,340</b>	<b>2.51</b>
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d Total Financial Assistance and Means-Tested Government Programs			<b>28,475,260</b>	<b>20,872,849</b>	<b>7,602,411</b>	<b>4.68</b>
<b>Other Benefits</b>						
e Community health improvement services and community benefit operations (from Worksheet 4)			<b>591,013</b>		<b>591,013</b>	<b>0.36</b>
f Health professions education (from Worksheet 5)			<b>151,128</b>		<b>151,128</b>	<b>0.09</b>
g Subsidized health services (from Worksheet 6)			<b>4,557,714</b>	<b>4,123,738</b>	<b>433,976</b>	<b>0.09</b>
h Research (from Worksheet 7)						<b>0.27</b>
i Cash and in-kind contributions for community benefit (from Worksheet 8)			<b>80,041</b>		<b>80,041</b>	<b>0.05</b>
j Total Other Benefits			<b>5,379,896</b>	<b>4,123,738</b>	<b>1,256,158</b>	<b>0.86</b>
k Total. Add lines 7d and 7j			<b>33,855,156</b>	<b>24,996,587</b>	<b>8,858,569</b>	<b>5.54</b>

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development			4,385		4,385	
3 Community support			46,703		46,703	0.03
4 Environmental improvements			2,000		2,000	
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total			53,088		53,088	0.03

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

**Section A. Bad Debt Expense**

	1	Yes	No
1 Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?			X
2 Enter the amount of the organization's bad debt expense	2 4,826,000		
3 Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy	3		
4 Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense. In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit.			

**Section B. Medicare**

5 Enter total revenue received from Medicare (including DSH and IME)	5 52,806,994
6 Enter Medicare allowable costs of care relating to payments on line 5	6 68,268,972
7 Subtract line 6 from line 5. This is the surplus or (shortfall)	7 -15,461,978
8 Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit. Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6. Check the box that describes the method used: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other	

**Section C. Collection Practices**

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

**Part IV Management Companies and Joint Ventures (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 (continued)**

**Section B. Facility Policies and Practices**

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

Name of Hospital Facility: Southern Maine Medical Center

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

Community Health Needs Assessment (Lines 1 through 7 are optional for tax year 2011)		Yes	No
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment (Needs Assessment)? If "No," skip to line 8 If "Yes," indicate what the Needs Assessment describes (check all that apply): a <input type="checkbox"/> A definition of the community served by the hospital facility b <input type="checkbox"/> Demographics of the community c <input type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input type="checkbox"/> How data was obtained e <input type="checkbox"/> The health needs of the community f <input type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs h <input type="checkbox"/> The process for consulting with persons representing the community's interests i <input type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs j <input type="checkbox"/> Other (describe in Part VI)		
2	Indicate the tax year the hospital facility last conducted a Needs Assessment: 20 _____		
3	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted		
4	Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI		
5	Did the hospital facility make its Needs Assessment widely available to the public? If "Yes," indicate how the Needs Assessment was made widely available (check all that apply): a <input type="checkbox"/> Hospital facility's website b <input type="checkbox"/> Available upon request from the hospital facility c <input type="checkbox"/> Other (describe in Part VI)		
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply): a <input type="checkbox"/> Adoption of an implementation strategy to address the health needs of the hospital facility's community b <input type="checkbox"/> Execution of the implementation strategy c <input type="checkbox"/> Participation in the development of a community-wide community benefit plan d <input type="checkbox"/> Participation in the execution of a community-wide community benefit plan e <input type="checkbox"/> Inclusion of a community benefit section in operational plans f <input type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the Needs Assessment g <input type="checkbox"/> Prioritization of health needs in its community h <input type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input type="checkbox"/> Other (describe in Part VI)		
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs		
<b>Financial Assistance Policy</b>			
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
8	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	X	
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care? If "Yes," indicate the FPG family income limit for eligibility for free care: <u>175</u> % If "No," explain in Part VI the criteria the hospital facility used.	X	

**Part V Facility Information (continued)**

	Yes	No
10 Used FPG to determine eligibility for providing discounted care? ..... If "Yes," indicate the FPG family income limit for eligibility for discounted care: <u>225</u> % If "No," explain in Part VI the criteria the hospital facility used.	X	
11 Explained the basis for calculating amounts charged to patients? ..... If "Yes," indicate the factors used in determining such amounts (check all that apply):	X	
a <input checked="" type="checkbox"/> Income level		
b <input type="checkbox"/> Asset level		
c <input checked="" type="checkbox"/> Medical indigency		
d <input checked="" type="checkbox"/> Insurance status		
e <input type="checkbox"/> Uninsured discount		
f <input type="checkbox"/> Medicaid/Medicare		
g <input type="checkbox"/> State regulation		
h <input checked="" type="checkbox"/> Other (describe in Part VI)		
12 Explained the method for applying for financial assistance? .....	X	
13 Included measures to publicize the policy within the community served by the hospital facility? ..... If "Yes," indicate how the hospital facility publicized the policy (check all that apply):	X	
a <input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
b <input checked="" type="checkbox"/> The policy was attached to billing invoices		
c <input checked="" type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d <input checked="" type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e <input checked="" type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f <input checked="" type="checkbox"/> The policy was available on request		
g <input type="checkbox"/> Other (describe in Part VI)		

**Billing and Collections**

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

**Part V Facility Information (continued)**

**Policy Relating to Emergency Medical Care**

**18** Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy? .....

	Yes	No
<b>18</b>	<b>X</b>	

If "No," indicate why:

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

**Individuals Eligible for Financial Assistance**

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

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

--	--	--

**20** Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care? .....

<b>20</b>		<b>X</b>
-----------	--	----------

If "Yes," explain in Part VI.

**21** Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for any service provided to that patient? .....

<b>21</b>		<b>X</b>
-----------	--	----------

If "Yes," explain in Part VI.

**Part V Facility Information** (continued)

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

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

How many non-hospital health care facilities did the organization operate during the tax year? 13

Name and address		Type of Facility (describe)
1	SMMC PrimeCare & Anc. Facility 9 Healthcare Drive  Biddeford ME 04005	Physician Offices and Diagnostic Service
2	SMMC PrimeCare Internal Medicine 30 West Cole Road  Biddeford ME 04005	
3	SMMC PrimeCare Coastal Surgery 3 Medical Center Drive  Biddeford ME 04005	Internal Medicine Physician Practice
4	SMMC PrimeCare Infectious Disease 2 Medical Center Drive  Biddeford ME 04005	General Surgery Physician Practice
5	SMMC PrimeCare Neurology 26 West Cole Road  Biddeford ME 04005	Infectious Disease Physician Practice
6	SMMC PrimeCare Orthopedics 10 Wellspring Road  Biddeford ME 04005	Neurology Physician Practice
7	SMMC PrimeCare Orthopedics 10 Wellspring Road  Biddeford ME 04005	Orthopedic Surgery Physician Practice
8	SMMC PrimeCare & Anc. Facility 4 Shape Drive  Kennebunk ME 04043	Physician Offices and Diagnostic Service
9	SMMC PrimeCare Pediatrics 3 Shape Drive  Kennebunk ME 04043	Pediatric Physician Practice
10	SMMC Internal Medicine 72 Main Street  Kennebunk ME 04043	Internal Medicine Physician Practice
10	SMMC Sleep Lab 45 Barra Road  Biddeford ME 04005	Sleep Lab Services



**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

**Part I, Line 7g - Subsidized Health Services Explanation**

\$433,976 of net community benefit related to Mental Health services are included in Part I, Line 7g.

**Part I, Line 7, Column (f) - Exclusions from Percent of Total Expense**

Bad debt expense of \$10,222,281 was removed from total expenses when calculating the percent of total expenses in Column (f).

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

The costing methodology for the amounts reported in Part I, Line 7 of the Schedule H is based on a ratio of patient care cost to charges. This cost to charge ratio was derived from Worksheet 2, Ratio of Patient Care Cost-to-Charges provided in the instructions for Schedule H.

**Part II - Community Building Activities**

Southern Maine Medical Center supports and assists with the local emergency preparedness training on an annual basis, and provides support to local community organizations and to local community economic development.

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.).
- 6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served.
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.

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

Southern Maine Medical Center does not have a specific footnote in the financial statements that describes "Bad Debt Expense". Southern Maine Medical Center reports accounts receivable for services rendered net of allowances for contractual adjustments, third party reimbursing agencies, free care and bad debts. A bad debt allowance is established for accounts the hospital believes will become uncollectible. The allowance is established by examining historical data, aging trends of accounts receivable balances and economic trends. The offset to the allowance account is to Bad Debt Expense on the Statement of Operations.

Recoveries on accounts previously written off are accounted for on a cash basis and are applied directly to the Provision for Bad Debts on the Statement of Operations. Accounts written off or recovered from Bad Debts during the year are charged against the allowance account on the Balance Sheet.

Bad debt expense represents healthcare services Southern Maine Medical Center has provided without compensation. As a tax-exempt hospital, Southern Maine Medical Center provides necessary patient care regardless of the patient's ability to pay for the services. A portion of Southern Maine

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's 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.

Medical Center's bad debt expense is attributable to patients eligible for financial assistance that, for a variety of reasons, do not complete the financial assistance application process. Southern Maine Medical Center cannot determine the amount of bad debt expense that could be reasonably attributable to patients who likely would qualify for financial assistance under the Southern Maine Medical Center's free care policy. In addition, bad debt expense also includes amounts for services provided to individuals experiencing difficult personal or economic circumstances related to a portion of our community based patient population. Their medical bills often place these individuals in untenable positions where they are not able to handle their personal debt and then their new medical debt. However, because of their income level, they do not qualify for free care. By providing necessary healthcare services to those individuals either who fail to apply for financial assistance or who are experiencing difficult personal or economic circumstances, Southern Maine Medical Center believes that bad debt expense should be included as a community benefit.

**Part III, Line 8 - Medicare Explanation**

Medicare allowable costs were calculated using a cost to charge ratio.

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's 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.

Southern Maine Medical Center believes that the Medicare shortfall should be included as a community benefit because Southern Maine Medical Center has a clear mission commitment to serving elderly patients and adults with disabilities through the provision of specific subsidized programs developed to help improve the health status of these patients. If these critical subsidized programs were not provided by Southern Maine Medical Center, they would become the obligation of the Federal Government.

Part III, Line 9b - Collection Practices Explanation

Patients who qualify for charity care or financial assistance have their account balance adjusted accordingly once charity care or financial assistance has been approved. For patients that do not qualify for 100% financial assistance, the appropriate discount percentage is applied and the remaining balance is billed to the appropriate party. Monthly payment arrangements can be established by the responsible party by contacting the Patient Billing Department.

**Part V Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's 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.

Southern Maine Medical Center, Line Number 1 - Part V, Line 11h

Upon receipt of an application, Southern Maine Medical Center shall determine that an individual seeking free care qualifies for such care if services rendered were medically necessary.

Southern Maine Medical Center, Line Number 1 - Part V, Line 19d

Southern Maine Medical Center (SMMC) charges FAP-eligible patients a discounted amount based on a blend of SMMC's discounts with its largest payers. Currently, the discount provided is 25%, so the rate charged to FAP-eligible patients is 75% of listed charges.

Needs Assessment

SMMC's Board is made up of a diverse set of community members. The Board requires a thorough Community Needs Assessment on behalf of the organization, and directs the organization to analyze and respond to the current needs assessment. MaineHealth also participates in various initiatives to help support and provide updates to community needs assessment planning. Some of these initiatives include:

- Clinical Strategic Planning

**Part VI Supplemental Information**

Complete this part to provide the following information.

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

- Facility Planning

- Manpower Planning

- Physician Recruitment Strategic Planning

- Emergency Preparedness Planning

Along with the internal assessments, most member organizations also review and act on many of the recommendations provided by external groups such as the Maine Center for Disease Control and Prevention and the "State Health Plan" created by the Advisory Committee for Health Systems Development.

The current Community Needs Assessment was obtained through participating with MaineHealth (SMMC'S Parent Company) and its partners in the OneMaine Health Collaborative, Eastern Maine Health System and MaineGeneral Health. The OneMaine Health Community Needs Assessment report was released in March 2011. The report is a comprehensive compilation and analysis containing primary and secondary health data sources. The report contains a Health Status Profile for the state as a whole and for each of Maine's sixteen counties. The primary data source was a randomized telephone survey; the sampling methodology was designed to permit comparisons at the county level. Secondary data sources include

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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numerous state and federal sources. This report provides baseline data on hundreds of health indicators that are relevant to hospitals and communities to inform planning and evaluation activities. Plans call for the Community Health Needs Assessment to be replicated every three years. MaineHealth will hold community forums in partnership with each member and affiliate hospital in order to increase understanding and use of the Community Health Needs Assessment and to inform identification and action on local, community-based health priorities.

#### Patient Education of Eligibility for Assistance

Financial assistance information is provided in the Admitting, Outpatient, and Emergency Registration locations in the following manner:

-Postings including Free Care, Monthly Payment Plan and Expanded Free Care Program

-Handouts

-Interviews with SMMC's Patient Financial Counselor

SMMC's website includes the following patient information:

- Billing Information

- Payment Options

**Part VI Supplemental Information**

Complete this part to provide the following information.

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

**- Financial Assistance Information**

**- Contact us and Billing "FAQ's"**

**Communication between SMMC's Patient Registration and Patient Billing staff**

**is a key component in identifying payment programs to those in need.**

**Employees document interviews with patients and forward all pertinent information between departments in an effort to assist those in need.**

**Inpatients who are uninsured, under insured or any patients who may have difficulty paying their hospital bills are visited by a Financial Counselor to discuss financial assistance programs and assist with applications.**

**These patients are also assisted with MaineCare applications if appropriate.**

**Primary language, deaf and hard of hearing and interpreter needs are assessed early on in the patient care process and appropriate services are provided as needed.**

**Community Information**

**Southern Maine Medical Center (SMMC) is a fully integrated healthcare system providing primary care and specialty physician services within Biddeford, Kennebunk, Old Orchard Beach, and Saco, Maine. All of these**

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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communities are located on the coast in York County. SMMC includes a full service acute care hospital (including York County's only inpatient Mental Health unit, only Mental Health Crisis unit, and only inpatient Pediatric unit) located in Biddeford, Kennebunk, and Saco, Maine. All services are provided without regard for the patient's ability to pay. A joint venture with Maine Medical Center and Goodall Hospital, the Cancer Care Center of York County is located in Sanford, Maine. In addition to general healthcare services, Southern Maine Medical Center supports the community with various initiatives. Other programs provided by Southern Maine Medical Center include: Subsidized Health Services, Community Education Services, Health Care Support Services and Community Building Activities.

#### Health of Community in Relation to Exempt Purpose

As a fully integrated tax-exempt healthcare system, Southern Maine Medical Center (SMMC) has provided open access to all patients. In the fall of 2008, SMMC purchased a large multidisciplinary private physician practice located in its service area as a means of assuring that access. These physician practices provide Primary Care services (Internal Medicine, Family Practice & Pediatrics) as well as General Surgery, Cardiology,

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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Orthopedic Surgery, Neurology, Gastroenterology, Pulmonary Services, Infectious Disease and Osteopathic Manipulative Services. As mentioned before, as a result of SMMC's running these practices, access has been expanded to the at-risk population (Medicaid and Self-Pay population) so that they are getting continuity of care in a physician practice.

#### Affiliated Health Care Information

MaineHealth is a not-for-profit family of leading high-quality providers and other healthcare organizations working together so their communities are the healthiest in America. Ranked among the nation's top 100 integrated healthcare delivery networks, MaineHealth is governed by a board of trustees consisting of community and business leaders from its southern, central and western regional service areas.

The collaboration of MaineHealth members makes it possible to offer an extensive range of clinical integration and community health programs, many aimed at improving access to preventative and primary care services.

MaineHealth includes the following member organizations: Lincoln County Healthcare, Maine Medical Center, Maine Mental Health Partners, Pen Bay Healthcare, Southern Maine Medical Center, Waldo County Healthcare,

**Part VI Supplemental Information**

Complete this part to provide the following information.

- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21.
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Western Maine Health, HomeHealth Visiting Nurses, Maine Physician Hospital  
Organization, NorDx Labs, Synernet, MaineHealth Accountable Care  
Organization, and MaineHealth Cardiology. Affiliates of MaineHealth  
include:

MaineGeneral Medical Center, Mid Coast Hospital, New England Rehabilitation  
Hospital and St. Marys Regional Hospital.

