

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.

2012

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

A For the 2012 calendar year, or tax year beginning 9/30, 2012, and ending 9/28, 2013

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	C BLUE HILL MEMORIAL HOSPITAL 57 WATER STREET BLUE HILL, ME 04614	D Employer Identification Number 01-0227195
		E Telephone number 207-374-2836
F Name and address of principal officer: John Ronan Same As C Above		G Gross receipts \$ 58,196,655.
I 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		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No (if 'No,' attach a list. (see instructions))
J Website: www.bhnh.org		H(c) Group exemption number ▶
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶	L Year of Formation: 1924	M State of legal domicile: ME

Part I Summary

1 Briefly describe the organization's mission or most significant activities: <u>Blue Hill Memorial Hospital is dedicated to improving the health and wellness of our communities by providing primary and specialty health care of outstanding quality and caring for our patients with respect and compassion.</u>	
2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
Activities & Governance	3 Number of voting members of the governing body (Part VI, line 1a) 3 15
	4 Number of independent voting members of the governing body (Part VI, line 1b) 4 11
	5 Total number of individuals employed in calendar year 2012 (Part V, line 2a) 5 372
	6 Total number of volunteers (estimate if necessary) 6 117
	7a Total unrelated business revenue from Part VIII, column (C), line 12 7a 0.
	7b Net unrelated business taxable income from Form 990-T, line 34 7b 0.
	8 Contributions and grants (Part VIII, line 1h) 8 370,967. 484,212.
9 Program service revenue (Part VIII, line 2g) 9 53,090,798. 54,749,733.	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d) 10 199,254. 305,586.	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) 11 723,997. 481,043.	
12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) 12 54,385,016. 56,020,574.	
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3) 13
	14 Benefits paid to or for members (Part IX, column (A), line 4) 14
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 15 22,325,053. 23,331,516.
	16a Professional fundraising fees (Part IX, column (A), line 11e) 16a
	b Total fundraising expenses (Part IX, column (D), line 25) ▶ b
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) 17 31,109,079. 30,737,586.
18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) 18 53,434,132. 54,069,102.	
19 Revenue less expenses. Subtract line 18 from line 12 19 950,884. 1,951,472.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16) 20 35,004,678. 38,107,193.
	21 Total liabilities (Part X, line 26) 21 13,217,169. 13,626,199.
	22 Net assets or fund balances. Subtract line 21 from line 20 22 21,787,509. 24,480,994.

Part II Signature Block

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

Sign Here		Date: 7/30/14
	Wendy J Jones Type or print name and title.	Interim CFO

Paid Preparer Use Only	Print/Type preparer's name: _____	Preparer's signature: Self-Prepared	Date: _____	Check <input type="checkbox"/> if self-employed	PTIN: _____
	Firm's name: _____	Firm's address: _____	Firm's EIN: _____	Phone no.: _____	
	May the IRS discuss this return with the preparer shown above? (see instructions) <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No				

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission:

Blue Hill Memorial Hospital is dedicated to improving the health and wellness of our communities by providing primary and specialty health care of outstanding quality and caring for our patients with respect and compassion.

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

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

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

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

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations 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 \$ 48,009,147. including grants of \$) (Revenue \$ 55,234,686.)

See Schedule O

4b (Code:) (Expenses \$ 1,170,416. including grants of \$) (Revenue \$)

Charity care provided (at cost) 527 persons served.

4c (Code:) (Expenses \$ 323,607. including grants of \$) (Revenue \$)

Medicare shortfalls (at cost) 31,602 persons served.

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

4e Total program service expenses 49,503,170.

Part IV Checklist of Required Schedules

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

Part IV Checklist of Required Schedules (continued)

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

BAA

Form 990 (2012)

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

		Yes	No
1 a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable 1 a 62		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 1 b 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?..... 1 c	X	
2 a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return 2 a 372		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? 2 b	X	
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file. (see instructions)			
3 a	Did the organization have unrelated business gross income of \$1,000 or more during the year? 3 a		X
b	If 'Yes' has it filed a Form 990-T for this year? If 'No,' provide an explanation in Schedule O. 3 b		
4 a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? 4 a		X
b	If 'Yes,' enter the name of the foreign country: ▶ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts.		
5 a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? 5 a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? 5 b		X
c	If 'Yes,' to line 5a or 5b, did the organization file Form 8886-T? 5 c		
6 a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?..... 6 a		X
b	If 'Yes,' did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?..... 6 b		
7 Organizations that may receive deductible contributions under section 170(c).			
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?..... 7 a		X
b	If 'Yes,' did the organization notify the donor of the value of the goods or services provided? 7 b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? 7 c		X
d	If 'Yes,' indicate the number of Forms 8282 filed during the year 7 d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? 7 e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?..... 7 f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?..... 7 g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?..... 7 h		
8 Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? 8			
9 Sponsoring organizations maintaining donor advised funds.			
a	Did the organization make any taxable distributions under section 4966? 9 a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?..... 9 b		
10 Section 501(c)(7) organizations. Enter:			
a	Initiation fees and capital contributions included on Part VIII, line 12 10 a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities. 10 b		
11 Section 501(c)(12) organizations. Enter:			
a	Gross income from members or shareholders..... 11 a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)..... 11 b		
12 a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?..... 12 a		
b	If 'Yes,' enter the amount of tax-exempt interest received or accrued during the year. 12 b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.			
a	Is the organization licensed to issue qualified health plans in more than one state? 13 a		
Note. See the instructions for additional information the organization must report on Schedule O.			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans..... 13 b		
c	Enter the amount of reserves on hand. 13 c		
14 a	Did the organization receive any payments for indoor tanning services during the tax year?..... 14 a		X
b	If 'Yes,' has it filed a Form 720 to report these payments? If 'No,' provide an explanation in Schedule O. 14 b		

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

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

Section A. Governing Body and Management

		Yes	No
1 a	Enter the number of voting members of the governing body at the end of the tax year		
	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.		
1 a			15
b	Enter the number of voting members included in line 1a, above, who are independent.		
1 b			11
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee or key employee? See Schedule O	X	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? See Sch. O	X	
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders? See Schedule O	X	
7 a	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? See Schedule O	X	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or other persons other than the governing body? See Sch. O	X	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
a	The governing body?	X	
b	Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If 'Yes,' provide the names and addresses in Schedule O		X

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

	Yes	No
10 a		X
b		
10 b		
11 a	X	
b		
12 a	X	
b	X	
c	X	
13	X	
14	X	
15		
a	X	
b		X
16 a		X
b		
16 b		

Section C. Disclosure

- 17 List the states with which a copy of this Form 990 is required to be filed ▶ ME
- 18 Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19 Describe in Schedule O whether (and if so, how) the organization makes its governing documents, conflict of interest policy, and financial statements available to the public during the tax year. See Schedule O
- 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization:
 ▶ Wendy J. Jones 57 Water Street Blue Hill ME 04614 207-374-3409

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) Frank Wanning Chairman	2 0	X		X				0.	0.	0.
(2) Charles Hatfield Trustee	2 0	X						0.	0.	0.
(3) Richard K. Howe Treasurer	2 0	X		X				0.	0.	0.
(4) Christopher Young Trustee	2 0	X						0.	0.	0.
(5) Gregory Roraff President & CEO	40 0	X		X			274,248.	0.	29,435.	
(6) Margaret Hannah Trustee	2 0	X						0.	0.	0.
(7) Sally N. Mills Vice Chair	2 0	X		X				0.	0.	0.
(8) Andrew K. Laslie, CPA Secretary	2 0	X		X				0.	0.	0.
(9) Danielle V. Mutty, MD Trustee	2 0	X						0.	0.	0.
(10) Arthur Newkirk, MD Chief of Staff	40 0	X					148,819.	0.	18,531.	
(11) David Snow Trustee	2 0	X						0.	0.	0.
(12) Zoe Robbins Tenney Trustee	25 0	X					55,051.	0.	22,085.	
(13) Stacey Henner Walden, D Trustee	30 0	X					180,623.	0.	23,755.	
(14) Jim Schatz Trustee	2 0	X						0.	0.	0.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee			
(15) Gordon Stewart Trustee	2 0	X					0.	0.	0.
(16) Constance Barrett VP/CNO	40 0			X			139,512.	0.	11,864.
(17) Edward Olivier CFO	40 0			X			158,083.	0.	20,372.
(18) Elizabeth Schidzick-Brunelle VP Phys Pract	40 0			X			169,198.	0.	9,682.
(19) Kathleen J. Ober VP Med Affairs	40 0			X			449,456.	0.	31,255.
(20) John Ronan VP Ancillary Sv	40 0			X			153,620.	0.	10,742.
(21) James White Surgeon	40 0					X	451,999.	0.	27,251.
(22) Mark Kaplan Physician	40 0					X	360,402.	0.	19,426.
(23) Joseph Babbitt Hospitalist	40 0					X	400,665.	0.	27,788.
(24) Thomas Bugbee Physician	40 0					X	298,982.	0.	31,722.
(25) Amy Tan Surgeon	40 0					X	275,372.	0.	32,637.
1 b Sub-total							3,516,030.	0.	316,545.
c Total from continuation sheets to Part VII, Section A							0.	641,775.	92,298.
d Total (add lines 1b and 1c)							3,516,030.	641,775.	408,843.
2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ▶ 30									

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Surapaneni P. Ramanadha Rao P.O Box 8117 Bangor, ME 04401	Urology Phys Svcs	781,200.
Nurse Anesthesia of Maine 141 N. Main Street Ste 205 Brewer, ME 0441	Anesthesia Svcs	651,012.
NEHE MRI LLC 260 Main Street Presque Isle, ME 04769	Imaging Services	285,261.
Dahl Chase Diagnostic Services 417 State Street Ste # 541 Bangor, ME	Pathology Sevices	130,258.
United Medical System 1500 West Park Drive Westborough, MA 01581	Surgical Services	126,660.

2 Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 in compensation from the organization **▶ 5**

Part VIII Statement of Revenue

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

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
CONTRIBUTIONS, GIFTS, GRANTS AND OTHER SIMILAR AMOUNTS	1 a Federated campaigns	1 a				
	b Membership dues	1 b				
	c Fundraising events	1 c				
	d Related organizations	1 d	53,095.			
	e Government grants (contributions)	1 e	16,179.			
	f All other contributions, gifts, grants, and similar amounts not included above ...	1 f	414,938.			
	g Noncash contributions included in lns 1a-1f: \$		19,575.			
	h Total. Add lines 1a-1f		484,212.			
PROGRAM SERVICE REVENUE	2 a <u>Patient Care Service</u>	Business Code 621990	54,648,335.	54,648,335.		
	b <u>Cafeteria</u>	722210	95,398.		95,398.	
	c <u>Exempt Affiliate Rental</u>	532000	6,000.	6,000.		
	d -----					
	e -----					
	f All other program service revenue....					
	g Total. Add lines 2a-2f		54,749,733.			
OTHER REVENUE	3 Investment income (including dividends, interest and other similar amounts)		311,776.		311,776.	
	4 Income from investment of tax-exempt bond proceeds..▶					
	5 Royalties					
	6 a Gross rents	(i) Real	10,720.			
		(ii) Personal				
		b Less: rental expenses	5,308.			
		c Rental income or (loss) ...	5,412.			
	d Net rental income or (loss)		5,412.		5,412.	
	7 a Gross amount from sales of assets other than inventory.	(i) Securities	2,002,696.	161,887.		
		(ii) Other				
		b Less: cost or other basis and sales expenses	1,993,374.	177,399.		
		c Gain or (loss)	9,322.	-15,512.		
	d Net gain or (loss)		-6,190.	9,322.	-15,512.	
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a				
	b Less: direct expenses	b				
c Net income or (loss) from fundraising events						
9 a Gross income from gaming activities. See Part IV, line 19	a					
b Less: direct expenses	b					
c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a					
b Less: cost of goods sold	b					
c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code				
11 a <u>Meaningful Use Incentives</u>	621990	475,631.	475,631.			
b -----						
c -----						
d All other revenue						
e Total. Add lines 11a-11d		475,631.				
12 Total revenue. See instructions		56,020,574.	55,139,288.	0.	397,074.	

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,906,331.	1,279,980.	626,351.	0.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0.	0.	0.	0.
7 Other salaries and wages	17,265,327.	15,571,054.	1,694,273.	
8 Pension plan accruals and contributions (include section 401(k) and section 403(b) employer contributions)	624,326.	561,893.	62,433.	
9 Other employee benefits	2,454,592.	2,205,552.	249,040.	
10 Payroll taxes	1,080,940.	972,846.	108,094.	
11 Fees for services (non-employees):				
a Management				
b Legal	11,298.		11,298.	
c Accounting	40,985.		40,985.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	16,041.	642.	15,399.	
g Other. (If line 11g amt exceeds 10% of line 25, column (A) amt, list line 11g expenses on Sch O)	3,205,272.	2,203,536.	1,001,736.	
12 Advertising and promotion	108,166.	19,365.	88,801.	
13 Office expenses	1,410,253.	1,321,243.	89,010.	
14 Information technology	397,563.	304,356.	93,207.	
15 Royalties				
16 Occupancy	771,897.	663,953.	107,944.	
17 Travel	63,898.	46,770.	17,128.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	101,895.	92,983.	8,912.	
20 Interest	91,781.	91,781.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	1,308,769.	1,089,960.	218,809.	
23 Insurance	107,986.	84,337.	23,649.	
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 Contractual Allowances	14,511,828.	14,511,828.		
b Medical Supplies	3,458,125.	3,458,125.		
c Charity Care	2,076,290.	2,076,290.		
d Provision for uncollectible ac	1,614,588.	1,614,588.		
e All other expenses	1,440,951.	1,332,088.	108,863.	
25 Total functional expenses. Add lines 1 through 24e	54,069,102.	49,503,170.	4,565,932.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

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

		(A) Beginning of year		(B) End of year	
ASSETS	1	Cash — non-interest-bearing.....	62,124.	1	63,415.
	2	Savings and temporary cash investments.....	4,555,017.	2	4,867,079.
	3	Pledges and grants receivable, net.....	7,736.	3	
	4	Accounts receivable, net.....	4,928,715.	4	4,291,283.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L.....		5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions). Complete Part II of Schedule L.....		6	
	7	Notes and loans receivable, net.....		7	
	8	Inventories for sale or use.....	149,181.	8	150,696.
	9	Prepaid expenses and deferred charges.....	490,822.	9	540,607.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D.....	10a 27,846,683.		
	b	Less: accumulated depreciation.....	10b 19,276,484.	10c	8,570,199.
	11	Investments — publicly traded securities.....		11	
	12	Investments — other securities. See Part IV, line 11.....		12	
	13	Investments — program-related. See Part IV, line 11.....		13	
	14	Intangible assets.....		14	
	15	Other assets. See Part IV, line 11.....	16,119,373.	15	19,623,914.
16	Total assets. Add lines 1 through 15 (must equal line 34).....	35,004,678.	16	38,107,193.	
LIABILITIES	17	Accounts payable and accrued expenses.....	9,878,076.	17	10,239,779.
	18	Grants payable.....		18	
	19	Deferred revenue.....	4,237.	19	1,576.
	20	Tax-exempt bond liabilities.....	2,122,458.	20	2,016,456.
	21	Escrow or custodial account liability. Complete Part IV of Schedule D.....		21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L.....		22	
	23	Secured mortgages and notes payable to unrelated third parties.....		23	
	24	Unsecured notes and loans payable to unrelated third parties.....		24	
	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.....	1,212,398.	25	1,368,388.
	26	Total liabilities. Add lines 17 through 25.....	13,217,169.	26	13,626,199.
NET ASSETS OR FUND BALANCES	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27	Unrestricted net assets.....	20,015,484.	27	22,505,639.
	28	Temporarily restricted net assets.....	375,964.	28	426,683.
	29	Permanently restricted net assets.....	1,396,061.	29	1,548,672.
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds.....		30	
	31	Paid-in or capital surplus, or land, building, or equipment fund.....		31	
	32	Retained earnings, endowment, accumulated income, or other funds.....		32	
33	Total net assets or fund balances	21,787,509.	33	24,480,994.	
34	Total liabilities and net assets/fund balances	35,004,678.	34	38,107,193.	

