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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)

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

OMB No 1545-0047

2009

Open to Public Inspection

A For the 2009 calendar year, or tax year beginning 07-01-2009 and ending 06-30-2010

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

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

C Name of organization
Bayhealth Medical Center Inc

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
640 South State Street

City or town, state or country, and ZIP + 4
Dover, DE 19901

D Employer identification number
51-0064318

E Telephone number
(302) 744-7162

G Gross receipts $ 1,796,424,931

F Name and address of principal officer

H(a) Is this a group return for affiliates? ☐ Yes ☑ No

H(b) Are all affiliates included? ☐ Yes ☑ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c) (3) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ N/A

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1943 | **M** State of legal domicile DE

Part I Summary

Activities & Governance

1 Briefly describe the organization's mission or most significant activities
To improve the health status of all members of the surrounding communities To provide hospital patient care, including necessary services to medically indigent patients

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	9
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	3
5	Total number of employees (Part V, line 2a)	5	3,214
6	Total number of volunteers (estimate if necessary)	6	350
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	42,670
b	Net unrelated business taxable income from Form 990-T, line 34	7b	

		Prior Year	Current Year
Revenue	8 Contributions and grants (Part VIII, line 1h)	992,932	1,228,033
	9 Program service revenue (Part VIII, line 2g)	374,975,040	409,919,538
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-10,969,211	6,066,899
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,430,292	1,308,930
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	366,429,053	418,523,400
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1–3)		0
	14 Benefits paid to or for members (Part IX, column (A), line 4)		0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	189,345,996	200,011,266
	16a Professional fundraising fees (Part IX, column (A), line 11e)		0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	164,512,218	178,024,335
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	353,858,214	378,035,601
	19 Revenue less expenses Subtract line 18 from line 12	12,570,839	40,487,799

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	470,153,476	669,142,593
	21 Total liabilities (Part X, line 26)	193,825,084	359,971,231
	22 Net assets or fund balances Subtract line 21 from line 20	276,328,392	309,171,362

Part II Signature Block

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

Sign Here

****** | 2011-05-13
Signature of officer | Date

Earl P Tanis CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-empolyed ▶☐	Preparer's identifying number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶			EIN ▶
			Phone no ▶

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

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission

To improve the health status of all members of the surrounding communities To provide hospital patient care, including necessary services to medically indigent patients

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 501(c)(4) organizations and section 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 271,890,922 including grants of $) (Revenue $ 409,919,538)

Bayhealth Medical Center, Inc provides a full range of patient care, emergency services, and wellness services Bayhealth Medical Center is comprised of a total of 389 beds in two acute-care hospitals, Kent General Hospital in Dover and Milford Memorial Hospital It also has outpatient sites throughout the service area Both hospitals have Level III trauma centers They provide a full range of surgical and medical care, radiation and medical oncology and chemotherapy, infusion therapy, cardiovascular services, endovascular surgery, electrophysiology, ambulatory surgery, wound care, perinatology services, and a Level II NICU and PICU During fiscal year 2010, Bayhealth recorded over 78,000 Emergency Room visits, 2,360 births, 17,918 patients admitted, and 367,955 outpatient visits Bayhealth has affiliations with the University of Pennsylvania's Penn Health in cardiology, oncology, and orthopedics It provides Physician/Medical clinical rotations, housing, and meals for interns and residents from surrounding states In FY 2010, it also hosted 1600 local students from vocational schools, community colleges and universities for Nursing/Other Health Professions clinical rotations Because the area is deemed to be medically underserved, with a shortage of health professionals, Bayhealth actively recruits physicians to the area In addition, it runs 10 physicians' practices in Central and Southern Delaware Bayhealth has an active education program, including health-related classes, support groups, free public screenings, free speakers for community groups, and representation at community events Bayhealth Medical Center, Inc provides care to all patients regardless of the ability to pay

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 271,890,922

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4		No
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? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		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? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		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? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	Is the organization's answer to any of the following questions "Yes"? *If so,complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.*	11	Yes	
	• Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*			
	• Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*			
	• Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*			
	• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*			
	• Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*			
	• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? *If "Yes," complete Schedule D, Part X.*			
12	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12	Yes	
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? **Yes** / **No**			
	If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional **12A** No			
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		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 United States? *If "Yes," complete Schedule F, Part I*	14b		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 U S ? *If "Yes," complete Schedule F, Part II*	15		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 U S ? *If "Yes," complete Schedule F, Part III*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**		No
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	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? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
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?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
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? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		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? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**		No
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096, *Annual Summary and Transmittal of U.S. Information Returns. Enter -0-* if not applicable	1a	291		
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?	1c			No
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	3,214		
b	If at least one is reported on line 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 (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*	3b		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)?	4a			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?	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	5c			No
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			No
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			No
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d	0		
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f			No
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?	7g			No
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?	7h			No
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			No
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			No
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			No
10	**Section 501(c)(7) organizations.** 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	**Section 501(c)(12) organizations.** 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	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			No
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			

