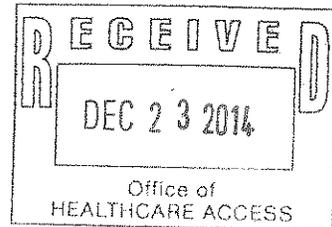




December 23, 2014

Jack Huber, Health Care Analyst
Department of Public Health
Office of Health Care Access
410 Capitol Avenue
P.O. Box 340308 MS #13HCA
Hartford, CT 06134



Re: Northeast Medical Group, Inc.
Annual Reporting for Medical Foundations Required Pursuant to Section 3 of PA 14-168

Dear Mr. Huber:

As required under Section 3 of Public Act 14-168 and in response to your emailed notification of December 12, 2014, enclosed please find pertinent excerpts of Northeast Medical Group's (NEMG) form 990 for NEMG's fiscal year ending September 30, 2013 (the most recent year for which the organization has filed this return).

- Request 1 in your email asks for a "statement of your medical foundation's mission." NEMG's Form 990 Part I, Summary (page 1 of the attached), contains basic financial information and describes NEMG's mission and most significant activities as "[t]o render and promote a high quality of medical care services."
- Request 2 in your email asks for a "description of the services provided by your medical foundation during the preceding fiscal year." Part III, Statement of Program Service Accomplishments (page 2 of the attached), briefly describes NEMG's mission as "[t]o render medical treatment to patients without regard to ability to pay for such treatment, and to promote a high quality of medical care and other services for the benefit of all persons in the communities it serves." A further description of the services provided by NEMG and NEMG's program service accomplishments can be found on Schedule O to Part III line 4A (pages 3 through 11 of the attached).
- Request 3 in your email asks for a "description of any significant change in the services provided by your medical foundation during the previous fiscal year." As reported on Part III, line 3 (page 2 of the attached), NEMG did not make any significant changes in the services it provided in fiscal year 2013.
- Request 4 in your email asks for "[o]ther financial information as reported on your medical foundation's most recently filed Internal Revenue Service Form 990 – Return of Organization Exempt from Income Tax." Further financial information regarding NEMG can be found in Part VIII, Statement of Revenue (page 12 of the attached), Part IX, Statement of Functional Expense (page 13 of the attached), and Part X, Balance Sheet (page 14 of the attached).

Form 990

Return of Organization Exempt From Income Tax

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

OMB No. 1545-0047

2012

Open to Public Inspection

Department of the Treasury Internal Revenue Service

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

A For the 2012 calendar year, or tax year beginning OCT 1, 2012 and ending SEP 30, 2013

B Check if applicable: C Name of organization: NORTHEAST MEDICAL GROUP INC. D Employer identification number: 06-1330992. E Telephone number: 203-688-9642. G Gross receipts \$: 159,282,381. H(a) Is this a group return for affiliates? H(b) Are all affiliates included? J Website: N/A. K Form of organization: X Corporation. L Year of formation: 1991. M State of legal domicile: CT.

Part I Summary

Table with 3 columns: Description, Prior Year, Current Year. Rows include: 1 Briefly describe the organization's mission... TO RENDER AND PROMOTE A HIGH QUALITY OF MEDICAL CARE SERVICES. 2-7 Activities & Governance. 8-12 Revenue. 13-19 Expenses. 20-22 Net Assets or Fund Balances.

Part II Signature Block

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

Sign Here: Signature of officer: JAMES M. STATEN, TREASURER. Date: [blank].

Paid: Print/Type preparer's name: CHRISTOPHER B. BOGGS. Preparer's signature: Christopher B. Boggs. Date: 8/15/14. PTIN: P00032493. Preparer Use Only: Firm's name: ERNST & YOUNG U.S., LLP. Firm's EIN: 34-6565596. Firm's address: 111 MONUMENT CIRCLE, SUITE 4000 INDIANAPOLIS, IN 46204. Phone no.: 317-681-7000.

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

Part III Statement of Program Service Accomplishments

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

- 1 Briefly describe the organization's mission:
TO RENDER MEDICAL TREATMENT TO PATIENTS WITHOUT REGARD TO ABILITY TO PAY FOR SUCH TREATMENT, AND TO PROMOTE A HIGH QUALITY OF MEDICAL CARE AND OTHER SERVICES FOR THE BENEFIT OF ALL PERSONS IN THE COMMUNITIES IT SERVES.
- 2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No
 If "Yes," describe these new services on Schedule O.
- 3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? Yes No
 If "Yes," describe these changes on Schedule O.
- 4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code:) (Expenses \$ 176,207,900. including grants of \$) (Revenue \$ 159,282,381.)

SCHEDULE O

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 176,207,900.