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	56,020,574.
2	Total expenses (must equal Part IX, column (A), line 25)	2	54,069,102.
3	Revenue less expenses. Subtract line 2 from line 1	3	1,951,472.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	21,787,509.
5	Net unrealized gains (losses) on investments	5	988,370.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O). See Schedule O	9	-246,357.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	24,480,994.

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.			
2 a	Were the organization's financial statements compiled or reviewed by an independent accountant?		X
If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both:			
<input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis			
2 b	Were the organization's financial statements audited by an independent accountant?	X	
If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both:			
<input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input checked="" type="checkbox"/> Both consolidated and separate basis			
2 c	If 'Yes' to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	X	
If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.			
3 a	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
3 b	If 'Yes,' did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

BAA

Form 990 (2012)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization BLUE HILL MEMORIAL HOSPITAL	Employer identification number 01-0227195
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Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

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

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

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?	11 g (i)	
(ii) A family member of a person described in (i) above?	11 g (ii)	
(iii) A 35% controlled entity of a person described in (i) or (ii) above?	11 g (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 column (i) listed in your governing document?		(v) Did you notify the organization in column (i) of your support?		(vi) Is the organization in column (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
(A)									
(B)									
(C)									
(D)									
(E)									
Total									

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) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(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 Total. Add lines 1 through 3.						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f).						
6 Public support. Subtract line 5 from line 4.						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
7 Amounts from line 4.						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources.						
9 Net income from unrelated business activities, whether or not the business is regularly carried on.						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
11 Total support. Add lines 7 through 10.						
12 Gross receipts from related activities, etc (see instructions).					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f)).	14	%
15 Public support percentage from 2011 Schedule A, Part II, line 14.	15	%
16a 33-1/3% support test – 2012. If the organization did not check the box on line 13, and the line 14 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
b 33-1/3% support test – 2011. If the organization did not check a box on line 13 or 16a, and line 15 is 33-1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization. ▶ <input type="checkbox"/>		
17a 10%-facts-and-circumstances test – 2012. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 10%-facts-and-circumstances test – 2011. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the 'facts-and-circumstances' test, check this box and stop here. Explain in Part IV how the organization meets the 'facts-and-circumstances' test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

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

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

Section A. Public Support

Calendar year (or fiscal yr beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
1 Gifts, grants, contributions and membership fees received. (Do not include any 'unusual grants.')						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose.						
3 Gross receipts from activities that are not an unrelated trade or business under section 513.						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf.						
5 The value of services or facilities furnished by a governmental unit to the organization without charge ...						
6 Total. Add lines 1 through 5 ...						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons.						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year.						
c Add lines 7a and 7b.						
8 Public support. (Subtract line 7c from line 6.)						

Section B. Total Support

Calendar year (or fiscal yr beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
9 Amounts from line 6.						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources.						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 ...						
c Add lines 10a and 10b.						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on.						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
13 Total support. (Add lns 9, 10c, 11, and 12.)						
14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here. ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

15 Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	15	%
16 Public support percentage from 2011 Schedule A, Part III, line 15.	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2012 (line 10c, column (f) divided by line 13, column (f))	17	%
18 Investment income percentage from 2011 Schedule A, Part III, line 17.	18	%

- 19a 33-1/3% support tests – 2012. If the organization did not check the box on line 14, and line 15 is more than 33-1/3%, and line 17 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization. ▶
- b 33-1/3% support tests – 2011. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33-1/3%, and line 18 is not more than 33-1/3%, check this box and stop here. The organization qualifies as a publicly supported organization. ▶
- 20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions. ▶

SCHEDULE C
(Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No. 1545-0047

2012

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

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ **Complete if the organization is described below.** ▶ **Attach to Form 990 or Form 990-EZ.**
▶ **See separate instructions.**

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

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

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

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

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

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

Name of organization BLUE HILL MEMORIAL HOSPITAL	Employer identification number 01-0227195
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Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

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

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

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

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

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

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

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

Schedule C (Form 990 or 990-EZ) 2012

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

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

Limits on Lobbying Expenditures (The term 'expenditures' means amounts paid or incurred.)		(a) Filing organization's totals	(b) Affiliated group totals												
1 a Total lobbying expenditures to influence public opinion (grass roots lobbying).....															
b Total lobbying expenditures to influence a legislative body (direct lobbying).....		7,294.													
c Total lobbying expenditures (add lines 1a and 1b).....		7,294.	0.												
d Other exempt purpose expenditures.....		54,061,808.													
e Total exempt purpose expenditures (add lines 1c and 1d).....		54,069,102.	0.												
f Lobbying nontaxable amount. Enter the amount from the following table in both columns.....		1,000,000.													
<table border="1"> <thead> <tr> <th>If the amount on line 1e, column (a) or (b) is:</th> <th>The lobbying nontaxable amount is:</th> </tr> </thead> <tbody> <tr> <td>Not over \$500,000</td> <td>20% of the amount on line 1e.</td> </tr> <tr> <td>Over \$500,000 but not over \$1,000,000</td> <td>\$100,000 plus 15% of the excess over \$500,000.</td> </tr> <tr> <td>Over \$1,000,000 but not over \$1,500,000</td> <td>\$175,000 plus 10% of the excess over \$1,000,000.</td> </tr> <tr> <td>Over \$1,500,000 but not over \$17,000,000</td> <td>\$225,000 plus 5% of the excess over \$1,500,000.</td> </tr> <tr> <td>Over \$17,000,000</td> <td>\$1,000,000.</td> </tr> </tbody> </table>		If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:	Not over \$500,000	20% of the amount on line 1e.	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.	Over \$17,000,000	\$1,000,000.		
If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:														
Not over \$500,000	20% of the amount on line 1e.														
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000.														
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000.														
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000.														
Over \$17,000,000	\$1,000,000.														
g Grassroots nontaxable amount (enter 25% of line 1f).....		250,000.	0.												
h Subtract line 1g from line 1a. If zero or less, enter -0-.....		0.	0.												
i Subtract line 1f from line 1c. If zero or less, enter -0-.....		0.	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.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) Total
2 a Lobbying non-taxable amount.....	1,000,000.	1,000,000.	1,000,000.	1,000,000.	4,000,000.
b Lobbying ceiling amount (150% of line 2a, column (e)).....					6,000,000.
c Total lobbying expenditures.....	4,301.	6,848.	4,649.	7,294.	23,092.
d Grassroots nontaxable amount.....	250,000.	250,000.	250,000.	250,000.	1,000,000.
e Grassroots ceiling amount (150% of line 2d, column (e)).....					1,500,000.
f Grassroots lobbying expenditures.....					0.

BAA

Schedule C (Form 990 or 990-EZ) 2012

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

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

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

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

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

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

Part IV Supplemental Information

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

**SCHEDULE D
(Form 990)**

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No. 1545-0047

2012

Open to Public Inspection

Name of the organization

Employer identification number

BLUE HILL MEMORIAL HOSPITAL

01-0227195

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

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

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

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

- 1 Purpose(s) of conservation easements held by the organization (check all that apply).
- Preservation of land for public use (e.g., recreation or education) Preservation of an historically important land area
- Protection of natural habitat Preservation of a certified historic structure
- Preservation of open space

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

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

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

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

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

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

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

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

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

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

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

b If 'Yes,' explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

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

	(a) Current	(b) Prior year	(c) Two years	(d) Three years	(e) Four years
1 a Beginning of year balance.....	558,201.	501,206.	430,983.	252,141.	252,141.
b Contributions.....	109,376.	23,900.	65,500.	159,113.	
c Net investment earnings, gains, and losses.....	25,314.	33,095.	4,723.	19,729.	
d Grants or scholarships.....					
e Other expenditures for facilities and programs.....				0.	
f Administrative expenses.....					
g End of year balance.....	692,891.	558,201.	501,206.	430,983.	252,141.

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

- a Board designated or quasi-endowment ▶ 0.42 %
 - b Permanent endowment ▶ 99.58 %
 - c Temporarily restricted endowment ▶ %
- The percentages in lines 2a, 2b, and 2c should equal 100%.

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

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

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

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
1 a Land.....		447,386.		447,386.
b Buildings.....		11,523,362.	7,811,493.	3,711,869.
c Leasehold improvements.....		2,810.	2,288.	522.
d Equipment.....		14,317,660.	11,199,969.	3,117,691.
e Other.....		1,555,465.	262,734.	1,292,731.
Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c).)				8,570,199.

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

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

Part IX Other Assets. See Form 990, Part X, line 15.		(b) Book value
(a) Description		
(1) Assets Whose Use is Limited		48,416.
(2) Beneficial Interest in Perpetual Trusts		941,142.
(3) Board Designated Funds-Funded Deprec.		7,752,036.
(4) Board Designated Funds-Other		8,996,529.
(5) Estimated Prof. Liab. Claims Receivable		791,199.
(6) Permanently Donor Restricted Funds		607,530.
(7) Self Insurance Funds Held by Trustee		60,379.
(8) Temporarily Donor Restricted Funds		426,683.
(9)		
(10)		
Total. (Column (b) must equal Form 990, Part X, column (B), line 15.) . . . ▶		19,623,914.

Part X Other Liabilities. See Form 990, Part X, line 25.		(b) Book value
(a) Description of liability		
(1) Federal income taxes		
(2) Deferred Compensation	563,230.	
(3) Reserve for Prof. Liab. Self Ins.	791,199.	
(4) Self-insurance Benefits	13,959.	
(5)		
(6)		
(7)		
(8)		
(9)		
(10)		
(11)		
Total. (Column (b) must equal Form 990, Part X, column (B) line 25.) . . . ▶	1,368,388.	

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

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return		
1	Total revenue, gains, and other support per audited financial statements	1 38,764,093.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:	
	a Net unrealized gains on investments	2a 988,370.
	b Donated services and use of facilities	2b
	c Recoveries of prior year grants	2c
	d Other (Describe in Part XIII.) .. See Part XIII	2d -18,189,826.
	e Add lines 2a through 2d	2e -17,201,456.
3	Subtract line 2e from line 1	3 55,965,549.
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 XIII.) .. See Part XIII	4b 55,025.
	c Add lines 4a and 4b	4c 55,025.
5	Total revenue. Add lines 3 and 4c. (This must equal Form 990, Part I, line 12.)	5 56,020,574.

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return		
1	Total expenses and losses per audited financial statements	1 35,849,981.
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 XIII.)	2d
	e Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3 35,849,981.
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 XIII.) .. See Part XIII	4b 18,219,121.
	c Add lines 4a and 4b	4c 18,219,121.
5	Total expenses. Add lines 3 and 4c. (This must equal Form 990, Part I, line 18.)	5 54,069,102.

Part XIII Supplemental Information

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

Part V, Line 4 - Intended Uses Of Endowment Fund

 Endowment funds are designated for purposes that align within this organization's

 exempt purpose.

Part X - FIN 48 Footnote

 Income Taxes

 The Hospital has been determined by the Internal Revenue Service to be a tax-exempt

 charitable organization as described in Section 501(c)(3) of the Code and,

Part XIII Supplemental Information *(continued)*

Part X - FIN 48 Footnote (continued)

Accordingly, is exempt from federal income taxed on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for federal income taxes has been recorded in the accompanying financial statements.