List of States Where Community Benefit Report is Filed

Maine

Additional Information

Part I, Line 3b

Southern Maine Medical Center uses Federal Poverty Guidelines (FPG) for  
providing discounted care to low income individuals. The family income  
limit for eligibility for discounted care is 175% - 225%. An average rate  
of 200% is used in Part I, Line 3b.

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

**THE WEBBER HOSPITAL ASSOC**

**Compensation Information**

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

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2011**

Open to Public Inspection

Employer identification number

**01-0179500**

**Part I Questions Regarding Compensation**

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

- |  |  |
|--|--|
| <input type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input 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 (e.g., maid, chauffeur, chef) |

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

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

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

- |   |   |
|---|---|
| <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 in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

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

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

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

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

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

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

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

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

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

	Yes	No
1a		
1b		
2		
3		
4a		X
4b	X	
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

**THE WEBBER HOSPITAL ASSOC**

01-0179500

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

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

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

	(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990		
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation						
1	CARROLL, MICHAEL, M.D.	(i) 0 (ii) 402,143 (iii) 0	0	0	0	25,792	0	14,806	442,741	0
2	QUINN-SKILLINGS, GINA, M.D.	(i) 0 (ii) 295,392 (iii) 0	0	0	0	30,201	0	15,066	340,659	0
3	LAPRISE, PAUL, M.D.	(i) 0 (ii) 285,246 (iii) 0	0	0	0	27,102	0	14,432	326,780	0
4	O'HARE, MARY, M.D.	(i) 0 (ii) 222,105 (iii) 0	0	0	0	23,134	0	7,726	252,965	0
5	CUTONE, STEVEN, D.O.	(i) 0 (ii) 219,140 (iii) 0	0	0	0	21,467	0	15,643	256,250	0
6	BURGESS, DONALD, M.D.	(i) 0 (ii) 196,676 (iii) 0	0	0	0	28,619	0	14,614	239,909	0
7	MCGEACHEY, EDWARD J.	(i) 437,229 (ii) 0 (iii) 0	0	61,573	8,575	0	0	15,020	522,397	0
8	LAVOIE, FRANK, M.D.	(i) 338,060 (ii) 0 (iii) 0	0	4,838	8,575	0	0	15,780	367,253	0
9	BELAIR, NORMAN	(i) 262,103 (ii) 0 (iii) 0	0	3,849	6,125	0	0	15,066	287,143	0
10	ALBAUM, MICHAEL, M.D.	(i) 0 (ii) 305,325 (iii) 0	0	0	33,484	0	0	15,780	354,589	0
11	UPHAM, PAUL	(i) 218,681 (ii) 0 (iii) 0	0	0	7,685	0	0	1,446	227,812	0
12	CAMIRE, PATRICIA	(i) 183,547 (ii) 0 (iii) 0	0	2,271	6,491	0	0	3,399	195,708	0
13	BOUCHARD, LORRAINE	(i) 173,350 (ii) 0 (iii) 0	0	2,273	6,344	0	0	15,652	197,619	0
14	FOURNIER, MARC	(i) 170,769 (ii) 0 (iii) 0	0	2,094	6,096	0	0	7,096	186,055	0
15	PENE, MELANI	(i) 169,192 (ii) 0 (iii) 0	0	0	5,961	0	0	6,847	182,000	0
16	BROWN, ANDREA, M.D.	(i) 0 (ii) 111,040 (iii) 0	0	0	19,516	0	0	14,536	145,092	0

Part II Supplemental Information

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

Part I, Line 4 - Severance, Nonqualified, and Equity-Based Payments

Severance Nonqualified Equity-based

MCGEACHEY, EDWARD J.	0	61,573	0
LAVOIE, FRANK, M.D.	0	4,838	0
BELAIR, NORMAN	0	3,849	0
CAMIRE, PATRICIA	0	2,271	0
BOUCHARD, LORRAINE	0	2,273	0
FOURNIER, MARC	0	2,094	0

**SCHEDULE K  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information on Tax-Exempt Bonds**

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2011**

Open to Public Inspection

Name of the organization

**THE WEBBER HOSPITAL ASSOC**

Employer identification number

**01-0179500**

**Part I Bond Issues**

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
<b>A MHHEFA - Series 2006F Issue</b>	<b>01-0314384560425G20</b>		<b>09/07/06</b>	<b>16,666,864</b>	<b>Hospital Expansion</b>		<b>X</b>		<b>X</b>		<b>X</b>
<b>B MHHEFA-Series 2010B and 2010C Issue</b>	<b>01-0314384560427JA5</b>		<b>06/24/10</b>	<b>6,447,296</b>	<b>Refinance Bonds</b>		<b>X</b>		<b>X</b>		<b>X</b>
<b>C</b>											
<b>D</b>											

**Part II Proceeds**

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Amount of bonds retired								
2 Amount of bonds legally defeased			<b>16,860,339</b>	<b>6,506,734</b>				
3 Total proceeds of issue								
4 Gross proceeds in reserve funds								
5 Capitalized interest from proceeds								
6 Proceeds in refunding escrows								
7 Issuance costs from proceeds			<b>193,475</b>	<b>58,540</b>				
8 Credit enhancement from proceeds								
9 Working capital expenditures from proceeds								
10 Capital expenditures from proceeds			<b>16,666,864</b>	<b>6,446,910</b>				
11 Other spent proceeds								
12 Other unspent proceeds								
13 Year of substantial completion			<b>2009</b>		<b>2010</b>			
14 Were the bonds issued as part of a current refunding issue?								
15 Were the bonds issued as part of an advance refunding issue?			<b>X</b>	<b>X</b>				
16 Has the final allocation of proceeds been made?	<b>X</b>		<b>X</b>	<b>X</b>				
17 Does the organization maintain adequate books and records to support the final allocation of proceeds?	<b>X</b>		<b>X</b>	<b>X</b>				

**Part III Private Business Use**

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

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

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X		X				
b If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c Are there any research agreements that may result in private business use of bond-financed property?		X						
d If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government		%		%		%		%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government		%		%		%		%
6 Total of lines 4 and 5		%		%		%		%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X					

Part IV Arbitrage

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

Part V Procedures To Undertake Corrective Action

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

Yes  No

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

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

Department of the Treasury  
Internal Revenue Service

Name of the organization

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

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

▶ Attach to Form 990 or 990-EZ.

OMB No. 1545-0047

**2011**

Open to Public Inspection

**THE WEBBER HOSPITAL ASSOC**

Employer identification number

**01-0179500**

Form 990, Part III, Line 4d - All Other Accomplishment

OTHER PROGRAM SERVICES INCLUDE: PHYSICIAN PRACTICES, SURGICAL SERVICES, IMAGING SERVICES, CARDIOPULMONARY SERVICES, LABORATORY, EMERGENCY SERVICES AND REHAB SERVICES

Form 990, Part VI, Line 6 - Classes of Members or Stockholders

MAINEHEALTH, EIN #01-0431680, IS THE SOLE MEMEBER OF THE MEDICAL CENTER.

Form 990, Part VI, Line 7a - Election of Members and Their Rights

THE MEMBER OF THE ORGANIZATION HAS THE RESPONSIBILITY FOR THE ELECTION OF THE MEMBERS OF THE GOVERNING BODY.

Form 990, Part VI, Line 7b - Decisions Subject to Approval of Members

THERE ARE DECISIONS BY THE GOVERNING BODY THAT REQUIRE APPROVAL BY THE MEMBER. THESE DO INCLUDE:

1. THE REMOVAL OF A DIRECTOR FROM THE BOARD;
2. THE APPROVAL OF THE SALE, LEASE OR DISPOSITION OF ALL, OR SUBSTANTIALLY ALL, OF THE ASSETS AND PROPERTY OF THE CORPORATION;
3. THE DISSOLUTION OF THE CORPORATION OF ITS MERGER WITH OR CONSOLIDATION WITH ANOTHER CORPORATION;
4. ANY OTHER MATTER WHICH, BY A MAJORITY VOTE OF THE GOVERNING BODY, THE GOVERNING BODY DETERMINES SHOULD BE SUBMITTED TO THE MEMBER.

Form 990, Part VI, Line 11b - Organization's Process to Review Form 990

THE FORM 990 WAS REVIEWED IN DETAIL BY THE SMMC FINANCE COMMITTEE PRIOR TO

Name of the organization

THE WEBBER HOSPITAL ASSOC

Employer identification number

01-0179500

BEING FILED. THIS IS A COMMITTEE OF THE BOARD OF DIRECTORS. THE FORM 990 WAS ALSO MADE AVAILABLE TO THE OVERALL BOARD OF DIRECTORS. THE VP OF FINANCE ALSO REVIEWED THE FORM 990 IN DETAIL BEFORE SIGNING THE RETURN.

Form 990, Part VI, Line 12c - Enforcement of Conflicts Policy

AS INDICATED IN 12B, SMMC REQUIRES CURRENT AND FORMER OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES TO COMPLETE AN ANNUAL QUESTIONNAIRE CONCERNING ANY POTENTIAL CONFLICTS OF INTERESTS. THE ORGANIZATION REVIEWS THE RESPONSES TO THESE DOCUMENTS AND ADDRESSES ANY ISSUES IMMEDIATELY. IN ADDITION, WE HAVE ADDED ANOTHER QUESTIONNAIRE THAT SPECIFICALLY ADDRESSES THE CONCERNS REGARDING TRANSACTIONS INVOLVING CURRENT OR FORMER OFFICERS, DIRECTORS, TRUSTEES, AND KEY EMPLOYEES AND CERTAIN PARTIES THAT ARE RELATED TO THESE INDIVIDUALS.

Form 990, Part VI, Line 15a - Compensation Process for Top Official

SMMC USES VARIOUS RESOURCES TO DETERMINE COMPENSATION, INCLUDING BUT NOT LIMITED TO, INDEPENDENT COMPENSATION CONSULTANTS AND COMPENSATION SURVEYS. THESE ARE THEN PRESENTED TO THE COMPENSATION COMMITTEE OF THE BOARD WITH A RECOMMENDATION. THE COMMITTEE REVIEWS THE DATA AND THEN ACTS UPON ANY RECOMMENDATION.

Form 990, Part VI, Line 15b - Compensation Process for Officers

SMMC USES VARIOUS RESOURCES TO DETERMINE COMPENSATION, INCLUDING BUT NOT LIMITED TO, INDEPENDENT COMPENSATION CONSULTANTS AND COMPENSATION SURVEYS. THESE ARE THEN PRESENTED TO THE COMPENSATION COMMITTEE OF THE BOARD WITH A RECOMMENDATION. THE COMMITTEE REVIEWS THE DATA AND THEN ACTS UPON ANY RECOMMENDATION.

Name of the organization

THE WEBBER HOSPITAL ASSOC

Employer identification number

01-0179500

## Form 990, Part VI, Line 19 - Governing Documents Disclosure Explanation

DOCUMENTS THAT ARE REQUIRED TO BE OPEN FOR PUBLIC INSPECTION ARE MADE  
AVAILABLE UPON REQUEST.

## Form 990, Part VII - Related Organizations

CARROLL, MICHAEL, M.D. 39.00 HOURS

LAPRISE, PAUL, M.D. 39.00 HOURS

MEADOWS, PAUL G., M.D. 39.00 HOURS

O'HARE, MARY, M.D. 39.00 HOURS

CUTONE, STEVEN, D.O. 39.00 HOURS

BURGESS, DONALD, M.D. 39.00 HOURS

BROWN, ANDREAS, M.D. 39.00 HOURS

ALBAUM, MICHAEL, M.D. 40.00 HOURS

BELAIR, NORMAN 1.00 HOUR

MCGEACHEY, EDWARD J. 1.00 HOUR

## Form 990, Part XI, Line 5 - Other Changes in Net Assets Explanation

NET EQUITY TRANSFERS FROM AFFILIATE 906,362

CHANGE IN MARKET VALUE OF INVESTMENTS 3,111,486

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

**Related Organizations and Unrelated Partnerships**

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

**2011**

**Open to Public Inspection**

**THE WEBBER HOSPITAL ASSOC**

Employer identification number  
**01-0179500**

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

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

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

(1)	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
							Yes	No
(1)	<b>SMMC VISITING NURSES</b> 72 MAIN STREET KENNEBUNK ME 04043 20-1620032	NURSING	ME	501c3	9	SMMC	X	
(2)	<b>MAINEHEALTH</b> 110 FREE STREET PORTLAND ME 04101 01-0431680	HEALTHCARE	ME	501c3	11c	N/A		X
(3)	<b>MAINE MEDICAL CENTER</b> 22 BRAMHALL STREET PORTLAND ME 04102 01-0238552	HOSPITAL	ME	501c3	3	MEHealth		X
(4)	<b>MAINE MENTAL HEALTH PARTNERS</b> 123 ANDOVER ROAD WESTEROK ME 04092 26-3426990	HEALTHCARE	ME	501c3	11c	MEHealth		X
(5)	<b>LINCOLN COUNTY HEALTH CARE, INC.</b> 6 ST ANDREWS LANE BOOTHBAY HARBOR ME 04538 26-1475659	HEALTHCARE	ME	501c3	11c	MEHealth		X

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

Name of the organization

**THE WEBBER HOSPITAL ASSOC**

Employer identification number  
**01-0179500**

**Related Organizations and Unrelated Partnerships**

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

OMB No. 1545-0047

**2011**

**Open to Public Inspection**

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

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

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

(1)	(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
							Yes	No
(1)	WESTERN MAINE HEALTH CARE CORP. 181 MAIN STREET NORWAY ME 04268 01-0411788	HEALTHCARE	ME	501c3	11c	MEHealth		X
(2)	WALDO COUNTY HEALTHCARE, INC. P.O. BOX 287 BELFAST ME 04915-0287 22-2864961	HEALTHCARE	ME	501c3	11c	MEHealth		X
(3)	HOMEHEALTH VISITING NURSES OF SO ME 15 INDUSTRIAL PARK DRIVE SACO ME 04072 22-2571902	HEALTHCARE	ME	501c3	9	MEHealth		X
(4)	NORDX 301A US ROUTE ONE SCARBOROUGH ME 04074 01-0511356	LABORATORY	ME	501c3	9	MEHealth		X
(5)	PEN BAY HAEALTHCARE 4 WHITE STREET ROCKLAND ME 04841 22-2494475	ADMIN	ME	501c3	9	MEHealth		X

Schedule R (Form 990) 2011 THE WEBBER HOSPITAL ASSOC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate alloc.?		(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) MAINEHEALTH ACCOUNTABLE CARE ORG. 110 FREE STREET PORTLAND ME 04101 45-2929273	ACO	ME	MaineHlth Related		-2,054	171,946		X				X	9.91
(2)													
(3)													
(4)													

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) SMMC PRIMECARE PHYSICIAN SERVICES PO BOX 626 BIDDEFORD ME 04005-0626 26-3345134	HEALTHCARE	ME	SMMC	C	27,941,893	3,754,165	100.000000
(2) SYNERNET, INC. 110 FREE STREET PORTLAND ME 04101 01-0539789	AdminSery	ME	N/A	C	N/A	N/A	N/A
(3) MAINE PHYSICIAN HOSPITAL ORG. 110 FREE STREET PORTLAND ME 04101 01-0527540	HEALTHCARE	ME	N/A	C	N/A	N/A	N/A
(4)							

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

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

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

	Yes	No
a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity	X	
b Gift, grant, or capital contribution to related organization(s)		X
c Gift, grant, or capital contribution from related organization(s)		X
d Loans or loan guarantees to or for related organization(s)		X
e Loans or loan guarantees by related organization(s)		X
f Sale of assets to related organization(s)		X
g Purchase of assets from related organization(s)		X
h Exchange of assets with related organization(s)		X
i Lease of facilities, equipment, or other assets to related organization(s)		X
j Lease of facilities, equipment, or other assets from related organization(s)		X
k Performance of services or membership or fundraising solicitations for related organization(s)		X
l Performance of services or membership or fundraising solicitations by related organization(s)	X	
m Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)		X
n Sharing of paid employees with related organization(s)		X
o Reimbursement paid to related organization(s) for expenses		X
p Reimbursement paid by related organization(s) for expenses		X
q Other transfer of cash or property to related organization(s)		X
r Other transfer of cash or property from related organization(s)	X	