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

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body . .	1a 9		
b	Enter the number of voting members that are independent . .	1b 3		
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?	2		No
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? . .	3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets? . .	5		No
6	Does the organization have members or stockholders?	6		No
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a		No
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	The governing body?	8a	Yes	
b	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

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

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 ▶

Earl P Tanis
640 S State Street
Dover, DE 19901
(302) 744-7162

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

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

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

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

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

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

(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			
See add'l data										

1b Total . . . . . ▶	6,865,400		1,006,107

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶166

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization

(A) Name and business address	(B) Description of services	(C) Compensation
Rehabcare Group Inc 7733 Forsyth Blvd Suite 2300 St Louis, MO 63105	Therapy -- PT & OT	2,795,138
Bayhealth Hospitalist 131 Continental Drive Suite 200 Newark, DE 19713	Hospitalists	1,144,325
Bay Anesthesia Group LLC 640 South State Street Dover, DE 19901	Anesthesiologists	2,826,433
Aramark Services Inc PO Box 8018 Philadelphia, PA 191018018	Food Svc & Environ	3,391,603
Aramark Cts Inc 10510 Twin Lakes Parkway Charlotte, NC 282697658	Clinical Engineering	1,886,595
2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶184		

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	463,387			
	e	Government grants (contributions)	1e	731,215			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	33,431			
	g	Noncash contributions included in lines 1a-1f $ 463,387					
	h	**Total.** Add lines 1a-1f		1,228,033			
Program Service Revenue			Business Code				
	2a	Premier Ptnr K-1	541,900	973,281	973,281		
	b	Patient Charges, Net	900,099	404,652,346	404,652,346		
	c	Outpatient Pharmacy Gross	900,099	2,551,054			2,551,054
	d	Misc Program Income	900,099	829,477	829,477		
	e	Gift/Sandwich Shop Gross	900,099	943,724			943,724
	f	All other program service revenue		-30,344	-73,014	42,670	
	g	**Total.** Add lines 2a–2f		409,919,538			
	3	Investment income (including dividends, interest and other similar amounts)		6,782,613			6,782,613
	4	Income from investment of tax-exempt bond proceeds		0			
	5	Royalties		0			
			(i) Real	(ii) Personal			
	6a	Gross Rents	754,842				
	b	Less rental expenses					
	c	Rental income or (loss)	754,842				
	d	Net rental income or (loss)			754,842		754,842
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	1,377,185,817				
	b	Less cost or other basis and sales expenses	1,377,899,186	2,345			
	c	Gain or (loss)	-713,369	-2,345			
	d	Net gain or (loss)			-715,714		-715,714
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from fundraising events			0		
	9a	Gross income from gaming activities See Part IV, line 19	a				
	b	Less direct expenses	b				
	c	Net income or (loss) from gaming activities			0		
	10a	Gross sales of inventory, less returns and allowances	a				
	b	Less cost of goods sold	b				
	c	Net income or (loss) from sales of inventory			0		
		Miscellaneous Revenue	Business Code				
	11a	Childcare Revenue	624,410	554,088			554,088
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d		554,088			
	12	**Total revenue.** See Instructions		418,523,400	406,382,090	42,670	10,870,607

