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Form 990
Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

OMB No 1545-0047

2008

Open to Public Inspection

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

A For the 2008 calendar year, or tax year beginning 07-01-2008 and ending 06-30-2009

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

Please use IRS label or print or type. See Specific Instructions.

C Name of organization: MERITCARE HEALTH SYSTEM
Doing Business As
Number and street (or P O box if mail is not delivered to street address): PO BOX MC
Room/suite
City or town, state or country, and ZIP + 4: FARGO, ND 581220404

D Employer identification number: 45-0385890
E Telephone number: (701) 234-6200
G Gross receipts \$ 115,186,887

F Name and address of Principal Officer: LISA M CARLSON, 736 BROADWAY NORTH, FARGO, ND 58122

H(a) Is this a group return for affiliates?
H(b) Are all affiliates included?
H(c) Group Exemption Number

I Tax-exempt status: 501(c) (3)

J Web site: WWW.MERITCARE.COM

K Type of organization: Corporation

L Year of Formation: 1984
M State of legal domicile: ND

Part I Summary

Table with 3 columns: Description, Prior Year, Current Year. Rows include: 1. Mission statement, 2-7a. Activities & Governance, 8-12. Revenue, 13-19. Expenses, 20-22. Net Assets or Fund Balances.

Part II Signature Block

Signature block containing: Declaration of preparer, Signature of officer (LISA CARLSON CFO), Date (2010-05-11), Preparer's signature (Kim Hunwardsen CPA), Date (2010-05-11), Firm's name (EIDE BAILLY LLP), Address (5601 GREEN VALLEY DRIVE SUITE 700, MINNEAPOLIS, MN 55437), Preparer's PTIN, EIN, and Phone number.

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

Part III Statement of Program Service Accomplishments (See the instructions.)

1 Briefly describe the organization's mission
 TO IMPROVE THE HEALTH AND QUALITY OF LIFE OF THE PEOPLE WE SERVE

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

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

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and (4) organizations and 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 \$ 111,918,537	including grants of \$ 116,260	(Revenue \$ 114,237,547)
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MentCare Health System is an integrated health care delivery system headquartered in Fargo, ND Founded in the early 1900's as Fargo Clinic and St Luke's Hospital, MentCare has evolved into the region's premier health care system MeritCare Health System and its affiliates (referred to collectively as MeritCare) employs 7,309 associates, of which 520 are physicians As a fully integrated system of care, all doctors, care teams, services and systems come together in a unified, patient-first approach, whether in the clinic or hospital setting For a century, MeritCare Health System has provided quality health care through the right balance of medical expertise, advanced technology and compassionate care This care has reflected our mission "to improve the health and quality of life of the people we serve " Proud of what we have achieved, we are grateful to have made a positive difference in the lives of thousands of patients and families throughout the region But we understand that being good is not always good enough With input from stakeholders from within and outside of MeritCare, we established a new path for the future, and Strategic Plan 2012 is progressing The plan addresses the many challenges faced by health care providers regionally and across the nation, but it also emphasizes and seeks to build upon a key strength that sets MeritCare apart - integrated care It is our privilege to serve the people of this region As we look to the future, we will continue to strive for integrated care that is patient-focused, well-coordinated, meets the highest standards of excellence and involves the family MeritCare Health System's primary exempt purpose is to coordinate the activities of the various components of the MeritCare integrated delivery system to seamlessly address the diverse healthcare needs of individuals in the region MeritCare Health System coordinates the activities of nine affiliates including MeritCare Hospital and MeritCare Medical Group MeritCare Health System provides support services to affiliates in order to allow them to focus efforts on the delivery of medical services to patients while keeping administrative costs as low as possible Affiliates benefit from support services like system-wide strategic planning in pursuit of the MeritCare mission of improving health and quality of life, coordination of the delivery of overall community benefits including charitable clinical care, education and research, overall resource allocation through capital and operating budget planning, regulatory compliance, legal support, accounting and finance support, information technology systems and support, centralized purchasing and facility management, overall quality assurance support and system-wide human resource management Requirements of the IRS community benefit standard for tax-exempt organizations are integral to MeritCare's larger charitable mission of improving health and quality of life Specifically, MeritCare is governed by an independent board including community leaders, consumer representatives, business experts and clinical healthcare experts The Board has a history of commitment to acting with the highest integrity and has proactively and voluntarily adopted governance best practices to ensure the organization continues to operate with the highest of integrity for the benefit of the community For example - The Audit Committee of the Board has assumed expanded responsibility for oversight of the Billing Compliance Plan and for oversight of defined components of MeritCare's Internal Audit function - The Board as a whole approves MeritCare's compensation philosophy The Human Resource Committee of the Board, which includes no interested directors, has responsibility for approval of annual compensation plans for physicians, executives, and employees - Policies exist that regulate document retention/destruction and whistle blower protection - Policies on confidentiality of patient and corporate information are reviewed annually as a component of mandatory education, and a confidentiality statement is signed annually by all employees and board members - Board members review and sign a conflict of interest statement annually - MeritCare's code of ethics/code of conduct is posted online internally, published in employee and physician handbooks and included in general orientation of all new employees and volunteers - The Board has a member selection process that establishes criteria for board membership based on the competency needs of the board and the organization's strategic needs - The Board as a whole monitors Community Benefit activity and is informed about resources used in support of the organization's charitable mission via a Community Benefit Inventory integrity and has proactively and voluntarily adopted governance best practices to ensure the organization continues to operate with the highest of integrity for the benefit of the community MeritCare also makes medical care accessible to the entire community it serves MeritCare Hospital operates a full-time emergency room and provides emergency care regardless of ability to pay MeritCare Hospital had over 48,000 Emergency Center (Level II Trauma) visits in 2009 MeritCare Medical Group provides clinical services needed to operate the Emergency Center and F-M Ambulance provides on-site emergency medical, rescue and medical transportation services In addition, MeritCare, through its integrated network of providers, provides non-emergency services to the community it serves It makes these services accessible to the community through participation in government programs like Medicare and Medicaid and by offering assistance through the MeritCare Community Care Program MeritCare's Community Care (charity care) Policy provides discounted and free services to patients who lack the resources to be fully responsible for the healthcare they receive The Community Care Policy is designed to ensure the entire community served by MeritCare has access to needed healthcare services The MeritCare Board of Directors oversees services delivered under the Community Care Policy, including assessing community needs, approving eligibility criteria, and monitoring the effectiveness of the program in providing community access to medical care The eligibility criteria in our Community Care Policy is updated annually to reflect the current year's federal poverty income guidelines Eligibility for discounted or free services under the Community Care Policy is based on income levels and family size Generally, individuals earning income of up to 400% of the Federal Poverty Income Guidelines are eligible for varying levels of discounts, including full discounts for certain income levels In addition, an automatic discount off charges is provided to any patient who is determined to not have insurance of any type Applications for coverage under the program may be obtained at any MeritCare patient registration area or by calling 701-234-2219 MeritCare maintains records to identify and monitor the level of care provided under the Community Care program These records include the amount of charges foregone for services and supplies furnished under its charity care policy MeritCare Health System and its affiliates had costs for charity for the year ended June 30, 2009 of approximately \$6,114,858 MeritCare takes its mission to improve the health and quality of life of the people it serves a step further by reaching out to meet the broad health needs of the community It strives to identify community needs beyond basic healthcare, then respond to them, aiming to make a positive, life-enhancing difference in the community MeritCare takes a strategic, community needs based approach to delivering benefits to the community The MeritCare Senior Executive - Mission and Community Benefit has responsibility for leading the organization to achieve these objectives 1 Collaborate with communities to identify unmet community health needs and under-served populations, 2 Address under served populations and unmet needs, 3 Implement, coordinate and provide strategic management of MeritCare's Community Benefit efforts, 4 Improve the health of communities This position links all community benefit activities under one management umbrella with a consistent contact point Organizational focus on community benefit has been elevated by strengthening infrastructure to support and communicate community benefit work

