

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **2004-08-12** | Period of Report: **2004-06-30**
SEC Accession No. **0000826682-04-000005**

([HTML Version](#) on secdatabase.com)

FILER

MERIDIAN HEALTHCARE GROWTH & INCOME FUND LTD PARTNERSHIP

CIK: **826682** | IRS No.: **521549486** | State of Incorporation: **DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **000-17596** | Film No.: **04969150**
SIC: **8050** Nursing & personal care facilities

Mailing Address
225 E REDWOOD ST
225 E REDWOOD ST
BALTIMORE MD 21202

Business Address
225 E REDWOOD ST
BALTIMORE MD 21202
3017274083

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2004

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

For Quarter Ended June 30, 2004 Commission file number 000-17596

Meridian Healthcare Growth and Income Fund Limited Partnership
(Exact Name of Registrant as Specified in its Charter)

Delaware 52-1549486
(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) Identification Number)

300 East Lombard Street, Suite 1200 Baltimore, Maryland 21202
(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: (410) 727-4083

N/A
(Former Name, Former Address, and Former Fiscal Year,
if Changed Since Last Report.)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

Yes No X

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP

INDEX

Page No.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

2

Part I. Financial Information

Item 1. Financial Statements	
Condensed Consolidated Balance Sheets	3
Condensed Consolidated Statements of Earnings	4
Condensed Consolidated Statement of Partners' Capital	5
Condensed Consolidated Statements of Cash Flows	6
Notes to Condensed Consolidated Financial Statements	7-8
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	9-14
Item 3. Quantitative and Qualitative Disclosures About Market Risk	15
Item 4. Controls and Procedures	15
Part II. Other Information	
Item 1. through Item 6.	15-16
Signatures	17

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP

Cautionary Statement Regarding Forward Looking Statements

Statements made in this report, and in our other public filings, which are not historical facts contain "forward-looking" statements (as defined in the Private Securities Litigation Reform Act of 1995) that involve risks and uncertainties and are subject to change at any time. These forward-looking statements may include, but are not limited to:

- o certain statements in "Management's Discussion and Analysis of Financial Condition and Results of Operations," such as our ability to meet our liquidity needs, scheduled debt and interest payments and expected future capital expenditure requirements and the expected effects of government regulation on reimbursement for services provided; and
- o certain statements in the Notes to Condensed Consolidated Financial Statements (Unaudited).

The forward-looking statements involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control. You are cautioned that these statements are not guarantees of future performance and that actual results and trends in the future may differ materially.

Factors that could cause actual results to differ materially include, but are not limited to the following:

- o changes in the reimbursement rates or methods of payment from Medicare and Medicaid, or the implementation of other measures to reduce the reimbursement for our services;
- o the expiration of enactments providing for additional governmental funding;
- o efforts of third party payors to control costs;
- o the impact of federal and state regulations;
- o changes in payor mix and payment methodologies;
- o further consolidation of managed care organizations and other third party

payors;

- o competition in our business;
- o an increase in insurance costs and potential liability for losses not covered by, or in excess of, our insurance;
- o competition for qualified staff in the healthcare industry;
- o our ability to control operating costs, and generate sufficient cash flow to meet operational and financial requirements; and
- o an economic downturn or changes in the laws affecting our business in those markets in which we operate.

These risks are described in more detail in our Report on Form 10-K for the fiscal year ended December 31, 2003.

In addition to these factors and any risks and uncertainties specifically identified in the text surrounding forward-looking statements, any statements in this report or the reports and other documents filed by us with the SEC that warn of risks or uncertainties associated with future results, events or circumstances also identify factors that could cause actual results to differ materially from those expressed in or implied by the forward-looking statements.

All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. We do not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events or circumstances after the date of this report or to reflect the occurrence of unanticipated events, except as may be required under applicable securities law.