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No. 1545-0047

2012

Open to Public
Inspection

Name of the organization

NORTHEAST MEDICAL GROUP INC

Employer identification number

06-1330992

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

IN PURSUIT OF ITS CHARITABLE, SCIENTIFIC AND EDUCATIONAL ACTIVITIES,
NORTHEAST MEDICAL GROUP INCURRED COSTS RELATED TO PROVIDING MEDICAL
CARE THROUGH ITS PHYSICIANS TO PATIENTS OF HOSPITALS AFFILIATED WITH
YALE-NEW HAVEN HEALTH SERVICES CORPORATION AND TO PATIENTS THROUGHOUT
THE COMMUNITY SERVED BY THESE HOSPITALS. THESE SERVICES INCLUDED
DIRECT PATIENT CARE AND MEDICAL RESEARCH ALONG WITH ADMINISTRATIVE
SERVICES PROVIDED TO HOSPITALS AFFILIATED WITH YALE NEW HAVEN HEALTH
SERVICES CORPORATION, ALL OF WHICH PROMOTE AND ENHANCE THE QUALITY OF
HEALTH CARE WITHIN THE COMMUNITY. EXAMPLE OF SERVICES PROVIDED BY THE
CORPORATION INCLUDES THE FOLLOWING:

1. THE STUDY, DIAGNOSIS AND TREATMENT OF HUMAN AILMENTS AND INJURIES BY
LICENSED PERSONS.

2. THE RENDERING OF MEDICAL AND SURGICAL TREATMENT, CONSULTATION OR
ADVICE BY EMPLOYEES OR AGENTS OF THE CORPORATION, ALL OF WHOM MUST BE
PERSONS LICENSED UNDER CONNECTICUT LAW, TO PATIENTS WITHOUT REGARD TO
RACE, COLOR, CREED, SEX, AGE OR ABILITY TO PAY FOR SUCH CARE AND
SERVICES.

3. THE PROMOTION, ENHANCEMENT, IMPROVEMENT AND DEVELOPMENT OF MEDICAL
SURGICAL AND SCIENTIFIC RESEARCH AT HOSPITALS AFFILIATED WITH YALE NEW
HAVEN HEALTH SERVICES CORPORATION AND THROUGHOUT THE COMMUNITIES THEY
SERVE.

4. THE PROMOTION, ENHANCEMENT, IMPROVEMENT AND AUGMENTATION OF THE
QUALITY OF MEDICAL AND CLINICAL EDUCATION AND PATIENT CARE AT HOSPITALS
AFFILIATED WITH YALE NEW HAVEN HEALTH SERVICES CORPORATION.

5. THE PROMOTION AND ENHANCEMENT OF HIGH QUALITY MEDICAL CARE AND OTHER

Name of the organization NORTHEAST MEDICAL GROUP INC	Employer identification number 06-1330992
---	--

HUMAN SERVICES FOR THE BENEFIT OF ALL PERSONS IN THE COMMUNITIES IT SERVES.

6. THE AUGMENTATION OF THE PLANNING PROCESS FOR THE PROMOTION OF THE GENERAL WELL-BEING AND HUMAN HEALTH NEEDS OF THE COMMUNITIES IT SERVES. FREE AND CHARITY SERVICES RELATE TO SERVICES PROVIDED FOR WHICH NO PAYMENT IS ANTICIPATED. THE AMOUNT OF FREE AND CHARITY CARE PROVIDED WAS \$790,638 AND \$241,017 FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012, RESPECTIVELY. THESE CHARGES ARE NOT INCLUDED IN NET PATIENT SERVICE REVENUE FOR FINANCIAL REPORTING PURPOSES.