Client BHMH-SEP

BLUE HILL MEMORIAL HOSPITAL

01-0227195

7/22/14

01:08PM

Schedule D, Part XI, Line 2d
Other Revenue Included In F/S But Not Included On Form 990

Bad Debt Expense.....	\$	-1,614,588.
Charity Care.....		-2,076,290.
Contractual Allowance.....		-14,511,828.
Reimbursed Expenses Reclassed to Expense.....		12,880.
	Total	<u>\$ -18,189,826.</u>

Schedule D, Part XI, Line 4b
Other Revenue Included On Form 990 But Not Included In F/S

Restricted Contributions from fund bal.....	\$	54,252.
Restricted Investment Inc from fund bal.....		773.
	Total	<u>\$ 55,025.</u>

Schedule D, Part XII, Line 4b
Other Expenses Included On Form 990 But Not Included In F/S

Bad Debt Expense.....	\$	1,614,588.
Charity Care.....		2,076,290.
Contractual Allowance.....		14,511,828.
Reimbursed Expenses Reclassed to Expense.....		-12,880.
Restricted Expenses from Fund Balance.....		29,295.
	Total	<u>\$ 18,219,121.</u>

**SCHEDULE H
(Form 990)**

Hospitals

OMB No. 1545-0047

2012

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

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

Employer identification number

BLUE HILL MEMORIAL HOSPITAL

01-0227195

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 the 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 <i>free</i> care? If 'Yes,' indicate which of the following was the FPG family income limit for eligibility for free care:	<input checked="" type="checkbox"/>	
<input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %		
b Did the organization use FPG to determine eligibility for providing <i>discounted</i> care? If 'Yes,' indicate which of the following was the family income limit for eligibility for discounted care:	<input checked="" type="checkbox"/>	
<input type="checkbox"/> 200% <input type="checkbox"/> 250% <input checked="" type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% Other _____ %		
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,' did 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)		527	1,184,108.	13,692.	1,170,416.	3.26
b Medicaid (from Worksheet 3, column a)						
c Costs of other means-tested government programs (from Worksheet 3, column b)			131,138.		131,138.	0.37
d Total Financial Assistance and Means-Tested Government Programs	0	527	1,315,246.	13,692.	1,301,554.	3.63
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	7	362	260,632.		260,632.	0.73
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits	7	362	260,632.	0.	260,632.	0.73
k Total. Add line 7d and 7j.	7	889	1,575,878.	13,692.	1,562,186.	4.36

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support	1		766.		766.	
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building	1		32,956.		32,956.	0.09
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 Total	2	0	33,722.	0.	33,722.	0.09

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

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

Section B. Medicare

5 Enter total revenue received from Medicare (including DSH and IME)	5	15,429,198.
6 Enter Medicare allowable costs of care relating to payments on line 5	6	15,752,805.
7 Subtract line 6 from line 5. This is the surplus (or shortfall)	7	-323,607.
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 %
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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 or facility reporting group Blue Hill Memorial Hospital

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

Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		Yes	No
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If 'No,' skip to line 9 If 'Yes,' indicate what the CHNA report describes (check all that apply): a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility b <input checked="" type="checkbox"/> Demographics of the community c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community d <input checked="" type="checkbox"/> How data was obtained e <input checked="" type="checkbox"/> The health needs of the community f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs h <input checked="" 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 checked="" type="checkbox"/> Other (describe in Part VI) Part VI	X	
2	Indicate the tax year the hospital facility last conducted a CHNA: <u>2011</u>		
3	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 Part VI	X	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If 'Yes,' list the other hospital facilities in Part VI. Part VI	X	
5	Did the hospital facility make its CHNA widely available to the public? If 'Yes,' indicate how the CHNA was made widely available (check all that apply): a <input checked="" type="checkbox"/> Hospital facility's website b <input checked="" type="checkbox"/> Available upon request from the hospital facility c <input checked="" type="checkbox"/> Other (describe in Part VI) Part VI	X	
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date): a <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA b <input checked="" type="checkbox"/> Execution of the implementation strategy c <input checked="" type="checkbox"/> Participation in the development of a community-wide plan d <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan e <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans f <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA g <input checked="" type="checkbox"/> Prioritization of health needs in its community h <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community i <input checked="" type="checkbox"/> Other (describe in Part VI) Part VI		
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If 'No,' explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs.	X	
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		X
8b	If 'Yes' to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
8c	If 'Yes' to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

Part V Facility Information (continued) Blue Hill Memorial Hospital Copy 1 of 1

Financial Assistance Policy		Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:			
9	Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	X	
10	Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	X	
If 'Yes,' indicate the FPG family income limit for eligibility for free care: <u>200</u> %			
If 'No,' explain in Part VI the criteria the hospital facility used.			
11	Used FPG to determine eligibility for providing discounted care?	X	
If 'Yes,' indicate the FPG family income limit for eligibility for discounted care: <u>300</u> %			
If 'No,' explain in Part VI the criteria the hospital facility used.			
12	Explained the basis for calculating amounts charged to patients?		
If 'Yes,' indicate the factors used in determining such amounts (check all that apply):			
a	<input checked="" type="checkbox"/> Income level		
b	<input type="checkbox"/> Asset level		
c	<input type="checkbox"/> Medical indigency		
d	<input type="checkbox"/> Insurance status		
e	<input type="checkbox"/> Uninsured discount		
f	<input type="checkbox"/> Medicaid/Medicare		
g	<input type="checkbox"/> State regulation		
h	<input type="checkbox"/> Other (describe in Part VI)		
13	Explained the method for applying for financial assistance?	X	
14	Included measures to publicize the policy within the community served by the hospital facility?	X	
If 'Yes,' indicate how the hospital facility publicized the policy (check all that apply):			
a	<input type="checkbox"/> The policy was posted on the hospital facility's website		
b	<input type="checkbox"/> The policy was attached to billing invoices		
c	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
d	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
e	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
f	<input checked="" type="checkbox"/> The policy was available on request		
g	<input checked="" type="checkbox"/> Other (describe in Part VI)		

Part VI

Billing and Collections		Yes	No
15	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	X	
16	Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP:		
a	<input type="checkbox"/> Reporting to credit agency		
b	<input type="checkbox"/> Lawsuits		
c	<input type="checkbox"/> Liens on residences		
d	<input type="checkbox"/> Body attachments		
e	<input type="checkbox"/> Other similar actions (describe in Part VI)		
17	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?		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)		

Part V Facility Information (continued)

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

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

Policy Relating to Emergency Medical Care

	Yes	No	
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	19	X	
If 'No,' indicate why:			
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions			
b <input type="checkbox"/> The hospital facility's policy was not in writing			
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d <input type="checkbox"/> Other (describe in Part VI)			

Charges to Individuals Eligible for Financial Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care.			
a <input type="checkbox"/> The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b <input type="checkbox"/> The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c <input type="checkbox"/> The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d <input checked="" type="checkbox"/> Other (describe in Part VI) Part VI			
21 During the tax year, did the hospital facility charge any of its FAP-eligible individuals, to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	21		X
If 'Yes,' explain in Part VI.			
22 During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual?	22		X
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? 8

Name and address	Type of Facility (describe)
1 Blue Hill Family Medicine 65 Water Street Blue Hill, ME 04614	Physician Offices
2 Blue Hill Orthopedics 65 Water Street Blue Hill, ME 04614	Physician Offices
3 Blue Hill Specialty Services 65 Water Street Blue Hill, ME 04614	Physician Offices
4 Blue Hill Women's Healthcare 65 Water Street Blue Hill, ME 04614	Physician Offices
5 Bucksport Family Medicine 58 Main Street Bucksport, ME 04416	Physician Offices
6 Castine Community Health Services 102 Court Street Castine, ME 04421	Physician Offices
7 Island Family Medicine 354 Airport Road Stonington, ME 04681	Physician Offices
8 Blue Hill Cardiovascular Medicine 65 Water Street Blue Hill, ME 04614	Physician Offices

BAA

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 A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's 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.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

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

The BMMH community benefit report is contained in an annual community benefit report prepared by Eastern Maine Healthcare Systems which is the parent organization of all related organizations.

Part I, Line 7 - Explanation of Costing Methodology

Ratio of Patient Care Cost-to-Charges is used in calculations.

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

\$1,614,588 of bad debt expense, \$2,076,290 of charity care, \$14,511,828 of contractals is included on Form 990, Part IX, line 25, column (A).

Part III, Line 4 - Bad Debt Expense

Patient accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable.

The costing methodology used to determine the amount reported on line two is cost to charge ratio.

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 A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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Part III, Line 8 - Explanation Of Shortfall As Community Benefit

Medicare losses should be treated as a community benefit because the losses are incurred in performing an important public service, and Maine hospitals experience one of the lowest Medicare reimbursement rates in the country.

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

All account guarantors who express an inability to pay inpatient and outpatient services will be screened for eligibility for charity care using an application and guidelines established by BMMH. An account may be reconsidered for charity care at any time when new information is available about a patient's inability to pay.

Part V, Line 1j - Description of Other Needs Assessment

1a Blue Hill Memorial Hospital and its practices serve a rural area that includes island communities that can be reached only by mail boat, private vessel, or the Lifeflight helicopter. The primary communities that we serve include: Blue Hill, Bucksport, Brooklin, Brooksville, Cape Rosier, Castine, Harborside, Deer Isle, Penobscot, Sargentville, Sedgwick, Stonington. We serve also serve patients from other communities, such as Ellsworth as well as tourists and seasonal residents. Our area is considered a "destination" for some wealthy families. This wealth contrasts significantly with substantial poverty in our region.

1b Blue Hill Memorial Hospital and its related physician practices utilize extensive

Part V Supplemental Information

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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Part V, Line 1j - Description of Other Needs Assessment (continued)

electronic medical records, including disease registries, which provide a vast amount of data relative to patients in care. The needs assessment provides a much broader picture of the community as a whole, including the health status of individuals not in care, as well as functional health status and social-demographics (such as employment, income and education levels). The local units of the state's public health infrastructure (known as Healthy Maine Partnerships) are also integrated into the process so that their data relative to health, environmental and social measures are part of the community dissemination process.

1c Blue Hill Memorial Hospital engaged multiple health resource leaders in the community forum invitation list (as described in Section 1g). Additional resources and leaders needed were identified in the breakout sessions (see question for breakout participants, Section 1g). In the Blue Hill Memorial Hospital service area, key collaborators going forward will include: Bucksport Bay Healthy Communities, Healthy Island, and Healthy Peninsula.

1d-1e-1f EMHS, the parent company of Blue Hill Memorial Hospital, routinely conducts a community health needs assessment (Hereafter needs assessment) across the service area of all of its member hospitals. The most recent assessment, published

Part V Supplemental Information

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

Part V, Line 1j - Description of Other Needs Assessment (continued)

in 2011, was conducted under a contract with the University of New England Center for Health Planning, Policy and Research (CHPPR) and the University of Southern Maine's Muskie School for Public Health. Using a methodology developed by CHPPR over decades of work, the assessment integrates primary data from a telephone survey to heads of households with secondary data retrieved from state databases (ED usage, Mortality, Cancer Registry, etc.). That data is reviewed in the context of multiple health related domains to develop a composite view of health status, behavioral risks, and barriers to access and care. Results are compared to national and state benchmarks to produce priorities and recommendations as prepared by the consultants.

1g See question #3

1h On a statewide basis, the research consultants developed an advisory committee that met two times during the assessment research and drafting of the publication.

These individuals represented a broad spectrum of backgrounds, and they are named:

Carol Bell, Healthy Maine Partnership Director; Kelly Bentley, Healthy Maine

Partnership Director; Gail Dana-Sacco, Wabanaki Center (serving tribal populations);

Patricia Hart, Maine Development Foundation; Barbara Leonard, MPH, Maine Health

Access Foundation (philanthropic foundation focused on access to care in Maine);

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 A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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Part V, Line 1j - Description of Other Needs Assessment (continued)

Becca Matusovich, Maine Center for Disease Control; Lisa Miller, Bingham Foundation (philanthropic foundation); Dora Ann Mills, MD, Maine Center for Disease Control; Elizabeth Mitchell, Maine Health Management Coalition (representing the state's major employers, insurers and providers); Trish Riley, Governor's Office of Health Policy and Finance (GOHPF); Brian Rines, Advisory Committee for Health System Development (overseen by GOHPF); Rachel Talbot-Ross, Maine Chapter, NAACP; Ted Trainer, Public Health Coordinating Council Shawn Yardley, City of Bangor, Department of Health and Welfare. In the local area served by the assessment, multiple parties were engaged in dissemination of the assessment findings and establishment of priorities (see Section 5). We also consult with persons regarding community health needs on an ongoing basis through mechanisms such as our Community Advisory Committee and healthcare partners in the area such as Healthy Peninsula, Healthy Acadia, Island Medical Center, and Bucksport Bay Healthy Communities.

Part V, Line 3 - Account Input from Person Who Represent the Community

On a statewide basis, the research consultants developed an advisory committee that met two times during the assessment research and drafting of the publication. These individuals represented a broad spectrum of backgrounds, and they are named: Carol Bell, Healthy Maine Partnership Director; Kelly Bentley, Healthy Maine Partnership Director; Gail Dana-Sacco, Wabanaki Center (serving tribal populations); Patricia

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 A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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Part V, Line 3 - Account Input from Person Who Represent the Community (continued)

Hart, Maine Development Foundation; Barbara Leonard, MPH, Maine Health Access

Foundation (philanthropic foundation focused on access to care in Maine); Becca

Matusovich, Maine Center for Disease Control; Lisa Miller, Bingham Foundation

(philanthropic foundation); Dora Ann Mills, MD, Maine Center for Disease Control;

Elizabeth Mitchell, Maine Health Management Coalition (representing the state's major

employers, insurers and providers); Trish Riley, Governor's Office of Health Policy

and Finance (GOHPF); Brian Rines, Advisory Committee for Health System Development

(overseen by GOHPF); Rachel Talbot-Ross, Maine Chapter, NAACP; Ted Trainer, Public

Health Coordinating Council Shawn Yardley, City of Bangor, Department of Health and

Welfare.

Part V, Line 4 - List Other Hospital Facilities that Jointly Conducted Needs Assessment

The needs assessment was developed as a statewide collaborative between the state's

three largest health systems: EMHS (in central, eastern and northern Maine),

MaineGeneral (in central Maine) and MaineHealth (in southern Maine). Multiple

collaborators were involved in the dissemination of the assessment findings and

establishment of priorities (see Section 5).

Part V, Line 5c - Description of Making Needs Assessment Widely Available

In conjunction with EMHS, Blue Hill Memorial Hospital hosted a community forum to

present an overview of local assessment results and recommendations. Invitees

Part V Supplemental Information

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- 1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7; Part II; Part III, lines 4, 8, and 9b; and Part V, Section A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

Part V, Line 5c - Description of Making Needs Assessment Widely Available (continued)

included: Other area hospitals, Physician leaders, Federally Qualified Health Centers, Healthy Maine Partnerships, District Liaisons linked to Maine CDC, Home Health and Long Term Care leaders, Social Service Agencies, Leaders of the tribal communities, Business leaders, Legislative leaders, Representatives of the State administration

Attendees were provided an executive summary of the assessment as well as a summary table of data reflective of the service area. A presentation was made by EMHS staff who were members of the assessment development steering committee providing selected data results, trends over time and the priorities and recommendations as suggested by the research consultants.

In addition to the community forums, the entire statewide assessment (both narrative and data sets) were posted to the EMHS website. After the forums, Power Point presentations used at the Forum as well as input collected in the breakout sessions were also posted on the website. Forum participants were encouraged to go to the website to review the assessment in detail, and access the data for local planning. Media releases were also sent to local news outlets in combination with the forums, encouraging new articles on the forum and inviting all members of the public to view the report on the website.