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	0			
2	Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	2,476,522		2,476,522	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	1,729,103		1,729,103	
7	Other salaries and wages	148,963,287	103,967,040	44,996,247	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	9,049,909	6,316,269	2,733,640	
9	Other employee benefits	27,571,308	19,243,045	8,328,263	
10	Payroll taxes	10,221,137	7,133,713	3,087,424	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	863,788		863,788	
c	Accounting	263,670		263,670	
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17*	0			
f	Investment management fees	0			
g	Other	0			
12	Advertising and promotion	685,653	685,653		
13	Office expenses	839,189	585,701	253,488	
14	Information technology	0			
15	Royalties	0			
16	Occupancy	8,719,369	6,085,573	2,633,796	
17	Travel	623,292	435,019	188,273	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	0			
20	Interest	5,090,496	5,090,496		
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	18,774,526	13,103,443	5,671,083	
23	Insurance	4,131,344	2,883,419	1,247,925	
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	Repairs & Maintenance, Equipme	9,971,546	6,959,514	3,012,032	
b	Rental of Equipment	1,836,133	1,281,506	554,627	
c	Provision for Bad Debt	33,322,302	33,322,302		
d	Other Purchased Services	17,371,911	12,124,505	5,247,406	
e	Departmental Supplies	66,667,637	46,529,833	20,137,804	
f	All other expenses	8,863,479	6,143,891	2,719,588	
25	**Total functional expenses.** Add lines 1 through 24f	378,035,601	271,890,922	106,144,679	0
26	**Joint costs.** Check here ▶ ☐ 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) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing			1	0
	2	Savings and temporary cash investments		20,484,564	2	6,270,081
	3	Pledges and grants receivable, net			3	0
	4	Accounts receivable, net		38,494,350	4	44,087,071
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	0
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	0
	7	Notes and loans receivable, net			7	0
	8	Inventories for sale or use		4,927,439	8	5,117,026
	9	Prepaid expenses and deferred charges		9,011,678	9	9,349,025
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 364,707,756			
	b	Less accumulated depreciation	10b 152,003,448	177,340,782	10c	212,704,308
	11	Investments—publicly traded securities		207,625,121	11	379,097,763
	12	Investments—other securities See Part IV, line 11			12	0
	13	Investments—program-related See Part IV, line 11			13	0
	14	Intangible assets			14	0
	15	Other assets See Part IV, line 11		12,269,542	15	12,517,319
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		470,153,476	16	669,142,593
Liabilities	17	Accounts payable and accrued expenses		53,818,657	17	74,753,891
	18	Grants payable			18	
	19	Deferred revenue		2,937,805	19	1,762,681
	20	Tax-exempt bond liabilities		92,987,870	20	210,610,312
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		238,584	23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		43,842,168	25	72,844,347
	26	**Total liabilities.** Add lines 17 through 25		193,825,084	26	359,971,231
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		267,179,225	27	299,310,457
	28	Temporarily restricted net assets		4,118,074	28	4,462,103
	29	Permanently restricted net assets		5,031,093	29	5,398,802
		Organizations that do not follow SFAS 117, check here ▶ ☐ 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		276,328,392	33	309,171,362
	34	Total liabilities and net assets/fund balances		470,153,476	34	669,142,593

Part XI Financial Statements and Reporting

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Bayhealth Medical Center Inc

Employer identification number
51-0064318

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

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

1 ☐ A church, convention of churches, or association of churches **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state

_____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 331/3% 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 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Other

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

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

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

	Yes	No
(i) a person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the the supported organization? **11g(i)**		
(ii) a family member of a person described in (i) above? **11g(ii)**		
(iii) a 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

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

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see instructions))	(iv) Is the organization in col (i) listed in your governing document? Yes	(iv) No	(v) Did you notify the organization in col (i) of your support? Yes	(v) No	(vi) Is the organization in col (i) organized in the U S ? Yes	(vi) No	(vii) Amount of support?
Total									

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.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(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 (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
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** ▶☐

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2009 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2008 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2009.** 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 ▶☐

b **33 1/3% support test—2008.** 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 ▶☐

17a **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2008.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private Foundation** If the organization did not check a box on line 13, 16a, 16b, 17a or 17b, check this box and see instructions ▶☐

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) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

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

Section C. Computation of Public Support Percentage

15	Public Support Percentage for 2009 (line 8 column (f) divided by line 13 column (f))	15
16	Public support percentage from 2008 Schedule A, Part III, line 15	16

Section D. Computation of Investment Income Percentage

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

19a **33 1/3% support tests—2009.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶

b **33 1/3% support tests—2008.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶

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

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

Additional Data

Software ID:
Software Version:
EIN: 51-0064318
Name: Bayhealth Medical Center Inc

Form 990, Part VII - Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

(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			
Wendy Brown Secretary	40 00	X		X				52,272	0	42,291
Terry V Feinour Sr VP/Director	40 00	X			X			289,881	0	191,776
Terry Murphy Pres-CEO/Ex Off	40 00	X		X				522,766	0	31,949
Rishi Sawhney MD Physician	40 00					X		414,273	0	31,507
Ralph Caccese MD Ex Officio Dire	1 00	X						0	0	0
Mary Jane McClements MD Ex Officio Dire	1 00	X						0	0	0
Jon C McDowell VP for Human Resources	40 00				X			220,683	0	53,872
John D Mannion MD Physician	40 00					X		857,111	0	31,949
Iftekhar A Khan MD Physician	40 00					X		448,164	0	31,949
Harjinder S Grewal MD Ex Officio/MEC	1 00	X						0	0	0
Gerald L White former Director	0						X	214,243	0	175,188
Gary Siegelman MD CMO/Ex Officio	40 00	X			X			453,156	0	37,578
Gary Shaw VP Operations--Northern Region	40 00				X			238,439	0	14,486
Garrett Colmorgen MD Physician	40 00					X		512,154	0	27,127
Earl P Tanis CFO/Ex Officio	40 00	X		X				427,250	0	100,669
Dennis J Klima former Director	0						X	1,189,767	0	149,905
Deborah Watson VP Operations--Southern Region	40 00				X			262,406	0	29,192
Daniel Marelli MD Physician	0					X		463,028	0	29,542
Bonnie Perratto Dir of Nurs/ExO	40 00	X			X			299,807	0	27,127