RELATIONSHIP OF ACTIVITIES -

NORTHEAST MEDICAL GROUP PROVIDES PATIENT CARE SERVICES INVOLVING THE DIAGNOSES AND TREATMENT OF HUMAN AILMENTS THAT IMPROVE THE QUALITY OF HEALTH CARE IN THE SERVICE AREA OF PROVIDERS AFFILIATED WITH YALE NEW HAVEN HEALTH SERVICES CORPORATION. MEDICAL CARE IS PROVIDED TO ANYONE REQUIRING CARE, REGARDLESS OF WHETHER THEY HAVE INSURANCE OR THEIR ABILITY TO PAY. IN ADDITION, NORTHEAST MEDICAL GROUP PHYSICIANS ALSO ARE INVOLVED IN PROVIDING MEDICAL EDUCATION, RESEARCH AND ADMINISTRATIVE SERVICES TO HOSPITALS IN YALE NEW HAVEN HEALTH SERVICES CORPORATION. IN ADDITION TO PROVIDING PHYSICIANS TO CARE FOR PATIENTS WHO ARE IN NEED OF CARE AS HOSPITAL INPATIENTS OR IN HOSPITAL CLINICS, NORTHEAST MEDICAL GROUP ALSO OPERATES PRACTICES IN THE COMMUNITY WITH A SPECIAL EMPHASIS ON MUCH-NEEDED PRIMARY CARE SERVICES. NORTHEAST MEDICAL GROUP IS THE PHYSICIAN PRACTICE ARM OF YALE NEW HAVEN HEALTH SYSTEM, AND IS WELL-POSITIONED TO ASSIST YALE NEW HAVEN HEALTH SYSTEM RESPOND TO THE MANY CHANGES IN THE INDUSTRY ANTICIPATED AS A RESULT OF HEALTH CARE REFORM, INCLUDING THE MOVE TO BUNDLED PAYMENTS, VALUE-BASED PURCHASING AND ACCOUNTABLE CARE ORGANIZATIONS.

Name of the organization NORTHEAST MEDICAL GROUP INC	Employer identification number 06-1330992
---	--

FORM 990, PART VI: NUMBER OF INDEPENDENT VOTING

MEMBERS OF THE GOVERNING BODY

PURSUANT TO THE ORGANIZATION'S BYLAWS, THE ORGANIZATION'S SOLE MEMBER, YALE-NEW HAVEN HEALTH SERVICES CORPORATION, AN EXEMPT ORGANIZATION UNDER SECTION 501(C)(3) OF THE CODE (THE "PARENT"), APPOINTS OR APPROVES THE ORGANIZATION'S BOARD OF DIRECTORS. THE BYLAWS REQUIRE THAT THE ORGANIZATION'S BOARD OF DIRECTORS BE COMPRISED OF INDIVIDUALS WHO ARE, OR ARE APPOINTED BY, (1) OFFICERS OR EMPLOYEES OF THE PARENT, (2) OFFICERS OR EMPLOYEES OF A RELATED ORGANIZATION OF THE PARENT OR (3) OFFICERS, EMPLOYEES OR INDEPENDENT CONTRACTORS OF THE ORGANIZATION. AS A RESULT, THE MAJORITY OF THE ORGANIZATION'S CURRENT VOTING MEMBERS ARE NOT INDEPENDENT BECAUSE THEY ARE COMPENSATED AS OFFICERS OR EMPLOYEES OF THE ORGANIZATION OR A RELATED ORGANIZATION. CERTAIN OF THESE INDIVIDUALS ARE MEMBERS OF THE ORGANIZATION'S BOARD OF DIRECTORS ONLY AS A FUNCTION OF THEIR ROLES WITH THE PARENT OR THE ORGANIZATION AND CERTAIN OTHERS ARE REQUIRED TO BE EMPLOYEES BY THE ORGANIZATION'S BYLAWS.

FORM 990, PART VI, SECTION A, LINE 2:

BUSINESS RELATIONSHIPS BETWEEN OFFICERS, DIRECTORS, TRUSTEES, OR KEY EMPLOYEES

TRUSTEES RICHARD MANGI AND ROBERT MCLEAN ARE PARTIAL OWNERS OF THE SAME BUSINESS ENTITY.

SOME OF THE ORGANIZATION'S CURRENT OFFICERS AND/OR TRUSTEES SERVE AS OFFICERS AND/OR DIRECTORS OF A TAXABLE AFFILIATE WITHIN THE ORGANIZATION'S CORPORATE SYSTEM. THE INDIVIDUAL OFFICERS DO NOT HAVE PERSONAL FINANCIAL INTERESTS IN THE TAXABLE AFFILIATE AND SERVE ONLY AS A FUNCTION OF THEIR ROLES WITH THE ORGANIZATION. THE TAXABLE AFFILIATES FOR WHICH SOME OF THE ORGANIZATION'S OFFICERS SERVE ALSO AS OFFICERS AND/OR DIRECTORS INCLUDE

Name of the organization NORTHEAST MEDICAL GROUP INC	Employer identification number 06-1330992
---	--

YALE-NEW HAVEN AMBULATORY SERVICES CORPORATION AND YNH GERIATRIC SERVICES, PC, YNH MEDICAL SERVICES, PC AND CHC PHYSICIANS, PC.