2

Part I. Financial Information

Item 1. Financial Statements

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP
Condensed Consolidated Balance Sheets
(Dollars in thousands)

<TABLE>
<CAPTION>

	June 30, 2004 (Unaudited)	December 31, 2003
	-----	-----
Assets		
Current Assets		
<S>	<C>	<C>
Cash and cash equivalents	\$ 769	\$ 1,141
Accounts receivable, net	6,626	7,248
Estimated third-party payor settlements	1,045	362
Prepaid expenses and other current assets	632	806
	-----	-----
Total current assets	9,072	9,557
	-----	-----
Property and equipment, net of accumulated depreciation	30,313	31,207
	-----	-----
Other assets		
Goodwill, net	4,237	4,237
Loan acquisition costs, net	255	322
	-----	-----
	4,492	4,559
	-----	-----
Total assets	\$ 43,877	\$ 45,323
	=====	=====

Liabilities and Partners' Capital

Current liabilities

Current portion of long-term debt	\$ 740	\$ 712
Line of credit	227	227
Accrued compensation and related costs	140	83
Accounts payable and other accrued expenses	2,476	2,957
Estimated third party payor settlements	1,102	1,984
	-----	-----
Total current liabilities	4,685	5,963
	-----	-----
Deferred management fee payable	1,084	1,063
Loan payable to the Development General Partner	1,368	1,343
Long-term debt	21,141	21,504
	-----	-----
	23,593	23,910
	-----	-----
Partners' capital		
General partners	(160)	(161)
Assignee limited partners; 1,540,040 units issued and outstanding	15,759	15,611
	-----	-----
Total partners' capital	15,599	15,450
	-----	-----
Total liabilities and partners' capital	\$ 43,877	\$ 45,323
	=====	=====

</TABLE>

See accompanying notes to condensed consolidated financial statements.

-3-

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP
Condensed Consolidated Statements of Earnings
(Unaudited)
(Dollars in thousands except per unit amounts)

<TABLE>
<CAPTION>

	Three Months Ended		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
	-----	-----	-----	-----
Revenues				
<S>	<C>	<C>	<C>	<C>
Medicaid and Medicare patients	\$ 13,414	\$ 13,299	\$ 27,729	\$ 26,385
Private patients	2,590	2,027	4,987	4,330
Investment and other income	29	17	58	35
	-----	-----	-----	-----
	16,033	15,343	32,774	30,750
	-----	-----	-----	-----
Expenses				
Operating, including \$1,089, \$2,486, \$2,240 and \$4,989 to related parties, respectively	13,610	12,973	27,145	26,162
Management and administration fees to related parties	879	800	1,796	1,633
General and administrative	324	273	641	375
Depreciation and amortization	537	521	1,078	1,025
Interest expense	399	398	798	856
	-----	-----	-----	-----
	15,749	14,965	31,458	30,051
	-----	-----	-----	-----
Net earnings	\$ 284	\$ 378	\$ 1,316	\$ 699
	=====	=====	=====	=====

Net earnings per unit of assignee
 limited partnership interest
 (computed based on 1,540,040
 units)

\$	0.18	\$	0.24	\$	0.85	\$	0.45
=====		=====		=====		=====	

</TABLE>

See accompanying notes to condensed consolidated financial statements

-4-

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP
 Condensed Consolidated Statement of Partners' Capital
 For the Six Months Ended June 30, 2004
 (Unaudited)
 (Dollars in thousands)

<TABLE>
 <CAPTION>

	General Partners	Assignee Limited Partners	Total
	-----	-----	-----
<S> Balance at December 31, 2003	<C> \$ (161)	<C> \$ 15,611	<C> \$ 15,450
Net earnings	13	1,303	1,316
Distributions to partners	(12)	(1,155)	(1,167)
	-----	-----	-----
Balance at June 30, 2004	\$ (160)	\$ 15,759	\$ 15,599
	=====	=====	=====

</TABLE>

See accompanying notes to condensed consolidated financial statements

-5-

LIMITED PARTNERSHIP

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND
 Condensed Consolidated Statements of Cash Flows
 For the Six Months Ended June 30,
 (Unaudited)
 (Dollars in thousands)