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
Premier Ptnr K-1	541,900	973,281	973,281		
Patient Charges, Net	900,099	404,652,346	404,652,346		
Outpatient Pharmacy Gross	900,099	2,551,054			2,551,054
Misc Program Income	900,099	829,477	829,477		
Gift/Sandwich Shop Gross	900,099	943,724			943,724

Form 990, Part IX - Statement of Functional Expenses - 24a - 24e Other Expenses

Do not include amounts reported on line 6b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
Repairs & Maintenance, Equipme	9,971,546	6,959,514	3,012,032	
Rental of Equipment	1,836,133	1,281,506	554,627	
Provision for Bad Debt	33,322,302	33,322,302		
Other Purchased Services	17,371,911	12,124,505	5,247,406	
Departmental Supplies	66,667,637	46,529,833	20,137,804	

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Bayhealth Medical Center Inc

Employer identification number
51-0064318

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

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

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds may be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

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

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

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06	2d

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

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

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

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

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

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)? ☐ Yes ☐ No

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

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

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

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

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

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

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	5,031,093	6,051,419			
b Contributions					
c Investment earnings or losses	367,709	-1,020,326			
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance	5,398,802	5,031,093			

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ **100.000 %**
- 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)		No
(ii) related organizations	3a(ii)		No
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		No

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) Accumulated depreciation	(d) Book value
1a Land		10,735,909		10,735,909
b Buildings		128,487,648	37,752,688	90,734,960
c Leasehold improvements		3,101,929	2,285,652	816,277
d Equipment		24,442,601	20,268,242	4,174,359
e Other		197,939,669	91,696,866	106,242,803
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				212,704,308

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		
Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

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

(a) Description of investment type	(b) Book value	(c) Method of valuation Cost or end-of-year market value
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
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
Rounding	1
Fair Value of Interest Rate Swap	3,382,994
Estimated Workers' Comp Cost, Long-Term	4,186,000
Estimated Professional Liability, Long-T	13,210,767
Asset Retirement Obligation	2,538,633
Accrued Post-Retirement benefit	49,525,952
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	72,844,347

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

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	418,523,400
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	378,035,601
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	40,487,799
4	Net unrealized gains (losses) on investments	4	14,298,552
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-21,943,381
9	Total adjustments (net) Add lines 4 - 8	9	-7,644,829
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	32,842,970

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	430,819,571
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	14,298,552		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	-1,055,079		
e	Add lines **2a** through **2d**			2e	13,243,473
3	Subtract line **2e** from line **1**			3	417,576,098
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	947,302		
c	Add lines **4a** and **4b**			4c	947,302
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	418,523,400

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

1	Total expenses and losses per audited financial statements			1	377,088,299
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	377,088,299
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	947,302		
c	Add lines **4a** and **4b**			4c	947,302
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	378,035,601

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Part X	Part X FIN48 Footnote	The [Bayhealth] Medical Center is a Delaware nonprofit corporation and is exempt from federal income taxes pursuant to Section 501(c)(3) of the Internal Revenue Code The Medical Center follows the accounting guidance for uncertainties in income tax positions which requires that a tax position be recognized or derecognized based on a "more likely than not" threshold This applies to positions taken or expected to be taken in a tax return The Medical Center does not believe its financial statements include any material uncertain tax positions
Part XIII, Line 4b	Part XIII, Line 4b Other revenue amounts included on 990 but not included in F/S	Reclass Premier Purchasing K-1 income $973281 Reclass K-1 Loss $-73014 Reclass K-1 UBIT $42670 Reclass Interest & Dividends from K-1 $4393 Reclass Capital gains per K-1 $-28
Part XII, Line 4b	Part XII, Line 4b Other revenue amounts included on 990 but not included in F/S	Reclass Ord Income, K-1 Premier $973281 Reclass K-1 Loss Dover Surgicenter $-73014 Reclass K-1 UBTI Income $42670 Reclass K-1 Interest & Dividends $4393 Reclass K-1 Capital Gain $-28
Part XI, Line 8	Part XI, Line 8 Other Changes in Net Assets or Fund Balances	Increase in beneficial interest of BH Foundation $86426 Other $257603 Change in Permanently Restricted Net Assets $367709 Change-Fair Value of Interest Rate swap $ -834544 Change in beneficial interest in BHF $ -203246 Transfers to Affiliate $ -372080 Change in benefit obligations $ -21245245 Rounding $ -4
Part V, Line 4	Part V, Line 4 Intended uses of the endowment fund	The Endowment Funds are to be held in perpetuity The investment income from the funds is not restricted

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Bayhealth Medical Center Inc