FORM 990, PART VI, SECTION A, LINE 6: 2009 SAW A CHANGE IN THE CONNECTICUT GENERAL STATUTES ALLOWING HEALTH SYSTEMS SUCH AS YALE NEW HAVEN HEALTH SERVICES CORPORATION TO ORGANIZE AND BECOME MEMBERS OF "MEDICAL FOUNDATIONS," NONSTOCK CORPORATIONS AUTHORIZED TO PROVIDE MEDICAL CARE THROUGH EMPLOYED PHYSICIANS AND AGENTS. YALE NEW HAVEN HEALTH SERVICES CORPORATION TOOK ADVANTAGE OF THIS CHANGE IN THE LAW AND RE-ORGANIZED MILL HILL MEDICAL CONSULTANTS INTO A MEDICAL FOUNDATION, NAMED "NORTHEAST MEDICAL GROUP, INC." NORTHEAST MEDICAL GROUP NOW HAS ONE MEMBER, YALE NEW HAVEN HEALTH SERVICES CORPORATION, A 501(C)(3) ORGANIZATION, INSTEAD OF INDIVIDUAL PHYSICIAN MEMBERS WITHOUT VOTING RIGHTS, AS WAS THE CASE FOR MILL HILL MEDICAL CONSULTANTS.

FORM 990, PART VI, SECTION A, LINE 7A:
THE MEMBER, YALE NEW HAVEN HEALTH SERVICES CORPORATION, HAS THE RIGHT TO ELECT THE BOARD OF DIRECTORS OF THE ORGANIZATION.

FORM 990, PART VI, SECTION A, LINE 7B:
THE MEMBER, YALE-NEW HAVEN HEALTH SERVICES CORPORATION, HAS THE RIGHT TO ELECT THE BOARD OF DIRECTORS OF THE ORGANIZATION, AND (SUBJECT TO THE APPROVAL OF THE BOARD OF DIRECTORS) THE FOLLOWING ADDITIONAL RIGHTS: TO APPROVE THE MERGER, CONSOLIDATION, DISSOLUTION OR THE SALE OF ALL OR SUBSTANTIALLY ALL THE ORGANIZATION'S ASSETS; TO AMEND THE CERTIFICATE OF INCORPORATION AND BYLAWS OF THE ORGANIZATION, TO APPROVE THE EXECUTION OF LONG-TERM OR MATERIAL AGREEMENTS, TO APPROVE THE APPOINTMENT OF AN INDEPENDENT AUDITOR AND THE HIRING OF INDEPENDENT COUNSEL, TO AUTHORIZE THE

Name of the organization NORTHEAST MEDICAL GROUP INC	Employer identification number 06-1330992
---	--

EXECUTION OF CONTRACTS WITH AN UNRELATED THIRD PARTY FOR MANAGEMENT OF THE ASSETS OR OPERATIONS OF THE ORGANIZATION, TO APPROVE ANY TRANSACTION BETWEEN THE ORGANIZATION AND AN AFFILIATE OR THE ORGANIZATION AND A DIRECTOR OF THE ORGANIZATION OR AN AFFILIATE, AND TO APPROVE COMPENSATION OF EMPLOYED PHYSICIANS.

FORM 990, PART VI, SECTION B, LINE 11:

THE NORTHEAST MEDICAL GROUP ("NEMG") BOARD OF DIRECTORS IS COMPRISED OF INDIVIDUALS WHO ARE OFFICERS OR EMPLOYEES OF THE ORGANIZATION OR A RELATED ORGANIZATION. NEMG IS A MEDICAL FOUNDATION FORMED UNDER CONNECTICUT GENERAL STATUTES SEC. 33-182AA - SEC.33-182FF. PURSUANT TO CONNECTICUT LAW, MEDICAL FOUNDATIONS MUST BE, 'GOVERNED BY A BOARD OF DIRECTORS, WHICH SHALL CONSIST OF AN EQUAL OR GREATER NUMBER OF [HEALTH CARE] PROVIDERS THAN NONPROVIDER EMPLOYEES OF THE MEMBERS, IN ADDITION TO SUCH OTHER DIRECTORS AS MAY BE ELECTED BY THE MEMBERS.' CONN. GEN. STAT. SEC. 33-182BB(A). THE PARENT ENTITY, YALE-NEW HAVEN HEALTH SERVICES CORPORATION (THE SOLE MEMBER OF THE ORGANIZATION AND THE ULTIMATE PARENT OF THE YALE NEW HAVEN HEALTH SYSTEM), IS GOVERNED BY A BOARD OF DIRECTORS COMPRISED OF A MAJORITY OF INDEPENDENT DIRECTORS. IN A MULTI-ENTITY HOSPITAL SYSTEM, THE BOARD OF A SUBSIDIARY NON-PROFIT HEALTH CARE ORGANIZATION IS CONSIDERED TO BE COMPRISED OF INDEPENDENT COMMUNITY MEMBERS IF IT IS CONTROLLED BY AN EXEMPT ORGANIZATION WHOSE BOARD IS COMPRISED OF A MAJORITY OF VOTING MEMBERS WHO ARE INDEPENDENT COMMUNITY MEMBERS (SEE TAX-EXEMPT HEALTH CARE ORGANIZATIONS COMMUNITY BOARD AND CONFLICTS OF INTEREST POLICY, IRS EXEMPT ORGANIZATION CONTINUING PROFESSIONAL EDUCATION INSTRUCTION PROGRAM, [HTTP://WWW.IRS.GOV/PUB/IRS-TEGE/EOTOPIC97.PDF](http://www.irs.gov/pub/irs-tege/eotopic97.pdf), 1997). AS A RESULT OF THIS GOVERNANCE STRUCTURE, AND TO MANAGE ACTUAL OR POTENTIAL CONFLICTS OF INTEREST, THE ORGANIZATION'S BYLAWS PROVIDE THAT ALL DECISIONS REGARDING