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 A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
- 3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy.
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves.
- 5 **Promotion of community health.** Provide any other information important to describing how the organization's 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.
- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

Part V, Line 5c - Description of Making Needs Assessment Widely Available (continued)

Instructions on the website assist viewers to download and /or print sections of the report. Individuals without computer or printer access were provided a phone number where they can request a printed assessment.

Part V, Line 6i - Describe Other Needs Identified

6a Blue Hill Memorial Hospital has adopted an implementation strategy that takes into account the CHNA report as well as other input from the community. Community benefit strategies are woven into our strategic plan as well as our master facility planning process.

6b Our community relations office works closely with clinical personnel and community partners to execute our implementation strategy. The senior director of advancement is a member of the hospital's leadership team and also serves as staff to an Advancement Committee of the board (of Trustees) that provides feedback on community healthcare needs.

6c Blue Hill Memorial Hospital staff interact with other community organizations (schools, nursing homes, retirement communities, businesses, home healthcare agencies etc.) to ensure that our community benefit plan takes into account the needs of various constituencies throughout our community. In addition, we recruited

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 A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B.
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- 8 **Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.

Part V, Line 6i - Describe Other Needs Identified (continued)

a Community Advisory Council that provides feedback on local healthcare needs and helps us assess the hospital's progress in helping meet these needs through targeted outreach programs.

6d We are executing on our community-wide community benefit plan in conjunction with other partners, such as Healthy Peninsula, to co-sponsor programs that address community needs such as developmental delays in young children and substance abuse.

6e Our community benefit strategy and activities are in our operational plans through (i) duties described in job descriptions (ii) our budget (iii) our master facility and strategic planning processes iv) our communication plan, which includes media releases and Web content, for example.

6f Our budget accommodates the financial assistance we provide to patients who receive charity care as part of our community benefit strategy. The annual operating budget provides for increased access to behavioral health providers and primary care providers, as well as programs targeted at obesity and community health screenings. Also included in the budget is a staff member whose time is committed to supporting community benefit activities such as screenings, talks, etc.

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 A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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Part V, Line 6i - Describe Other Needs Identified (continued)

6g The Community Health Needs Assessment (survey), our Community Advisory Council, and community healthcare partners have helped us identify the following healthcare needs as local priorities: (i) access to primary care (being addressed in an operational plan); (ii) chronic illnesses such as obesity, depression, cardiovascular disease, and diabetes; (iii) substance abuse.

6h We have prioritized the following services in response to 6g: (i) greater emphasis on early intervention and prevention for priority healthcare needs through screenings, education, etc.; (ii) delivery of programs outside of traditional settings (in retirement homes, local businesses, etc.); (iii) improved access to primary care through initiatives such as patient-centered medical come models ; (iv) improved public communication regarding various financial assistance programs for needy patients.

Part V, Line 14g - Other Means Hospital Facility Publicized the Policy

Posted signs and individual notices containing information on the availability of free care are located in key public areas in the hospital. Signs and notices inform the patient of the availability of free care and include eligibility criteria, instructions on how to apply and how to obtain additional information or assistance.

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 A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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Part V, Line 14g - Other Means Hospital Facility Publicized the Policy (continued)

The "Billing Help" section of the hospital web pages provides a link to the free care application form, instructions and eligibility criteria.

Part V, Line 20d - Other Billing Determination of Individuals Without Insurance

Hospital charges are discounted at 100% for patients who qualify for free care with income at or below 200% FPL. The hospital also offers a partial discount for patients who fall within the 201% and 300% FPL.

Part VI - Needs Assessment

Blue Hill Memorial Hospital is an affiliate of Eastern Maine Healthcare Systems. As a small rural hospital, we rely upon our system to help us assess the healthcare needs of the communities we serve. In 2001 and again in 2007, EMHS contracted with an academic partner to conduct a regional Community Health Needs Assessment (CHNA). In 2011, EMHS again invested in a significant study, this time in collaboration with OneMaine Health. The OneMaine Health Collaborative is a partnership of three of Maine's largest health systems: EMHS (Eastern Maine Healthcare Systems), MaineHealth, and MaineGeneral. The study was conducted to identify the most important health issues in the state and by county, using a scientific method to validate health indicators and to compare results. The assessment identifies priority health issues in the areas we serve. In addition to the CHNA report, we assess the needs of our

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 A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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Part VI - Needs Assessment (continued)

community on an ongoing basis by reviewing feedback from various advisory groups, community health partners, area businesses, local schools, and other organizations.

Part VI - Patient Education of Eligibility for Assistance

We have information available through our Web site, have financial counselors at the hospital, and equip our primary care practices with this information. In addition we have discharge planning personnel, including a licensed clinical social worker, who provide more extensive assistance to patients with complex financial issues.

Further, our financial counselor screens our patients (using Hospital services) and personally meets with anyone listed as self-pay to help identify if financial assistance is needed.

Part VI - Community Information

We serve a rural community that includes many senior citizens, i.e. 20% of our population is age 65 or older. With the exception of our wealthy seasonal residents, many of our patients are economically challenged. Our hospital and its primary care practices are impacted by the effects of chronic disease within the communities we serve. Depression, obesity, diabetes, and cardio-vascular disease are common problems. The rural, geographically isolated nature of our communities also means that many turn to our hospital and practices for assistance that might otherwise be provided by other agencies. Assistance for those with problems such as

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 A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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Part VI - Community Information (continued)

addiction, domestic violence, etc. is very limited particularly for those with transportation needs. We also have patients who live on offshore islands whose only transportation is the mailboat to the mainland. Our physician practices take this into consideration when a patient needs to be scheduled for an appointment.

Part VI - Community Building Activities

Our outreach to the community includes blood drives, blood pressure clinics, an educational presence at local fairs and festivals, ongoing work with local schools in areas such as H1N1 preparation, and special events such as our annual Fun Run.

Our providers also assist with outreach by giving educational sessions on topics such as osteoporosis, women's health, healthy aging, and diabetes. We provide tours and "hands on" experiences to local school children in our emergency, radiology and rehabilitation departments.

Part VI - Explanation Of How Organization Furthers Its Exempt Purpose

We partner with many other non-profits, including Healthy Peninsula and the Jackson Laboratory to promote the health of our community. These partnerships are for the benefit of our community.

Part VI - Affiliated Health Care System Roles and Promotion

We are part of Eastern Maine Healthcare Systems and receive support from our parent organization for activities such as community forums. In addition, we rely upon

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 A; and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22.
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Part VI - Affiliated Health Care System Roles and Promotion (continued)

other system members to help us provide specialized care for community members. For example, we rely upon Eastern Maine Medical Center and Acadia Hospital (both in Bangor) to provide specialized care that could never be provided in the context of a small community hospital. We use strong referral networks and technology to make a full range of services as convenient, safe, and effective as possible for patients in our area.

Part VI - States Where Community Benefit Report Filed

ME

Part V - Explanation of Number of Facility Type

N/A

SCHEDULE J
(Form 990)

Compensation Information

OMB No. 1545-0047

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

2012

Department of the Treasury
Internal Revenue Service

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

Open to Public Inspection

Name of the organization BLUE HILL MEMORIAL HOSPITAL	Employer identification number 01-0227195
--	---

Part I Questions Regarding Compensation

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

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

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

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

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

- | | |
|---|---|
| <input checked="" type="checkbox"/> Compensation committee | <input checked="" type="checkbox"/> Written employment contract |
| <input checked="" type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input 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. **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
1 b		
2		
4 a	X	
4 b		X
4 c		X
5 a		X
5 b		X
6 a		X
6 b		X
7		X
8		X
9		

Part I 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 columns (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus and incentive compensation	(iii) Other reportable compensation				
1 Gregory Rotaff President & CEO	(i) 221,495. (ii) 0. (iii) 0.	42,480. 0. 0.	10,273. 0. 0.	5,000. 0. 0.	24,435. 0. 0.	303,683. 0. 0.	0. 0. 0.
2 Constance Barrett VP/CNO	(i) 137,375. (ii) 0. (iii) 0.	250. 0. 0.	1,887. 0. 0.	2,797. 0. 0.	9,067. 0. 0.	151,376. 0. 0.	0. 0. 0.
3 Edward Olivier CFO	(i) 143,378. (ii) 0. (iii) 0.	13,311. 0. 0.	1,394. 0. 0.	10,644. 0. 0.	9,728. 0. 0.	178,455. 0. 0.	0. 0. 0.
4 Arthur Newkirk, MD Chief of Staff	(i) 111,144. (ii) 0. (iii) 0.	0. 0. 0.	37,675. 0. 0.	2,411. 0. 0.	16,120. 0. 0.	167,350. 0. 0.	0. 0. 0.
5 Stacey Henner Walden, DO Trustee	(i) 178,351. (ii) 0. (iii) 0.	0. 0. 0.	2,272. 0. 0.	66. 0. 0.	23,689. 0. 0.	204,378. 0. 0.	0. 0. 0.
6 Elizabeth Schidzick-Brunelle VP Phys Pract	(i) 167,089. (ii) 0. (iii) 0.	125. 0. 0.	1,984. 0. 0.	0. 0. 0.	9,682. 0. 0.	178,880. 0. 0.	0. 0. 0.
7 Kathleen J. Ober VP Med Affairs	(i) 423,012. (ii) 0. (iii) 0.	0. 0. 0.	26,444. 0. 0.	5,425. 0. 0.	25,830. 0. 0.	480,711. 0. 0.	0. 0. 0.
8 John Ronan VP Ancillary Sv	(i) 150,331. (ii) 0. (iii) 0.	500. 0. 0.	2,789. 0. 0.	2,831. 0. 0.	7,911. 0. 0.	164,362. 0. 0.	0. 0. 0.
9 James White Surgeon	(i) 450,781. (ii) 0. (iii) 0.	0. 0. 0.	1,218. 0. 0.	4,278. 0. 0.	22,973. 0. 0.	479,250. 0. 0.	0. 0. 0.
10 Mark Kaplan Physician	(i) 352,816. (ii) 0. (iii) 0.	500. 0. 0.	7,086. 0. 0.	1,133. 0. 0.	18,293. 0. 0.	379,828. 0. 0.	0. 0. 0.
11 Joseph Babbitt Hospitalist	(i) 330,390. (ii) 0. (iii) 0.	500. 0. 0.	69,775. 0. 0.	4,815. 0. 0.	22,973. 0. 0.	428,453. 0. 0.	0. 0. 0.
12 Thomas Bugbee Physician	(i) 276,089. (ii) 0. (iii) 0.	0. 0. 0.	22,893. 0. 0.	5,538. 0. 0.	26,184. 0. 0.	330,704. 0. 0.	0. 0. 0.
13 Amy Tan Surgeon	(i) 274,842. (ii) 0. (iii) 0.	0. 0. 0.	530. 0. 0.	5,663. 0. 0.	26,974. 0. 0.	308,009. 0. 0.	0. 0. 0.
14 Erik N. Steele Former Interim CEO	(i) 302,402. (ii) 0. (iii) 0.	52,382. 0. 0.	8,077. 0. 0.	22,150. 0. 0.	28,906. 0. 0.	413,917. 0. 0.	0. 0. 0.
15 Scott Oxley Former Interim CFO	(i) 210,233. (ii) 0. (iii) 0.	32,872. 0. 0.	35,809. 0. 0.	18,532. 0. 0.	22,710. 0. 0.	320,156. 0. 0.	0. 0. 0.
16							

Part III Supplemental Information

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

Part I, Line 4 - Received Severance, Supplemental NQ Retirement, Equity-Based Compensation

Line 4(a) Severance payment:

Arthur Newkirk, board member, received a severance payment of \$29,150.

Part III - Additional Information

Gregory E. Roraff

This officer is employed by the system parent organization, Eastern Maine Healthcare Systems. 100% of his time is dedicated to Blue Hill Memorial Hospital. As a result his compensation is reported in Form 990, Part VII, column D and Schedule J, Part

II, Line A(i).

Edward J. Olivier

This officer is employed by the system parent organization, Eastern Maine Healthcare Systems. 100% of his time is dedicated to Blue Hill Memorial Hospital (BHMH). As a result his compensation is reported in Form 990, Part VII, column D and Schedule J,

Part II, Line A(i).

Erik N. Steele

This former officer is employed by the system parent organization, Eastern Maine

Healthcare Systems and is responsible for system-wide operations of seven hospitals

Part III Supplemental Information

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

Part III - Additional Information (continued)

and other related health care activities, including Blue Hill Memorial Hospital.

Scott Oxley

This former officer is employed by Affiliated Healthcare Management, a related

organization of Blue Hill Memorial Hospital.

Compensation for employees of Blue Hill Memorial Hospital listed in Form 990, Part

VII and Schedule J, Part II are for administrative services. Board members are not

compensated for the time devoted on the board.

SCHEDULE K
(Form 990)

Department of the Treasury
Internal Revenue Service

Name of the organization

BLUE HILL MEMORIAL HOSPITAL

Part I Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled financing	
						Yes	No	Yes	No	Yes	No
A Maine Health & Higher Ed F 01-0314384	560427JA5		6/24/2010	2,533,045.	Refund 1998A Series Bonds		X			X	X
B											
C											
D											

Employer identification number

01-0227195

OMB No. 1545-0047

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.

2012

Open to Public Inspection

Part II Proceeds

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

Part III Private Business Use

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

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

Schedule K (Form 990) 2012

Part III Private Business Use (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?.....		X						
b 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 Does the bond issue meet the private security or payment test?.....								
8a Has there been a sale or disposition of any of the bond-financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?.....		X						
b If 'Yes', to line 8a, enter the percentage of bond-financed property sold or disposed of.....								
c If 'Yes' to line 8a, was any remedial action taken pursuant to Regulations sections 1.141-12 and 1.145-2?.....								
9 Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1.141-12 and 1.145-2?.....	X							

Part IV Arbitrage

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

Part IV Arbitrage (Continued)

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
5 a Were gross proceeds invested in a guaranteed investment contract (GIC)?		X						
b Name of provider	N/A							
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6 Were any gross proceeds invested beyond an available temporary period?		X						
7 Has the organization established written procedures to monitor the requirements of section 148?		X						

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has 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?	X							

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

Additional Information

Part II, line 3, column A, does not equal Part I, line A, column E as a result of other sources of funds from DSF-Interest, DSF-Principal, and DSRF balance totaling \$384,249.