4b	(Code)	(Expenses \$ 214,746	including grants of \$ 1,065	(Revenue \$ 33,621)
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THE AUXILIARY PROMOTES THE WELFARE OF MERITCARE HEALTH SYSTEM AND SUBSIDIARIES THROUGH GIFT SHOP SALES, FUNDRAISING ACTIVITIES, AND VOLUNTEER SERVICES THE PROCEEDS OF THESE ACTIVITIES FUND THE NURSERY, STUDENT LOANS, AND ARE DONATED THROUGH MERITCARE FOUNDATION TOWARDS HOSPITAL RELATED SERVICES

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

4e Total program service expenses \$ 112,133,283 *Must equal Part IX, Line 25, column (B).*

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)? <i>If "Yes," complete Schedule A</i> <input checked="" type="checkbox"/>	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors? <input checked="" type="checkbox"/>	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i> <input checked="" type="checkbox"/>		No
4	Section 501(c)(3) organizations Did the organization engage in lobbying activities? <i>If "Yes," complete Schedule C, Part II</i> <input checked="" type="checkbox"/>	Yes	
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? <i>If "Yes," complete Schedule C, Part III</i>		
6	Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i> <input checked="" type="checkbox"/>		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> <input checked="" type="checkbox"/>		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i> <input checked="" type="checkbox"/>		No
10	Did the organization hold assets in term, permanent, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> <input checked="" type="checkbox"/>		No
11	Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? <i>If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable</i> <input checked="" type="checkbox"/>	Yes	
12	Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? <i>If "Yes," complete Schedule D, Parts XI, XII, and XIII</i> <input checked="" type="checkbox"/>	Yes	
13	Is the organization a school as described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
14a	Did the organization maintain an office, employees, or agents outside of the U S ?		No
b	Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, and program service activities outside the U S ? <i>If "Yes," complete Schedule F, Part I</i>		No
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? <i>If "Yes," complete Schedule F, Part II</i>		No
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? <i>If "Yes," complete Schedule F, Part III</i>		No
17	Did the organization report more than \$15,000 on Part IX, column (A), line 11e? <i>If "Yes," complete Schedule G, Part I</i>		No
18	Did the organization report more than \$15,000 total on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		No
19	Did the organization report more than \$15,000 on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No
20	Did the organization operate one or more hospitals? <i>If "Yes," complete Schedule H</i>		No
21	Did the organization report more than \$5,000 on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> <input checked="" type="checkbox"/>	Yes	
22	Did the organization report more than \$5,000 on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> <input checked="" type="checkbox"/>		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? <i>If "Yes," complete Schedule J</i> <input checked="" type="checkbox"/>	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer questions 24b-24d and complete Schedule K. If "No," go to question 25</i>		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
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?		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
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>		No
b	Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? <i>If "Yes," complete Schedule L, Part I</i>		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i>		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? <i>If "Yes," complete Schedule L, Part III</i>		No

Part IV Checklist of Required Schedules *(Continued)*

		Yes	No
28	During the tax year, did any person who is a current or former officer, director, trustee, or key employee		
a	Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? <i>If "Yes," complete Schedule L, Part IV</i>		No
b	Have a family member who had a direct or indirect business relationship with the organization? <i>If "Yes," complete Schedule L, Part IV</i>		No
c	Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? <i>If "Yes," complete Schedule L, Part IV</i>		No
29	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>		No
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>		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>		No
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>		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> 	Yes	
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> 	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> 	Yes	
36	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> 	Yes	
37	Did the organization conduct more than 5 percent 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> 		No

Part V Statements Regarding Other IRS Filings and Tax Compliance

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096, <i>Annual Summary and Transmittal of U.S. Information Returns</i> . Enter -0- if not applicable		
	1a 107		
b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
	1b 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	Yes	
2a	Enter the number of employees reported on Form W-3, <i>Transmittal of Wage and Tax Statements</i> filed for the calendar year ending with or within the year covered by this return		
	2a 1,590		
b	If at least one is reported in 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.	Yes	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year covered by this return?	Yes	
b	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O	Yes	
4a	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)?		No
b	If "Yes," enter the name of the foreign country _____ See the instructions for exceptions and filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts .		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		No
c	If "Yes," to 5a or 5b, did the organization file Form 8886-T, <i>Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction</i> ?		
6a	Did the organization solicit any contributions that were not tax deductible?		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
7	<i>Organizations that may receive deductible contributions under section 170(c).</i>		
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of \$75 or more?		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		No
d	If "Yes," indicate the number of Forms 8282 filed during the year		
	7d		
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		
8	<i>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</i> Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		
9	<i>Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.</i>		
a	Did the organization make any taxable distributions under section 4966?		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		
10	<i>Section 501(c)(7) organizations.</i> Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12		
	10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
	10b		
11	<i>Section 501(c)(12) organizations.</i> Enter		
a	Gross income from members or shareholders		
	11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)		
	11b		
12a	<i>Section 4947(a)(1) non-exempt charitable trusts.</i> Is the organization filing Form 990 in lieu of Form 1041?		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
	12b		

Part VI Governance, Management, and Disclosure (Sections A, B, and C request information about policies not required by the Internal Revenue Code.)

Section A. Governing Body and Management

For each "Yes" response to lines 2-7 below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

		Yes	No
1a	Enter the number of voting members of the governing body		
1b	Enter the number of voting members that are independent		
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?	Yes	
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?	Yes	
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	Yes	
5	Did the organization become aware during the year of a material diversion of the organization's assets?		No
6	Does the organization have members or stockholders?		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?		No
7b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following		
8a	the governing body?	Yes	
8b	each committee with authority to act on behalf of the governing body?	Yes	
9a	Does the organization have local chapters, branches, or affiliates?		No
9b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?		
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990		No
11	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		No

Section B. Policies

		Yes	No
12a	Does the organization have a written conflict of interest policy? If "No", go to line 13	Yes	
12b	Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	Yes	
12c	Does the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this is done	Yes	
13	Does the organization have a written whistleblower policy?	Yes	
14	Does the organization have a written document retention and destruction policy?	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision		
15a	The organization's CEO, Executive Director, or top management official?	Yes	
15b	Other officers or key employees of the organization? Describe the process in Schedule O	Yes	
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		No
16b	If "Yes," has the organization adopted a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable Federal tax law, and taken steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the States with which a copy of this Form 990 is required to be filed _____
- 18** Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection. Indicate how you make these available. Check all that apply.
 own website another's website upon request
- 19** Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public. See Additional Data Table
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization
 SHELLEE E HATLEVOLL
 736 BROADWAY NORTH
 FARGO, ND 58122
 (701) 234-4815