Name of the organization NORTHEAST MEDICAL GROUP INC	Employer identification number 06-1330992
---	--

ORGANIZATION PHYSICIAN COMPENSATION ARE RESERVED TO THE PARENT ENTITY. FOR THE FOREGOING REASONS, THE ORGANIZATION'S FORM 990 HAS BEEN MADE AVAILABLE TO ALL MEMBERS OF THE PARENT ENTITY'S GOVERNING BODY RATHER THAN TO THE ORGANIZATION'S GOVERNING BODY.

FORM 990, PART VI, SECTION B, LINE 12C:

NORTHEAST MEDICAL GROUP IS COVERED UNDER THE YALE-NEW HAVEN HEALTH SYSTEM CONFLICT OF INTEREST POLICY. THE YALE NEW HAVEN HEALTH SYSTEM CONFLICT OF INTEREST POLICY (CC:R-7) AND INDIVIDUAL ANNUAL DISCLOSURE FORM APPLIES TO A POOL OF EMPLOYEES, BOARD MEMBERS AND NON-BOARD MEMBERS SERVING ON BOARD COMMITTEES. THESE "COVERED INDIVIDUALS" ARE REQUIRED TO COMPLETE A CONFLICT OF INTEREST DISCLOSURE STATEMENT, UPON BEGINNING EMPLOYMENT OR OTHERWISE BECOMING A COVERED INDIVIDUAL AND ANNUALLY THEREAFTER. COVERED INDIVIDUALS ARE ALSO REQUIRED TO IMMEDIATELY REPORT MATERIAL CHANGES TO THEIR MOST RECENTLY COMPLETED DISCLOSURE STATEMENT. THESE DISCLOSURE STATEMENTS AND REPORTS ARE REVIEWED BY THE OFFICE OF PRIVACY AND CORPORATE COMPLIANCE AND/OR THE LEGAL AND RISK SERVICES DEPARTMENT TO ENSURE COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY. IF A POTENTIAL CONFLICT ARISES, THE CEO WOULD CONSULT WITH THE BOARD CHAIRPERSON AND THE LEGAL AND RISK SERVICES DEPARTMENT AND TAKE ANY ACTIONS THAT HE DEEMS REQUIRED OR APPROPRIATE TO MANAGE OR RESOLVE A POTENTIAL CONFLICT OF INTEREST. FOR EXAMPLE, A VOTING BOARD OR COMMITTEE MEMBER WOULD BE REQUIRED TO RECUSE HIMSELF OR HERSELF FROM VOTING ON MATTERS RELATED TO THE POTENTIAL CONFLICT AND THE POTENTIAL CONFLICT WOULD BE DISCLOSED TO OTHER VOTING MEMBERS.

FORM 990, PART VI, SECTION B, LINE 15:

LINE 15A - COMPENSATION PROCESS FOR TOP OFFICERS-

THE OFFICERS OF NORTHEAST MEDICAL GROUP ARE ALSO OFFICERS WITHIN YALE NEW

Name of the organization

NORTHEAST MEDICAL GROUP INC

Employer identification number

06-1330992

HAVEN HEALTH SYSTEM AND SO ARE COVERED BY THE PROCESS USED BY YALE NEW
HAVEN HEALTH SYSTEM TO QUALIFY FOR THE "REBUTTABLE PRESUMPTION OF
REASONABLENESS" UNDER FEDERAL TAX LAW.