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

	(a) Name of other organization	(b) Transaction type (a-r)	(c) Amount involved	(d) Method of determining amount involved
(1)	SMMC VISITING NURSES	a	18,128	
(2)	SMMC PRIMECARE PHYSICIAN SERVICES	o	27,923,765	
(3)	SMMC VISITING NURSES	p	101,488	
(4)				
(5)				
(6)				

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

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

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





**CONSOLIDATED FINANCIAL STATEMENTS**

and

**SUPPLEMENTAL INFORMATION**

**September 30, 2012 and 2011**

**With Independent Auditors' Report**



**THE WEBBER HOSPITAL ASSOCIATION,  
d/b/a SOUTHERN MAINE MEDICAL CENTER AND SUBSIDIARIES**

**Consolidated Financial Statements  
and Supplemental Information**

**Years Ended September 30, 2012 and 2011**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors

The Webber Hospital Association, d/b/a Southern Maine Medical Center and Subsidiaries

We have audited the accompanying consolidated balance sheets of The Webber Hospital Association, d/b/a Southern Maine Medical Center and Subsidiaries (the Medical Center), as of September 30, 2012 and 2011, and the related consolidated statements of operations, changes in net assets and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Medical Center's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Medical Center, as of September 30, 2012 and 2011, and the consolidated results of its operations, changes in its net assets and its cash flows for the years then ended, in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplemental information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplemental information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

*Berry Dunn McNeil & Parker, LLC*

Portland, Maine  
February 8, 2013

**THE WEBBER HOSPITAL ASSOCIATION,  
d/b/a SOUTHERN MAINE MEDICAL CENTER AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**September 30, 2012 and 2011**

**ASSETS**

	<u>2012</u>	<u>2011</u>
Current assets		
Cash and cash equivalents	\$ 5,784,621	\$ 14,059,078
Short-term investments	5,572,946	5,330,655
Accounts receivable, net	21,572,879	18,960,192
Due from MaineHealth and other affiliates	178,576	27,276
Other receivables	918,037	245,475
Inventories	1,532,519	1,572,347
Prepaid expenses	1,176,725	903,371
Pledges receivable, current portion	50,250	50,000
Trustee held under indenture agreement	<u>722,116</u>	<u>720,008</u>
Total current assets	<u>37,508,669</u>	<u>41,868,402</u>
Assets limited as to use or donor-restricted, net of current amount		
Internally designated for capital acquisition and other purposes	26,193,552	22,362,561
Trustee held under indenture agreement	265,193	150,223
Donor-restricted	<u>1,158,916</u>	<u>1,326,024</u>
	<u>27,617,661</u>	<u>23,838,808</u>
Pledges receivable, net	-	80,980
Estimated third-party payor settlements	14,393,999	7,134,572
Beneficial interest in perpetual trusts	630,790	1,096,303
Property and equipment, net	63,533,782	65,591,268
Deferred financing costs, less amortization	213,816	228,474
Other assets	<u>6,784,591</u>	<u>1,718,467</u>
 Total assets	 <u>\$ 150,683,308</u>	 <u>\$141,557,274</u>

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The accompanying notes are an integral part of these consolidated financial statements.

## LIABILITIES AND NET ASSETS

	<u>2012</u>	<u>2011</u>
Current liabilities		
Accounts payable and accrued expenses	\$ 6,368,914	\$ 5,468,362
Due to MaineHealth and other affiliates	5,881,814	4,620,546
Accrued earned time	3,462,220	3,429,524
Accrued interest	195,697	218,546
Accrued payroll and amounts withheld	4,127,301	4,202,005
Deferred revenue	43,956	28,950
Estimated third-party payor settlements	5,160,902	745,080
Current portion of capital lease obligation	566,000	453,000
Current portion of long-term debt	<u>2,671,452</u>	<u>2,804,118</u>
Total current liabilities	<b>28,478,256</b>	21,970,131
Other long-term obligations	<b>2,154,372</b>	1,788,530
Capital lease obligation, less current portion	<b>10,373,992</b>	10,940,169
Long-term debt, less current portion	<u><b>16,477,046</b></u>	<u>19,190,341</u>
Total liabilities	<u><b>57,483,666</b></u>	<u>53,889,171</u>
Commitments and contingencies (Notes 12 and 16)		
Net assets		
Unrestricted	91,359,686	85,114,796
Temporarily restricted	240,576	473,507
Permanently restricted	<u>1,599,380</u>	<u>2,079,800</u>
Total net assets	<u><b>93,199,642</b></u>	<u>87,668,103</u>
Total liabilities and net assets	<u><b>\$ 150,683,308</b></u>	<u>\$ 141,557,274</u>

**THE WEBBER HOSPITAL ASSOCIATION,  
d/b/a SOUTHERN MAINE MEDICAL CENTER AND SUBSIDIARIES**

**Consolidated Statements of Operations**

**Years Ended September 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Unrestricted revenue and other support		
Net patient service revenue	\$ 171,136,221	\$ 166,857,436
Other revenue	4,490,053	3,397,009
Assets released from restrictions for operations	<u>43,673</u>	<u>20,282</u>
Total unrestricted revenue and other support	<u>175,669,947</u>	<u>170,274,727</u>
Expenses		
Salaries and wages	79,358,683	76,999,945
Employee benefits	16,452,214	18,410,969
Supplies and other expenses	51,084,689	47,045,824
Physician fees	2,931,702	1,674,238
Provision for bad debts	10,222,281	9,797,297
Health care provider tax	2,579,343	2,467,656
Depreciation and amortization	8,738,741	9,092,533
Interest	<u>1,656,618</u>	<u>1,760,593</u>
Total expenses	<u>173,024,271</u>	<u>167,249,055</u>
Income from continuing operations	2,645,676	3,025,672
Nonoperating gains (losses)		
Unrestricted gifts and donations	147,731	291,206
Other nonoperating income (expense)	<u>68,359</u>	<u>(152,460)</u>
Nonoperating gains (losses)	<u>216,090</u>	<u>138,746</u>
Excess of revenues and gains over expenses and losses from continuing operations	<u>2,861,766</u>	<u>3,164,418</u>
Loss from discontinued operations	<u>(223,387)</u>	<u>(170,040)</u>
Excess of revenues and gains over expenses and losses before return (loss) on investments	<u>2,638,379</u>	<u>2,994,378</u>
Return (loss) on investments	<u>4,069,462</u>	<u>(488,758)</u>
Excess of revenues and gains over expenses and losses	<u>\$ 6,707,841</u>	<u>\$ 2,505,620</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE WEBBER HOSPITAL ASSOCIATION,  
d/b/a SOUTHERN MAINE MEDICAL CENTER AND SUBSIDIARIES**

**Consolidated Statements of Changes in Net Assets**

**Years Ended September 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Unrestricted revenue and other support		
Excess of revenues and gains over expenses and losses	\$ 6,707,841	\$ 2,505,620
Other changes in unrestricted net assets:		
Equity transfer to affiliate	(309,690)	-
Net assets released from restrictions used for building and equipment acquisitions	326,451	205,195
Net assets released in satisfaction of donor restrictions	25,388	134,349
Equity transfer to MaineHealth	<u>(505,100)</u>	<u>(346,680)</u>
Increase in unrestricted net assets	<u>6,244,890</u>	<u>2,498,484</u>
Temporarily restricted net assets		
Restricted contributions	162,581	194,721
Net asset released for operations	(43,673)	(20,282)
Net assets released from restrictions used for building and equipment acquisitions	(326,451)	(205,195)
Net assets released in satisfaction of donor restriction	<u>(25,388)</u>	<u>(134,349)</u>
Decrease in temporarily restricted net assets	<u>(232,931)</u>	<u>(165,105)</u>
Permanently restricted net assets		
Equity transfer to affiliate	(514,753)	-
Change in fair value of perpetual trusts	<u>34,333</u>	<u>49,890</u>
(Decrease) increase in permanently restricted net assets	<u>(480,420)</u>	<u>49,890</u>
Increase in net assets	5,531,539	2,383,269
Net assets, beginning of year	<u>87,668,103</u>	<u>85,284,834</u>
Net assets, end of year	<u>\$ 93,199,642</u>	<u>\$ 87,668,103</u>

The accompanying notes are an integral part of these consolidated financial statements.

**THE WEBBER HOSPITAL ASSOCIATION,  
d/b/a SOUTHERN MAINE MEDICAL CENTER AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**Years Ended September 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from operating and nonoperating activities		
Increase in net assets	\$ 5,531,539	\$ 2,383,269
Adjustments to reconcile change in net assets to net cash provided by operating and nonoperating activities		
Depreciation and amortization	8,765,196	9,148,317
Provision for bad debts	10,246,053	9,818,416
Net realized and unrealized (gains) losses on investments	(3,392,668)	1,324,975
Equity transfer to MaineHealth	505,100	346,680
Equity transfer to affiliate	824,443	-
Restricted contributions and investment income	(162,581)	(194,721)
Change in value of perpetual trusts	(34,333)	(49,890)
Loss on sale of property and equipment	41	152,460
Increase (decrease) in cash resulting from a change in		
Accounts receivable	(12,955,430)	(10,714,236)
Estimated third-party payor settlements	(2,843,605)	3,351,818
Other receivables	(876,929)	(123,591)
Inventories	39,828	(79,163)
Prepaid expenses	(281,873)	25,086
Accounts payable and accrued expenses	901,365	384,488
Accrued earned time	113,248	56,537
Accrued interest	(22,849)	(31,940)
Accrued payroll and amounts withheld	(74,410)	(84,749)
Deferred revenue	17,923	(171,276)
Due to affiliates	<u>1,261,268</u>	<u>2,743,249</u>
Net cash provided by operating and nonoperating activities	<u>7,561,326</u>	<u>18,285,729</u>
Cash flows from investing activities		
Proceeds from sale of property and equipment	128,967	148,852
Purchases of property and equipment	(6,970,164)	(7,241,785)
(Increase) decrease in other assets	(4,700,282)	15,591
Net purchases of investments	(403,200)	(764,398)
Purchase of short-term investments	<u>(242,291)</u>	<u>(73,483)</u>
Net cash used by investing activities	<u>(12,186,970)</u>	<u>(7,915,223)</u>

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The accompanying notes are an integral part of these consolidated financial statements.

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Consolidated Statements of Cash Flows (Concluded)**

**Years Ended September 30, 2012 and 2011**

	<u>2012</u>	<u>2011</u>
Cash flows from financing activities		
Payments on capital lease obligation	\$ (453,177)	\$ (428,757)
Restricted contributions and investment income	243,311	335,917
Principal payments on long-term debt	(2,845,961)	(2,879,931)
Transfer of cash to affiliate	(87,886)	-
Equity transfer to MaineHealth	<u>(505,100)</u>	<u>(346,680)</u>
Net cash used by financing activities	<u>(3,648,813)</u>	<u>(3,319,451)</u>
Net (decrease) increase in cash and cash equivalents	<u>(8,274,457)</u>	7,051,055
Cash and cash equivalents, beginning of year	<u>14,059,078</u>	<u>7,008,023</u>
Cash and cash equivalents, end of year	<u>\$ 5,784,621</u>	<u>\$ 14,059,078</u>
Supplemental disclosure of cash flow information		
Cash paid during the year for interest, including capitalized interest of \$32,081 at September 30, 2011. The Medical Center had no capitalized interest at September 30, 2012	<u>\$ 1,783,442</u>	<u>\$ 1,792,533</u>

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The accompanying notes are an integral part of these consolidated financial statements.

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

**1. Reporting Entity**

**Organization**

The following is a brief description of Southern Maine Medical Center and its subsidiaries, which are included in the accompanying consolidated financial statements:

**Southern Maine Medical Center (the Medical Center)**

The Medical Center is a not-for-profit corporation which operates acute and ambulatory care facilities located in Biddeford, Saco, Old Orchard Beach and Kennebunk, Maine.

Effective May 1, 2009, the Medical Center became a member organization of MaineHealth, with MaineHealth becoming the sole corporate member of the Medical Center. MaineHealth is also the parent company of Maine Medical Center and Subsidiaries, Western Maine Health Care Corporation and Subsidiaries, Lincoln County Health Care, Inc. and Subsidiaries, Home Health Visiting Nurses of Southern Maine, NorDx, Maine Physician Hospital Organization, Inc., Synernet, Inc., Maine Mental Health Partners, Waldo County Healthcare, Inc. and Subsidiaries, and Pen Bay Healthcare and Subsidiaries. All activity with these other entities is disclosed as activity with other member organizations.

**SMMC Visiting Nurses**

SMMC Visiting Nurses is a not-for-profit home health agency in which the Medical Center is its sole corporate member. Effective December 1, 2011, the operations and certain assets and liabilities of SMMC Visiting Nurses were transferred to MaineHealth's subsidiary, Home Health Visiting Nurses of Southern Maine. Under Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 205-20 the SMMC Visiting Nurses' operations are reported as discontinued operations for all years presented.

**Southern Maine Medical Center PrimeCare Physician Services P.A. (SMMPCPS)**

SMMPCPS is a corporation established to provide professional medical services in the greater Southern Maine region. The Medical Center is the sole corporate shareholder.

The consolidated financial statements include the accounts of the Medical Center, SMMC Visiting Nurses, and SMMPCPS (collectively, the Medical Center). All material intercompany accounts and transactions have been eliminated upon consolidation.

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

**2. Summary of Significant Accounting Policies**

The accounting policies that affect the more significant elements of the consolidated financial statements are summarized below:

**Use of Estimates**

The preparation of 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 financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The most significant areas which are affected by the use of estimates are net patient accounts receivable, estimated third-party payor settlements, and certain accrued expenses.

**Cash and Cash Equivalents**

Cash and cash equivalents include all demand deposit accounts, short-term money market accounts and certificates of deposit with original maturities of three months or less, excluding assets limited as to use.

**Assets Limited as to Use or Donor-Restricted**

Assets limited as to use or donor-restricted are primarily investments in cash equivalents, mutual funds and debt and equity securities. Included in assets limited as to use are assets held by a trustee under an indenture agreement and designated assets set aside by the Board of Directors for future capital improvements, over which the Board retains control and may at its discretion use for other purposes. Amounts required to meet current liabilities of the Medical Center have been classified as current assets in the consolidated balance sheets at September 30, 2012 and 2011.

**Investments**

All investments which are publicly traded are measured at fair market value based on market quotations in the consolidated balance sheets. Other securities for which no such quotations or valuations are readily available are carried at estimated fair value.

As provided under FASB ASC Section 825, *Financial Instruments*, entities may elect to report financial instruments and certain other items at fair value on a contract-by-contract basis with changes in value reported in the excess of revenues and gains over expenses and losses. The Medical Center made this election for all financial instruments classified as investments and assets limited as to use or donor-restricted. As a result of this election, the Medical Center reflects changes in the fair value, including both increases and decreases in value whether realized or unrealized, in its excess of revenues and gains over expenses and losses.

**THE WEBBER HOSPITAL ASSOCIATION,  
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Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the balance sheets, statements of operations, and statements of changes in net assets.

Investment income or loss, including realized and unrealized gains and losses on investments, interest and dividends, is included in the excess of revenue and gains over expenses and losses unless the income or loss is restricted by donor or law. Realized gains or losses on the sale of investment securities are determined by the specific identification method.

Investments in nonmarketable investments are generally carried at fair value estimated by management based on fair values provided by external investment managers. The Medical Center reviews and evaluates the valuations provided by the investment managers and believes that these valuations are reasonable estimates of fair value at September 30, 2012 and 2011, but are subject to uncertainty and, therefore, may differ from the value that would have been used had a ready market for the investments existed and, such differences could be material. The amount of gain or loss associated with these investments is reflected in the accompanying financial statements based on information provided by the management of the fund. The Medical Center believes that the carrying amount of its nonmarketable investments of \$3,787,039 and \$2,325,367 is a reasonable estimate of fair value as of September 30, 2012 and 2011, respectively.

**Accounts Receivable**

Accounts receivable are stated at the amount management expects to collect from outstanding balances. An allowance for doubtful accounts is provided based on an analysis by management of the collectibility of outstanding balances. Management considers the age of outstanding balances and past collection efforts in determining the allowance for doubtful accounts. Accounts deemed uncollectible are charged off against the established allowance.