Part IV, Line 7, The issuer (MHFEFA) has established written procedures to monitor the requirements of Section 148. The organization has entered into a tax regulatory agreement with the issuer that requires the organization to comply with the requirements of Section 148. The organization is working to establish its own written procedures to monitor such requirements.

SCHEDULE O
(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

OMB No. 1545-0047

2012

Open to Public
Inspection

Department of the Treasury
Internal Revenue Service

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

▶ Attach to Form 990 or 990-EZ.

Name of the organization

BLUE HILL MEMORIAL HOSPITAL

Employer identification number

01-0227195

Form 990, Part III, Line 4d - Other Program Services Description

Provided healthcare services regardless of ability to pay as well as education and promotion of health. Provided \$1,015,095 of other uncompensated care (at cost).

Blue Hill Memorial Hospital is dedicated to providing primary and selected specialty healthcare of outstanding quality, caring for our patients with respect and compassion, and improving the health of the communities we serve. Blue Hill Memorial Hospital provides hospital and primary care practices servicing over 32,000 people in Hancock County, Maine. Additional information can be found at BHMH's website: www.bhnh.org.

Additional Statistics:

Total Admissions 755

Emergency Room Visits 5,859

Medical Imaging Procedures 11,352

Please see the following excerpt from the EMHS Annual Report to the Community for details of community benefit projects at Blue Hill Memorial Hospital.

Blue Hill Memorial Hospital

Leadership: Gregory Roraff, FACHE, President and CEO; Frank Wanning, Board Chair

Description: Blue Hill Memorial Hospital is a 25-bed critical access hospital. We are dedicated to improving the health and wellness of our communities by providing primary and specialty healthcare of outstanding quality and caring for patients with

Name of the organization

Employer identification number

BLUE HILL MEMORIAL HOSPITAL

01-0227195

Form 990, Part III, Line 4d - Other Program Services Description

respect and compassion.

Employees: 334

Location: Blue Hill, Bucksport, Castine, and Stonington

Blue Hill Memorial Hospital Highlights

-Recognized nationally by The Leapfrog Group as a Top Rural Hospital.

-Recognized by the American Hospital Association as being a "Most Wired" hospital in the small and rural hospital category.

-Launched a new website (bhmh.org) with new features and content.

-Welcomed four new providers: Richard Littlefield, DO, OB/GYN, Blue Hill Women's Health Care; Aoife O'Brien, certified nurse midwife, Blue Hill Women's Health Care; Fred Watters, FNP, Island Family Medicine and Blue Hill Cardiovascular Medicine; and Barrett Grimnes, PA, Blue Hill Orthopedics.

-Committed to consistently staff the Emergency Department with physicians to ensure the highest quality care for their patients.

-Supported community outreach events and programs including a Living with Cancer series, early childhood development screenings, The Jackson Laboratory Blue Hill Women's Discovery Luncheon, annual BHMH 5K Fun Run, Recipes for Wellness at the

Name of the organization

BLUE HILL MEMORIAL HOSPITAL

Employer identification number

01-0227195

Form 990, Part III, Line 4d - Other Program Services Description

Simmering Pot community suppers, and the annual Women's Wellness Fair.

TOTAL COMMUNITY BENEFIT: \$1,919,515

Community Health Improvement Services: \$40,632

Community Building Activities: \$33,722

Community Benefit Operations: \$220,000

Unrecoverable Interest Cost on funds used to subsidize state MaineCare/Medicaid underpayments of \$1.4M \$131,138

Traditional Charity Care: \$1,170,416

Unpaid Cost of Public Programs:

Medicare: \$323,607

Philanthropy: \$50,732

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

Frank Wanning, trustee/chairman and Margaret Hannah, trustee are trustees of George Stevens Academy board.

Form 990, Part VI, Line 4 - Significant Changes to Organizational Documents

In December 2012 Eastern Maine Healthcare Systems ("EMHS"), the parent of this corporation, and this corporation together with other direct subsidiaries of EMHS, modernized their governance structure by replacing a traditional "reserved powers" model for EMHS control over its subsidiaries with a "joint initiatory powers" model of control. Under the traditional reserved powers model, in addition to the EMHS CEO having exclusive authority to appoint and remove the CEO of the subsidiaries, EMHS exercised control exclusively through approval rights over important subsidiary action. The new joint initiatory powers model gives EMHS authority not only to

Name of the organization

Employer identification number

BLUE HILL MEMORIAL HOSPITAL

01-0227195

Form 990, Part VI, Line 4 - Significant Changes to Organizational Documents

approve or disapprove important subsidiary action, but also to actually initiate action on behalf of the subsidiaries with respect to the following matters:

I. amendments to the corporations Articles of Incorporation or Bylaws;

II. changes in legal form of organization of the Corporation;

III. election of the Directors/Trustees of the Corporation;

IV. action concerning the Corporation's operating budget and capital expenditures;

V. the Corporation's acquisition of assets or assumption of liabilities of an unaffiliated third party;

VI. transfer of 5% or more of the assets of the Corporation;

VII. financing transactions concerning the Corporation;

VIII. merger, consolidation, sale, lease, mortgage, pledge or other disposition of all or substantially all assets of the Corporation;

IX. add or revise a health care service of the Corporation;

X. discontinue or close a health care service of the Corporation;

XI. action concerning the Corporation's role in the EMHS Strategic Plan;

XII. action concerning the Corporation's participation in key strategic affiliations with third parties not affiliated with EMHS; and

XIII. dissolution of the Corporation

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

Blue Hill Memorial Hospital (the "Corporation") is a Maine nonprofit corporation.

Eastern Maine Healthcare Systems ("EMHS"), also a Maine nonprofit corporation, is the sole corporate member of the Corporation.

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

Each year at their annual meeting, the directors elect replacements for those directors whose terms are expiring. Election of directors is subject to ratification by EMHS Board of Directors.

Name of the organization

BLUE HILL MEMORIAL HOSPITAL

Employer identification number

01-0227195

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

EMHS has authority to appoint and remove the CEO of the Corporation. EMHS also has joint and superior authority to approve, disapprove or initiate action with respect to the following matters:

- I. amendments to the corporations Articles of Incorporation or Bylaws;
- II. changes in legal form of organization of the Corporation;
- III. election of the Directors/Trustees of the Corporation;
- IV. action concerning the Corporation's operating budget and capital expenditures;
- V. the Corporation's acquisition of assets or assumption of liabilities of an unaffiliated third party;
- VI. transfer of 5% or more of the assets of the Corporation;
- VII. financing transactions concerning the Corporation;
- VIII. merger, consolidation, sale, lease, mortgage, pledge or other disposition of all or substantially all assets of the Corporation;
- IX. add or revise a health care service of the Corporation;
- X. discontinue or close a health care service of the Corporation;
- XI. action concerning the Corporation's role in the EMHS Strategic Plan;
- XII. action concerning the Corporation's participation in key strategic affiliations with third parties not affiliated with EMHS; and
- XIII. dissolution of the Corporation.

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

Form 990 is reviewed by the CFO of Blue Hill Memorial Hospital. It is provided to each board member either electronically or in hard copy with an opportunity to ask questions prior to filing with the IRS.

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

The organization requests updates of potential conflicts and relationships from the officers and Board members on an annual basis. The request requires disclosure of

Name of the organization

BLUE HILL MEMORIAL HOSPITAL

Employer identification number

01-0227195

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

all business relationships, board memberships, and family relationships. A database is maintained that is compared to payroll records and the accounts payable vendor list to identify any potential conflicts of interest. Transactions are reviewed for reasonableness as an arm's length transaction.

The first agenda item for board meetings and board committee meetings is for members to declare any conflict of interest with upcoming agenda items or deliberations. At any point when consideration is being given to purchase/contract with a party in interest, the member with the conflict is either excused from the discussion and consideration process or abstains from voting on the matter.

All transactions identified with parties in interest are disclosed within the Form 990. All are deemed to be arm's length transactions.

Form 990, Part VI, Line 15a - Compensation Review & Approval Process - CEO, Top Management

The CEO of Blue Hill Memorial Hospital is employed by the system parent, Eastern Maine Healthcare Systems (EMHS), and reports directly to the EMHS President/CEO (President).

The EMHS Executive Performance Management Committee (the Committee) is responsible to monitor and evaluate the performance of the EMHS President, to set compensation of the EMHS President, and to review recommendations of the EMHS President with respect to compensation of the Chief Executive Officer of the direct subsidiaries, and other direct reports to the President. The Committee is comprised entirely of independent Directors per EMHS bylaws.

Process:

Name of the organization

BLUE HILL MEMORIAL HOSPITAL

Employer identification number

01-0227195

Form 990, Part VI, Line 15a - Compensation Review & Approval Process - CEO, Top Management (continued)

The Committee meets regularly throughout the fiscal year at the discretion of the Committee chair as well as on call of the Chair of the EMHS board. In carrying out its duties pursuant to the Bylaws, the Committee:

-Assures that the executive compensation program is administered in a manner consistent with the EMHS executive compensation philosophy.

-Reviews and updates the EMHS executive compensation philosophy which serves as the foundation on which all current and future executive compensation decisions are made.

-Assures that value of compensation provided by EMHS does not exceed the value of services provided by the executive.

-Reviews annual incentive compensation criteria for eligible executives, as defined by the EMHS President.

-Reviews periodic compensation survey information and provides expert input to proposed changes to the executive compensation program.

-Assures that a formal and timely performance management system is in place for executives.

-Reviews incentive compensation criteria scoring and associated pay schedules for officers and key employees.

-Provides any public statements regarding executive compensation practices at EMHS deemed appropriate.

-Maintains minutes of the meetings and communicates actions to the EMHS Board of Directors.

To accomplish this, the committee uses an external consultant with access to comparative data from independent sources and include national as well as regional

Name of the organization

BLUE HILL MEMORIAL HOSPITAL

Employer identification number

01-0227195

Form 990, Part VI, Line 15a - Compensation Review & Approval Process - CEO, Top Management (continued)

data points. The EMHS President reviews all direct report compensation actions with the committee. In addition, the EMHS President ensures that any subsidiary policies and practices governing executive compensation are consistent with the committee's philosophy and practices statement.

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

Compensation of other officers and key employees of the organization is established by the Human Resources department who utilizes external market research to establish compensation ranges for specific positions. The compensation of officers and key employees are reviewed by the BMMH President/CEO and the VP of Human Resources.

On an annual basis, the compensation ranges are compared to the updated survey information.

The hiring manager will determine where the employee will fall within the ranges established by the Human Resources department based on experience and credentials.

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

Blue Hill Memorial Hospital makes its governing documents, conflict of interest policy and financial statements available to the public upon request.

Client BHMH-SEP

BLUE HILL MEMORIAL HOSPITAL

01-0227195

7/22/14

01:08PM

Form 990, Part XI, Line 9
Other Changes In Net Assets Or Fund Balances

Change in net assets held @ EMHS Foundation.....	\$	142,150.
Increase in beneficial trust.....		43,235.
Post Retirement Health Benefit FAS 158.....		-161,067.
Transfer to exempt parent - Eastern Maine Healthcare Systems.....		-270,675.
	Total \$	<u>-246,357.</u>

SCHEDULE R
(Form 990)

Related Organizations and Unrelated Partnerships

Department of the Treasury
Internal Revenue Service

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

Name of the organization
BLUE HILL MEMORIAL HOSPITAL

Employer identification number
01-0227195

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Sec. 512(b)(13) controlled entity?
						Yes No
(1) Eastern Maine Healthcare Real Estate 43 Whiting Hill Road Brewer, ME 04412 01-0391036	Leases real estate	ME	501(c)(2)		EMHS	X
(2) Eastern Maine Healthcare Systems 43 Whiting Hill Road Brewer, ME 04412 01-0527066	Supporting organization for healthcare affiliates	ME	501(c)(3)	11 Type III Func Int	N/A	X
(3) Acadia Hospital Corp. (AHC) 43 Whiting Hill Road Brewer, ME 04412 01-0459837	Provide healthcare services	ME	501(c)(3)	3	EMHS	X
(4) Acadia Healthcare, Inc. (AHI) 43 Whiting Hill Road Brewer, ME 04412 22-3183888	Provide healthcare services	ME	501(c)(3)	9	AHC	X

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
See Part VII												
(1) Beacon Health, L 43 Whiting Hill Brewer, ME 04412 45-2967056	Accountable care organization	ME	EMHS	N/A	N/A	N/A	N	A	N/A	N	A	
(2) -----												
(3) -----												

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Sec 512(b)(13) controlled entity?	
								Yes	No
(1) Affiliated Healthcare Systems PO Box 940 Bangor, ME 04402-0940 01-0385322	Holding co.	ME	EMHS	C	0.	0.			X
(2) Affiliated Healthcare Management PO Box 811 Bangor, ME 04402-0811 01-0349339	Hlthcr mgmt	ME	AHS	C	0.	0.			X
(3) Affiliated Laboratory, Inc. PO Box 638 Bangor, ME 04402-0638 01-0381283	Clinical lab	ME	AHS	C	0.	0.			X

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

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

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

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Eastern Maine Healthcare Systems (EMHS)	III	4,751,915.FMV	
(2) Eastern Maine Healthcare Systems (EMHS)	I	270,675.FMV	
(3) Eastern Maine Medical Center (EMMC)	III	477,312.FMV	
(4) Eastern Maine Medical Center (EMMC)	P	385,249.FMV	
(5) EMHS Foundation	III	220,000.FMV	
(6) EMHS Foundation	S	53,095.FMV	

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) 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) ----- ----- ----- ----- -----				Yes	No			Yes	No		Yes	No	
(2) ----- ----- ----- ----- -----													
(3) ----- ----- ----- ----- -----													
(4) ----- ----- ----- ----- -----													
(5) ----- ----- ----- ----- -----													
(6) ----- ----- ----- ----- -----													
(7) ----- ----- ----- ----- -----													
(8) ----- ----- ----- ----- -----													