THE EXECUTIVE COMPENSATION COMMITTEE IS AUTHORIZED UNDER THE YNHHS BYLAWS
AND IS RESPONSIBLE FOR (1) DETERMINING THE OVERALL TOTAL COMPENSATION
STRATEGY FOR ALL CORPORATE OFFICERS, (2) APPROVING ALL COMPENSATION AND
BENEFITS DECISIONS FOR CORPORATE OFFICERS, AND (3) REPORTING SUCH ACTIONS TO
THE FULL YNHHS BOARD ON AN ANNUAL BASIS. IN ADDITION, THE EXECUTIVE
COMPENSATION COMMITTEE EXPRESSLY DETERMINES THE REASONABLENESS OF TOTAL
COMPENSATION AND BENEFITS FOR ALL CORPORATE OFFICERS, AND ASSURES THAT ALL
OFFICER COMPENSATION DECISIONS ARE MADE AFTER THOROUGH CONSIDERATION OF AND
COMPARISON TO THE MARKET PRACTICES OF OTHER SIMILARLY SITUATED
NOT-FOR-PROFIT HEALTHCARE EXECUTIVES IN COMPARABLE ORGANIZATIONS. THE
EXECUTIVE COMPENSATION COMMITTEE CONSISTS OF BOARD MEMBERS WHO DO NOT HAVE
MATERIAL FINANCIAL INTERESTS THAT COULD BE AFFECTED BY THE OFFICER
COMPENSATION DECISIONS MADE BY THE COMMITTEE. THE COMPARABILITY DATA USED
TO ASSIST THE EXECUTIVE COMPENSATION COMMITTEE IN ITS COMPENSATION
DELIBERATIONS ARE COMPILED BY AN INDEPENDENT, NATIONAL COMPENSATION
CONSULTING FIRM THAT IS RETAINED BY AND REPORTS DIRECTLY TO THE EXECUTIVE
COMPENSATION COMMITTEE. THE DATA COLLECTED BY THE CONSULTANT CONSISTS OF
MARKET INFORMATION FOR EXECUTIVES IN FUNCTIONALLY SIMILAR POSITIONS IN
SIMILARLY SITUATED NOT-FOR-PROFIT HEALTHCARE ORGANIZATIONS. THE
DELIBERATIONS AND DECISIONS OF THE EXECUTIVE COMPENSATION COMMITTEE ARE
CONTEMPORANEOUSLY DOCUMENTED, REVIEWED AND APPROVED BY THE EXECUTIVE
COMPENSATION COMMITTEE, AND PROVIDED TO THE BOARD.

LINE 15B - COMPENSATION PROCESS FOR OTHER OFFICERS AND KEY EMPLOYEES-

THE OFFICERS OF NORTHEAST MEDICAL GROUP ARE ALSO OFFICERS WITHIN YALE NEW
HAVEN HEALTH SYSTEM AND SO ARE COVERED BY THE PROCESS USED BY YALE NEW

Name of the organization

NORTHEAST MEDICAL GROUP INC

Employer identification number

06-1330992

HAVEN HEALTH SYSTEM TO QUALIFY FOR THE "REBUTTABLE PRESUMPTION OF REASONABLENESS" UNDER FEDERAL TAX LAW. THE EXECUTIVE COMPENSATION COMMITTEE IS AUTHORIZED UNDER THE YNHHS BYLAWS AND IS RESPONSIBLE FOR (1) DETERMINING THE OVERALL TOTAL COMPENSATION STRATEGY FOR ALL CORPORATE OFFICERS, (2) APPROVING ALL COMPENSATION AND BENEFITS DECISIONS FOR CORPORATE OFFICERS, AND (3) REPORTING SUCH ACTIONS TO THE FULL YNHHS BOARD ON AN ANNUAL BASIS. IN ADDITION, THE EXECUTIVE COMPENSATION COMMITTEE EXPRESSLY DETERMINES THE REASONABLENESS OF TOTAL COMPENSATION AND BENEFITS FOR ALL CORPORATE OFFICERS, AND ASSURES THAT ALL OFFICER COMPENSATION DECISIONS ARE MADE AFTER THOROUGH CONSIDERATION OF AND COMPARISON TO THE MARKET PRACTICES OF OTHER SIMILARLY SITUATED NOT-FOR-PROFIT HEALTHCARE EXECUTIVES IN COMPARABLE ORGANIZATIONS.