Part VIII Statement of Revenue

			(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514		
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . . 1a						
	b	Membership dues						
	c	Fundraising events						
	d	Related organizations . . . 1d 79,820						
	e	Government grants (contributions) 1e						
	f	All other contributions, gifts, grants, and similar amounts not included above 1f						
	g	Noncash contributions included in lines 1a-1f \$ _____						
	h	Total (Add lines 1a-1f)	79,820					
Program Service Revenue	2a	INTERCOMPANY INCOME	900,099	92,368,270	92,368,270			
	b	PRODUCT SALES	446,199	18,728,780	16,594,712	2,134,068		
	c	SUPPORT SERVICES TO AF	561,439	2,938,991	2,843,461	95,530		
	d	PATIENT SERVICES	621,300	152,631	152,631			
	e	INTERCOMPANY INTEREST	900,099	48,895	48,895			
	f	All other program service revenue		33,601	28,579	5,022		
	g	Total. Add lines 2a-2f \$ 114,271,168						
Other Revenue	3	Investment income (including dividends, interest other similar amounts)		4,376		4,376		
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties						
	6a	Gross Rents	(i) Real					
			(ii) Personal					
			b	Less rental expenses				
			c	Rental income or (loss)				
	d	Net rental income or (loss)						
	7a	Gross amount from sales of assets other than inventory	(i) Securities					
			(ii) Other	600				
			b	Less cost or other basis and sales expenses		13,962		
			c	Gain or (loss)		-13,362		
d	Net gain or (loss)		-13,362		-13,362			
8a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 Attach Schedule G if total exceeds \$15,000 a							
b	Less direct expenses . . . b							
c	Net income or (loss) from fundraising events							
9a	Gross income from gaming activities See part IV, line 19 Complete Schedule G if total exceeds \$15,000 a							
b	Less direct expenses . . . b							
c	Net income or (loss) from gaming activities							
10a	Gross sales of inventory, less returns and allowances . . . a		830,923					
		b	Less cost of goods sold . . . b	540,526				
		c	Net income or (loss) from sales of inventory	290,397	290,397			
11a	Miscellaneous Revenue							
b								
c								
d	All other revenue _____							
e	Total. Add lines 11a-11d \$							
12	Total Revenue. Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e		114,632,399	112,326,945	2,234,620	-8,986		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the U S See Part IV, line 21	117,325	117,325		
2	Grants and other assistance to individuals in the U S See Part IV, line 22				
3	Grants and other assistance to governments, organizations and individuals outside the U S See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	4,247,891	4,247,891		
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	55,972,676	55,972,676		
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	3,082,882	3,082,882		
9	Other employee benefits	8,838,792	8,838,792		
10	Payroll taxes	4,409,142	4,409,142		
11	Fees for services (non-employees)				
a	Management				
b	Legal	1,107,090	1,107,090		
c	Accounting	227,918	227,918		
d	Lobbying				
e	Professional fundraising See Part IV, line 17				
f	Investment management fees				
g	Other	10,415,954	10,415,954		
12	Advertising and promotion	1,042,070	1,042,070		
13	Office expenses	13,608,054	13,608,054		
14	Information technology	4,021	4,021		
15	Royalties				
16	Occupancy	1,387,507	1,387,507		
17	Travel	983,087	983,087		
18	Payments of travel or entertainment expenses for any Federal, state or local public officials				
19	Conferences, conventions and meetings	513,617	513,617		
20	Interest	219,083	219,083		
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	512,129	512,129		
23	Insurance	69,120	69,120		
24	Other expenses—Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below)				
a	INTERCOMPANY CHARGES	3,609,083	3,609,083		
b	MISCELLANEOUS EXPENSES	1,012,377	1,012,377		
c	BAD DEBTS	753,465	753,465		
f	All other expenses				
25	Total functional expenses. Add lines 1 through 24f	112,133,283	112,133,283	0	0
26	Joint Costs. Check <input type="checkbox"/> if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

		(A)		(B)
		Beginning of year		End of year
Assets	1 Cash—non-interest-bearing		1	
	2 Savings and temporary cash investments	578,946	2	728,965
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	2,947,481	4	3,658,547
	5 Receivables from current and former officers, directors, trustees, key employees or other related parties <i>Complete Part II of Schedule L</i>		5	
	6 Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) <i>Complete Part II of Schedule L</i>		6	
	7 Notes and loans receivable, net	644,969	7	381,186
	8 Inventories for sale or use	1,850,098	8	1,955,823
	9 Prepaid expenses and deferred charges	222,315	9	501,859
	10a Land, buildings, and equipment cost basis	10a 20,116,741		
	b Less accumulated depreciation <i>Complete Part VI of Schedule D</i>	10b 8,833,479	10,253,138	10c 11,283,262
	11 Investments—publicly traded securities	10,145,770	11	8,814,741
	12 Investments—other securities See Part IV, line 11 <i>Complete Part VII of Schedule D</i>	7,126,241	12	9,295,865
	13 Investments—program-related See Part IV, line 11 <i>Complete Part VIII of Schedule D</i>		13	
	14 Intangible assets		14	
	15 Other assets See Part IV, line 11 <i>Complete Part IX of Schedule D</i>	22,188,923	15	15,676,427
16 Total assets. Add lines 1 through 15 (must equal line 34)	55,957,881	16	52,296,675	
Liabilities	17 Accounts payable and accrued expenses	25,234,415	17	22,288,206
	18 Grants payable		18	
	19 Deferred revenue	14,335	19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow account liability <i>Complete Part IV of Schedule D</i>		21	
	22 Payable to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons <i>Complete Part II of Schedule L</i>		22	
	23 Secured mortgages and notes payable to unrelated third parties		23	
	24 Unsecured notes and loans payable		24	
	25 Other liabilities <i>Complete Part X of Schedule D</i>	1,356,052	25	2,972,683
	26 Total liabilities. Add lines 17 through 25	26,604,802	26	25,260,889
Net Assets or Fund Balances	Organizations that follow SFAS 117, check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	29,353,079	27	27,035,786
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117, check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	29,353,079	33	27,035,786	
34 Total liabilities and net assets/fund balances	55,957,881	34	52,296,675	

Part XI Financial Statements and Reporting

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> cash <input checked="" type="checkbox"/> accrual <input type="checkbox"/> other		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		No
2b	Were the organization's financial statements audited by an independent accountant?	Yes	
2c	If "Yes" to lines 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?	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		No
3b	If "Yes," did the organization undergo the required audit or audits?		

SCHEDULE A
(Form 990 or 990EZ)

Public Charity Status and Public Support

2008

Open to Public Inspection

To be completed by all section 501(c)(3) organizations and section 4947(a)(1) nonexempt charitable trusts.
Attach to Form 990 or Form 990-EZ. See separate instructions.

Department of the Treasury
Internal Revenue Service

Name of the organization
MERITCARE HEALTH SYSTEM

Employer identification number

45-0385890

Part I Reason for Public Charity Status (to be completed by all organizations) (See Instructions)

The organization is not a private foundation because it is (Please check only **one** organization)

- 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)**. (Attach Schedule H)
- 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)**. (See instructions)
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **Section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h
 a Type I b Type II c Type III - Functionally Integrated d Type III - Other

e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II or Type III supporting organization, check this box

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

- (i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization?
- (ii) a family member of a person described in (i) above?
- (iii) a 35% controlled entity of a person described in (i) or (ii) above?