Employer identification number
51-0064318

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Does the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care ☑ 100% ☐ 150% ☐ 200% ☐ Other _____	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☑ 200% ☐ 250% ☐ 300% ☐ 350% ☐ 400% ☐ Other _____	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Does the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Does the organization budget amounts for free or discounted care provided under its charity care policy?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b	Yes	
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		No
6a	Does the organization prepare an annual community benefit report?	6a	Yes	
6b	If "Yes," does the organization make it available to the public?	6b		No
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheets 1 and 2)			2,058,727		2,058,727	0 540 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			55,663,307	59,926,399	-4,263,092	
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)						
d **Total** Charity Care and Means-Tested Government Programs			57,722,034	59,926,399	-2,204,365	
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			197,957		197,957	0 050 %
f Health professions education (from Worksheet 5)			880,283		880,283	0 230 %
g Subsidized health services (from Worksheet 6)			8,218,406		8,218,406	2 170 %
h Research (from Worksheet 7)			384		384	
i Cash and in-kind contributions to community groups (from Worksheet 8)			1,570,707		1,570,707	0 420 %
j **Total** Other Benefits			10,867,737		10,867,737	2 870 %
k **Total.** Add lines 7d and 7j			68,589,771	59,926,399	8,663,372	2 290 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development			16,071		16,071	
3	Community support			5,575		5,575	
4	Environmental improvements						
5	Leadership development and training for community members			17,253		17,253	
6	Coalition building			16,706		16,706	
7	Community health improvement advocacy						
8	Workforce development			1,407,915		1,407,915	0 370 %
9	Other						
10	**Total**			1,463,520		1,463,520	0 390 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	13,627,314		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including other bad debt amounts in community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	129,835,695		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	148,194,843		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-18,359,148		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Does the organization have a written debt collection policy?	9a	Yes		
9b	If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance? Describe in Part VI	9b	Yes		

Part IV Management Companies and Joint Ventures

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership%	(e) Physicians' profit % or stock ownership %
1	Dover Surgicenter LLC	Outpatient Surgery Center	39 000 %		61 000 %
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					

Part V Facility Information

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
See Additional Data Table									

Part VI Supplemental Information

Complete this part to provide the following information

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

See additional data

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves

Bayhealth Medical Center does service-specific needs assessments periodically by using patient surveys Bayhealth also surveys other not-for-profits, health organizations, attendees at classes, support groups and screenings to assess the strengths and weaknesses of the programs that Bayhealth offers Bayhealth has on-going communications with the State of Delaware and with national not-for-profit health organizations Plans for a new full-scale needs assessment are underway

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's charity care policy

See additional data

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

See additional data

5 **Community building activities.** Describe how the organization's community building activities, as reported in Part II, promote the health of the communities the organization serves

Because all of Kent and Sussex counties are designated as medically underserved, Bayhealth has invested heavily in recruiting primary care and certain specialty physicians To encourage physicians to relocate to its service area, Bayhealth has formed 10 wholly-owned group practices, employing more than a dozen physicians Due to the shortage of physicians and as a recruitment tool, a Hospitalist program was also established Bayhealth staff members serve on various professional, educational and community boards throughout Delaware

6 Provide any other information important to describing how the organization's hospitals or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

See additional data

7 If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communites served

Bayhealth Medical Center is a member of the University of Pennsylvania Cancer Network, University of Pennsylvania Health System's Penn Cardiac Care, and Penn Orthopaedics of Penn Medicine These memberships provide direct access to the latest medical research, clinical trials, and specialty care

8 If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Additional Data

Software ID:
Software Version:
EIN: 51-0064318
Name: Bayhealth Medical Center Inc