THE EXECUTIVE COMPENSATION COMMITTEE CONSISTS OF BOARD MEMBERS WHO DO NOT HAVE MATERIAL FINANCIAL INTERESTS THAT COULD BE AFFECTED BY THE OFFICER COMPENSATION DECISIONS MADE BY THE COMMITTEE. THE COMPARABILITY DATA USED TO ASSIST THE EXECUTIVE COMPENSATION COMMITTEE IN ITS COMPENSATION DELIBERATIONS ARE COMPILED BY AN INDEPENDENT, NATIONAL COMPENSATION CONSULTING FIRM THAT IS RETAINED BY AND REPORTS DIRECTLY TO THE EXECUTIVE COMPENSATION COMMITTEE. THE DATA COLLECTED BY THE CONSULTANT CONSISTS OF MARKET INFORMATION FOR EXECUTIVES IN FUNCTIONALLY SIMILAR POSITIONS IN SIMILARLY SITUATED NOT-FOR-PROFIT HEALTHCARE ORGANIZATIONS. THE DELIBERATIONS AND DECISIONS OF THE EXECUTIVE COMPENSATION COMMITTEE ARE CONTEMPORANEOUSLY DOCUMENTED, REVIEWED AND APPROVED BY THE EXECUTIVE COMPENSATION COMMITTEE, AND PROVIDED TO THE BOARD.

FORM 990, PART VI, SECTION C, LINE 19:

COPIES OF FORM 990, FORM 1023 AND AUDITED FINANCIAL STATEMENTS ARE MAINTAINED IN THE SYSTEM TAX DEPARTMENT. OTHER CORPORATE GOVERNING

Name of the organization NORTHEAST MEDICAL GROUP INC	Employer identification number 06-1330992
---	--

DOCUMENTS ARE MAINTAINED BY THE LEGAL AND RISK SERVICES DEPARTMENT. THE CONFLICT OF INTEREST POLICY, WHISTLEBLOWER POLICY, AND DOCUMENT RETENTION POLICY ARE AVAILABLE TO ALL EMPLOYEES ON THE CORPORATE INTERNAL WEBSITE. COPIES OF ALL DOCUMENTS ARE AVAILABLE TO THE PUBLIC UPON REQUEST.

FORM 990, PART IX, LINE 11G, OTHER FEES:

PHYSICIAN FEES:

PROGRAM SERVICE EXPENSES	1,303,037.
MANAGEMENT AND GENERAL EXPENSES	0.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	1,303,037.

OTHER PROFESSIONAL FEES:

PROGRAM SERVICE EXPENSES	4,537,251.
MANAGEMENT AND GENERAL EXPENSES	4,367,118.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	8,904,369.

PURCHASE SERVICES:

PROGRAM SERVICE EXPENSES	36,742,730.
MANAGEMENT AND GENERAL EXPENSES	5,444,539.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	42,187,269.

TOTAL OTHER FEES ON FORM 990, PART IX, LINE 11G, COL A	52,394,675.
--	-------------

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

TRANSFER FROM YALE-NEW HAVEN HEALTH SERVICES	37,571,470.
TRANSFER TO NEMG PLLC	-2,144,647.

Part VIII Statement of Revenue

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

			(A)	(B)	(C)	(D)		
			Total revenue.	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512, 513, or 514		
Contributions, Gifts, Grants and Other Similar Amounts	1 a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c					
	d	Related organizations	1d					
	e	Government grants (contributions)	1e					
	f	All other contributions, gifts, grants, and similar amounts not included above	1f					
	g	Noncash contributions included in lines 1a-1f: \$						
	h	Total. Add lines 1a-1f						
Program Service Revenue	2 a	NET PATIENT REVENUE	Business Code 621400	92,100,710.	92,100,710.			
	b	CONTRACT REVENUE	621300	67,181,671.	67,181,671.			
	c							
	d							
	e							
	f	All other program service revenue						
	g	Total. Add lines 2a-2f		159,282,381.				
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)						
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties						
	6 a	Gross rents	(i) Real					
			(ii) Personal					
			b	Less: rental expenses				
			c	Rental income or (loss)				
	d	Net rental income or (loss)						
	7 a	Gross amount from sales of assets other than inventory	(i) Securities					
			(ii) Other					
			b	Less: cost or other basis and sales expenses				
			c	Gain or (loss)				
	d	Net gain or (loss)						
	8 a	Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a					
			b	Less: direct expenses				
c			Net income or (loss) from fundraising events					
9 a	Gross income from gaming activities. See Part IV, line 19	a						
		b	Less: direct expenses					
		c	Net income or (loss) from gaming activities					
10 a	Gross sales of inventory, less returns and allowances	a						
		b	Less: cost of goods sold					
		c	Net income or (loss) from sales of inventory					
Miscellaneous Revenue			Business Code					
11 a		a						
		b						
		c						
		d	All other revenue					
e	Total. Add lines 11a-11d							
12	Total revenue. See instructions.		159,282,381.	159,282,381.	0.	0.		