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

h Provide the following information about the organizations the organization supports

(i) Name of Supported Organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (See Instructions))	(iv) Is the organization in col (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
MERITCARE HOSPITAL	450226909	3	Yes			No		No	31631535
MertCare Medical Group	911770748	9	Yes			No		No	23369483
Health Ventures Inc	450409348	11B	Yes			No		No	27000
Total									55,028,018

Part II Support Schedule for Organizations Described in IRC 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.)

Public Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(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 line 1-3						
5 The portion of total contribution by each person (other than a government unit or publicly supported organization) included on line 1 that exceed 2% of the amount shown on line 11, column (f)						
6 Public Support subtract line 5 from line 4						

Total Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(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 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Computation of Public Support Percentage

14 Public Support Percentage for 2008 (line 6 column (f) divided by line 11 column (f))	14	
15 Public Support Percentage for 2007 Schedule A, Part IV-A, line 26f	15	
16a 33 1/3% Test - 2008. If the organization did not check the box on line 13, and 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% Test - 2007. If the organization did not check the 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 - 2008. 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 - 2007. 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 the 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 IRC 509(a)(2)

(Complete only if you checked the box on line 9 of Part I.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(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 1-5						
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 1% of the total of lines 9, 10c, 11, and 12 for the year or \$5,000						
c Total of lines 7a and 7b						
8 Public Support (Subtract line 7c from line 6)						

Total Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(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 30 June, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total Support (Add lines 9, 10c, 11 and 12)						
14 First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and stop here <input type="checkbox"/>						

Computation of Public Support Percentage

15 Public Support Percentage for 2008 (line 8 column (f) divided by line 13 column (f))	15	
16 Public Support Percentage for 2007 Schedule A, Part IV-A, line 27g	16	

Computation of Investment Income Percentage

17 Investment Income Percentage for 2008 (line 10c column (f) divided by line 13 column (f))	17	
18 Investment Income Percentage from 2007 Schedule A, Part IV-A, line 27h	18	
19a 33 1/3% Tests - 2008. 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 <input type="checkbox"/>		
b 33 1/3% Tests - 2007. 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 <input type="checkbox"/>		
20 Private Foundation If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions <input type="checkbox"/>		

Part IV **Supplemental Information.** Complete this part to provide the information required by Part II, line 10; Part II, line 17a or 17b, or Part III, line 12. Provide and any other additional information. (see instructions)

Facts and Circumstances Test

Additional Data

Software ID:
Software Version:
EIN: 45-0385890
Name: MERITCARE HEALTH SYSTEM

Form 990, Schedule A, Part I, Line 11h - Provide the following information about the organizations the organization supports.

(i) Name of Supported Organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section)	(iv) Is the organization in (i) listed in your governing document?		(v) Did you notify the organization in (i) of your support?		(vi) Is the organization in (i) organized in the U S ?		(vii) Amount of support?
			Yes	No	Yes	No	Yes	No	
MERITCARE HOSPITAL	450226909	3	Yes			No		No	31631535
MentCare Medical Group	911770748	9	Yes			No		No	23369483
Health Ventures Inc	450409348	11B	Yes			No		No	27000

Additional Data

Software ID:
Software Version:
EIN: 45-0385890
Name: MERITCARE HEALTH SYSTEM

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(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			
DR ROGER GILBERTSON , PRESIDENT	4 10	X		X				668,804	0	-151,910
ELLEN-EARLE CHAFFEE PHD , CHAIR (01/09-06/09)	20	X		X				0	0	0
WAYNE GADBERRY , CHAIR (07/08-12/08)	20	X		X				0	0	0
JUDY GREEN , VICE CHAIR (01/09-06/09)	20	X		X				0	0	0
ELLEN-EARLE CHAFFEE PHD , VICE CHAIR (07/08-12/08)	20	X		X				0	0	0
LAURIS MOLBERT , TREASURER (01/09-06/09)	20	X		X				0	0	0
JOHN JAMBOIS , TREASURER (07/08-12/08)	20	X		X				0	0	0
JEROME FEDER , SECRETARY (01/09-06/09)	20	X		X				0	0	0
NANCY JORDHEIM , SECRETARY (07/08-12/08)	20	X		X				0	0	0
PAMELA ANDERSON , DIRECTOR	20	X						0	0	0
DAVID BEITO , DIRECTOR	20	X						0	0	0
ANN CHRISTENSON , DIRECTOR (01/09-06/09)	20	X						0	0	0
DR TERRENCE GRIMM , DIRECTOR	20	X						0	485,706	37,300
DR KUSHAL HANDA , DIRECTOR	20	X						0	636,719	43,922
JOHN JAMBOIS , DIRECTOR (01/09-06/09)	20	X						0	0	0
DON MORTON , DIRECTOR	20	X						0	0	0
DR ROXANNE NEWMAN , DIRECTOR	20	X						0	827,405	117,211
DR MARK PAULSON , DIRECTOR (01/09-06/09)	20	X						0	201,587	42,755
JACK REYNOLDS PHD , DIRECTOR	20	X						0	0	0
BRENT TEIKEN , DIRECTOR (01/09-06/09)	20	X						0	0	0
TONY TREUER PHD , DIRECTOR (01/09-06/09)	20	X						0	0	0
DR DAVID WILCOX , DIRECTOR (01/09-06/09)	20	X						0	200,179	46,680
JEROME FEDER , DIRECTOR (07/08-12/08)	20	X						0	0	0
DR DAVID GLATT , DIRECTOR (07/08-12/08)	20	X						0	156,296	28,994
JUDY GREEN , DIRECTOR (07/08-12/08)	20	X						0	0	0
LAURIS MOLBERT , DIRECTOR (07/08-12/08)	20	X						0	0	0
LISA CARLSON , CHIEF FINANCIAL OFFICER	4 10			X				296,067	0	47,858
DR BRUCE PITTS , EXECUTIVE VICE PRESIDENT	4 10				X			439,481	0	46,486
PAUL RICHARD , EXECUTIVE VICE PRESIDENT	4 20				X			289,877	0	46,208
HARRIETTE MCCAUL , SENIOR VICE PRESIDENT	4 10				X			328,790	0	-101,882

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
DR RHONDA KETTERLING , SENIOR VICE PRESIDENT	4 10				X			303,758	0	42,777
DOUGLAS VANG , SENIOR VICE PRESIDENT	4 10				X			285,570	0	45,886
MICHAEL GIBBS , SENIOR VICE PRESIDENT	4 20				X			194,244	0	72,640
JEFFREY HOSS , SENIOR VICE PRESIDENT	4 20				X			237,538	0	33,164
CRAIG HEWITT , SENIOR VICE PRESIDENT	4 20				X			181,994	0	40,574
LINDA O'HALLORAN , SENIOR VICE PRESIDENT	4 20				X			170,903	0	85,108
JANICE NYFLOT , CLINIC ADMINISTRATOR	40 00					X		117,242	55,716	34,964
DANIEL OLSON , EXECUTIVE PARTNER	7 60					X		114,504	38,822	64,364
EVELYN QUIGLEY , SENIOR VICE PRESIDENT	4 20					X		178,013	0	39,421
PAULETTE AMUNDSON , EXECUTIVE PARTNER	40 00					X		150,766	0	47,272
ROBERT BIBERDORF , EXECUTIVE PARTNER	39 30					X		150,739	0	26,930
ROGER LEE , EXECUTIVE PARTNER	4 20						X	139,601	0	25,027
DR GREGORY POST , PHYSICIAN	40 00						X	0	563,320	45,186