**Inventories**

Inventories of supplies and pharmaceuticals are carried at the lower of cost (determined by the first-in, first-out method) or market.

**Property and Equipment**

Property and equipment is stated at cost or, if donated, at fair value as of the date of donation. Provisions for depreciation of property and equipment have been determined under the straight-line method over the estimated useful lives for each class of depreciable assets. Items under construction are classified as construction in progress and no depreciation is taken until the assets are placed in service. Interest costs incurred on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

**Deferred Financing Costs**

Deferred financing costs are being amortized over the term of the related debt using the bonds outstanding method.

**Earned Time**

The Medical Center provides and accrues for paid time off for vacation, holiday and sick leave under an earned time system.

**Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are those whose use has been limited by donors to a specified time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained in perpetuity. Substantially all income from permanently restricted net assets is unrestricted.

**Donor-Restricted Contributions**

Donated investments, supplies and equipment are reported at fair value at the date of receipt. All gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Restricted income and realized and unrealized gains (losses) earned on temporarily restricted net assets are reflected in the changes in temporarily restricted net assets.

**Excess of Revenues and Gains Over Expenses and Losses**

The consolidated statements of operations include excess of revenues and gains over expenses and losses. Changes in unrestricted net assets which are excluded from excess of revenues and gains over expenses and losses, consistent with industry practice, include net assets released from restrictions used for the purposes of acquiring long-lived assets, net assets released in satisfaction of donor restrictions and equity transfers.

**Net Patient Service Revenue**

Net patient service revenue is reported in the period in which services are provided at the estimated net realizable amounts from patients, third-party reimbursing agencies, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party reimbursing agencies. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Due to changes in interpretation of certain Centers for Medicare and Medicaid Services (CMS) regulations, final retroactive adjustments may be materially different from these estimates.

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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

**Free Care and Bad Debts**

The Medical Center accepts all patients regardless of their ability to pay. A patient qualifies for free care based upon certain established policies of the Medical Center. These policies define free care as those services for which limited or no payment is anticipated. Free care provided is not included in net patient service revenue and is measured based on the Medical Center's charges. Costs and expenses incurred in providing these services are included in operating expenses. Charges for services rendered to individuals from whom payment is expected and ultimately not received are written off and included in expenses as part of the provision for bad debts.

**Employee Benefit Plan**

The Medical Center sponsors a qualified defined contribution plan (a 403(b) program). Employees must meet certain eligibility requirements to enroll in the plan. Employees may elect to defer a portion of their compensation by contributing to the plan. In the year ended September 30, 2011, and through December 31, 2011, the Medical Center made matching contribution equal to 25% of the employee's salary deferral up to 1% of the employee's compensation. In addition, the Medical Center contributed either 1.5% or 2.5%, depending on the length of service, of each participating employee's compensation, to the plan. Effective January 1, 2012, the Medical Center matches up to 100% of the employee's deferral up to 3.5% of the employee's compensation. All contributions are subject to federal government limits. The Medical Center recorded approximately \$1,280,000 and \$1,421,000 of expense related to the plan for the years ended September 30, 2012 and 2011, respectively. In addition, the Medical Center also allows certain qualified employees to defer compensation under a nonqualified benefit program (see Note 10).

SMMCPCPS sponsors a qualified defined contribution plan (a 401(k) program). Employees must meet certain eligibility requirements to enroll in the plan. Employees may elect to defer a portion of their compensation by contributing to the plan. Through August 2011, SMMCPCPS made matching contributions up to 600% of the employee's elective deferral that do not exceed 6% of the employee's compensation. All contributions are subject to federal government limits. At September 30, 2011, SMMCPCPS recorded approximately \$2,186,000 of expense related to the plan.

In late August 2011, after determining that the 401(k) plan no longer met certain IRS discriminatory testing beginning in 2011, SMMCPCPS suspended all further employee contributions into the plan. In order to correct the previous contributions made to the plan, refunds were made to participants early in calendar year 2012 for contributions in excess of the allowed amount. A total of approximately \$693,000 was refunded to participants.

Effective January 1, 2012, SMMCPCPS reopened the plan and allowed a modified level of employer matched contributions. Matching contributions are made on behalf of employees in an amount equal to 100% of the amount of the employee's deferral that does not exceed 3% of the employee's compensation and 50% of the amount of the employee's elective deferral that exceeds 3% of the employee's compensation, but that does not exceed 5% of the employee's compensation. All contributions are subject to federal limits. At September 30, 2012, SMMCPCPS recorded approximately \$504,000 of expense related to the plan.

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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

**Income Taxes**

The Medical Center and SMMC Visiting Nurses are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. SMMCPGPS is a taxable entity.

**Subsequent Events**

Events occurring after the balance sheet date are evaluated by management to determine whether such events should be recognized or disclosed in the consolidated financial statements. Management has evaluated subsequent events through February 8, 2013, which is the date the consolidated financial statements were available to be issued.

Effective October 1, 2012, the Medical Center merged with Goodall Hospital of Sanford, Maine, as separate corporations, under a newly formed not-for-profit organization, Southern Maine Health Care. MaineHealth is the sole corporate member of Southern Maine Health Care.

**Recently Issued Accounting Pronouncements**

In August 2010, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2010-24, *Health Care Entities (Topic 954), Presentation of Insurance Claims and Related Insurance Recoveries* ("ASU 2010-24"), which clarifies that a health care entity should not net insurance recoveries against a related claim liability. Additionally, the amount of the claim liability should be determined without consideration of insurance recoveries. The provisions of ASU 2010-24 are effective for the Medical Center beginning October 1, 2011. The adoption of ASU No. 2010-24 has been reflected in the statement of financial position as current assets and liabilities.

In July 2011, the FASB issued ASC No. 2011-07, *Health Care Entities (Topic 954), Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities* ("ASU 2011-07"), which requires reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue. It also requires enhanced disclosure about the policies for recognizing revenue and assessing bad debts, disclosures of patient service revenue, as well as qualitative and quantitative information about changes in the allowance for doubtful accounts. The provisions of ASU 2011-07 are effective for the Medical Center beginning October 1, 2012. The Medical Center has not determined the impact of ASU No. 2011-07 on its financial statements.

**Reclassification**

Certain 2011 amounts have been reclassified to permit comparison with the 2012 financial statement format.

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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

**3. Accounts Receivable**

Accounts receivable include amounts due from patients and amounts due from third-party payors. Accounts receivable consists of the following at September 30:

	<u>2012</u>	<u>2011</u>
Patient accounts receivable	\$ 56,076,790	\$ 49,997,637
Less:		
Reserve for contractual adjustments and advance payments from third-party payors	(19,769,092)	(18,809,704)
Reserve for uncollectible accounts	<u>(14,734,819)</u>	<u>(12,227,741)</u>
	<u>\$ 21,572,879</u>	<u>\$ 18,960,192</u>

**4. Net Patient Service Revenue**

The Medical Center has agreements with third-party payors that provide for payments to the Medical Center at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

**Medicare**

Inpatient and outpatient services rendered to the Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. The Medical Center files an annual cost report with the CMS program after the completion of each fiscal year to report activity applicable to the CMS program and to calculate any settlement necessary, which is subject to audit by CMS. Certain amounts due to Medicare are not expected to be settled in the next year. At September 30, 2012 and 2011, approximately \$0 and \$5,368,000, respectively, has been classified as long-term.

**MaineCare**

MaineCare is a medical assistance program offered by the State of Maine Department of Health and Human Services. Inpatient and outpatient services rendered to MaineCare program beneficiaries are reimbursed under a variety of methodologies, including prospective rates, fee schedules and cost-based reimbursement. The Medical Center is reimbursed a prospective amount during the year with final settlement determined after submission of an annual cost report by the Medical Center and audit thereof by MaineCare.

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The State of Maine, facing significant budget deficits, has enacted legislation establishing a health care provider tax (State tax). The enactment of the State tax allowed the State of Maine to add revenues to the State of Maine General Fund while optimizing federal matching funds to the MaineCare Program. As a result, the Medical Center recorded \$2,579,343 and \$2,467,656 of State tax for the years ended September 30, 2012 and 2011, respectively. This tax is partially offset through increased MaineCare reimbursement. The amount of the tax is shown separately in expenses on the consolidated statements of operations, while the increased MaineCare reimbursement is reflected as an adjustment in the Medical Center's contractual allowances.

In 2003, the State of Maine enacted legislation to provide affordable health insurance to small businesses and individuals and to control health care costs. This legislation became known as Dirigo Health. The law provides for access to health care coverage through the expansion of eligibility for the MaineCare program and also the development of an affordable health care plan with sliding scale premium subsidies. The law also covers quality and cost containment strategies such as a State Health Plan, voluntary caps on cost and operating margins of hospitals and insurers, and revised Certificate of Need regulations including a capital investment fund.

In 2005, the Dirigo Health law was supplemented by additional legislation titled "An Act to Implement Certain Recommendations of the Commission to Study Maine's Community Hospitals." The law requests hospitals to voluntarily hold their operating margins to 3% and to voluntarily restrain their increases in expense per case mix adjusted discharge to less than 110% of the forecasted increase in the Centers for Medicare and Medicaid Services (CMS) hospital market basket index for the coming federal fiscal year. This law also addresses the jurisdiction of Dirigo Health, calls for the standardization of the reporting of hospital financial information, and establishes a workgroup to identify opportunities to streamline hospital administrative costs.

The balance sheets at September 30, 2012 and 2011 include amounts due from the State of Maine under the MaineCare program of \$21,195,000 and \$20,036,000, respectively, which represents a concentration of credit risk. Although the State's current budget does not fully provide for amounts due to the Medical Center, the amounts recorded have been determined based upon applicable regulations, and the Medical Center expects that these amounts will ultimately be paid in full. Due to the complex nature of such regulations, there is at least a reasonable possibility that recorded estimates will change by a material amount.

**Other**

The Medical Center has also entered into payment agreements with certain commercial insurance carriers and health maintenance organizations. The basis for payment to the Medical Center under these agreements includes prospectively determined rates, discounts from established charges, fee schedules, and per diem rates.

The estimated third-party payor settlements reflected on the balance sheets represent the estimated net amounts to be received or paid under reimbursement contracts with the CMS, MaineCare and Anthem Blue Cross. Settlements have been issued through 2005 for Medicare and through 2003 for MaineCare. Anthem Blue Cross settlements are final through 2011.

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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

Revenues from the Medicare and MaineCare programs accounted for approximately 41% of the Medical Center's net patient service revenues for the years ended September 30, 2012 and 2011. Laws and regulations governing the Medicare and MaineCare programs are complex and subject to interpretation. The Medical Center believes that it is in compliance with all applicable laws and regulations and is not aware of any pending or threatened investigations involving allegations of potential wrongdoing. While no such regulatory inquiries have been made, compliance with such laws and regulations is subject to future government review and interpretation as well as significant regulatory action including fines, penalties and exclusion from the Medicare and MaineCare programs. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. During 2012 and 2011, net patient service revenue in the consolidated statements of operations increased by approximately \$2,685,000 and \$1,837,000, respectively, due to favorable settlements and changes in prior year estimated third-party settlements.

The Medical Center has received preliminary information that as much as \$2,600,000 of post graduate medical education reimbursement under the Medicare program for the years 2006 through 2009 may be subject to repayment based upon CMS's review. The basis for the potential repayment is CMS's belief that there has been "redistribution" of cost from previous "community support" for the Medical Center's residency program dating back to the inception of the plan in 1999. In August 2003, CMS established new regulations to bar reimbursement for residency programs that had previous community support. The Medical Center believes that there was no previous community support and is working with the congressional delegation to resolve this issue. No final determination has been made and the Medical Center has not provided for any exposure due to the uncertainty of any potential repayment. In the event that the Medical Center is required to repay amounts to CMS, the Medical Center's exposure is mitigated under a contractual agreement where the Medical Center is to be reimbursed for substantially all of these costs by another outside party.

Net patient service revenue consists of the following for the years ended September 30:

	<u>2012</u>	<u>2011</u>
Gross patient service revenue	<b>\$ 337,334,803</b>	\$329,830,591
Deductions from revenue:		
Contractual allowances	<b>158,167,938</b>	155,478,501
Free care	<u>8,030,644</u>	<u>7,494,654</u>
	<b><u>166,198,582</u></b>	<u>162,973,155</u>
Net patient service revenue	<b><u>\$ 171,136,221</u></b>	<u>\$ 166,857,436</u>

The Medical Center provides care without charge or at amounts less than its established rates to patients who meet certain criteria under its Board-established free care policy. The Medical Center's free care program provides care to anyone whose income falls below 175% of the federal poverty level. In addition, the Medical Center provides partial free care eligibility to cover those with

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**September 30, 2012 and 2011**

incomes above 175% of the federal poverty level and offers a discount to those not otherwise covered by third-party payor contracts. Because the Medical Center does not pursue collection of amounts determined to qualify as free care, they are not reported as net patient service revenue. The Medical Center estimates the costs associated with providing charity care by calculating a ratio of total costs to total gross charges, and then multiplying that ratio by the gross uncompensated charges associated with providing care to patients eligible for free care. The estimated costs of caring for charity care patients for the years ended September 30, 2012 and 2011 were \$3,503,000 and \$3,366,000, respectively. There were no funds received from gifts and grants to subsidize charity services provided for the years ended September 30, 2012 and 2011.

**5. Assets Limited as to Use, Donor-Restricted and Short-Term Investments**

Assets limited as to use, donor-restricted and short-term investments are presented as follows in the consolidated balance sheets:

	<u>2012</u>	<u>2011</u>
Short-term investments	\$ 5,572,946	\$ 5,330,655
Trustee held under indenture agreement - current	722,116	720,008
Trustee held under indenture agreement	265,193	150,223
Internally designated for capital acquisition and other purposes	26,193,552	22,362,561
Donor-restricted	1,158,916	1,326,024
Beneficial interest in perpetual trusts	<u>630,790</u>	<u>1,096,303</u>
	<u>\$ 34,543,513</u>	<u>\$ 30,985,774</u>

The resolution related to the Series 2010B, 2006F, and 1989 Maine Health and Higher Educational Facilities Authority (MHHEFA) Revenue Bonds (see Note 8) requires the establishment of certain trustee-held funds. The trustee-held funds include monthly deposits of principal and interest amounts used for the semi-annual interest payments and annual principal payments. The trustee-held funds consist of cash and cash equivalents and U.S. Treasury securities for which the fair value approximates cost.

Assets limited as to use and donor-restricted and short-term investments are stated at fair value and consist of the following at September 30:

	<u>2012</u>	<u>2011</u>
Cash and cash equivalents	\$ 1,114,887	\$ 1,222,091
U.S. Treasury obligation	515,291	270,460
Mutual funds	28,495,506	26,071,553
Alternative investment	3,787,039	2,325,367
Beneficial interest in perpetual trusts	<u>630,790</u>	<u>1,096,303</u>
	<u>\$ 34,543,513</u>	<u>\$ 30,985,774</u>

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**Fair Value Measurements**

FASB ASC 820, *Fair Value Measurements and Disclosures*, has established a fair value hierarchy that results in classification of assets and liabilities within three levels of inputs that may be used to measure fair value. Financial assets and liabilities carried at fair value are classified and disclosed in one of the following categories:

**Level 1:** Valuations for assets and liabilities traded in active exchange markets, such as the New York Stock Exchange. Level 1 also includes U.S. Treasury and federal agency securities and federal agency mortgage-backed securities, which are traded by dealers or brokers in active markets. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.

**Level 2:** Valuations for assets and liabilities traded in less active dealer or broker markets. Valuations are obtained from third-party pricing services for identical or similar assets or liabilities.

**Level 3:** Valuations for assets and liabilities that are derived from other valuation methodologies, not based on market transactions. Level 3 valuations incorporate certain assumptions in determining the fair value assigned to such assets or liabilities.