Part VII Supplemental Information

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

Part III - Partnership Full Name, Address, FEIN

Beacon Health, LLC 45-2967056 43 Whiting Hill Road Brewer, ME 04412

Part II Continuation of Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity	(G) Sec 512(b)(13) controlled entity?	
						Yes	No
Meadow Wood, LLC 43 Whiting Hill Road Brewer, ME 04412 27-2935243	Provide patient care	ME	501(c)(3)	9	AHI		X
Eastern Maine Medical Center (EMMC) PO Box 404, 489 State Street Bangor, ME 04402-0404 01-0211501	Provide healthcare services	ME	501(c)(3)	3	EMHS		X
Eastern Maine Medical Center Auxilia 43 Whiting Hill Road Brewer, ME 04412 01-0377901	Fund raising for exempt Eastern Maine Medical Center	ME	501(c)(3)	9	EMMC		X
Norumbega Medical Specialists, LTD 43 Whiting Hill Road, Ste. 400 Brewer, ME 04412 01-0465231	Provide patient care & education	ME	501(c)(3)	9	EMMC		X
EMHS Foundation 43 Whiting Hill Road, Ste. 400 Brewer, ME 04412 22-2514163	Raise and manage funds for exempt organizations	ME	501(c)(3)	11 Type II	EMHS		X
ME Institute for Human Genetics & He 43 Whiting Hill Road Brewer, ME 04412 55-0894346	Biomedical research and development	ME	501(c)(3)	9	EMHS		X
Rosscare 43 Whiting Hill Road, Ste. 400 Brewer, ME 04412 01-0391038	Provide services to elderly	ME	501(c)(3)	PF	EMHS		X
Rosscare Nursing Home, Inc. 43 Whiting Hill Road, Ste. 400 Brewer, ME 04412 01-0430751	Operation of nursing homes	ME	501(c)(3)	9	Rosscare		X
Inland Hospital 200 Kennedy Memorial Drive Waterville, ME 04901 01-0217211	Provide healthcare services	ME	501(c)(3)	3	EMHS		X

Part III Continuation of Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501 (c)(3))	(F) Direct controlling entity	(G) Sec 512(b)(13) controlled entity?	
						Yes	No
Lakewood, A Continuing Care Center 220 Kennedy Memorial Drive Waterville, ME 04901 01-0421234	Provide skilled and long-term nursing care	ME	501 (c) (3)	3	Inland Hospital		X
CA Dean Memorial Hospital Pritham Ave, PO Box 1129 Greenville, ME 04441-1129 04-3341666	Provide healthcare services	ME	501 (c) (3)	3	EMHS		X
Eastern Maine HomeCare PO Box 688 Caribou, ME 04736 01-0328442	Provide home health & hospice svcs	ME	501 (c) (3)	9	EMHS		X
Sebasticook Valley Health (SVH) 447 North Main Street Pittsfield, ME 04967 01-0263628	Critical care hospital	ME	501 (c) (3)	3	EMHS		X
Sebasticook Valley Family Practice A 447 North Main Street Pittsfield, ME 04967 01-0357854	Provide patient care	ME	501 (c) (3)	9	SVH		X
The Aroostook Medical Center (TAMC) PO Box 151, 140 Academy Street Presque Isle, ME 04769-0151 01-0372148	Provide healthcare services	ME	501 (c) (3)	3	EMHS		X
TAMC Title Corp. PO Box 151, 140 Academy Street Presque Isle, ME 04769-0151 01-0389226	Real estate holding company	ME	501 (c) (2)		TAMC		X
TAMC Endowments PO Box 151, 140 Academy Street Presque Isle, ME 04769-0151 01-0389222	Raise funds for exempt organizations	ME	501 (c) (3)	11 Type I	TAMC		X
Horizons Health Services PO Box 151, 140 Academy Street Presque Isle, ME 04769-0151 01-0504393	Provide patient care	ME	501 (c) (3)	3	TAMC		X

Part IV Continuation of Identification of Related Organizations Taxable as a Corporation or Trust

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership	(I) Section 512 (b)(13) controlled entity?	
								Yes	No
Affiliated Materiel Services PO Box 1300 Bangor, ME 04402-1300 01-0381189	Purchasing	ME	AHS	C	0.	0.		X	
Affiliated Pharmacy Services 917 Union St, Suite 7 Bangor, ME 04401 01-0587230	Pharmacy	ME	AHS	C	0.	0.		X	
DE Collections D/B/A ACI PO Box 2759 Bangor, ME 04402-2759 01-0366209	Collections	ME	AHS	C	0.	0.		X	
Meridian Mobile Health, LLC 931 Union Street, PO Box 940 Bangor, ME 04402-0940 01-0512673	Ambulance	ME	AHS	C	0.	0.		X	
Maine Network for Health PO Box 2813 Bangor, ME 04402-2813 01-0496352	Support srv	ME	EMHS	C	0.	0.		X	
Dirigo Pines Retirement Commun 9 Alumni Drive Orono, ME 04473 01-0537924	Holding co.	ME	AHS	C	0.	0.		X	
Dirigo Pines Inn, LLC 9 Alumni Drive Orono, ME 04473 02-0547749	Contin care	ME	Rosscare	C	0.	0.		X	
Dirigo Funding, LLC 9 Alumni Drive Orono, ME 04473 01-0599968	Prov financ	ME	AHS	C	0.	0.		X	

Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**

- If you are filing for an Automatic 3-Month Extension, complete only Part I and check this box
- If you are filing for an Additional (Not Automatic) 3-Month Extension, complete only Part II (on page 2 of this form).

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868.

Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*.

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension — check this box and complete Part I only.

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

Enter filer's identifying number, see instructions

Type or print	Name of exempt organization or other filer, see instructions. BLUE HILL MEMORIAL HOSPITAL	Employer identification number (EIN) or
	Number, street, and room or suite number. If a P.O. box, see instructions. 57 WATER STREET	01-0227195
File by the due date for filing your return. See instructions.	City, town or post office, state, and ZIP code. For a foreign address, see instructions. BLUE HILL, ME 04614	Social security number (SSN)

Enter the Return code for the return that this application is for (file a separate application for each return). 01

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (section 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

• The books are in the care of ▶ Wendy J. Jones

Telephone No. ▶ 207-374-3409 FAX No. ▶ 207-973-7139

- If the organization does not have an office or place of business in the United States, check this box.
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____, If this is for the whole group, check this box. . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until 5/15, 2014, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

- ▶ calendar year 20__ or
- ▶ tax year beginning 9/30, 2012, and ending 9/28, 2013.

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return
 Change in accounting period

3a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0.
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0.

Caution. If you are going to make an electronic fund withdrawal with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

- If you are filing for an Additional (Not Automatic) 3-Month Extension, complete only Part II and check this box **X**
- Note. Only complete Part II if you have already been granted an automatic 3-month extension on a previously filed Form 8868.
- If you are filing for an Automatic 3-Month Extension, complete only Part I (on page 1).

Part II Additional (Not Automatic) 3-Month Extension of Time. Only file the original (no copies needed).

Enter filer's identifying number, see instructions

Type or print	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
	BLUE HILL MEMORIAL HOSPITAL	01-0227195
File by the extended due date for filing your return. See instructions.	Number, street, and room or suite number. If a P.O. box, see instructions.	Social security number (SSN)
	57 WATER STREET	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	BLUE HILL, ME 04614	

Enter the Return code for the return that this application is for (file a separate application for each return) **01**

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01		
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720	09
Form 990-PF	04	Form 5227	10
Form 990-T (section 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

STOP! Do not complete Part II if you were not already granted an automatic 3-month extension on a previously filed Form 8868.

- The books are in care of **Wendy J. Jones**
Telephone No. **207-374-3409** FAX No. **207-973-7139**
- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN)..... If this is for the whole group, check this box... . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for.

- I request an additional 3-month extension of time until **8/15**, 20 **14**.
- For calendar year _____, or other tax year beginning **9/30**, 20 **12**, and ending **9/28**, 20 **13**.
- If the tax year entered in line 5 is for less than 12 months, check reason: Initial return Final return Change in accounting period

7 State in detail why you need the extension... Taxpayer respectfully requests additional time to gather information necessary to file a complete and accurate tax return.

8 a If this application is for Form 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.....	8 a \$
b If this application is for Form 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit and any amount paid previously with Form 8868.....	8 b \$
c Balance due. Subtract line 8b from line 8a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.....	8 c \$

Signature and Verification must be completed for Part II only.

Under penalties of perjury, I declare that I have examined this form, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete, and that I am authorized to prepare this form.

Signature Wendy J. Jones Title **Interim CFO**

Date **5/5/14**
Form 8868 (Rev 1-2013)



Department of Treasury
Internal Revenue Service
Ogden UT 84201

Notice	CP211A
Tax period	September 30, 2013
Notice date	March 24, 2014
Employer ID number	01-0227195
To contact us	Phone 1-877-829-5500 FAX 801-620-5670

141656.42542B.56549.4691 1 AB 0.406 370
 BLUE HILL MEMORIAL HOSPITAL INC
 57 WATER ST
 BLUE HILL ME 04614-5231

Page 1 of 1



141656

Important information about your September 30, 2013 Form 990

We approved your Form 8868, Application for Extension of Time To File an Exempt Organization Return

We approved the Form 8868 for your September 30, 2013 Form 990.
Your new due date is May 15, 2014.

What you need to do

File your September 30, 2013 Form 990 by May 15, 2014. We encourage you to use electronic filing—the fastest and easiest way to file.

Visit www.irs.gov/charities to learn about approved e-file providers, what types of returns can be filed electronically, and whether you are required to file electronically.

Additional information

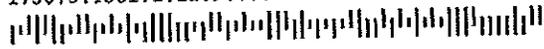
- Visit www.irs.gov/cp211a.
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.



Department of Treasury
Internal Revenue Service
Ogden UT 84201

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BLUE HILL MEMORIAL HOSPITAL INC
57 WATERST
BLUE HILL ME 04614



173673

Notice	CP211A
Tax period	September 30, 2013
Notice date	June 30, 2014
Employer ID number	01-0227195
To contact us	Phone 1-877-829-5500 FAX 801-620-5555

Page 1 of 1

Important information about your September 30, 2013 Form 990

We approved your Form 8868, Application for Extension of Time To File an Exempt Organization Return

We approved the Form 8868 for your
September 30, 2013 Form 990.
Your new due date is August 15, 2014.

What you need to do

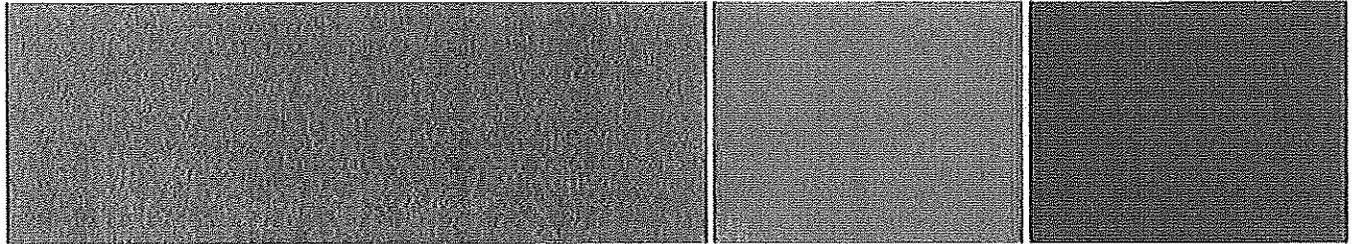
File your September 30, 2013 Form 990 by August 15, 2014. We encourage you to use electronic filing—the fastest and easiest way to file.

Visit www.irs.gov/charities to learn about approved e-file providers, what types of returns can be filed electronically, and whether you are required to file electronically.

Additional information

- Visit www.irs.gov/cp211a.
- For tax forms, instructions, and publications, visit www.irs.gov or call 1-800-TAX-FORM (1-800-829-3676).
- Keep this notice for your records.

If you need assistance, please don't hesitate to contact us.



BLUE HILL MEMORIAL HOSPITAL, INC.

FINANCIAL STATEMENTS

September 28, 2013 and September 29, 2012

With Independent Auditor's Report



BLUE HILL MEMORIAL HOSPITAL, INC.

Audited Financial Statements

September 28, 2013 and September 29, 2012

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Statements of Changes in Net Assets	4
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Blue Hill Memorial Hospital, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Blue Hill Memorial Hospital, Inc., which comprise the balance sheets as of September 28, 2013 and September 29, 2012, and the related statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Blue Hill Memorial Hospital, Inc. as of September 28, 2013 and September 29, 2012, and the results of its operations, changes in its net assets and its cash flows for the years then ended, in accordance with U.S. generally accepted accounting principles.

BerryDunn McNeil & Parker, LLC

Portland, Maine
December 20, 2013

BLUE HILL MEMORIAL HOSPITAL, INC.

Balance Sheets

September 28, 2013 and September 29, 2012

ASSETS

	<u>2013</u>	<u>2012</u>
Current assets		
Cash and cash equivalents	\$ 4,930,494	\$ 4,617,141
Assets whose use is limited or restricted	48,416	47,381
Patient accounts receivable, net	2,832,145	2,354,404
Estimated third-party payor settlements	789,244	547,221
Other receivables	346,177	102,069
Supplies	150,696	149,185
Prepaid expenses and other current assets	<u>508,630</u>	<u>456,677</u>
Total current assets	<u>9,605,802</u>	<u>8,274,078</u>
Property and equipment, net	<u>8,570,199</u>	<u>8,691,708</u>
Noncurrent assets whose use is limited or restricted		
Internally designated by the Board of Trustees:		
Other designated funds	8,996,529	7,799,029
Funded depreciation	7,752,036	5,579,562
Self-insurance and other funds held by trustees	60,379	63,888
Temporarily donor-restricted	426,683	375,964
Permanently donor-restricted	607,530	498,154
Beneficial interest in perpetual trust	<u>941,142</u>	<u>897,907</u>
Total noncurrent assets whose use is limited or restricted	<u>18,784,299</u>	<u>15,214,504</u>
Other assets		
Estimated settlements receivable from the State of Maine	280,961	1,870,039
Deferred financing costs	31,977	34,145
Intangibles and other assets	<u>833,954</u>	<u>920,203</u>
Total other assets	<u>1,146,892</u>	<u>2,824,387</u>
Total assets	<u>\$ 38,107,192</u>	<u>\$ 35,004,677</u>

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

LIABILITIES AND NET ASSETS

	<u>2013</u>	<u>2012</u>
Current liabilities		
Accounts payable	\$ 1,381,935	\$ 1,121,097
Due to related parties	334,002	281,082
Accrued expenses and other current liabilities	2,789,493	2,366,895
Estimated third-party payor settlements	4,313,426	4,368,189
Current portion of long-term debt	<u>105,000</u>	<u>100,000</u>
Total current liabilities	<u>8,923,856</u>	<u>8,237,263</u>
Noncurrent liabilities		
Long-term debt, net of current portion	1,911,456	2,022,458
Accrual for self-insurance and post-retirement benefits	1,368,388	1,212,397
Estimated third-party payor settlements	<u>1,422,498</u>	<u>1,745,050</u>
Total noncurrent liabilities	<u>4,702,342</u>	<u>4,979,905</u>
Total liabilities	<u>13,626,198</u>	<u>13,217,168</u>
Contingencies (Note 11)		
Net assets		
Unrestricted	22,505,640	20,015,484
Temporarily restricted	426,682	375,964
Permanently restricted	<u>1,548,672</u>	<u>1,396,061</u>
Total net assets	<u>24,480,994</u>	<u>21,787,509</u>
Total liabilities and net assets	<u>\$ 38,107,192</u>	<u>\$ 35,004,677</u>

BLUE HILL MEMORIAL HOSPITAL, INC.