Form 990 Schedule H, Part V - Facility Information

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
Dover Surgicenter LLC 100 Scull Terrace Dover, DE 19901									Ambulatory Surgery Center (LLC Partner)
Bayhealth ENT Dover 826 S Governors Ave Dover, DE 19901									Outpatient Physician Clinic
Bayhealth Endocrinology Milfor 113 Neurology Way Milford, DE 19963									Outpatient Physician Clinic
Bayhealth Family Practice Dove 200 Banning St Suite 150 Dover, DE 19904									Outpatient Physician Clinic
Bayhealth ENT of Georgetown 20930 Dupont Blvd Suite 202 Georgetown, DE 19947									Outpatient Physician Clinic
BH Medical Assoc of Harrington 205 Shaw Ave Harrington, DE 19952									Outpatient Physician Clinic
BH Plastic & Aesthetic Surgery 34446-2 King Street Row Lewes, DE 19958									Outpatient Physician Clinic
Bayhealth Medical Assoc Milton 630 Mulberry Street Milton, DE 19968									Outpatient Physician Clinic
BH Maternal Fetal Medicine 640 South State Street Dover, DE 19901									Outpatient Physician Clinic
Bayhealth Medical Ass Milford 305 Jefferson Ave Milford, DE 19963									Outpatient Physician Clinic
Bayhealth Womens Care Assoc 517 South Dupont Hwy Milford, DE 19963									Outpatient Physician Clinic
Bayhealth Outpatient Rehab Ctr 560 S Governors Ave Dover, DE 19901									Outpatient Services Center
Wellness Center at Woodbridge 307 Laws St Bridgeville, DE 19933									School-Based Wellness Center
Wellness Ctr at Smyrna High Sc 500 Duck Creek Parkway Smyrna, DE 19977									School-Based Wellness Center
Wellness Ctr at Milford High S 1019 N Walnut St Milford, DE 19963									School-Based Wellness Center
Wellness Ctr at Caesar Rodney 239 Old North Road Camden, DE 19934									School-Based Wellness Center
Smyrna-Clayton Professional Ct 401 N Carter Road Smyrna, DE 19977									Outpatient Services Center
Womens Center at Milford 200 Kings Hwy Suite 3 Milford, DE 19963									Outpatient Services Center
Cancer Center at Dover 793 South Queen St Dover, DE 19904									Radiation Oncology Outpatient Center
Womens CtrHematologyImaging 540 S Governors Ave Dover, DE 19901									Outpatient Services Center
Milton Outpatient Center 632 Mulberry St Milton, DE 19968									Outpatient Services Center
Middletown Medical Center 209 E Main St Middletown, DE 19709									Outpatient Services Center
Harrington Outpatient Center 201 Shaw Ave Harrington, DE 19952									Outpatient Services Center
Milford Outpatient Imaging 1020 Mattlind Way Milford, DE 19963									Outpatient Diagnostic Center
Eden Hill Outpatient Imaging C 200 Banning St Suite 140 Dover, DE 19808									Outpatient Diagnostic Center
Milford Memorial Hospital 21 West Clarke Ave Milford, DE 19963	X	X					X		
Kent General Hospital 640 South State Street Dover, DE 19901	X	X					X		

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

The Medical Center provides its community benefit information to the Delaware Healthcare Association, Inc for use in a state-wide Community Benefit report

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

A variety of methods were used in order to obtain the most accurate results Medicare costs were calculated using the data from the Medicare Cost Report, and its Ratio of Cost to Charges The RCC was also applied to Bad Debt after allowable Medicare Bad Debt was excluded Other data was determined to be most accurate when pulled from a cost accounting system

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Bayhealth has established a number of physicians' offices in order to provide necessary medical care in underserved areas The physicians and the staffs are all Bayhealth employees The practices frequently operate at a loss, especially in the early years Adjustments have been made for Medicaid revenue and for Bad Debt, reported elsewhere on this form

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Bad debt reported elsewhere on Form 990, but subtracted for purposes of calculating the Medicare ratio of costs to charges (RCC) is $33,320,749 The Provision for Bad Debt is the result of an estimate by management It is reviewed frequently in the light of historical and expected collections, and is based on the historical percentage collected in each category

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

The Medical Center provides an allowance for doubtful accounts for estimated losses resulting from the unwillingness or inability of patients to make payments for services The allowance is determined by analyzing specific accounts and historical data and trends Patient accounts receivable are charged off against the allowance for doubtful accounts when management determines that recovery is unlikely and the Medical Center ceases collection efforts

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Costs were derived from the Medicare Cost Report Bayhealth provides services to a rapidly increasing number of low-income Medicare recipients as part of its mission to care for the entire community The Medicare losses sustained at these hospitals are a result of Medicare reimbursing at less than operating costs The IRS community benefit standard for hospitals indicates that if a hospital serves patients covered by governmental health benefits (including Medicare), it is promoting the health of the community Therefore, the Schedule H should permit Medicare losses to be counted as a community benefit Net revenue from the Medicare program accounted for approximately 29% of Bayhealth's net patient revenue for the year ended June 30, 2010

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Bayhealth Medical Center does not pursue collection of amounts determined to qualify for charity care

Form 990 Schedule H, Part VI - Supplemental Information, Line 1

Dover Surgicenter, LLC is licensed by the State, and would qualify as a "general medical and surgical" facility except that it provides services only on an outpatient, rather than an inpatient, basis Bayhealth Medical Center is a limited partner

Form 990 Schedule H, Part VI - Supplemental Information, Line 3

All patients or family members who inquire about financial assistance are directed to the Financial Counselor Team of the Patient Access Department (Admissions) Self-pay patients are directed to PATHS, a service contracted by Bayhealth, that screens them for Medicaid and helps them with financial application papers Bayhealth's invoices state, "If you are not able to pay please contact our Billing Support Department to make suitable arrangements " The Patient Billing Guide is distributed by the Patient Finance and Admissions Departments The booklet describes types of bills, understanding your bill, privacy policy, collection policy, dispute resolution, payment methods, and has a glossary of financial and insurance terms The Billing Support / Self Pay / Financial Counselor Department's local telephone number and a direct toll-free telephone number is available by calling the main hospital telephone number and is also listed on brochures and on other informational material EMTALA and Patient Rights information is conspicuously placed for all patients and visitors to see