Form 990, Part VIII - Statement of Revenue - 2a - 2g Program Service Revenue -

	Business Code	(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
a INTERCOMPANY INCOME	900,099	92,368,270	92,368,270		
b PRODUCT SALES	446,199	18,728,780	16,594,712	2,134,068	
c SUPPORT SERVICES TO AF	561,439	2,938,991	2,843,461	95,530	
d PATIENT SERVICES	621,300	152,631	152,631		
e INTERCOMPANY INTEREST	900,099	48,895	48,895		

SCHEDULE C (Form 990 or 990-EZ)

Political Campaign and Lobbying Activities

OMB No 1545-0047

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

2008

Open to Public Inspection

Department of the Treasury Internal Revenue Service

To be completed by organizations described below. Attach to Form 990 or Form 990-EZ

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

- 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)

- 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)

- Section 501(c)(4), (5), or (6) organizations complete Part III

Name of the organization MERITCARE HEALTH SYSTEM

Employer identification number

45-0385890

Part I-A To be completed by all organizations exempt under section 501(c) and section 527 organizations. (See the instructions for Schedule C for details.)

- 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 To be completed by all organizations exempt under section 501(c)(3). (See the instructions for Schedule C for details.)

- 1 Enter the amount of any excise tax incurred by the organization under section 4955 \$
2 Enter the amount of any excise tax incurred by organization managers under section 4955 \$
3 If the organization incurred in 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 To be completed by all organizations exempt under section 501(c), except section 501(c)(3). (See the instructions for Schedule C for details.)

- 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 internal funds contributed to other organizations for section 527 exempt function activities \$
3 Total of direct and indirect exempt function expenditures Add lines 1 and 2 and enter here and on Form 1120-POL, line 17b \$
4 Did the filing organization file Form 1120-POL for this year? Yes No
5 State the names, addresses and Employer Identification Number (EIN) of all section 527 political organizations to which payments were made Enter the amount paid and indicate if the amount was paid from the filing organization's own internal funds or were political contributions received and 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

Table with 5 columns: (a) Name, (b) Address, (c) EIN, (d) Amount paid from filing organization's internal funds, (e) Amount of political contributions received and promptly and directly delivered to a separate political organization.

Part II-A To be completed by organizations exempt under section 501(c)(3) that filed Form 5768 (election under section 501(h)). (See the instructions for Schedule C for details.)

- A** Check if the filing organization belongs to an affiliated group
- B** Check if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures— (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns—		
If the amount on line 1e, column (a) or (b) is:		
Not over \$500,000	The lobbying nontaxable amount is: 20% of the amount on line 1e	
Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000	
Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000	
Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000	
Over \$17,000,000	\$1,000,000	
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a Enter -0- if line g is more than line a		
i Subtract line 1f from line 1c Enter -0- if line f is more than line c		
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 1a through 1f of the instructions.)

Lobbying Expenditures During 4-Year Averaging Period					
Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) Total
2a Lobbying non-taxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots non-taxable amount					
e Grassroots ceiling amount (150% of line d, column (e))					
f Grassroots lobbying expenditures					

Part II-B To be completed by organizations exempt under section 501(c)(3) that have NOT filed Form 5768 (election under section 501(h)). (See the instructions for Schedule C for details.)

	(a)		(b)
	Yes	No	Amount
1 During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a Volunteers?		No	
b Paid staff or management (include compensation in expenses reported on lines c through i)?	Yes		
c Media advertisements?		No	
d Mailings to members, legislators, or the public?		No	
e Publications, or published or broadcast statements?		No	
f Grants to other organizations for lobbying purposes?		No	
g Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		83,192
h Rallies, demonstrations, seminars, conventions, speeches, lectures, or any other means?		No	
i Other activities If "Yes," describe in Part IV		No	
j Total lines 1c through 1i			83,192
2a Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
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 To be completed by all organizations exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6). (See the instructions for Schedule C for details.)

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

Part III-B To be completed by all organizations exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, questions 1 and 2 are answered "No" OR if Part III-A, question 3 is answered "Yes." (See the instructions for Schedule C for details.)

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
Part II-B, Line 1i	Explanation of Other Lobbying Activities	MERITCARE HEALTH SYSTEM ENGAGES IN LOBBYING, ADVOCACY AND GOVERNMENT RELATIONS ACTIVITIES INCLUDING COMMUNICATION WITH FEDERAL, STATE AND REGULATORY POLICY-MAKERS THE ISSUES ARE RELATED TO THE MISSION AND OPERATIONS OF THE HEALTH SYSTEM, PRACTICING HEALTH PROFESSIONALS, PATIENTS AND COMMUNITIES TO WHOM WE PROVIDE CARE SPECIFIC POLICY MATTERS ADDRESSED INCLUDE PAYMENT AND REGULATIONS FOR HEALTH CARE PROVIDED TO MEDICARE AND MEDICAID RECIPIENTS, MEDICAL MALPRACTICE REFORM, PROFESSIONAL PRACTICE AND WORK FORCE ISSUES, QUALITY ASSURANCE AND SOCIAL ISSUES DIRECTLY LINKED TO HEALTHCARE SERVICES THESE ACTIVITIES TAKE PLACE THROUGH ADMINISTRATION AND SENIOR MANAGEMENT WITHIN OUR HEALTH SYSTEM AND THROUGH CONTRACT LOBBYING SERVICES

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2008

Open to Public Inspection

Attach to Form 990. To be completed by organizations that answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

Department of the Treasury Internal Revenue Service

Name of the organization MERITCARE HEALTH SYSTEM

Employer identification number 45-0385890

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.

Table with 3 columns: Question, (a) Donor advised funds, (b) Funds and other accounts. Rows include total number at end of year, aggregate contributions, grants, and value, and questions about donor advisement.

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

Table with 2 columns: Question, Held at the End of the Year. Rows include purpose of easements, number of easements, acreage, and monitoring details.

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.

Table with 2 columns: Question, Amount. Rows include questions about reporting art and historical treasures.