In determining the appropriate levels, the Medical Center performs a detailed analysis of the assets and liabilities that are subject to fair value measurement. At each reporting period, all assets and liabilities for which the fair value measurement is not based on market transactions are classified as Level 3. Level 3 for the Medical Center includes the alternative investments and beneficial interest in perpetual trusts. Although, at September 30, the values of the alternative investments and beneficial interest in perpetual trusts were recorded based upon the fair value of the underlying securities, the values are not based upon a verifiable marketable transaction. The alternative investment (the Fund) of \$3,787,039 is designed as a limited partnership reported at fair value by the Fund as of September 30, 2012. The Fund primarily invests in limited partnerships and similar pooled investment vehicles often referred to as portfolio funds. These funds are managed by independent portfolio managers that employ diverse alternative investment strategies across a variety of asset classes. The Fund involves certain risks due to a lack of a public market and certain time restrictions on withdrawals. As the beneficial interest in perpetual trust assets are not readily available to the Medical Center, the assets are classified as Level 3.

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The following table provides the assets and liabilities carried at fair value at September 30:

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>2012</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,114,887	\$ 1,114,887	\$ -	\$ -
U.S. treasury obligations and government securities	515,291	515,291	-	-
Mutual funds				
Index funds	10,264,764	10,264,764	-	-
Balanced funds	8,733,844	8,733,844	-	-
Growth funds	1,594,401	1,594,401	-	-
International funds	<u>7,902,497</u>	<u>7,902,497</u>	-	-
Total mutual funds	<u>28,495,506</u>	<u>28,495,506</u>	-	-
Alternative investment	3,787,039	-	-	3,787,039
Beneficial interest in perpetual trusts	630,790	-	-	630,790
Investments to fund deferred compensation				
Cash and equivalents	4,938	4,938	-	-
Annuities	688,183	-	688,183	-
Mutual funds				
Index funds	196,502	196,502	-	-
Balanced funds	867,735	867,735	-	-
Growth funds	280,762	280,762	-	-
International funds	<u>4,881</u>	<u>4,881</u>	-	-
Total investments to fund deferred compensation	<u>2,043,001</u>	<u>1,354,818</u>	<u>688,183</u>	-
Total assets	<u>\$ 36,586,514</u>	<u>\$ 31,480,502</u>	<u>\$ 688,183</u>	<u>\$ 4,417,829</u>
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<b>2011</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 1,222,091	\$ 1,222,091	\$ -	\$ -
U.S. treasury obligations and government securities	270,460	270,460	-	-
Mutual funds				
Index funds	10,026,900	10,026,900	-	-
Balanced funds	8,131,152	8,131,152	-	-
Growth funds	1,503,593	1,503,593	-	-
International funds	<u>6,409,908</u>	<u>6,409,908</u>	-	-
Total mutual funds	<u>26,071,553</u>	<u>26,071,553</u>	-	-
Alternative investment	2,325,367	-	-	2,325,367
Beneficial interest in perpetual trusts	1,096,303	-	-	1,096,303
Investments to fund deferred compensation				
Cash and equivalents	5,415	5,415	-	-
Annuities	648,267	-	648,267	-
Mutual funds				
Index funds	150,174	150,174	-	-
Balanced funds	606,278	606,278	-	-
Growth funds	261,058	261,058	-	-
International funds	<u>5,968</u>	<u>5,968</u>	-	-
Total investments to fund deferred compensation	<u>1,677,160</u>	<u>1,028,893</u>	<u>648,267</u>	-
Total assets	<u>\$ 32,662,934</u>	<u>\$ 28,592,997</u>	<u>\$ 648,267</u>	<u>\$ 3,421,670</u>

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

The following presents the change in the assets measured at fair value based upon Level 3 inputs:

	<u>Beneficial Interests</u>	<u>Alternative Investment</u>
Balance, October 1, 2010	\$ 1,046,682	\$ 2,285,609
Total unrealized and realized gains and losses, net	-	39,758
Change in value	<u>49,621</u>	<u>-</u>
Balance, September 30, 2011	1,096,303	2,325,367
Deposit	-	1,400,000
Total unrealized and realized gains and losses, net	-	61,672
Transfer to affiliate	<b>(499,846)</b>	-
Change in value	<u>34,333</u>	<u>-</u>
Balance, September 30, 2012	<u>\$ 630,790</u>	<u>\$ 3,787,039</u>

The fair value of Level 2 assets has been measured using quoted market prices of similar assets.

The change in the Level 3 assets is attributed solely to the change in the underlying market value of the Medical Center's interest in the investments.

The Medical Center's financial instruments consist of cash and cash equivalents, investments, assets limited as to use, trade accounts receivable and payable, estimated third-party payor settlements, and long-term debt. The fair values of all financial instruments approximate their carrying values at September 30, 2012 and 2011.

**Return on Investments**

Investment income and gains (losses) consisted of the following:

	<u>2012</u>	<u>2011</u>
Interest and dividend income	\$ 676,794	\$ 836,217
Realized gains on sales of securities, net	<b>289,588</b>	-
Change in net unrealized gains (losses) on investments	<u>3,103,080</u>	<u>(1,324,975)</u>
	<u>\$ 4,069,462</u>	<u>\$ (488,758)</u>

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

**6. Pledges Receivable**

Pledges receivable consist of unconditional promises for contributions receivable in subsequent years. The following represents amounts promised to be contributed to the Medical Center at September 30:

	<u>2012</u>	<u>2011</u>
Gross pledges receivable	\$ 50,250	\$ 137,980
Allowances for uncollectible pledges	<u>          -</u>	<u>      (7,000)</u>
Net pledges receivable	<u>\$ 50,250</u>	<u>\$ 130,980</u>

Gross pledges are scheduled to be received over the next year.

**7. Property and Equipment**

Property and equipment consists of the following at September 30:

	<u>2012</u>	<u>2011</u>
Land and improvements	\$ 3,764,816	\$ 3,738,840
Buildings and improvements	92,487,833	90,487,235
Equipment	<u>63,818,086</u>	<u>59,677,428</u>
	<b>160,070,735</b>	153,903,503
Less accumulated depreciation	<u>(97,005,143)</u>	<u>(88,933,584)</u>
	<b>63,065,592</b>	64,969,919
Construction-in-progress	<u>468,190</u>	<u>621,349</u>
	<u><b>\$ 63,533,782</b></u>	<u><b>\$ 65,591,268</b></u>

Depreciation expense for the years ended September 30, 2012 and 2011 was \$8,724,083 and \$9,074,190, respectively.

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

**8. Long-Term Debt**

In June 2010, the Medical Center issued, through MHHEFA, \$4,271,113 of Hospital Revenue Bonds, Series 2010B. The proceeds of the Series 2010B issue were issued to refinance its 1999A Series Revenue Bonds. The Bonds were issued at a premium of \$285,143 and have stated interest rates ranging from 2.5% to 4.0%.

In September 2006, the Medical Center issued, through MHHEFA, \$16,231,273 of Hospital Revenue Bonds, Series 2006F. The proceeds of the Series 2006F issue are being used for a major expansion project of the Medical Center facilities. The Bonds were issued at a premium of \$435,587 and have stated interest rates ranging from 4.0% to 5.0%.

The Series 1989 Revenue Bonds, issued through MHHEFA which bear interest at rates ranging from 7.2% to 7.3%, were used for construction, renovation and in-substance defeasance of the Medical Center's Series 1977A Revenue Bonds issued through MHHEFA. At September 30, 2009, the bonds associated with the 1977 defeased debt were repaid.

In 2008, the Medical Center entered into a note agreement (amount outstanding at September 30, 2012 is \$826,352) and, in conjunction with the note, also entered into an interest rate swap agreement that effectively converts the variable interest rate to a fixed rate of 7.1%. The notional amount of the swap agreement decreases as payments are made on the term loan and the notional amount approximates the loan amount. The fair value of the interest rate swap agreement is not considered significant to the operations of the Medical Center.

In 2009, the Medical Center entered into note agreements (amount outstanding at September 30, 2012 is \$1,212,322) and, in conjunction with the notes, also entered into an interest rate swap agreement, on a portion of the debt, that effectively converts the variable interest rate to a fixed rate of 4.12%. The notional amount of the swap agreement decreases as payments are made on the term loan and the notional amount approximates the loan amount. The fair value of the interest rate swap agreement is not considered significant to the operations of the Medical Center.

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

Long-term debt consists of the following at September 30:

	<u>2012</u>	<u>2011</u>
MHHEFA Hospital Revenue Bonds		
Southern Maine Medical Center Issue:		
Series 2010B dated June 24, 2010, due in various amounts through July 1, 2019; collateralized by gross receipts of the Medical Center, including unamortized bond premium of \$213,616 and \$245,275 as of September 30, 2012 and 2011.	\$ 2,699,729	\$ 3,636,388
Series 2006F dated September 7, 2006, due in various amounts through July 1, 2026; collateralized by gross receipts of the Medical Center, including unamortized bond premium of \$383,445 and \$395,131 as of September 30, 2012 and 2011.	13,729,723	14,506,409
Series 1989, which includes both serial and term bonds, dated November 1, 1989, due in various amounts through May 1, 2014; collateralized by gross receipts of the Medical Center.	470,000	680,000
Note payable to bank, due in monthly principal payments of \$1,766 to \$3,396 plus interest at a variable rate based upon 30-day LIBOR plus 1.7% (1.92% at September 30, 2012) through August 2017 when balance is due in full, subject to interest rate swap; collateralized by property and equipment.	826,352	854,660
Various term notes with a financing company, with interest rates ranging from 4.635% to 4.919%; collateralized by property and equipment due in varying amounts maturing in fiscal 2013 and fiscal 2014.	210,372	653,728
Note payable to bank, due in monthly principal payments of \$33,552 to \$42,513 plus interest at a variable rate based on 30-day LIBOR plus 1.75% (1.98% at September 30, 2012) through February 2015 when balance is due in full, subject to interest rate swap; uncollateralized.	<u>1,212,322</u>	<u>1,663,274</u>
	<b>19,148,498</b>	21,994,459
Less current portion	<u>(2,671,452)</u>	<u>(2,804,118)</u>
Total long-term debt, less current portion	<b><u>\$16,477,046</u></b>	<b><u>\$19,190,341</u></b>

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

Scheduled maturities for the next five years and thereafter of outstanding debt at September 30, 2012 are as follows:

2013	\$ 2,671,452
2014	2,558,800
2015	1,446,200
2016	1,254,800
2017	1,300,800
Thereafter	<u>9,916,446</u>
	<u>\$ 19,148,498</u>

The Medical Center maintains an unsecured \$5,000,000 line of credit guaranteed by MaineHealth. The line is subject to renewal in March 2013 and any advances bear interest at a variable rate of 1.7% above LIBOR (3% at September 30, 2012). There was no activity under the line in fiscal 2012 and 2011.

**9. Capital Lease Obligation**

During 2010, the Medical Center entered into a five-year capital lease for medical equipment. Assets, net of accumulated amortization, recorded under the capital lease totaled \$666,251 at September 30, 2012. The present value of these assets have been included with net property and equipment. Amortization expense for assets under capital lease was \$266,895 and \$266,613 for the years ended September 30, 2012 and 2011, respectively, and has been included with depreciation and amortization expense in the accompanying consolidated financial statements. Accumulated amortization associated with the lease totaled \$666,814 and \$399,919 at September 30, 2012 and 2011, respectively.

During 2009, through the acquisition of PrimeCare Physician Associates, P.A., the Medical Center assumed a 20-year agreement to lease office space. Assets, net of accumulated amortization, recorded under capital leases totaled \$8,870,936 at September 30, 2012. The present value of these assets has been included with net property and equipment. Amortization expense for assets under capital lease was \$584,904 for the years ended September 30, 2012 and 2011, and has been included with depreciation and amortization expense in the accompanying consolidated financial statements. Accumulated amortization associated with the lease totaled \$2,339,611 and \$1,754,707 at September 30, 2012 and 2011, respectively.

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

A summary of the present value of future lease payments under capital leases is as follows at September 30, 2012:

2013	\$ 1,191,104
2014	1,191,104
2015	1,012,043
2016	922,512
2017	922,512
Thereafter	<u>9,301,996</u>
	14,541,271
Less amounts representing interest	<u>(3,601,279)</u>
Present value of minimum lease payments	10,939,992
Less current portion	<u>(566,000)</u>
	<u>\$10,373,992</u>

**10. Deferred Compensation Plan**

The Medical Center sponsors a nonqualified deferred compensation plan (a 457(b) program) for certain qualified employees. Qualified employees, as defined, are allowed to defer compensation annually up to a maximum amount permitted under Section 457(b) of the Internal Revenue Code. A trust fund has been established to provide for benefits under this plan. Trust fund assets totaled \$2,043,001 and \$1,677,160 at September 30, 2012 and 2011, respectively, and are presented as part of other assets. The related liabilities are included in other long-term obligations.

**11. Temporarily and Permanently Restricted Net Assets**

Temporarily restricted net assets are available for the following at September 30:

	<u>2012</u>	<u>2011</u>
Community support programs	\$ 138,468	\$ 138,454
Multipurpose	51,858	204,073
Capital campaign for construction	<u>50,250</u>	<u>130,980</u>
	<u>\$ 240,576</u>	<u>\$ 473,507</u>

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

Permanently restricted net assets consist of the following at September 30:

	<u>2012</u>	<u>2011</u>
Beneficial interest in perpetual trusts	\$ 630,790	\$ 1,096,303
Endowment funds	<u>968,590</u>	<u>983,497</u>
	<u>\$ 1,599,380</u>	<u>\$ 2,079,800</u>

The Medical Center is a beneficiary under two charitable perpetual trusts. The Medical Center has reflected as an asset the estimated fair value of their interest in the trusts as of September 30, 2012 and 2011. The trusts provided approximately \$12,000 and \$29,000 of interest income to the Medical Center in 2012 and 2011, respectively, which was included as part of return on investments.

In December 2011, the perpetual trust held by SMMC Visiting Nurses was transferred to Home Health Visiting Nurses of Southern Maine. The trust amount was \$499,846.

Endowment funds represent restricted assets at September 30, 2012 and 2011 whose earnings are unrestricted by the donor. Earnings on restricted funds recorded in return on investments totaled approximately \$109,547 and \$101,923, respectively, for the years ended September 30, 2012 and 2011.

**12. Commitments and Contingencies**

**Malpractice Insurance**

The Medical Center carries malpractice insurance coverage under a claims-made policy. Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured. The Medical Center intends to renew its coverage on a claims-made basis and has no reason to believe that it may be prevented from renewing such coverage. The Medical Center is subject to complaints, claims and litigation due to the potential claims which arise in the normal course of business. U.S. generally accepted accounting principles require the Medical Center to accrue the ultimate cost of malpractice claims when the incident that gives rise to the claim occurs, without consideration of insurance recoveries. Expected recoveries are presented as a separate asset. The Medical Center has evaluated its exposure to losses arising from potential claims and determined necessary accruals.

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

**Cancer Care Center of York County**

In 2005, a joint venture between three Maine-based hospitals was formed to fund, construct and operate a regional cancer care center located in Sanford, Maine. The Medical Center is guaranteeing one-third of the outstanding balance of the debt of the Cancer Care Center of York County which totals approximately \$4,364,000 at September 30, 2012. The debt was used for the construction of the facility. Management currently anticipates that full repayment of the debt will be made through operations of the Cancer Care Center and no amounts will be forwarded under the guarantee provision.

**Leases**

The Medical Center and its subsidiaries lease various medical buildings and equipment under operating leases. At September 30, 2012, future minimum payments are approximately as follows:

2013	\$ 1,576,000
2014	1,517,000
2015	1,460,000
2016	1,232,000
2017	1,030,000
Thereafter	<u>1,022,000</u>
	<u>\$ 7,837,000</u>

Rent expense, under these leases, for the years ended September 30, 2012 and 2011 was approximately \$1,653,000 and \$1,341,000, respectively.

**Information System**

The Medical Center is participating in MaineHealth's enterprise-wide software solution to include inpatient clinical information systems, financial management resource systems, and human resources management systems. The estimated overall MaineHealth capital expenditures of this software project is \$106 million. The implementation of these systems is over the next three years. The Medical Center's allocated portion of this expenditure is estimated at \$11.3 million. In addition, the Medical Center has committed to implementing the related physician practice clinical information and practice management systems at an estimated cost of \$5.6 million. As part of the federal government's American Recovery and Reinvestment Act of 2009, funds are available to hospitals and physician practices who meet certain functionalities of electronic medical records "meaningful use." Should the Medical Center qualify for these funds, they will be used to finance a portion of the project. At September 30, 2012, the Medical Center has funded \$4,567,589 of its estimated total allocation. This amount is included in other assets in the consolidated balance sheets.