Form 990 Schedule H, Part VI - Supplemental Information, Line 4

Bayhealth Medical Center serves Kent and Sussex Counties and lower New Castle County The Bayhealth system is comprised to two acute care hospitals, Kent General in Dover and Milford Memorial in Milford with a total of 389 licensed beds The Medical Center also has outpatient sites throughout our service area In fiscal year 2010, Bayhealth recorded 78,600 visits to our Level III Emergency/Trauma Departments 18,000 patients were admitted to beds for an average 5-day stay The entire area is designated as "Medically Underserved Areas" and "Health Professional Shortage Areas" by the federal and state governments The population of Bayhealth's service area is growing rapidly because of an influx of retirees arriving from the higher cost-of-living areas in neighboring states, and because of retired military families attracted by the proximity of Dover Air Force Base Kent and Sussex counties also have a growing Spanish-speaking population Median household income in Delaware is $53,774 It is estimated that 12 3% of the total population of Delaware are living below the poverty line Teen pregnancy, school drop-out rates, infant mortality, and cancer rates are relatively high compared with national statistics

Form 990 Schedule H, Part VI - Supplemental Information, Line 6

Bayhealth is investing heavily in expanding and upgrading its facilities and equipment Kent General Hospital is currently in Phase II of a major building project, which will add a new and expanded Emergency Department and an integrated Cancer Center Plans are being developed for a new building for Milford Memorial Hospital Bayhealth's medical staff of over 400 physicians is open to any qualified physician in its service area Bayhealth hosts students doing residencies, internships and clinical studies and provides board and room for those who come from other states to participate in clinical rotations Bayhealth's education department offers free blood pressure, diabetes, and osteoporosis screenings They periodically offer free or low-cost mammograms, prostate, skin, and colorectal screenings to uninsured/underinsured individuals They also host a wide variety of monthly support groups at the two hospitals They offer health education classes in the community and at local schools Bayhealth provides staffing and partial subsidy for 4 high school wellness centers in Kent and Sussex counties, under an agreement with the State of Delaware To encourage interest in health-related careers, Bayhealth contributes to nearby colleges and universities by sponsoring events and donating equipment Bayhealth staff members give lectures and presentations, mentor healthcare students, and work as members of committees which develop healthcare curriculum Bayhealth also hosts and sponsors an Explorer Troop which focuses on medical careers Bayhealth Kent General Hospital supplies the operating rooms, medical supplies and health-related professional staff for a program called Voluntary Ambulatory Surgical Access Program (VASAP), which provides ambulatory surgical procedures for indigent patients The program is coordinated by a local Rotary International Club, and is supported by a group of local surgeons Bayhealth tries to impact the social and economic growth of our service areas by being an active member of the Kent Economic Partnership, the Downtown Dover Partnership, six Chambers of Commerce As representatives of Bayhealth, staff members are active in community Rotary Clubs and other service organizations

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees
▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 23.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Bayhealth Medical Center Inc

Employer identification number
51-0064318

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate 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 ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☐ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**		
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?	**2**		No
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 ☑ Compensation committee ☑ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☑ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured 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	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		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) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
Terry V Feinour	(i) (ii)	221,864	56,183	11,834	184,805	6,971	481,657	
Terry Murphy	(i) (ii)	382,315	137,899	2,552	14,700	17,249	554,715	
Rishi Sawhney MD	(i) (ii)	321,730	18,010	74,533	14,700	16,807	445,780	
Jon C McDowell	(i) (ii)	186,845	25,900	7,938	48,031	5,841	274,555	
John D Mannion MD	(i) (ii)	671,051	50,000	136,060	14,700	17,249	889,060	
Iftekhar A Khan MD	(i) (ii)	388,809	19,766	39,589	14,700	17,249	480,113	
Gerald L White	(i) (ii)	183,506	36,894	-6,157	152,310	22,878	389,431	
Gary Siegelman MD	(i) (ii)	393,765	59,065	326	14,700	22,878	490,734	
Gary Shaw	(i) (ii)	204,230	28,224	5,985	14,174	312	252,925	
Garrett Colmorgen MD	(i) (ii)	400,005	62,701	49,448	14,700	12,427	539,281	
Earl P Tanis	(i) (ii)	300,926	104,071	22,253	93,698	6,971	527,919	
Dennis J Klima	(i) (ii)	483,477	685,041	21,249	133,875	16,030	1,339,672	
Deborah Watson	(i) (ii)	227,938	33,750	718	14,350	14,842	291,598	
Daniel Marelli MD	(i) (ii)	441,358		21,670	14,700	14,842	492,570	
Bonnie Perratto	(i) (ii)	256,909	35,501	7,397	14,700	12,427	326,934	