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
b Contributions					
c Investment earnings or losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

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

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

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

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

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

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

Description of investment	(a) Cost or other basis (Investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land	6,752,591	155,636		6,908,227
b Buildings		5,949,391	4,222,324	1,727,067
c Leasehold improvements		429,570	80,629	348,941
d Equipment	3,824,297	3,005,256	4,530,526	2,299,027
e Other				
Total. Add lines 1a-1e (Column (d) should equal Form 990, Part X, column (B), line 10(c).)				11,283,262

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives and other financial products		
Closely-held equity interests		
Other INVESTMENT IN HEALTHCARE ACCESSORIES, LLC	7,100,433	C
Other VHA STOCK	200,002	C
Other INVESTMENT IN HEALTHCARE ENVIRONMENTAL SERVICES, INC	1,795,430	C
Other INVESTMENT IN CONSOLIDATED SERVICE CENTER, LLC	200,000	C
Total. (Column (b) should equal Form 990, Part X, col (B) line 12) ▶	9,295,865	

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. (Column (b) should equal Form 990, Part X, col (B) line 13) ▶		

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

(a) Description	(b) Book value
INTERCOMPANY RECEIVABLES	14,389,711
EMPLOYEE LOANS	2,000
OTHER RECEIVABLES	679,241
VHA REBATES RECEIVABLE	541,100
DEFERRED INCOME TAXES	64,375
Total. (Column (b) should equal Form 990, Part X, col.(B) line 15.) ▶	15,676,427

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

(a) Description of Liability	(b) Amount
Federal Income Taxes	
INTERCOMPANY PAYABLES	522,868
SPECIAL ASSESSMENTS	2,449,815
Total. (Column (b) should equal Form 990, Part X, col (B) line 25) ▶	2,972,683

In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	114,632,399
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	112,133,283
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	2,499,116
4	Net unrealized gains (losses) on investments	4	
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-4,816,409
9	Total adjustments (net) Add lines 4 - 8	9	-4,816,409
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	-2,317,293

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

1	Total revenue, gains, and other support per audited financial statements	1	95,553,911
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	95,553,911
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	19,078,488
c	Add lines 4a and 4b	4c	19,078,488
5	Total Revenue Add lines 3 and 4c . (This should equal Form 990, Part I, line 12)	5	114,632,399

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

1	Total expenses and losses per audited financial statements	1	94,539,231
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	Losses reported on Form 990, Part IX, line 25	2c	
d	Other (Describe in Part XIV)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	94,539,231
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIV)	4b	17,594,052
c	Add lines 4a and 4b	4c	17,594,052
5	Total expenses Add lines 3 and 4c . (This should equal Form 990, Part I, line 18)	5	112,133,283

Part XIV Supplemental Information

Complete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part XIV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b

Identifier	Return Reference	Explanation
Part X	Description of Uncertain Tax Positions Under FIN 48	The organization adopted the provisions of FASB Interpretation No 48 (FIN No 48), Accounting for Uncertainty in Income Taxes. No amounts were recorded as a result of the implementation of FIN No 48.
Part XI, Line 8 - Other Adjustments		TRANSFER TO AFFILIATED ORGANIZATIONS -4816409
Part XII, Line 4b - Other Adjustments		COGS RECORDED AS REVENUE ON FINANCIAL STATEMENTS 7646031 REVENUES OF HCA, LLC A DISREGARDED ENTITY 11104501 REVENUES OF MERITCARE AUXILIARY 327956
Part XIII, Line 4b - Other Adjustments		COGS RECORDED AS REVENUE ON FINANCIAL STATEMENTS 7646031 EXPENSES OF HCA, LLC A DISREGARD ENTITY 9733275 EXPENSES OF MERITCARE AUXILIARY 214746

Schedule I (Form 990)

OMB No 1545-0047

Grants and Other Assistance to Organizations, Governments and Individuals in the U.S.

2008

Department of the Treasury Internal Revenue Service

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

Open to Public Inspection

Name of the organization MERITCARE HEALTH SYSTEM

Employer identification number 45-0385890

Part I General Information on Grants and Assistance

- 1 Does the organization maintain records to substantiate the amount of the grants or assistance...
2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part III Grants and Other Assistance to Governments and Organizations in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 21 for any recipient that received more than \$5,000.

Table with 8 columns: (a) Name and address of organization or government, (b) EIN, (c) IRC section if applicable, (d) Amount of cash grant, (e) Amount of non-cash assistance, (f) Method of valuation, (g) Description of non-cash assistance, (h) Purpose of grant or assistance. Includes rows for NORTH DAKOTA CHAMBER OF COMMERCE, DOWNTOWN COMMUNITY PARTNERSHIP, GREATER FM ECONOMIC DEVELOPMENT CORPORATION, and UNITED WAY OF CASS CLAYPO.

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

Part III Grants and Other Assistance to Individuals in the United States. Complete if the organization answered "Yes" on Form 990, Part IV, line 22.

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

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

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

Identifier	Return Reference	Explanation

Schedule J
(Form 990)

Compensation Information

OMB No 1545-0047

2008

Open to Public Inspection

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

▶ Attach to Form 990. To be completed by organizations that answered "Yes" to Form 990, Part IV, line 23.

Department of the Treasury
Internal Revenue Service

Name of the organization
MERITCARE HEALTH SYSTEM

Employer identification number

45-0385890

Part I Questions Regarding Compensation

	Yes	No
<p>1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items</p> <p><input checked="" type="checkbox"/> First class or charter travel <input type="checkbox"/> Housing allowance or residence for personal use</p> <p><input type="checkbox"/> Travel for companions <input type="checkbox"/> Payments for business use of personal residence</p> <p><input type="checkbox"/> Tax idemnification and gross-up payments <input type="checkbox"/> Health or social club dues or initiation fees</p> <p><input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Personal services (e g , maid, chauffeur, chef)</p>		
<p>b If line 1a is checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain</p>	Yes	
<p>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?</p>	Yes	
<p>3 Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply</p> <p><input type="checkbox"/> Compensation committee <input checked="" type="checkbox"/> Written employment contract</p> <p><input checked="" type="checkbox"/> Independent compensation consultant <input checked="" type="checkbox"/> Compensation survey or study</p> <p><input type="checkbox"/> Form 990 of other organizations <input checked="" type="checkbox"/> Approval by the board or compensation committee</p>		
<p>4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a</p> <p>a Receive a severance payment or change of control payment?</p> <p>b Participate in, or receive payment from, a supplemental nonqualified retirement plan?</p> <p>c Participate in, or receive payment from, an equity-based compensation arrangement?</p> <p>If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III</p>	Yes	
<p>4a</p>	Yes	
<p>4b</p>	Yes	
<p>4c</p>		No
<p>501(c)(3) and 501(c)(4) organizations only must complete lines 5-8.</p> <p>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</p> <p>a The organization?</p> <p>b Any related organization?</p> <p>If "Yes," to line 5a or 5b, describe in Part III</p>		No
<p>5a</p>		No
<p>5b</p>		No
<p>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</p> <p>a The organization?</p> <p>b Any related organization?</p> <p>If "Yes," to line 6a or 6b, describe in Part III</p>		No
<p>6a</p>		No
<p>6b</p>		No
<p>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</p>		No
<p>8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regs section 53.4958-4(a)(3)? If "Yes," describe in Part III</p>		No
<p>8</p>		No

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use Schedule J-1 if additional space needed.