**THE WEBBER HOSPITAL ASSOCIATION,  
d/b/a SOUTHERN MAINE MEDICAL CENTER AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

**13. Volunteer Services (unaudited)**

For the years ended September 30, 2012 and 2011, total volunteer service hours received by the Medical Center were approximately 33,140 and 32,300 hours, respectively. The volunteers provide nonspecialized services to the Medical Center, none of which have been recognized as revenue or expense in the consolidated statements of operations.

**14. Concentration of Credit Risk**

Financial instruments which potentially subject the Medical Center to concentration of credit risk consist of cash and cash equivalents, patient accounts receivable and certain investments. The risk with respect to cash equivalents is minimized by the Medical Center's policy of investing in financial instruments with short-term maturities issued by highly-rated financial institutions. The Medical Center maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Medical Center has not experienced any losses in such accounts and believes it is not exposed to any significant risk at September 30, 2012. Investments are not concentrated in any corporation or industry. The Medical Center grants credit without collateral to its patients, most of whom are insured under third-party payor agreements. The mix of gross patient accounts receivables from patients and third-party payors at September 30 was as follows:

	<u>2012</u>	<u>2011</u>
Medicare	41 %	33 %
MaineCare	4	14
Anthem Blue Cross	10	10
Other third-party payors	20	20
Self-pay	<u>25</u>	<u>23</u>
	<u>100 %</u>	<u>100 %</u>

**15. Functional Expenses**

The Medical Center and its subsidiaries provide general health care services. Functional expenses related to providing these services are as follows for the years ended September 30:

	<u>2012</u>	<u>2011</u>
Health care services	\$ 103,862,574	\$ 104,155,656
General and administrative	28,276,410	25,560,033
Support services	17,688,304	14,415,287
Health care provider tax	2,579,343	2,467,656
Provision for bad debts	10,222,281	9,797,297
Depreciation and amortization	8,738,741	9,092,533
Interest	<u>1,656,618</u>	<u>1,760,593</u>
	<u>\$ 173,024,271</u>	<u>\$ 167,249,055</u>

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

**16. Related Party Transactions**

During the years ended September 30, 2012 and 2011, the Medical Center was billed approximately \$14,606,000 and \$13,500,000, respectively, in expenses related to affiliation fees, employee health, dental, life and disability insurance, workers' compensation insurance, EICU, and property, auto and directors' and officers' insurance by MaineHealth. There are no retroactive adjustments to the Medical Center for amounts paid to MaineHealth for the employee health benefits or workers' compensation.

Other expenses related to services provided by MaineHealth subsidiaries are as follows:

	<u>2012</u>	<u>2011</u>
Maine Medical Center	\$ 4,079,000	\$ 2,474,000
Maine Mental Health Partners	1,145,000	1,059,000
NorDx	7,372,000	7,055,000
Synernet, Inc.	979,000	973,000

In 2012 and 2011, the Medical Center transferred \$505,100 and \$346,680, respectively, to MaineHealth.

Net amounts due to MaineHealth and other member organizations at September 30, 2012 and 2011 were as follows:

	<u>2012</u>	<u>2011</u>
MaineHealth	\$ 3,316,661	\$ 2,408,818
NorDx	1,189,414	1,214,167
Synernet	52,716	194,991
Maine Mental Health Partners	188,392	102,973
Maine Medical Center	1,090,356	672,321
Home Health Visiting Nurses	<u>(134,301)</u>	<u>-</u>
	<u>\$ 5,703,238</u>	<u>\$ 4,593,270</u>

**THE WEBBER HOSPITAL ASSOCIATION,  
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**Notes to Consolidated Financial Statements**

**September 30, 2012 and 2011**

**17. Meaningful Use Revenue**

The Medicare and Medicaid electronic health record (EHR) incentive programs provide a financial incentive for achieving "meaningful use" of certified EHR technology. The Medicare criteria for meaningful use financial incentives will be staged in three steps up through fiscal year 2016. The meaningful use attestation is subject to audit by CMS in future years. As part of this process, a final settlement amount for the incentive payments could be established that differs from the initial calculation.

The Medicaid program provides incentive payments to hospitals and eligible professionals, with a certain percentage of Medicaid patient volumes. In the first year of participation, they must adopt and implement, upgrade or demonstrate meaningful use and then demonstrate meaningful use for up to five remaining participation years. There will be no payment adjustments under the Medicaid EHR incentive program.

During 2012, the Medical Center recorded meaningful use revenue of approximately \$856,000 from the Medicaid EHR program which is included in other revenues in the consolidated statements of operations. The Medical Center has demonstrated the required Medicaid volumes and is upgrading to a certified EHR.

## **SUPPLEMENTAL INFORMATION**

**THE WEBBER HOSPITAL ASSOCIATION,  
d/b/a SOUTHERN MAINE MEDICAL CENTER AND SUBSIDIARIES**

**Consolidating Balance Sheet**

**September 30, 2012**

**ASSETS**

	<u>Southern Maine Medical Center</u>	<u>SMMC PrimeCare Physician Services, P.A</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current assets				
Cash and cash equivalents	\$ 5,845,086	\$ (60,465)	-	\$ 5,784,621
Short-term investments	5,572,946	-	-	5,572,946
Accounts receivable, net	21,572,879	-	-	21,572,879
Due from MaineHealth and other affiliates	167,916	3,789,369	(3,778,709)	178,576
Other receivables	893,114	24,923	-	918,037
Inventories	1,532,519	-	-	1,532,519
Prepaid expenses	1,176,387	338	-	1,176,725
Pledges receivable, current portion	50,250	-	-	50,250
Trustee held under indenture agreement	722,116	-	-	722,116
Total current assets	<u>37,533,213</u>	<u>3,754,165</u>	<u>(3,778,709)</u>	<u>37,508,669</u>
Assets limited as to use or donor-restricted, net of current amount internally designated for capital acquisition and other purposes	26,193,552	-	-	26,193,552
Trustee held under indenture agreement	265,193	-	-	265,193
Donor-restricted	<u>1,158,916</u>	<u>-</u>	<u>-</u>	<u>1,158,916</u>
Estimated third-party payor settlements	27,617,661	-	-	27,617,661
Beneficial interest in perpetual trusts	14,393,999	-	-	14,393,999
Property and equipment, net	630,790	-	-	630,790
Deferred financing costs, less amortization	63,533,782	-	-	63,533,782
Other assets	213,816	-	-	213,816
	<u>6,784,591</u>	<u>-</u>	<u>-</u>	<u>6,784,591</u>
Total assets	<u>\$ 150,707,852</u>	<u>\$ 3,754,165</u>	<u>\$ (3,778,709)</u>	<u>\$ 150,683,308</u>

**LIABILITIES AND NET ASSETS**

	<u>Southern Maine Medical Center</u>	<u>SMMC PrimeCare Physician Services, P.A.</u>	<u>Eliminations</u>	<u>Consolidated</u>
<b>Current liabilities</b>				
Accounts payable and accrued expenses	\$ 5,228,370	\$ 1,140,544	-	\$ 6,368,914
Due to MaineHealth and other affiliates	9,534,842	125,681	(3,778,709)	5,881,814
Accrued earned time	3,462,220	-	-	3,462,220
Accrued interest	195,697	-	-	195,697
Accrued payroll and amounts withheld	1,639,361	2,487,940	-	4,127,301
Deferred revenue	43,956	-	-	43,956
Estimated third-party payor settlements	5,160,902	-	-	5,160,902
Current portion of capital lease obligation	566,000	-	-	566,000
Current portion of long-term debt	<u>2,671,452</u>	<u>-</u>	<u>-</u>	<u>2,671,452</u>
<b>Total current liabilities</b>	<b>28,502,800</b>	<b>3,754,165</b>	<b>(3,778,709)</b>	<b>28,478,256</b>
<b>Other long-term obligations</b>				
Capital lease obligation, less current portion	2,154,372	-	-	2,154,372
Long-term debt, less current portion	10,373,992	-	-	10,373,992
	<u>16,477,046</u>	<u>-</u>	<u>-</u>	<u>16,477,046</u>
<b>Total liabilities</b>	<b>57,508,210</b>	<b>3,754,165</b>	<b>(3,778,709)</b>	<b>57,483,666</b>
<b>Net assets</b>				
Unrestricted	91,359,686	-	-	91,359,686
Temporarily restricted	240,576	-	-	240,576
Permanently restricted	<u>1,599,380</u>	<u>-</u>	<u>-</u>	<u>1,599,380</u>
<b>Total net assets</b>	<b>93,199,642</b>	<b>-</b>	<b>-</b>	<b>93,199,642</b>
<b>Total liabilities and net assets</b>	<b>\$ 150,707,852</b>	<b>\$ 3,754,165</b>	<b>\$ (3,778,709)</b>	<b>\$ 150,683,308</b>

**THE WEBBER HOSPITAL ASSOCIATION,  
d/b/a SOUTHERN MAINE MEDICAL CENTER AND SUBSIDIARIES**

**Consolidating Statement of Operations**

**Year Ended September 30, 2012**

	Southern Maine Medical Center	SMMC Visiting Nurses	SMMC PrimeCare Physician Services, P.A	Eliminations	Consolidated
Unrestricted revenue and other support					
Net patient service revenue	\$ 171,136,221	-	-	-	\$ 171,136,221
Other revenue	4,198,675	-	28,233,271	(27,941,893)	4,490,053
Assets released from restrictions for operations	43,673	-	-	-	43,673
Total unrestricted revenue and other support	<u>175,378,569</u>	<u>-</u>	<u>28,233,271</u>	<u>(27,941,893)</u>	<u>175,669,947</u>
Expenses					
Salaries and wages	55,724,001	-	23,634,682	-	79,358,683
Employee benefits	13,974,674	-	2,477,540	-	16,452,214
Supplies and other expenses	49,619,192	-	1,483,625	(18,128)	51,084,689
Physician fees	30,218,043	-	637,424	(27,923,765)	2,931,702
Provision for bad debts	10,222,281	-	-	-	10,222,281
Health care provider tax	2,579,343	-	-	-	2,579,343
Depreciation and amortization	8,738,741	-	-	-	8,738,741
Interest	1,656,618	-	-	-	1,656,618
Total expenses	<u>172,732,893</u>	<u>-</u>	<u>28,233,271</u>	<u>(27,941,893)</u>	<u>173,024,271</u>
Income from continuing operations	<u>2,645,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,645,676</u>
Nonoperating gains					
Unrestricted gifts and donations	147,731	-	-	-	147,731
Other nonoperating income	68,359	-	-	-	68,359
Nonoperating gains	<u>216,090</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>216,090</u>
Excess of revenues and gains over expenses and losses from continuing operations	<u>2,861,766</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,861,766</u>
Loss from discontinued operations	<u>-</u>	<u>(223,387)</u>	<u>-</u>	<u>-</u>	<u>(223,387)</u>
Excess of revenues and gains over expenses and losses before return (loss) on investments	<u>2,861,766</u>	<u>(223,387)</u>	<u>-</u>	<u>-</u>	<u>2,638,379</u>
Return on investments	<u>4,069,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,069,462</u>
Excess of revenues and gains over expenses and losses	<u>6,931,228</u>	<u>(223,387)</u>	<u>-</u>	<u>-</u>	<u>6,707,841</u>
Other changes in unrestricted net assets					
Equity transfer to affiliates	1,411,462	(1,721,152)	-	-	(309,690)
Net assets released in satisfaction of donor restrictions and used for building and equipment acquisitions	351,839	-	-	-	351,839
Equity transfer to MaineHealth	(505,100)	-	-	-	(505,100)
Increase (decrease) in unrestricted net assets	<u>\$ 8,189,429</u>	<u>\$ (1,944,539)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,244,890</u>

**THE WEBBER HOSPITAL ASSOCIATION,  
d/b/a SOUTHERN MAINE MEDICAL CENTER AND SUBSIDIARIES**

**Consolidated Details of Gross Patient Service Revenue**

**Years Ended September 30, 2012 and 2011**

	Total	
	<u>2012</u>	<u>2011</u>
Routine services:		
Medical Center:		
Medical and surgical	\$ 22,331,028	\$ 24,732,248
Pediatrics	528,516	800,106
Intensive care	6,528,815	6,719,429
Obstetrics	1,825,319	1,695,099
Mental health	6,450,157	6,198,708
Nursery	1,137,331	1,014,709
	<u>38,801,166</u>	<u>41,160,299</u>
Special services:		
Medical Center:		
Operating and recovery	23,800,054	21,757,237
Labor and delivery	1,636,307	1,638,156
Medical and surgical supplies	16,747,911	14,448,901
Emergency	26,899,774	26,482,109
Laboratory	48,187,975	45,608,654
Blood	1,161,010	1,272,473
Non-invasive diagnostics	11,036,875	11,963,717
Radiology	50,695,166	48,205,881
Pharmacy	21,846,573	24,071,657
Intravenous therapy	2,946,840	3,846,348
Anesthesiology	6,024,900	5,721,456
Respiratory care	4,203,269	4,915,196
Physical therapy	5,464,290	5,099,668
Ambulatory care	6,394,220	6,196,769
Occupational therapy	1,763,224	1,851,543
Speech therapy	437,026	415,716
Ambulatory mental health	2,500,543	2,020,487
Hospitalist services	3,087,307	3,646,097
Psychiatric services	764,252	725,983
Observation status	1,137,835	1,018,482
Ambulance	-	1,357
Workwell	807,728	764,939
Renal dialysis	153,231	244,860
Wound care clinic	760,841	758,761
Primary care physician practices	33,020,286	31,312,075
Specialty care physician practices	27,056,200	24,681,770
	<u>298,533,637</u>	<u>288,670,292</u>
	<u>\$ 337,334,803</u>	<u>\$ 329,830,591</u>

**THE WEBBER HOSPITAL ASSOCIATION,  
d/b/a SOUTHERN MAINE MEDICAL CENTER AND SUBSIDIARIES**

**Details of Operating Expenses  
Southern Maine Medical Center**

**Years Ended September 30, 2012 and 2011**

	Total	
	2012	2011
Routine services:		
Medical Center:		
Medical and surgical	\$ 6,167,972	\$ 6,404,445
Intensive care	1,900,452	1,913,953
Mental health	1,729,935	1,608,330
Women's and children's services	<u>2,045,239</u>	<u>2,006,847</u>
	<u>11,843,598</u>	<u>11,933,575</u>
Special services:		
Medical Center:		
Operating and recovery	3,186,315	3,257,293
Emergency	4,919,647	4,709,436
Laboratory	7,439,800	7,297,526
Blood	403,209	499,623
Non-invasive diagnostics	1,690,909	1,573,194
Radiology	6,507,758	6,433,143
Pharmacy	6,025,155	6,363,895
Intravenous therapy	451,420	483,803
Anesthesiology	1,535,060	1,512,944
Respiratory care	1,024,809	1,019,875
Ambulatory care	1,872,919	1,941,109
Physical therapy	1,433,972	1,526,334
Occupational therapy	416,389	416,861
Speech therapy	134,758	140,387
Ambulatory mental health	452,149	438,346
Ambulance	746	109
Workwell	582,505	745,201
Wound care clinic	487,176	466,021
Renal dialysis	107,960	128,140
Oncology support services	183,783	156,557
Hospitalist	648,732	515,629
Primary care physician practices	8,046,479	7,878,542
Specialty care physician practices	<u>3,061,276</u>	<u>2,868,003</u>
	<u>50,612,926</u>	<u>50,371,971</u>
Total health care services	<u>62,456,524</u>	<u>62,305,546</u>