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Sch J, Part I, Line 7	Part I, Line 7 Non-Fixed payments not listed above	In addition to base salary, certain employees were entitled to receive a performance bonus The exact amount of the bonus was determined by management based on whether and to what extent certain performance objectives were met

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Schedule O (Form 990).**
▶ **Attach to Form 990.** ▶ **See separate instructions.**

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Bayhealth Medical Center Inc

Employer identification number
51-0064318

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer	
							Yes	No	Yes	No
A	Delaware Health Facilities Authority		246388QA3	10-31-2009	37,865,000	Extinguish Ser 2003 & 2002 Bonds				
B	Delaware Health Facilities Authority		246388PZ9	10-31-2009	37,865,000	Extinguish Ser 2003 & 2002 Bonds				
C	Delaware Health Facilities Authority		246388xxx	10-31-2009	138,490,000	Construction Project				

Part II Proceeds

		A	B	C	D	E
1	Total proceeds of issue	37,789,270	37,745,725	136,526,503		
2	Gross proceeds in reserve funds					
3	Proceeds in refunding or defeasance escrows	37,475,081	37,431,536	18,320,647		
4	Other unspent proceeds	70,265,524		70,265,524		
5	Issuance costs from proceeds	314,189	314,189	611,817		
6	Working capital expenditures from proceeds					
7	Capital expenditures from proceeds	47,328,515		47,328,515		
8	Year of substantial completion	2012	2012			

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
9	Were the bonds issued as part of a current refunding issue?	X		X			X				
10	Were the bonds issued as part of an advance refunding issue?		X		X		X				
11	Has the final allocation of proceeds been made?	X		X		X					
12	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X		X					

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

NonCash Contributions

▶Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30.
▶ Attach to Form 990.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Bayhealth Medical Center Inc

Employer identification number
51-0064318

Part I Types of Property

	(a) Check if applicable	(b) Number of Contributions	(c) Revenues reported on Form 990, Part VIII, line 1g	(d) Method of determining revenues
1 Art—Works of art				
2 Art—Historical treasures				
3 Art—Fractional interests				
4 Books and publications				
5 Clothing and household goods				
6 Cars and other vehicles				
7 Boats and planes				
8 Intellectual property				
9 Securities—Publicly traded				
10 Securities—Closely held stock				
11 Securities—Partnership, LLC, or trust interests				
12 Securities—Miscellaneous				
13 Qualified conservation contribution—Historic structures				
14 Qualified conservation contribution—Other				
15 Real estate—Residential				
16 Real estate—Commercial	X	1	463,387	Book value
17 Real estate—Other				
18 Collectibles				
19 Food inventory				
20 Drugs and medical supplies				
21 Taxidermy				
22 Historical artifacts				
23 Scientific specimens				
24 Archeological artifacts				
25 Other ▶ (_____)				
26 Other ▶ (_____)				
27 Other ▶ (_____)				
28 Other ▶ (_____)				

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . 29

		Yes	No
30a	During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period?		No
b	If "Yes," describe the arrangement in Part II		
31	Does the organization have a gift acceptance policy that requires the review of any non-standard contributions?		No
32a	Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions?		No
b	If "Yes," describe in Part II		
33	If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II		

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier	Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 51-0064318
Name: Bayhealth Medical Center Inc

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SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Bayhealth Medical Center Inc

Employer identification number
51-0064318

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 19	Form 990, Part VI, Line 19 Other Organization Documents Publicly Available	Form 990 is available on www Guidestar org Form 990-T, governing documents, policies, and financial statements are available upon request

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 15b	Form 990, Part VI, Line 15b Compensation Review and Approval Process for Officers and Key Employees	A compensation committee of the Board determines the compensation of the CEO, CFO, COO, Chief Medical Officer and other top management officials annually An independent consultant provides information and recommendations, using a variety of compensation surveys and studies Written employment contracts are utilized The full Board of Directors approves the compensation

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 12c	Form 990, Part VI, Line 12c Explanation of Monitoring and Enforcement of Conflicts	A questionnaire is distributed annually

Identifier	Return Reference	Explanation
Form 990, Part VI, Line 11	Form 990, Part VI, Line 11 Form 990 Review Process	The entire Form 990 is reviewed by the CFO and the CEO Schedule J is reviewed by the entire Board of Directors Upon confirmation of a successful e-filing from the IRS, a copy of the final e-filed return is made available to any interested members of the governing body After filing, a copy is also sent to Bayhealth's outside audit firm for review