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

Note. The sum of columns (B)(i)-(iii) must equal the applicable column (D) or column (E) amounts on Form 990, Part VII, line 1a

(A) Name	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
See Additional Data Table	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						
	(i)						
	(ii)						

Software ID:
Software Version:
EIN: 45-0385890
Name: MERITCARE HEALTH SYSTEM

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
DR ROGER GILBERTSON	(i) (ii)	666,011		2,793	-167,240	16,898	518,462	
DR TERRENCE GRIMM	(i) (ii)	466,356	17,766	1,584	32,100	6,768	524,574	
DR KUSHAL HANDA	(i) (ii)	550,442	85,917	360	25,936	19,554	682,209	
DR ROXANNE NEWMAN	(i) (ii)	827,045		360	112,779	6,000	946,184	
DR MARK PAULSON	(i) (ii)	165,484	35,743	360	29,768	14,316	245,671	
DR DAVID WILCOX	(i) (ii)	174,927	24,700	552	30,922	17,185	248,286	
DR DAVID GLATT	(i) (ii)	131,897	22,815	1,584	22,774	7,271	186,341	
LISA CARLSON	(i) (ii)	291,341		4,726	32,100	17,326	345,493	
DR BRUCE PITTS	(i) (ii)	434,463		5,018	32,100	15,954	487,535	
PAUL RICHARD	(i) (ii)	286,043		3,834	32,100	15,676	337,653	
HARRIETTE MCCAUL	(i) (ii)	165,880		162,910	-102,915	2,334	228,209	
DR RHONDA KETTERLING	(i) (ii)	302,381	954	423	32,100	12,245	348,103	
DOUGLAS VANG	(i) (ii)	282,337		3,233	32,100	15,354	333,024	
MICHAEL GIBBS	(i) (ii)	183,078		11,166	65,000	9,091	268,335	
JEFFREY HOSS	(i) (ii)	231,896		5,642	18,778	15,954	272,270	
CRAIG HEWITT	(i) (ii)	177,939	1,000	3,055	24,816	17,209	224,019	
LINDA O'HALLORAN	(i) (ii)	169,095		1,808	83,751	2,690	257,344	
JANICE NYFLOT	(i) (ii)	99,242 5,716	17,900 50,000	100	29,853	5,506 439	152,601 56,155	
DANIEL OLSON	(i) (ii)	96,172 5,460	17,900 33,334	432 28	50,960	13,160 1,077	178,624 39,899	
EVELYN QUIGLEY	(i) (ii)	171,133		6,880	26,135	14,663	218,811	
PAULETTE AMUNDSON	(i) (ii)	138,736	2,000	10,030	32,546	15,860	199,172	
ROBERT BIBERDORF	(i) (ii)	140,028	2,000	8,711	22,498	5,535	178,772	
ROGER LEE	(i) (ii)	130,830	1,000	7,771	19,815	6,249	165,665	
DR GREGORY POST	(i) (ii)	559,136		4,184	32,100	14,654	610,074	

SCHEDULE O
(Form 990)

Supplemental Information to Form 990

2008

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ Attach to Form 990. To be completed by organizations to provide additional information for responses to specific questions for the Form 990 or to provide any additional information.

Name of the organization
MERITCARE HEALTH SYSTEM

Employer identification number

45-0385890

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 2		PAMELA ANDERSON, TRUSTEE, AND LISA CARLSON, CFO, HAVE A BUSINESS RELATIONSHIP Board members also serve on the boards of MeritCare Health System's related entities

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 3		In this reporting period, MeritCare utilized an independent contractor, Align Consulting, to fill the executive leadership role for strategic planning and marketing

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 4		Changes to the MeritCare Health System Bylaws were made in December of 2008. The changes were as follows: 1-Include the chairperson of the MeritCare Foundation Board, by virtue of office, as member of the MeritCare Health System Board of Trustees. 2-Specified that the Corporate Treasurer, by virtue of office, was to be a member of the Audit Committee of the Board. 3-Established the Faith Community Advisory Group

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, line 10		The accounting department prepares the Form 990. The CFO and an external accounting firm review the return before filing. The return is filed, and a complete copy of the 990 is provided to the President/CEO and a copy made available to the current board members of the parent company. Then highlights of the return, including key disclosures, are presented at a meeting of the Board of Trustees.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 12c		THE POLICY COVERS ANY PERSON IN A POSITION TO EXERCISE SUBSTANTIAL INFLUENCE OVER THE CORPORATION IN THE 5-YEAR PERIOD ENDING ON THE DATE THE PROPOSED CONTRACT, TRANSACTION OR ARRANGEMENT IS FORMALLY PRESENTED TO THE BOARD FOR APPROVAL. IN ADDITION, THE POLICY INCLUDES, BUT IS NOT LIMITED TO, ANY DIRECTOR, TRUSTEE, OFFICER, MEMBER OF A COMMITTEE WITH BOARD-DELEGATED POWERS, AND ANY OTHER INDIVIDUAL DETERMINED BY THE BOARD TO BE AN INTERESTED PERSON. ALL COVERED INDIVIDUALS MUST DISCLOSE POTENTIAL CONFLICTS TO THE CHAIRMAN OF THE BOARD OF MERITCARE HEALTH SYSTEM. THE BOARD OF TRUSTEES REVIEW AND DETERMINE WHETHER A CONFLICT EXISTS. THE BOARD MAY REQUIRE THE INDIVIDUAL WITH THE CONFLICT TO LEAVE THE ROOM WHILE THE TRANSACTION OR ARRANGEMENT IS DISCUSSED. THE INDIVIDUAL MUST LEAVE THE ROOM WHILE THE MATTER IS VOTED ON.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section B, line 15		The compensation plan at MeritCare Health System and affiliates is designed to provide salaries that are market competitive, benefits that promote the health and well-being of its workforce, and incentives that recognize exceptional performance in support of MeritCare's mission and goals. The organization uses an external consultant to provide advice on the external and internal competitiveness of our salary and benefits. The compensation plan is compared to other integrated delivery systems and other health care organization similar in size and complexity to MeritCare on a national basis. For corporate officers, the Executive Committee of the Board reviews the independent information and salaries paid. Individual salaries reflect related education and experience as well as performance to assure amounts paid are reasonable. The last year this process was undertaken was 2009.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section C, line 19		Although the organization does not maintain a website where the public can access these documents, it would respond individually to any requests or inquiries from the public for these documents.

Identifier	Return Reference	Explanation
FORM 990, PART III Continuation		The main components of community benefit delivered by MeritCare are: Cost of Charity Care \$ 6,114,858 Unpaid cost of Medicare 16,853,652 Unpaid cost of Medicaid 24,245,824 Uncompensated cost of providing low or negative margin services 5,455,407 Cost of community benefit activities 13,046,998 Total community benefit \$65,716,739 In addition to its own charitable work, MeritCare Health System makes grants to other charities and community organizations to improve quality of life in its community and to broaden the impact of its community benefit activities. Details of grants made are listed in Part IX, Line 1 and the detail statement attached. MeritCare reaches out to people and communities throughout eastern North Dakota and northwestern Minnesota through Community Connections. This program regularly identifies and implements projects specifically intended to make life better in the communities MeritCare serves. Examples include youth mentors, parish nursing and a free education program for people with chronic conditions. Partnerships with schools, churches and other organizations make many of these programs possible.

Identifier	Return Reference	Explanation
Form 990, Part VI, Section A, Line 1		The Executive Committee consists of the Chairperson, Vice-Chairperson, Past Chairperson when available, Corporation President, Corporation Secretary, Corporation Treasurer and one other Trustee selected by the Board Chair and ratified by the full Board. The Executive Committee has the power to transact the business of the Corporation during the interim between meetings of the full Board, provided that any action taken shall not conflict with the policies and expressed wishes of the Board of Trustees.