<u>Salaries and Wages</u>		<u>Supplies and Other Expenses</u>		<u>Other Expenses</u>	
<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
\$ 5,625,065	\$ 5,688,455	\$ 542,907	\$ 715,990	\$ -	\$ -
1,480,690	1,461,334	419,762	452,619	-	-
1,377,136	1,332,160	352,799	276,170	-	-
1,773,005	1,741,485	272,234	265,362	-	-
<u>10,255,896</u>	<u>10,223,434</u>	<u>1,587,702</u>	<u>1,710,141</u>	<u>-</u>	<u>-</u>
2,210,021	2,312,394	976,294	944,899	-	-
4,490,748	4,268,604	428,899	440,832	-	-
-	(20,171)	7,439,800	7,317,697	-	-
-	(44)	403,209	499,667	-	-
1,207,841	1,178,082	483,068	395,112	-	-
3,930,088	3,861,574	2,577,670	2,571,569	-	-
1,294,189	1,238,578	4,730,966	5,125,317	-	-
-	-	451,420	483,803	-	-
1,344,704	1,380,414	190,356	132,530	-	-
830,638	824,365	194,171	195,510	-	-
1,655,191	1,652,885	217,728	288,224	-	-
1,153,661	1,146,996	280,311	379,338	-	-
400,248	404,265	16,141	12,596	-	-
35,665	-	99,093	140,387	-	-
373,129	356,806	79,020	81,540	-	-
-	-	746	109	-	-
541,346	684,856	41,159	60,345	-	-
424,231	412,585	62,945	53,436	-	-
-	-	107,960	128,140	-	-
84,947	98,011	98,836	58,546	-	-
596,749	494,712	51,983	20,917	-	-
6,224,302	5,619,017	1,822,177	2,259,525	-	-
<u>2,296,884</u>	<u>2,014,726</u>	<u>764,392</u>	<u>853,277</u>	<u>-</u>	<u>-</u>
<u>29,094,582</u>	<u>27,928,655</u>	<u>21,518,344</u>	<u>22,443,316</u>	<u>-</u>	<u>-</u>
<u>39,350,478</u>	<u>38,152,089</u>	<u>23,106,046</u>	<u>24,153,457</u>	<u>-</u>	<u>-</u>

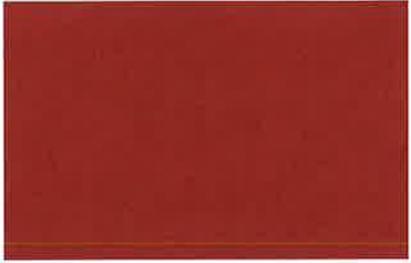
**THE WEBBER HOSPITAL ASSOCIATION,  
d/b/a SOUTHERN MAINE MEDICAL CENTER AND SUBSIDIARIES**

**Details of Operating Expenses  
Southern Maine Medical Center (Concluded)**

**Years Ended September 30, 2012 and 2011**

	Total	
	<u>2012</u>	<u>2011</u>
General and administrative:		
Education service	\$ 452,082	\$ 389,995
Medical records	1,762,272	2,030,187
Finance and information systems	7,039,527	6,723,334
Admitting	1,771,128	1,631,524
Communications	845,006	998,413
Administration	10,337,386	7,935,876
Human resources	1,223,505	1,185,882
Quality management	1,951,561	1,818,714
Research	<u>222,465</u>	<u>259,451</u>
	<u>25,604,932</u>	<u>22,973,376</u>
Support services:		
Central service	6,835,886	6,290,422
Environmental services	1,286,674	1,317,114
Laundry and linen	546,861	593,005
Materials management	652,057	304,248
Nutrition service	1,782,784	1,710,557
Plant operation and maintenance	<u>6,177,475</u>	<u>5,328,717</u>
	<u>17,281,737</u>	<u>15,544,063</u>
Employee benefits	13,974,674	14,293,794
Physician fees	30,218,043	28,780,804
Provision for bad debts	10,222,281	9,797,297
Health care provider tax	2,579,343	2,467,656
Depreciation and amortization	8,738,741	9,092,533
Interest	<u>1,656,618</u>	<u>1,760,593</u>
Total expenses	<u>\$ 172,732,893</u>	<u>\$ 167,015,662</u>

Salaries and Wages		Supplies and Other Expenses		Other Expenses	
<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
\$ 379,235	\$ 318,953	\$ 72,847	\$ 71,042	\$ -	\$ -
985,059	846,469	777,213	1,183,718	-	-
2,768,174	3,442,373	4,271,353	3,280,961	-	-
1,661,470	1,528,198	109,658	103,326	-	-
216,144	342,083	628,862	656,330	-	-
4,122,793	3,801,073	6,214,593	4,134,803	-	-
308,330	835,658	915,175	350,224	-	-
1,416,987	1,355,001	534,574	463,713	-	-
172,816	194,506	49,649	64,945	-	-
<u>12,031,008</u>	<u>12,664,314</u>	<u>13,573,924</u>	<u>10,309,062</u>	<u>-</u>	<u>-</u>
557,207	539,198	6,278,679	5,751,224	-	-
1,037,644	1,068,195	249,030	248,919	-	-
40,122	34,703	506,739	558,302	-	-
294,301	276,954	357,756	27,294	-	-
1,153,901	1,105,456	628,883	605,101	-	-
<u>1,259,340</u>	<u>1,228,523</u>	<u>4,918,135</u>	<u>4,100,194</u>	<u>-</u>	<u>-</u>
<u>4,342,515</u>	<u>4,253,029</u>	<u>12,939,222</u>	<u>11,291,034</u>	<u>-</u>	<u>-</u>
-	-	-	-	13,974,674	14,293,794
-	-	-	-	30,218,043	28,780,804
-	-	-	-	10,222,281	9,797,297
-	-	-	-	2,579,343	2,467,656
-	-	-	-	8,738,741	9,092,533
-	-	-	-	1,656,618	1,760,593
<u>\$ 55,724,001</u>	<u>\$ 55,069,432</u>	<u>\$ 49,619,192</u>	<u>\$ 45,753,553</u>	<u>\$ 67,389,700</u>	<u>\$ 66,192,677</u>



# **Southern Maine Medical Center Community Benefits Report**

## **For Fiscal Year Ending September 30, 2012**

### **I. Why create a Community Benefits report?**

Southern Maine Medical Center's (SMMC) day-to-day operations as a tax-exempt organization include many system-wide initiatives – health improvement services, subsidized health services, and charitable care. With these programs, SMMC hopes to fill existing local gaps, while making a positive impact in the communities we serve. This report will summarize SMMC's community benefits efforts over the last year. The final section (VIII) will also provide a financial summary of charity care, bad debt, government-sponsored healthcare, and all subsidized community programs and other support.

### **II. Organizational Description and Information**

Southern Maine Medical Center's mission is "excellent healthcare provided with compassion and respect." Our core values are: Care Centered around the Patient and Family; Excellence; Compassion; Integrity; Teamwork; and Stewardship. SMMC is a fully integrated not-for-profit healthcare system providing primary care and specialty physician services through SMMC PrimeCare Physician Services and SMMC Physician Services with offices in Biddeford, Kennebunk, Old Orchard Beach, and Saco, Maine; full service acute care (including the York County's only inpatient mental health unit and only inpatient pediatric unit) provided through a 150 licensed bed hospital, Southern Maine Medical Center, located in Biddeford, Maine; diagnostic and therapy services located in Biddeford, Kennebunk and Saco, Maine; and a Walk-In Care site in Biddeford. All primary care and specialist care, as well as all hospital inpatient and outpatient care, and all diagnostics and therapy care provided by SMMC are provided without regard for the patient's ability to pay. This has resulted in much greater access to physicians and medical care in our communities for those individuals who are otherwise unable to afford preventative, chronic, acute, outpatient and rehabilitative care.

Southern Maine Medical Center is a member of the Maine Health family.

### **III. Community Needs Assessment**

SMMC's Board is made up of a diverse set of community members. The Board requires a thorough strategic plan and annual business plan that responds to the healthcare needs of the communities served by SMMC, and it directs the organization to analyze and report back to the Board its effectiveness in meeting the objectives stated in the strategic and business plans. SMMC also participates in various initiatives and research that determine the up-to-date community healthcare needs. Some of these programs include:

- Clinical Strategic Planning
- Financial Strategic Planning
- Facility Planning
- Physician Recruitment Strategic Planning
- Emergency Preparedness Planning

SMMC also recognizes and acts on many of the recommendations provided by external state groups such as the Maine Center for Disease Control and Prevention and the “State Health Plan” created by the Advisory Committee of Health Systems Development.

In addition, MaineHealth and its partners in the OneMaine Health Collaborative, Eastern Maine Health System and MaineGeneral Health, released the OneMaine Health Community Health Needs Assessment Report in March 2011. The report is a comprehensive compilation and analysis containing primary and secondary health data sources. The report contains a Health Status Profile for the state as a whole and for each of Maine's sixteen counties. The primary data source was a randomized telephone survey; the sampling methodology was designed to permit comparisons at the county level. Secondary data sources include numerous state and federal sources. This report provides baseline data on hundreds of health indicators that are relevant to hospitals and communities to inform planning and evaluation activities. Plans call for the Community Health Needs Assessment to be replicated every three years. MaineHealth has held community forums in partnership with SMMC and other member affiliate hospitals in order to increase understanding and use of the Community Health Needs Assessment and to inform identification and action on local, community-based health priorities.

#### **IV. Subsidized SMMC Community Programs and Other Support\***

##### **Community Health Improvement Services and Community Benefit Operations**

Community Health Improvement Services and Community Benefit Operations include lectures, presentations, screenings, group programs and activities, and individual care involving staff time, travel, materials, and indirect costs for which SMMC is not fully reimbursed.

1. **Ah! Asthma Care**

SMMC offered free asthma education at schools, health fairs, physician offices, and childcare centers. The program educated over 200 asthma patients including inpatient and outpatient (increase of 18% from last year). We also provide tools, equipment and literature to help manage asthma free of charge and assist with financial difficult cases where patients can't afford their asthma medications.

2. **Biddeford Free Clinic**

SMMC supports the mission of the Biddeford Free Clinic, which provides free healthcare for individuals not covered by insurance. SMMC employees serve on the Board of Directors of the Biddeford Free Clinic and SMMC physicians and employees volunteer at the Clinic. SMMC donates office equipment, medical equipment and supplies, and free radiology and lab service to patients referred from the Biddeford Free Clinic. SMMC specialists also care for patients referred from the Biddeford Free Clinic.

3. **Cancer Care Support Groups and Special Activities**

SMMC supported local cancer patients and their caregivers with 525 individuals attending community outreach activities and events, including healthy nutrition classes, informational sessions, Skin cancer screening, support groups, and dancing/exercise sessions, survivor celebration activities. SMMC also provides the services of a Cancer Care Coordinator and Breast Cancer Patient Navigator, who offers personal support to cancer patients and their families, connecting them to and informing them about cancer care services, programs and treatments.

4. **Let's Go! Program**  
SMMC offered free support to the child care centers, schools, after school programs, healthcare, worksites and community around the 5-2-1-0 Let's Go! childhood obesity prevention program. Beyond a grant received by MaineHealth, SMMC provides the costs for the Coordinator's benefits, office space, supplies and management oversight.
5. **Interpreter Services**  
SMMC provided free interpretive services for patients and family members, including those who do not speak English and Deaf Talk/TTY services for those hard of hearing.
6. **Pharmacy Benevolent Prescriptions**  
A program through the Pharmacy which provides those in need their starter meds or maintenance meds to allow them time to establish a source for getting their medications.
7. **Prescription Assistance**  
SMMC's MedAccess office processed 2,522 applications and assisted 1,322 patients (value of prescriptions at \$3,082,125). Community benefit only includes office space, utilities and equipment to host coordinator of program.
8. **Patient Insurance Assistance Program**  
SMMC provides patients with the support of a skilled employee who assists them in determining if they qualify for any insurance program and in applying for any program for which they may qualify.
9. **The Lifelight Foundation**  
SMMC's gives a contribution to provide helicopter ambulance service to patients.
10. **Community Support Groups**  
Numerous community health-related support groups are regularly held at SMMC with no facilities fee charged. 115 hours of facilities time was used for these purposes.
11. **Go Red for Women Event**  
SMMC staff coordinated the Go Red for Women event held in York County in collaboration with the American Heart Association to educate the community on heart health.
12. **OneMaine Health Community Needs Assessment**  
SMMC participated in the comprehensive state-wide community health needs assessment. Forums were held at SMMC to share the information and develop an action plan. Costs associated are for staff time, facility use and food provided.
13. **Tick Awareness**  
SMMC held a Tick Awareness educational campaign to raise awareness of prevention of Lyme disease in York County. Advertisements providing information and tick guides were provided free to the community.
14. **Healthy Kids Day Event**  
SMMC participated in Healthy Kids Day at the YMCA where approximately 300 community members attended. Cost includes staff time and giveaways.
15. **Better Breather's Club**

18-25 participants per month attended this free support group facilitated by SMMC professionals for those living with lung disease.

**16. Birthing Education and Support Programs**

1,050 people participated in SMMC's birthing education and support programs. All programs, with the exception of Lamaze, are free of charge to anyone, regardless of their delivery plans. Classes include: breastfeeding, car seat information, infant safety and CPR, prenatal exercise, grandparent class, sibling education and Mom's Circle support group.

**17. Medically Speaking Educational Series**

Approximately 100 people participated in SMMC's Medically Speaking series, where a healthcare provider offers an educational presentation with refreshments free to the community.

**18. Drug Take Back Day**

SMMC worked with the Coastal Health Communities Coalition, Maine DEA and local police departments to provide a community drug disposal day, yielding 1,848 pounds of medication in York County alone. In addition, we sponsored a permanent Med Return Box at the Saco Police Department.

**19. Community Access to our Medical Library**

SMMC's medical library is open 8 a.m. to 4:30 p.m. (or with access through Security at other times) to anyone wishing to research medical information. This service includes access to computers and the assistance of our medical librarian. 40 searches were conducted for consumers upon request.

**20. EMS Annual Fee**

SMMC contributed to Southern Maine EMS to support the training of EMS staff in each local town.

**Health Professions Education**

**1. Medical Education**

SMMC staff provided instruction and job shadowing regardless of where students choose to work post graduation, as well as go to other healthcare organizations to share their knowledge with fellow clinicians. This includes PT/OT instruction, the University of New England Nursing Program, and the Biddeford Center of Technology Medical Assistant Program.

**2. Nursing Scholarships**

SMMC provided staff time to coordinate the Joanne Wrba Nursing Scholarships.

**Subsidized Health Services**

**1. Mental Health Services**

SMMC maintains an EDAP (Emergency Department Acute Psychiatry) unit so patients experiencing mental health crisis receive a unique level of emergency care privacy as well as a smooth transition of care to York County's only inpatient mental health unit if

hospitalization is required for any adult. In addition, SMMC offers outpatient services through their Behavioral Health Programs.