Statements of Operations

Years Ended September 28, 2013 and September 29, 2012

	<u>2013</u>	<u>2012</u>
Revenue		
Patient service revenue (net of contractual allowances and discounts)	\$ 37,586,032	\$ 36,089,961
Less provision for bad debts	<u>1,614,588</u>	<u>1,386,349</u>
Net patient service revenue	35,971,444	34,703,612
Meaningful use revenue	475,631	722,644
Other revenue	1,001,807	691,710
Net assets released from restrictions - operations	<u>29,295</u>	<u>26,401</u>
Total unrestricted revenues, gains, and other support	<u>37,478,177</u>	<u>36,144,367</u>
Expenses		
Compensation and employee benefits	21,264,533	20,676,845
Supplies and other	13,184,898	13,204,691
Depreciation and amortization	1,308,769	1,410,100
Interest	<u>91,781</u>	<u>97,728</u>
Total expenses	<u>35,849,981</u>	<u>35,389,364</u>
Operating income	<u>1,628,196</u>	<u>755,003</u>
Nonoperating gains		
Investment income and other - net	<u>297,546</u>	<u>190,911</u>
Nonoperating gains, net	<u>297,546</u>	<u>190,911</u>
Excess of revenues, gains, and other support over expenses and losses	1,925,742	945,914
Other changes in unrestricted net assets		
Net assets released from restrictions - capital acquisitions	24,957	3,873
Change in net unrealized gains on investments	971,199	908,585
Inter-entity equity transfers, net	(270,675)	(56,976)
Pension and postretirement plan-related adjustments	<u>(161,067)</u>	<u>(163,148)</u>
Increase in unrestricted net assets	\$ <u>2,490,156</u>	\$ <u>1,638,248</u>

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

BLUE HILL MEMORIAL HOSPITAL, INC.

Statements of Changes in Net Assets

Years Ended September 28, 2013 and September 29, 2012

	<u>Unrestricted Net Assets</u>	<u>Temporarily Restricted Net Assets</u>	<u>Permanently Restricted Net Assets</u>	<u>Total Net Assets</u>
Net assets, September 24, 2011	\$ 18,377,236	\$ 201,888	\$ 690,027	\$ 19,269,151
Excess of revenues, gains, and other support over expenses and losses	945,914	-	-	945,914
Restricted contributions	-	3,028	659,373	662,401
Net assets released from restrictions:				
Operations	-	(26,401)	-	(26,401)
Capital acquisitions	3,873	(3,873)	-	-
Change in net unrealized gains on investments	908,585	10,302	-	918,887
Restricted investment income	-	1,097	-	1,097
Increase in beneficial interest in perpetual trusts	-	-	22,761	22,761
Net change in funds held at affiliates	-	162,678	23,900	186,578
Inter-entity equity transfers, net	(56,976)	27,245	-	(29,731)
Pension and postretirement plan-related adjustments	<u>(163,148)</u>	<u>-</u>	<u>-</u>	<u>(163,148)</u>
Increase in net assets	<u>1,638,248</u>	<u>174,076</u>	<u>706,034</u>	<u>2,518,358</u>
Net assets, September 29, 2012	20,015,484	375,964	1,396,061	21,787,509
Excess of revenues, gains, and other support over expenses and losses	1,925,742	-	-	1,925,742
Restricted contributions	-	1,157	-	1,157
Net assets released from restrictions:				
Operations	-	(29,295)	-	(29,295)
Capital acquisitions	24,957	(24,957)	-	-
Change in net unrealized gains on investments	971,199	17,171	-	988,370
Restricted investment income	-	773	-	773
Increase in beneficial interest in perpetual trusts	-	-	43,235	43,235
Net change in funds held at affiliates	-	32,774	109,376	142,150
Inter-entity equity transfers, net	(270,675)	53,095	-	(217,580)
Pension and postretirement plan-related adjustments	<u>(161,067)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase in net assets	<u>2,490,156</u>	<u>50,718</u>	<u>152,611</u>	<u>2,693,485</u>
Net assets, September 28, 2013	\$ <u>22,505,640</u>	\$ <u>426,682</u>	\$ <u>1,548,672</u>	\$ <u>24,480,994</u>

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

BLUE HILL MEMORIAL HOSPITAL, INC.

Statements of Cash Flows

Years Ended September 28, 2013 and September 29, 2012

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities		
Increase in net assets	\$ 2,693,485	\$ 2,518,358
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	1,308,769	1,410,100
Provision for bad debts	1,614,588	1,386,349
Loss on sale of property and equipment	15,512	13,261
Net realized and unrealized gains on investments	(997,692)	(824,703)
Net change in funds held at affiliates	(142,150)	(186,578)
Inter-entity equity transfers, net	217,580	29,731
Restricted contributions and investment income	(1,930)	(663,498)
Changes in operating assets and liabilities		
Patient accounts receivable	(2,092,329)	(1,927,709)
Other current assets	(297,572)	448,512
Other assets	87,318	62,975
Estimated third-party payor settlements	969,740	(66,168)
Accounts payable, accrued expenses, and other liabilities	736,356	1,025,400
Accrual for self-insurance and post-retirement benefits	<u>155,991</u>	<u>285,262</u>
Net cash provided by operating activities	<u>4,267,666</u>	<u>3,511,292</u>
Cash flows from investing activities		
Purchases of property and equipment	(1,454,173)	(1,643,741)
Proceeds from sale of property and equipment	252,500	1,660
Purchases of investments	(4,231,070)	(2,160,146)
Proceeds from sales of investments	<u>1,800,082</u>	<u>1,249,130</u>
Net cash used by investing activities	<u>(3,632,661)</u>	<u>(2,553,097)</u>
Cash flows from financing activities		
Repayment of long-term debt	(106,002)	(151,742)
Inter-entity equity transfers, net	(217,580)	(29,731)
Restricted contributions and investment income	<u>1,930</u>	<u>663,498</u>
Net cash (used) provided by financing activities	<u>(321,652)</u>	<u>482,025</u>
Net increase in cash and cash equivalents	313,353	1,440,220
Cash and cash equivalents, beginning of year	<u>4,617,141</u>	<u>3,176,921</u>
Cash and cash equivalents, end of year	\$ <u>4,930,494</u>	\$ <u>4,617,141</u>
Cash paid for interest	\$ <u>88,148</u>	\$ <u>101,865</u>

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

BLUE HILL MEMORIAL HOSPITAL, INC.

Notes to Financial Statements

September 28, 2013 and September 29, 2012

1. Nature of Operations

Blue Hill Memorial Hospital, Inc. (the Hospital) is a not-for-profit entity located in Blue Hill, Maine, established to provide health care and related services in the Hancock County area of Maine through its acute care and specialty care facilities. Eastern Maine Healthcare Systems (EMHS) in Brewer, Maine is the sole member of the Hospital.

2. Summary of Significant Accounting Policies

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 and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments with original maturities of three months or less.

The Hospital maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. It has experienced no losses in such accounts, and management believes it is not exposed to any significant risk.

Patient Accounts Receivable

Patient accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to patient accounts receivable.

In evaluating the collectibility of accounts receivable, the Hospital analyzes past results and identifies trends for each major payor source of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts. Management regularly reviews data about these major payor sources in evaluating the sufficiency of the allowance for doubtful accounts. For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Hospital records a provision for bad debts in the period of service based on past experience, which indicates that many patients are unable or unwilling to pay amounts for which they are financially responsible. The difference between the standard rates (or the discounted rates if negotiated or eligible) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged against the allowance for doubtful accounts.

BLUE HILL MEMORIAL HOSPITAL, INC.

Notes to Financial Statements

September 28, 2013 and September 29, 2012

Supplies

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

Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the balance sheet. Other investments, for which no such quotations or valuations are readily available, are carried at fair value as estimated by management using values provided by external investment managers.

Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in the excess of revenues, gains, and other support over expenses and losses, unless the income or loss is restricted by donor or law. Unrealized gains and losses on investments are excluded from the excess of revenues, gains, and other support over expenses and losses, unless the investments are trading securities or the losses are judged to be other than temporary.

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 and statements of operations. Investments are periodically reviewed for impairment to determine if such declines are other than temporary.

Assets Whose Use is Limited

Assets whose use is limited primarily consist of designated assets set aside by the Board of Trustees for future capital improvements and operating purposes, over which the Board retains control and which it may at its discretion subsequently use for other purposes.

Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Hospital are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the 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 statements of operations as net assets released from restrictions.

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Notes to Financial Statements

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Property and Equipment

Property and equipment acquisitions are recorded at cost or, if contributed, at fair market value determined at the date of donation. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligation is amortized on the straight-line method over the shorter period of the lease term or the asset's useful life. Such amortization is included in depreciation and amortization in the financial statements. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

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

Temporarily and Permanently Restricted Net Assets

Temporarily and permanently restricted net assets are those whose use by the Hospital have been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity.

Net Patient Service Revenue

The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include per diem rates, reimbursed costs, fee schedules, and discounted charges. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. 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.

The Hospital recognizes patient service revenue associated with services rendered to patients who have third-party payor coverage on the basis of contractual rates for such services. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates (or on the basis of discounted rates, if negotiated or provided by policy). Based on historical trends, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services rendered. Thus, the Hospital records a provision for bad debts related to uninsured patients in the period the services are rendered.

BLUE HILL MEMORIAL HOSPITAL, INC.

Notes to Financial Statements

September 28, 2013 and September 29, 2012

Charity Care

The Hospital maintains records to identify and monitor the level of charity care it provides. These records include the amount of charges foregone for services and supplies furnished under its charity care policy, the estimated cost of those services and supplies, and equivalent service statistics. The following information measures the level of charity care provided for the years September 28, 2013 and September 29, 2012:

	<u>2013</u>	<u>2012</u>
Charges foregone, based on established rates	\$ <u>2,076,290</u>	\$ <u>1,531,404</u>
Estimated costs incurred to provide charity care	\$ <u>1,374,000</u>	\$ <u>1,027,000</u>
Equivalent percentage of charity care services to all services	<u>3.83%</u>	<u>2.90%</u>

Costs of providing charity care services have been estimated based on the relationship of gross charges for those services to total expenses.

Excess of Revenues, Gains, and Other Support Over Expenses and Losses

The statements of operations include excess of revenues, gains, and other support over expenses and losses. Changes in unrestricted net assets which are excluded from this measure, consistent with industry practice, include unrealized gains and losses on investments other than trading securities, net assets released from restrictions used to purchase property and equipment, equity transfers, contributions of long-lived assets, and pension and postretirement plan-related adjustments.

Income Taxes

The Hospital has been determined by the Internal Revenue Service to be a tax-exempt charitable organization as described in Section 501(c)(3) of the Code and, accordingly, is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. Accordingly, no provision for federal income taxes has been recorded in the accompanying financial statements.

Functional Expenses

The Hospital provides general health care to residents within its service area. In 2013 and 2012, approximately 92% of total expenses were related to direct health care program services, with the balance of expenses for management and general support services.

Reclassifications

Certain amounts in the 2012 financial statements have been reclassified to conform to the current year's presentation.

BLUE HILL MEMORIAL HOSPITAL, INC.

Notes to Financial Statements

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Recently Issued Accounting Pronouncement

In July 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 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," 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 were effective for the Hospital beginning September 30, 2012 and have been incorporated into the September 28, 2013 financial statements.

Subsequent Events

For purposes of the preparation of these financial statements, the Hospital has considered transactions or events occurring through December 20, 2013, which was the date that the financial statements were available to be issued.

3. Net Patient Service Revenue

Patient service revenue and contractual and other allowances consisted of the following:

	<u>2013</u>	<u>2012</u>
Patient services		
Inpatient	\$ 10,210,234	\$ 10,086,820
Outpatient	36,683,660	35,111,285
Physician services	<u>7,280,256</u>	<u>7,548,709</u>
Gross patient service revenue	<u>54,174,150</u>	<u>52,746,814</u>
Less Medicare and MaineCare allowances	11,986,515	12,460,585
Less other contractual allowances	2,525,313	2,664,864
Less charity care	<u>2,076,290</u>	<u>1,531,404</u>
	<u>16,588,118</u>	<u>16,656,853</u>
Patient service revenue (net of contractual allowances and discounts)	37,586,032	36,089,961
Less provision for bad debts	<u>1,614,588</u>	<u>1,386,349</u>
Net patient service revenue	<u>\$ 35,971,444</u>	<u>\$ 34,703,612</u>

The allowance for doubtful accounts was \$2,416,630 and \$1,618,784 at September 28, 2013 and September 29, 2012, respectively. Gross self-pay accounts receivable were \$1,210,000 and \$1,131,000 at September 28, 2013 and September 29, 2012, respectively. Self-pay write-offs were \$1,326,000 and \$1,595,000 during 2013 and 2012, respectively.

BLUE HILL MEMORIAL HOSPITAL, INC.

Notes to Financial Statements

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Revenue related to self-pay patients was \$2,320,000 and \$2,158,000 for the years ended September 28, 2013 and September 29, 2012, respectively.

4. Third-Party Reimbursement

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

Medicare

The Hospital is designated as a Critical Access Hospital (CAH). Under that designation, the Hospital is reimbursed 101% of allowable cost for its inpatient and outpatient services provided to Medicare patients. The Hospital is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the Medicare fiscal intermediary. The Hospital's Medicare cost reports have been audited by the Medicare fiscal intermediary through March 31, 2009.