Identifier	Return Reference	Explanation
Form 990, Part VII, Column (B)		The officers and key employees serve MeritCare Health System and its related entities a total of 40 hours per week, which includes hours reported in Part VII. The following directors serve MeritCare Health System and its related entities a total of 40 hours per week, which includes hours reported in Part VII - Dr. Roxanne Newman, Dr. Kushal Handa, Dr. Terrence Grimm, Dr. Mark Paulson, Dr. David Wilcox, and Dr. David Glatt. All other directors serve MeritCare Health System and its related entities a total of 2 hours per week, which includes hours reported in Part VII.

Identifier	Return Reference	Explanation
Schedule A, Line 11h, Column (iv)		THE SUPPORTED ORGANIZATIONS ARE NOT SPECIFIED BY NAME IN THE GOVERNING DOCUMENTS, BUT RATHER BY CLASS.

**SCHEDULE R
(Form 990)**

Related Organizations and Unrelated Partnerships

OMB No 1545-0047

2008

Open to Public Inspection

▶ **Attach to Form 990. To be completed by organizations that answer "Yes" to Form 990, Part IV, lines 33, 34, 35, 36, or 37.**
▶ **See separate instructions.**

Department of the Treasury
Internal Revenue Service

Name of the organization
MERITCARE HEALTH SYSTEM

Employer identification number

45-0385890

Part I Identification of Disregarded Entities

(A) Name, address, and EIN of disregarded entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Total income	(E) End-of-year assets	(F) Direct controlling entity
MERITCARE AUXILIARY PO BOX MC FARGO, ND 58122 45-0276524	RETAIL SALES	ND	327,956	454,014	N/A
HEALTHCARE ACCESSORIES LLC 3223 32ND AVENUE SW FARGO, ND 58103 20-2404179	SALES OF DURABLE MEDICAL EQUIPMENT	ND	11,104,501	8,990,319	N/A
MentCare Medical Solutions LLC PO BOX MC Fargo, ND 58122 20-5236701	RETAIL ENTERPRISES	ND	152,631	64,697	N/A

Part II 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
See Additional Data Table					

Part III Identification of Related Organizations Taxable as a Partnership

(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, investment, unrelated)	(F) Share of total income	(G) Share of end-of-year assets	(H) Disproportionate allocations?		(I) Code V—UBI amount on Box 20 of K-1	(J) General or managing partner?	
							Yes	No		Yes	No
EAST OTTERTAIL PHARMACY 665 3RD ST SW PERHAM, MN56573 41-1568409	SALES OF PRESCRIPTION DRUGS	MN	MERITCARE HEALTH ENTERPRISES INC	RELATED	85,965	498,990		No			No

Part IV 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
HEALTHCARE ENVIRONMENTAL SERVICES INC 1420 40TH ST NW FARGO, ND58102 45-0336598	LAUNDRY & INCINERATION SERVICES	ND		C	3,792,964	2,479,215	100 000 %

Part V Transactions with Related Organizations

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

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

- a** Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to other organization(s)
- c** Gift, grant, or capital contribution from other organization(s)
- d** Loans or loan guarantees to or for other organization(s)
- e** Loans or loan guarantees by other organization(s)

- f** Sale of assets to other organization(s)
- g** Purchase of assets from other organization(s)
- h** Exchange of assets
- i** Lease of facilities, equipment, or other assets to other organization(s)

- j** Lease of facilities, equipment, or other assets from other organization(s)
- k** Performance of services or membership or fundraising solicitations for other organization(s)
- l** Performance of services or membership or fundraising solicitations by other organization(s)
- m** Sharing of facilities, equipment, mailing lists, or other assets
- n** Sharing of paid employees

- o** Reimbursement paid to other organization for expenses
- p** Reimbursement paid by other organization for expenses

- q** Other transfer of cash or property to other organization(s)
- r** Other transfer of cash or property from other organization(s)

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

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(s)	(B) Transaction type(a-r)	(C) Amount Involved
(1)			
See Additional Data Table			
(2)			
(3)			
(4)			
(5)			
(6)			

Software ID:
Software Version:
EIN: 45-0385890
Name: MERITCARE HEALTH SYSTEM

Form 990, Schedule R, Part II - 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 501(c)(3))	(F) Direct Controlling Entity
MERITCARE HOSPITAL PO BOX MC FARGO, ND58122 45-0226909	Hospital	ND	501(C)(3)	3	
MERITCARE MEDICAL GROUP PO BOX MC FARGO, ND58122 91-1770748	Clinical Services	ND	501(C)(3)	9	
MERITCARE HEALTH ENTERPRISES INC PO BOX MC FARGO, ND58122 45-0359785	SALES OF PRESCRIPTION DRUGS TO PATIENTS OF RELATED ENTITIES	ND	501(C)(4)		
HEALTH VENTURES INC PO BOX MC FARGO, ND58122 45-0409348	CHILD CARE	ND	501(C)(3)	11B	
F-M AMBULANCE SERVICE INC 2215 18TH ST S FARGO, ND58103 45-0344371	EMERGENCY MEDICAL TRANSPORT SERVICES	ND	501(C)(4)		
MERITCARE FOUNDATION PO BOX MC FARGO, ND58122 45-0398104	SUPPORT OF RELATED ENTITIES	ND	501(C)(3)	7	
NORTHWEST MEDICAL CENTER 120 LABREE AVE S THIEF RIVER FALLS, MN567010531 41-0709579	Hospital	MN	501(C)(3)	3	
AGASSIZ ASSURANCE COMPANY 100 BANK STREET BURLINGTON, VT05401 74-3121855	CAPTIVE INSURANCE COMPANY	VT	501(C)(3)	11B	
MERITCARE MINNESOTA 1720 SOUTH HIGHWAY 59 THIEF RIVER FALLS, MN56701 26-1530302	PROMOTION OF HEALTH	MN	501(C)(3)	3	

Form 990, Schedule R, Part V - Transactions with Related Organizations

	(A) Name of other organization	(B) Transaction type(a-r)	(C) Amount Involved (\$)
(1)	HEALTHCARE ENVIRONMENTAL SERVICES INC	A	17,600
(2)	F-M AMBULANCE SERVICE INC	K	7,300
(3)	HEALTHCARE ENVIRONMENTAL SERVICES INC	K	113,910
(4)	HEALTH VENTURES INC	K	35,900
(5)	MERITCARE HEALTH ENTERPRISES INC	K	8,600
(6)	MERITCARE HOSPITAL	K	47,462,700
(7)	MERITCARE MEDICAL GROUP	K	41,194,500
(8)	NORTHWEST MEDICAL CENTER	K	523,900
(9)	MERITCARE FOUNDATION	L	24,000
(10)	HEALTHCARE ENVIRONMENTAL SERVICES INC	L	1,704,600
(11)	HEALTHCARE ENVIRONMENTAL SERVICES INC	M	1,110
(12)	MERITCARE HOSPITAL	M	3,210,600
(13)	MERITCARE MEDICAL GROUP	M	345,300
(14)	MeriTCARE FOUNDATION	C	79,820