## **Cash and In-kind Contributions**

### **1. Sponsorship of Health-related Community Events and Non-profit Organizations**

SMMC contributed financially to the following healthcare-related non-profits through our employee-based Community Involvement Committee:

- Alzheimer's Association
- American Cancer Society Relay for Life
- American Diabetes Association
- Autism Society
- Biddeford-Saco Rotary Club
- Big Brothers Big Sisters of Southern Maine
- Bon Appetit Community Meal Program
- Caring Unlimited
- Center for Grieving Children
- Community Partners
- Counseling Services Inc.
- Day One
- Dyer Library, Saco
- Education Foundation of the Kennebunks
- Heart of Biddeford
- Help Hope Live
- Hospice of Southern Maine
- Kennebunk Free Library
- Kennebunk Rotary Club
- Leavitt's Mill Free Health Center
- Maine Cancer Foundation
- March of Dimes
- Mary's Walk for the Maine Cancer Foundation
- Michael Goulet Foundation
- Northern York County YMCA
- Parent Project Muscular Dystrophy
- Partners for World Health
- Pine Tree Council
- Saco Bay Rotary
- Saco Spirit
- Senior Center of Kennebunk
- Susan G. Komen Rally for the Cure
- The Maine Way
- United Way of York County
- University of New England
- Waban
- Wells Rotary
- York County Community College Foundation
- York County Shelter

2. **In-kind donations of giveaways for non-profit events**
3. **Medical Equipment Donations**  
SMMC donated stretchers, exam tables, incubators, monitors and various other medical equipment to IMEC (Improving Healthcare for the World's Poor) to help third world developing countries.
4. **Senior Center of Kennebunk Dinner & Tours**  
SMMC staff prepared, delivered and served Thanksgiving dinner to 34 senior citizens, as well as provided supplies to assist with their Kitchen tours.
5. **Clothes Closet**  
SMMC employees contribute clothing for patients whose clothing may have been damaged as a result of injury. Cost includes donation of space only.
6. **American Red Cross Blood Drives**  
Hosted by SMMC and SMMC Visiting Nurses, approximately 385 good units of blood were collected. SMMC provided facilities and staff support time.
7. **Involvement in Community Service Organizations**  
Many SMMC employees serve on boards or volunteer during work time for local organizations including, but not limited to, the following:
  - Board of Directors, Biddeford Free Clinic
  - Board of Directors, Biddeford-Saco Chamber of Commerce
  - Member, Biddeford-Saco Pandemic Planning
  - Vice President, Biddeford-Saco Rotary Club
  - Member, Coastal Healthy Families Coalition Advisory Council
  - Board/Corporator, Hospice of Southern Maine
  - Board of Directors, Creative Works System
  - Board of Directors, Kennebunk Portside Rotary
  - Board of Directors, Kennebunk Rotary Club
  - Board of Directors, Kennebunk-Kennebunkport Chamber of Commerce
  - Member, Maine Behavioral Health Partnership
  - President Elect, Maine Emergency Nurses Association
  - Board of Directors, Maine Health Management Coalition
  - Member, MaineHealth Pressure Ulcer
  - Member, MaineHealth Rehab Work Group
  - Member, Maine Hospital Chief Nurses
  - Member, Partnership in Education & Practice for ME Nurses
  - Board of Directors, Peds Clinic
  - Board/Corporator, Saco and Biddeford Savings Institution
  - Member, Saco-Bay Rotary Club
  - Board Development, Senior Center of the Kennebunks
  - Board of Directors, SMMC Auxiliary
  - Board of Directors, Southern Maine EMS Council
  - Board/QI Committee, Spring Harbor Hospital
  - Board of Directors, St. Andre Healthcare Facility
  - Corporator, Sweetser Services

- Board of Directors, United Way of York County
- Member, United Way of York County – Annual Campaign, HR and Finance Committees
- Board of Directors, York County Community Action
- Vice President, York County Community Action Executive Committee
- Board of Directors, York County Food Rescue
- Member, York County Health District
- Member, York District Public Health Access Committee

8. **Community Chamber and Rotary Dues**

SMMC paid dues to the Chambers of Commerce in Biddeford, Saco, Old Orchard Beach, Kennebunk, Wells, and Sanford, and the Biddeford Saco, Saco Bay, Kennebunk, and Portside Rotary Clubs.

**Physical Improvements & Housing**

1. **“Saco Spirit”**

This program provides support for the revitalization of downtown and neighborhood improvements.

**Economic Development**

1. **“Heart of Biddeford” and “Buy Local” Economic Development**

Support of economic development Buy Local campaign.

**Community Support**

1. **Disaster Training and Readiness**

SMMC participates fully with our community, county, state and federal disaster preparedness training programs. SMMC also covered the cost for 10 staff members to attend an intensive training in Anniston, Alabama.

2. **Community Bike Center**

SMMC supported the CBC, an after school drop-in center for underprivileged kids, with 11 lab coats.

**Environmental Support**

1. **Eastern Trail Alliance**

SMMC staff time and materials to promote the Eastern Trail, as well as fix up the entry way and provide adequate signage.

**Coalition Building**

1. **Community-wide Presentations**

In conjunction with Coastal Healthy Communities Coalition SMMC’s staff time was provided to present on various subjects which addressed health issues in the community.

2. **“100 Miles in 100 Days”**

In conjunction with the Coastal Healthy Communities Coalition, SMMC participated in this event to promote wellness.

3. **Coalition Meetings**

SMMC's staff time to participate in Coastal Healthy Communities Coalition meetings.

**Community Health Improvement Advocacy**

1. **Shuttle Bus**

SMMC's provides this stipend through their Transit Service Agreement to ensure public access to their physician site at 9 Healthcare Drive.

2. **Public Health Meetings**

SMMC's staff time to participate in public health meetings.

3. **Transportation Services**

SMMC paid taxi and bus fees for patients who did not have transportation home or the ability to pay for public transportation.

**SMMC's Aggregate "Net Community Benefit Investment" = \$ 1,309,269**

\* In addition to the aforementioned programs, SMMC provides its proportional share of support for the annual budget of the following programs, through both "member dues" and "fund balance transfers". While all member organizations may not participate directly in the following initiatives, all members provide some level of financial support to help sustain and grow these MaineHealth programs.

**Community Health Improvement Services and Community Benefit Operations**

**AMI/PERFUSE Program** – The AMI/PERFUSE program helps caregivers provide the highest quality care and achieve the best possible outcomes for patients who experience an acute myocardial infarction – regardless of the patient's point of entry into the MaineHealth system. A network of providers ensures that heart attack patients receive timely, evidence-based treatment.

**Chronic Disease** – The Chronic Disease program increases awareness and utilization of quality care measures for both pediatric/adult asthma, COPD, and Diabetes – this program was formerly listed separately as "Asthma and Chronic Obstructive Pulmonary Disease" and "Diabetes".

**Emergency Medicine** – The Emergency Medicine Program improves the quality of care received by patients in the emergency departments of MaineHealth member and affiliate hospitals. The program works to streamline processes and to effectively meet the acute medical needs of patients in the ED. Program staff provide training to emergency medical personnel and work with ambulance services to inform the care provided before patients arrive at the hospital.

**Heart Failure** – The Heart Failure Program improves health outcomes for patients with heart failure by promoting best practices in care at MaineHealth hospitals and across all care settings. The program supports a comprehensive, integrated approach for patients and their families as they move from one care environment to another.

**Hospital Medicine-** The Hospital Medicine Program Build relationships with hospitalists across the system and gather monthly to share ideas, discuss challenges, and identify opportunities and solutions. Members collaborate on specific initiatives by gathering interdisciplinary groups in the true spirit of integration

**Infection Prevention** – The Infection Prevention Program works to reduce infection rates, improve outcomes for patients and decrease preventable hospitalizations across the MaineHealth system. The program aims to reduce hospital-acquired infections through improved hand hygiene compliance.

**Mental Health Integration** – The Mental Health Integration Program works to improve patient care by bringing mental health clinicians into medical settings, and by improving the collaboration between medical and mental health providers. The goal of the program is to help people get effective and efficient care for mental and behavioral health problems.

**Oncology** - The Oncology Program promotes high quality oncologic care across the system, ensuring easy access and effective transitions among specialists and locations. The program provides screening and treatment guidelines to clinicians, provides patient education materials to patients, improves awareness of clinical trials, improves access to genetic services and improves the overall delivery of cancer care.

**Palliative Care** - The Palliative Care Program promotes palliative care across the system. The initiative includes clinician education about palliative care including identification of patients who may benefit from palliative care, provision of palliative services for complex medical conditions, addressing ethical issues and engaging patients in discussing goals of care. The program promotes the use of Physician Orders for Life Sustaining Treatment (POLST) within each MH institution as well as community based advance directive/care planning.

**Patient Centered Medical Home** – This Program provides quality improvement and training for “practice coaches”, runs a learning collaborative focused on practice transformation, provides educational opportunities to practices, and develops/disseminates tools to assist local practices.

**Pharmacy and Therapeutics** - The Pharmacy and Therapeutics Program works to improve outcomes of patients in the MaineHealth system by reducing variations in care and promoting best practices. The program seeks to coordinate purchasing and performance initiatives in MaineHealth hospitals.

**Preventive Health** - The Preventive Health Program works to deliver consistent, high-quality, preventive healthcare across the MaineHealth region for adults and children by providing best-practice, evidence-based tools and support to primary care practice teams. The purpose is to provide a preventive health focus for patients and providers that helps to reduce the prevalence and severity of chronic disease.

**Stroke** - The goal of the Stroke Program is to improve care for stroke patients who arrive at MaineHealth member and affiliate hospitals within three hours of symptom onset. The program aims to standardize stroke care across the continuum of providers within the MaineHealth system by using evidence-based guidelines to improve outcomes for stroke patients.

**Surgical Quality Collaborative** – The goal of the MaineHealth Surgical Quality Collaborative is to create a collaborative encompassing surgical and quality staff from system hospitals to foster

learning, measure improvement, and use empirical data to improve the quality, safety and value of surgical care.

**Telehealth** - The Telehealth Program works to improve the health status of our communities by integrating, advancing and optimizing the use of telehealth technologies. Current telehealth technologies include connections between hospitals, such as bringing specialists to rural areas, connecting providers to patients' homes and remote monitoring of patients in critical care units in most MaineHealth hospitals.

**Transitions of Care** - The Transitions of Care Program works to ensure that patients receive excellent care throughout the transition from hospital to home and to community-based providers. The program works to improve patient outcomes and reduce unnecessary readmissions by supporting best practices for provider follow-up visits, coordinating medications, patient and family education, and enhancing the communications critical for excellent care once the patient leaves the hospital.

### **Subsidized Health Services**

**CarePartners** – The program arranges the provision of donated healthcare services for low income uninsured Mainers in Cumberland, Kennebec, Lincoln, and Waldo Counties. CarePartners also provides administrative support to help serve the target population, including comprehensive eligibility assessment, care management, and access to low cost or free pharmaceuticals.

**MedAccess** – The program provided access to approximately \$8.3 million of free medications in FY12. CarePartners provides this community resource to uninsured and underinsured community members through the Patient Assistance Programs (PAPs). In addition to this service, MedAccess offers application assistance for other prescription access programs, local low-cost generic programs, and other state and federal programs either in-person or through a toll-free number (meaning MaineHealth only counts the staff and program costs/support as a “net community benefit investment” here, and not the actual dollar figure of free medications provided through the program).

### **Community Support**

**Healthy Weight Initiative** – This initiative targets both children and adults in the community. The key parts of the initiative include clinical, community, and environmental/policy interventions. MaineHealth's financial support for this initiative recognizes the importance of preventing obesity as a major driver of health care costs, a major risk factor for chronic diseases, and a well-documented community epidemic.

**OneMaine Health Community Health Needs Assessment** – As described earlier in Section III of this report, MaineHealth was one of three health system partners involved in the conduct of a statewide Community Health Needs Assessment. All of the results and data involved in this analysis are publically available as a resource for any interested parties. MaineHealth was responsible for 42.5% of the total cost of this project.

**Health Index Report** – MaineHealth staff creates the Health Index report to present key factors and specific elements of the health status throughout many Maine counties, focusing on measures

of health improvement and specific health outcomes/goals – over 1,800 copies of the health index report are distributed annually to health and other community leaders and organizations.

**Child Health Program** - The Child Health program is focused on increasing rates of child immunizations within the MaineHealth system and statewide through clinical, community and policy interventions. The program's vision is to create an effective, outcomes-based strategy that engages health professionals and provider organizations, community partners, family members, and local and state government, resulting in Maine being ranked number one in New England for child immunizations by 2016. Amid evidence of increased vaccine refusal and delay in our communities, MaineHealth's financial support for this program underscores the importance of vaccinations as the most cost-effective health prevention activity for children and one of society's greatest public health achievements.

**Partnership for Healthy Aging** - PHA leads the implementation of evidence-based prevention programs for older adults (Living Well, A Matter of Balance, EnhanceWellness, EnhanceFitness, Healthy IDEAS) throughout Maine. The efforts of Elder Care Services focus upon improving transitions, prevention, and quality across the care continuum. Initiatives include Care Transitions coaching, Community Links, and Falls Prevention Tools for providers and patients.

### **Community Health Improvement Advocacy**

**MaineHealth Learning Resource Centers** – With four locations in Maine, the LRCs provide patients, health care providers, and community members with easy access to quality health information and a wealth of educational reference material. In addition, the LRCs offer the public over 100 unique classes taught by professionals (e.g. healthy cooking, yoga, chronic disease self-management, cancer prevention, and mental health awareness).

**Parkinson's Information and Referral Center** – The Center is a primary resource for people with Parkinson's disease, as well as their families and healthcare providers. Assistance includes "patron requests" for information, direct physician referrals, educational outreach to health care facilities, coordinating support groups, and specialized classes for newly-diagnosed individuals.

## **V. Billing and Collection Practices**

SMMC charges all patients the same price for the same services, regardless of payor source. Individuals are not required to pay or make arrangements to pay prior to the services being provided. On average, the first bill is sent to a patient, without insurance, 10 days after services are provided. If the patient does have insurance, a statement for any balance due is only sent to the patient after adjudication by the insurance company. After that initial bill or statement is sent out, the patient has 30 days to pay for those services. Before collection action is taken by SMMC, four notices must be sent to patients informing them of their lack of proper payments and continued attempts to communicate with them about a solution. In the absence of either full payment or a patient's attempts to communicate in order to resolve the situation, SMMC does use a responsible and professional collection agency if necessary after the account has aged 120 days.

## **VI. Charity Care Policies**

### **Charity Care**

SMMC's policy of charity care and financial assistance is easily understood, prominently posted, and publicly available. A process exists for offering charity care or financial assistance to patients who are unable to pay after they have already been billed. In addition to monitoring collection practices, copies of the charity care policy are made available to patients at all entry points (registration, ED, etc.) and with bill/collection notices. The organization uses simple application procedures for charity care or financial assistance that do not intimidate or confuse applicants. SMMC's employees who work in patient registration areas, billing, accounts receivable, or patient financial services are fully informed and educated about all financial assistance policies. These staff members identify unpaid bills where persons are unable to pay, and separates these potential "charity care" bills from other bad debt accounts. SMMC bases its decision for charity care assistance using a patient's income as compared to certain levels of the published Federal Poverty Guidelines (FPL). They are:

- Less than 175% of FPL – 100% adjustment of the bill
- 175% and less than 200% of FPL – 50% adjustment of the bill
- 200% and less than 225% of FPL – 25% adjustment of the bill

## **VII. Good Governance and Executive Compensation Policies**

### **Good Governance**

SMMC has a Board of 20 community members, a majority of whom are not practicing physicians, officers, department heads, or other employees with a financial connection or otherwise affiliated with the organization itself. The Board meets monthly and has a written "conflict of interest" policy in place. The Board understands the specific mission of the organization, and approves strategic planning initiatives aimed at carrying out this mission. Directors understand their fiscal and other specific responsibilities while serving on the Board, and further education/information is provided to Board members if requested. Directors and the Executive Officer of SMMC do not receive loans on behalf of the organization. The organization ensures that a substantial part of its activities does not involve attempts to influence legislation, and that it will not take an official position or provide direct support for or against a political candidate. Moreover, in addition to the CEO, CFO, or both officially signing-off on SMMC's yearly IRS form 990 and audited financial statements, the Board of Trustees must also have final approval of the yearly audited financial statements. The Board has also adopted and maintains a corporate compliance program that includes a Code of Conduct for all staff education and training, monitoring for compliance, and a Helpline for staff to call, all intended to produce continual compliance with organizational policies and the law.

### **Executive Compensation**

SMMC has a formal written compensation policy in place. In consultation with Sullivan Cotter and Associates, the MaineHealth Board Compensation Committee establishes appropriate compensation parameters for each member organization's CEO and certain members of their Senior Management team. Working within those parameters, the organization's Board determines the level of compensation for its CEO. The findings of the Governance Committee

are made transparent to, and voted on by, the full Governing Board. This “total executive compensation” is filed publicly by the organization, and includes “total cash compensation” and “total value of all benefits and perquisites associated with position (such as housing allowances, social club memberships, signing bonuses, etc.)”. The Board takes necessary action to prevent the CEO from voting or directly participating in the final Committee determination of his own compensation. The organization’s executive compensation procedure relies upon appropriate data for comparability (e.g. compensation levels paid by both taxable and tax-exempt similarly situated organizations and independent compensation surveys by nationally recognized independent firms). Finally, the organization refrains from allowing executive compensation to ever be based solely on SMMC’s revenues or other similar profit-sharing strategies.

## VIII. Aggregate Financial Data

### SMMC’s Community Benefit Summary \*\*\*

<b>1. Charity care (at cost)</b>	\$3,503,000
<b>2. Bad debt (at cost)</b>	\$4,826,000
<b>3. Government-sponsored health care (shortfall) - Unpaid cost of Medicare, MaineCare, and other hospital-specific indigent care programs</b>	\$19,029,000
<b>4. Net Community Benefit Investment Programs (net expense), e.g.</b>	\$1,309,269

<b><i>Total Value of Quantifiable Benefits Provided to the Community</i></b>	<b><u>\$28,667,269</u></b>
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\*\*\* Form created based on AHA guidelines