Part IX Statement of Functional Expenses

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

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	3,382,038.		3,382,038.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	99,992,285.	97,903,963.	2,088,322.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,252,520.	2,133,321.	119,199.	
9 Other employee benefits	11,438,711.	10,774,042.	664,669.	
10 Payroll taxes	7,056,363.	6,682,955.	373,408.	
11 Fees for services (non-employees):				
a Management				
b Legal	477,708.	322,354.	155,354.	
c Accounting	5,800.	3,914.	1,886.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	52,394,675.	42,583,018.	9,811,657.	
12 Advertising and promotion	557,291.	519,574.	37,717.	
13 Office expenses	1,133,985.	958,012.	175,973.	
14 Information technology				
15 Royalties				
16 Occupancy	2,434,218.	2,421,499.	12,719.	
17 Travel	346,837.	323,363.	23,474.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest				
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	2,399,954.	825,784.	1,574,170.	
23 Insurance	6,920,835.	6,920,835.		
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a MEDICAL & SURGICAL SUPP	1,945,369.	1,945,369.		
b MEDICAL EDUCATION	788,503.	788,503.		
c DUES, MEMBERSHIP AND SCR	526,805.	491,151.	35,654.	
d REPAIRS AND MAINTENANCE	283,898.	263,971.	19,927.	
e All other expenses	371,409.	346,272.	25,137.	
25 Total functional expenses. Add lines 1 through 24e	194,709,204.	176,207,900.	18,501,304.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here if following SOP 98-2 (ASC 958-720).

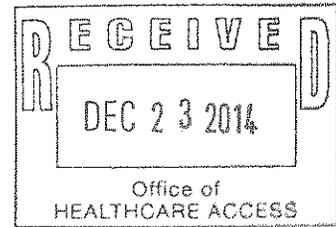
Part X Balance Sheet

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

		(A) Beginning of year		(B) End of year
Assets	1	Cash - non-interest-bearing	2,833,940.	1 11,005,495.
	2	Savings and temporary cash investments		2
	3	Pledges and grants receivable, net		3
	4	Accounts receivable, net	4,926,069.	4 7,360,119.
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6
	7	Notes and loans receivable, net		7
	8	Inventories for sale or use		8
	9	Prepaid expenses and deferred charges	1,538,018.	9 2,117,881.
	10a	Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 3,714,673.	
	b	Less: accumulated depreciation	10b 2,347,495.	10c 1,367,178.
	11	Investments - publicly traded securities		11
	12	Investments - other securities. See Part IV, line 11		12
	13	Investments - program-related. See Part IV, line 11		13
	14	Intangible assets		14
	15	Other assets. See Part IV, line 11	6,716,732.	15 4,234,519.
16	Total assets. Add lines 1 through 15 (must equal line 34)	17,008,423.	16 26,085,192.	
Liabilities	17	Accounts payable and accrued expenses	14,439,508.	17 18,412,034.
	18	Grants payable		18
	19	Deferred revenue		19
	20	Tax-exempt bond liabilities		20
	21	Escrow or custodial account liability. Complete Part IV of Schedule D		21
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22
	23	Secured mortgages and notes payable to unrelated third parties		23
	24	Unsecured notes and loans payable to unrelated third parties		24
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D	0.	25 5,104,243.
	26	Total liabilities. Add lines 17 through 25	14,439,508.	26 23,516,277.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27	Unrestricted net assets	2,568,915.	27 2,568,915.
	28	Temporarily restricted net assets		28
	29	Permanently restricted net assets		29
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30	Capital stock or trust principal, or current funds		30
	31	Paid-in or capital surplus, or land, building, or equipment fund		31
	32	Retained earnings, endowment, accumulated income, or other funds		32
33	Total net assets or fund balances	2,568,915.	33 2,568,915.	
34	Total liabilities and net assets/fund balances	17,008,423.	34 26,085,192.	

Huber, Jack

From: Aseltyne, Bill <Bill.Aseltyne@ynhh.org>
Sent: Tuesday, December 23, 2014 12:32 PM
To: Huber, Jack
Cc: Nordgren, Robert; Willcox, Jennifer
Subject: NEMG_AR Filing
Attachments: NEMG_AR Filing.pdf



In accordance with Section 3 of Public Act 14-168 of the Connecticut General Statutes, attached please find the Annual Report for Northeast Medical Group.

Please let me know if you have any questions or comments regarding this Report.

Bill Aseltyne
Senior Vice President & General Counsel
Yale-New Haven Hospital/Yale New Haven Health System
789 Howard Ave., CB 230
New Haven, CT 06519
(203) 688-2291 (office)
(203) 688-3162 (fax)
bill.aseltyne@ynhh.org

Assistant: Irene Noel (203) 688-3781

This message originates from the Yale New Haven Health System. The information contained in this message may be privileged and confidential. If you are the intended recipient you must maintain this message in a secure and confidential manner. If you are not the intended recipient, please notify the sender immediately and destroy this message. Thank you.