MaineCare

The Hospital's designation as a CAH also impacts reimbursement under the MaineCare program, whereby the Hospital is reimbursed 109% of allowable cost for inpatient and outpatient services. Other items not classified as inpatient or outpatient by MaineCare are reimbursed at discounted allowable cost. The Hospital is reimbursed at a tentative rate with final settlement determined after submission of annual cost reports by the Hospital and audits thereof by the fiscal intermediary. The Hospital's Medicaid cost reports have been audited by the fiscal intermediary through March 31, 2005.

For several years, interim payments from the MaineCare program have been significantly below the amounts due to the Hospital based upon the reimbursement statutes in effect. Previously, amounts due from MaineCare were classified as long-term assets as there was no expectation of the amounts being paid within in a year. During 2013, the Hospital received payment on these receivables and the remaining amounts due from the MaineCare program are now included as a current asset in estimated third-party settlements.

Revenues from the Medicare and MaineCare programs accounted for approximately 48% and 11%, respectively, of the Hospital's gross patient revenue for the year ended September 28, 2013 and approximately 47% and 13%, respectively, of the Hospital's gross patient revenue for the year ended September 29, 2012. Laws and regulations governing the Medicare and MaineCare programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. Net patient service revenue increased approximately \$2,344,000 in 2013 and approximately \$233,000 in 2012, due to prior year settlements and changes in prior year estimates.

BLUE HILL MEMORIAL HOSPITAL, INC.

Notes to Financial Statements

September 28, 2013 and September 29, 2012

5. Accounts Receivable

Accounts receivable is comprised as follows:

	<u>2013</u>	<u>2012</u>
Patient accounts receivable	\$ 9,105,385	\$ 7,894,289
Less:		
Allowance for contractual adjustments and advance payments from third-party reimbursing agencies	3,856,610	3,921,101
Allowance for bad debts	<u>2,416,630</u>	<u>1,618,784</u>
Patient accounts receivable, net	\$ <u>2,832,145</u>	\$ <u>2,354,404</u>

6. Assets Whose Use is Limited or Restricted

The composition of assets whose use is limited or restricted is set forth in the following table. Investments are stated at fair value.

	<u>2013</u>	<u>2012</u>
Assets whose use is limited or restricted - current:		
Cash and short-term investments	\$ <u>48,416</u>	\$ <u>47,381</u>
Assets whose use is limited or restricted - noncurrent:		
Cash and short-term investments	\$ 3,422,535	\$ 4,151,369
Mutual funds	6,148,176	5,167,791
Corporate bonds	6,959,943	3,884,268
Alternative investments	554,507	497,572
Funds held by affiliate	757,996	615,597
Beneficial interest in perpetual trusts	<u>941,142</u>	<u>897,907</u>
Total	\$ <u>18,784,299</u>	\$ <u>15,214,504</u>

Investment income is comprised of the following:

	<u>2013</u>	<u>2012</u>
Interest and dividend income	\$ 375,128	\$ 309,361
Net realized gains (losses) on sales of securities	9,322	(94,184)
Net unrealized gains on investments	<u>988,370</u>	<u>918,887</u>
Total	\$ <u>1,372,820</u>	\$ <u>1,134,064</u>

BLUE HILL MEMORIAL HOSPITAL, INC.

Notes to Financial Statements

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Income on investments is classified as follows:

	<u>2013</u>	<u>2012</u>
Statement of operations:		
Nonoperating gains	\$ 383,677	\$ 214,080
Change in net unrealized gains on investments	971,199	908,585
Statement of changes in net assets:		
Temporarily restricted net assets - restricted investment income	773	1,097
Temporarily restricted net assets - change in net unrealized gains on investments	<u>17,171</u>	<u>10,302</u>
Total	<u>\$ 1,372,820</u>	<u>\$ 1,134,064</u>

The basic objectives of the Hospital's investment policy, in order of importance, are to provide a sound financial base of support, provide adequate liquidity, and maximize the return on funds invested, balanced with investment risk. The Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

7. Property and Equipment

A summary of property and equipment follows:

	<u>2013</u>	<u>2012</u>
Land and land improvements	\$ 875,674	\$ 566,134
Buildings and improvements	11,523,361	11,304,762
Fixed equipment	4,658,722	4,406,709
Major moveable equipment	9,658,939	9,436,842
Leasehold improvements	2,810	2,810
Construction in progress	<u>1,127,177</u>	<u>1,245,385</u>
	27,846,683	26,962,642
Less accumulated depreciation and amortization	<u>19,276,484</u>	<u>18,270,934</u>
Property and equipment, net	<u>\$ 8,570,199</u>	<u>\$ 8,691,708</u>

Depreciation expense for property and equipment for the years ended September 28, 2013 and September 29, 2012, amounted to \$1,307,670 and \$1,407,932, respectively. Accumulated amortization for equipment under capital lease obligations was \$501,584 and \$481,584 in 2013 and 2012, respectively. The cost of the equipment under capital leases was \$521,830 in 2013 and 2012.

Construction in progress at September 28, 2013 primarily consists of costs associated with the ongoing development of the Hospital's Master Facility Plan and electronic health record system.

BLUE HILL MEMORIAL HOSPITAL, INC.

Notes to Financial Statements

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8. Long-Term Debt

A summary of long-term debt at September 28, 2013 and September 29, 2012, follows:

	<u>2013</u>	<u>2012</u>
Maine Health and Higher Educational Facilities Authority Revenue Bonds Series 2010B (plus original issue premium of \$88,537 in 2013 and \$94,539 in 2012), due in monthly installments of principal and interest to trustee sufficient to make semiannual interest payments and annual principal payments to retire the bonds. The bonds are payable semiannually, at rates varying between 3.0% and 5.25% with principal payable in increasing annual installments of \$105,000 in fiscal year 2014 to \$190,000 in fiscal year 2028. The bonds are collateralized by the Hospital's real estate, equipment, future revenues, and accounts receivable.	<u>\$ 2,016,456</u>	<u>\$ 2,122,458</u>
	<u>2,016,456</u>	<u>2,122,458</u>
Less current portion	<u>105,000</u>	<u>100,000</u>
Long-term debt, excluding current portion	<u>\$ 1,911,456</u>	<u>\$ 2,022,458</u>

Under the terms of the revenue bond indentures, the Hospital is required to maintain certain deposits with a trustee. Such deposits are included with assets limited as to use. The revenue bond indentures also place limits on the incurrence of additional borrowings and require that the Hospital satisfy certain measures of financial performance as long as the bonds are outstanding.

Scheduled principal repayments on long-term debt are as follows:

2014 (included in current liabilities)	\$ 105,000
2015	110,000
2016	115,000
2017	115,000
2018	120,000
Thereafter	<u>1,451,456</u>
	<u>\$ 2,016,456</u>

9. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes:

	<u>2013</u>	<u>2012</u>
Health services	<u>\$ 341,582</u>	<u>\$ 158,546</u>
Health education	<u>85,100</u>	<u>217,418</u>
	<u>\$ 426,682</u>	<u>\$ 375,964</u>

BLUE HILL MEMORIAL HOSPITAL, INC.

Notes to Financial Statements

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Permanently restricted net assets are restricted to:

	<u>2013</u>	<u>2012</u>
Investments to be held in perpetuity, the income from which is expendable to support health care services and education in the community (reported as operating income).	\$ <u>1,548,672</u>	\$ <u>1,396,061</u>

10. Concentrations of Credit Risk

The Hospital grants credit without collateral to its patients, most of whom are local residents and are insured under third-party payor agreements. The mix of current receivables from patients and third-party payors was as follows:

	<u>2013</u>	<u>2012</u>
Medicare	38 %	33 %
MaineCare	22	28
Blue Cross	5	7
Other third-party payors	21	18
Patients	<u>14</u>	<u>14</u>
	<u>100 %</u>	<u>100 %</u>

11. Contingencies

Medical Malpractice Claims

The Hospital participates in the EMHS self-insurance plan for professional and patient general liability, and nonpatient general liability coverage. Assets of the professional and patient general liability plan consist of equity and fixed income securities. Trust funding and accrued self-insurance reserves are determined by independent actuarial projections. Stop loss or excess insurance coverage has been obtained through various commercial insurance companies for the self-insurance program and provides reimbursement for individual claims in excess of \$5 million and for aggregate claims in excess of \$12 million up to a total of \$15 million.

FASB ASU 2010-24, Health Care Entities (Topic 954): *Presentation of Insurance Claims and Recoveries*, provides clarification to companies in the health care industry on the accounting for professional liability and similar insurance. ASU 2010-24 states that insurance liabilities should not be presented net of insurance recoveries and that an insurance receivable should be recognized on the same basis as the liabilities, subject to the need for a valuation allowance for uncollectible accounts. As of September 28, 2013 and September 29, 2012, \$857,486 and \$791,199, respectively, were included in long-term assets and long-term liabilities. This reserve is adjusted annually based on updated actuarial information.

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Notes to Financial Statements

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12. Employee Benefit Plans

The Hospital had a contributory defined contribution plan available to substantially all employees. The Hospital's policy under the defined contribution plan was to fund the Hospital's portion of amounts due under the plan on a current basis and to recognize expense as incurred. The Hospital provided a discretionary contribution based on eligible employees salaries of up to 3% through December 31, 2011. On January 1, 2012, the plan was merged into the EMHS plan which provides matching contributions up to 2% of eligible employee salary. The Hospital also joined the Eastern Maine Medical Center Retirement Partnership Plan of EMHS. This is a cash balance plan and employer contributions are based upon actuarial valuations. Pension expense related to the plans for the years ended September 28, 2013 and September 29, 2012 was \$624,380 and \$557,004, respectively.

The Hospital has a nonqualified deferred compensation plan which was established for a select group of management or highly compensated employees. The plan's assets are invested in mutual funds at September 28, 2013 and September 29, 2012, and were \$49,052 and \$46,298, respectively.

13. Related Party Transactions

EMHS and its affiliates provide a variety of services and supplies to the Hospital. Total expenses from related parties were approximately \$7,012,144 and \$6,695,877 in 2013 and 2012, respectively. During 2012, two EMHS affiliates rented clinical office space at the Hospital. Rent from these affiliates totaled \$24,050 in 2012. The Hospital received \$109,179 and \$22,262 in 2013 and 2012, respectively, from affiliates for coordinating care for commercial insurers.

Due to related parties represents amounts due to EMHS affiliates at September 28, 2013 and September 29, 2012.

14. Fair Value Measurements

FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. FASB ASC 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, and other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect an entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

BLUE HILL MEMORIAL HOSPITAL, INC.

Notes to Financial Statements

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Assets and liabilities measured at fair value on a recurring basis are as follows:

	<u>Fair Value Measurements at September 28, 2013, Using</u>			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash and cash equivalents	\$ 3,422,535	\$ -	\$ -	\$ 3,422,535
Mutual funds				
Growth funds	3,153,739	-	-	3,153,739
International funds	2,554,357	-	-	2,554,357
Indexed funds	391,028	-	-	391,028
Total mutual funds	<u>6,099,124</u>	<u>-</u>	<u>-</u>	<u>6,099,124</u>
Corporate bonds	-	6,959,943	-	6,959,943
Alternative investments	-	-	554,507	554,507
Funds held by affiliate	-	757,996	-	757,996
Beneficial interest in perpetual trusts	-	-	941,142	941,142
Investments to fund deferred compensation, mutual funds	<u>49,052</u>	<u>-</u>	<u>-</u>	<u>49,052</u>
Total	<u>\$ 9,570,711</u>	<u>\$ 7,717,939</u>	<u>\$ 1,495,649</u>	<u>\$ 18,784,299</u>
	<u>Fair Value Measurements at September 29, 2012, Using</u>			
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
Assets:				
Cash and cash equivalents	\$ 4,151,369	\$ -	\$ -	\$ 4,151,369
Mutual funds				
Growth funds	2,825,527	-	-	2,825,527
International funds	1,929,432	-	-	1,929,432
Value funds	-	-	-	-
Indexed funds	366,534	-	-	366,534
Total mutual funds	<u>5,121,493</u>	<u>-</u>	<u>-</u>	<u>5,121,493</u>
Corporate bonds	-	3,884,268	-	3,884,268
Alternative Investments	-	-	497,572	497,572
Funds held by affiliate	-	615,597	-	615,597
Beneficial interest in perpetual trusts	-	-	897,907	897,907
Investments to fund deferred compensation, mutual funds	<u>46,298</u>	<u>-</u>	<u>-</u>	<u>46,298</u>
Total	<u>\$ 9,319,160</u>	<u>\$ 4,499,865</u>	<u>\$ 1,395,479</u>	<u>\$ 15,214,504</u>

Level 2 investments have been measured using quoted market prices of similar assets.

BLUE HILL MEMORIAL HOSPITAL, INC.

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Level 3 assets are measured at management's estimate of the net realizable value or the value of the underlying assets. The beneficial interest is classified as Level 3 as there is no market in which to trade the beneficial interest itself.

The following is a reconciliation of assets in which significant unobservable inputs (Level 3) were used in determining fair value:

	<u>2013</u>	<u>2012</u>
Balance at beginning of year	\$ 1,395,479	\$ 667,495
Contributions	-	659,373
Unrealized gains	<u>100,170</u>	<u>68,611</u>
Balance at end of year	<u>\$ 1,495,649</u>	<u>\$ 1,395,479</u>

15. 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 will be staged in three steps from fiscal year 2012 through 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 will provide incentive payments to hospitals and eligible professionals as they adopt, and implement, upgrade or demonstrate meaningful use in the first year of participation and demonstrate meaningful use for up to five remaining participation years. There will be no payment adjustments under the Medicaid EHR incentive program.

Eligible providers with at least 30% Medicaid patient volumes can receive payments totaling \$67,500 over a six-year period. The incentive payment is \$21,250 per physician in the first year of participation and \$8,500 per year for the following five years, provided they remain meaningful users.

During 2013, the Hospital recorded meaningful use revenues of \$136,000 from the Medicaid EHR program for its eligible physicians. The Hospital also recorded \$196,085 and \$143,546 related to Medicare and Medicaid EHR programs, respectively, related to its ongoing compliance with the certified EHR requirements.

During 2012, the Hospital recorded meaningful use revenues of \$722,644 from the Medicaid EHR program. The Hospital has demonstrated a minimum of 10% Medicaid encounters and is upgrading to a certified EHR.

The meaningful use attestation is subject to review/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, and could result in return of a portion or all of the incentive payments received by the Hospital. Management established an allowance against the meaningful use revenues received during the year ended September 28, 2013. The revenues recorded during 2013 are net of the established reserve.