<TABLE>
 <CAPTION>

	2004	2003
	-----	-----
Cash flows from operating activities		
<S> Net earnings	<C> \$ 1,316	<C> \$ 699
Adjustments to reconcile net earnings to net cash provided by operating activities		
Depreciation and amortization	1,078	1,025
Minority interest in net earnings of operating partnerships	15	6
Increase in loan payable to Development General Partner	25	25
Increase in deferred management fee payable	21	21
Change in other assets and liabilities		
Accounts receivable	607	191
Estimated third-party payor settlements	(1,565)	95

Prepaid expenses and other current assets	174	(10)
Accrued compensation and related costs	57	100
Accounts payable and other accrued expenses	(481)	(78)
	-----	-----
Net cash provided by operating activities	1,247	2,074
	-----	-----
Cash flows from investing activities - additions to property and equipment	(117)	(653)
	-----	-----
Cash flows from financing activities		
Repayment of long-term debt	(335)	(324)
Loan acquisition costs	-	(227)
Borrowings under line of credit	-	227
Distributions to partners	(1,167)	(1,021)
	-----	-----
Net cash used in financing activities	(1,502)	(1,345)
	-----	-----
Net (decrease) increase in cash and cash equivalents	(372)	76
Cash and cash equivalents		
Beginning of period	1,141	740
	-----	-----
End of period	\$ 769	\$ 816
	=====	=====

</TABLE>

See accompanying notes to condensed consolidated financial statements.

-6-

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP

Notes to Condensed Consolidated Financial Statements
June 30, 2004
(Unaudited)

NOTE 1 - THE FUND AND BASIS OF PREPARATION

Meridian Healthcare Growth and Income Fund Limited Partnership (the Fund) was organized under the laws of the State of Delaware and will continue to operate through December 31, 2037, unless terminated sooner under the provisions of the Partnership Agreement. The Fund's Administrative General Partner is Brown Healthcare, Inc. and the Fund's Development General Partner is Meridian Healthcare Investments, Inc. Brown Healthcare Holding Co., Inc. is the Fund's Assignor Limited Partner. Meridian Healthcare Investments, Inc. is a subsidiary of Genesis HealthCare Corporation (Genesis).

The Fund owns 98.99% limited partnership interests in each of the seven operating partnerships. Brown Healthcare Inc. and Meridian Healthcare Investments Inc. are the general partners of the seven underlying partnerships. The Fund, through its seven operating partnerships, derives substantially all of its revenue from extended healthcare provided to nursing center residents including room and board, nursing care, drugs and other medical services.

The accompanying unaudited condensed consolidated financial statements of the Fund do not include all of the information and note disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America. The unaudited condensed consolidated financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim periods presented. All such adjustments are of a normal recurring nature.

The accompanying unaudited condensed consolidated financial statements should be

read in conjunction with the consolidated financial statements and the notes thereto included in the Fund's Report on Form 10-K for the fiscal year ended December 31, 2003.

The Fund has made a number of estimates relating to the reporting of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities to prepare these unaudited condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

NOTE 2 - RELATED PARTY TRANSACTIONS

The Fund is obligated to pay Brown-Healthcare, Inc. (Administrative General Partner) an annual administration fee of the greater of \$75,000 per year or 1/2 of 1% of the Fund's annual revenues. The nursing centers owned by the operating partnerships are managed by Meridian Healthcare, Inc., an affiliate of Meridian Healthcare Investments, Inc. (Development General Partner), under the terms of existing management agreements which provide for management fees equal to 5% of the annual revenues of each nursing center. During 2003, certain of the operating partnerships purchase medical supplies and services from affiliates of the Development General Partner. Such purchases were in turn billed to patients or third party payors at prices which on average approximate the nursing center's cost.

Transactions with these related parties for the three and six months ended June 30, 2004 and 2003 are as follows:

<TABLE>
<CAPTION>

	Three Months Ended		Six Months Ended	
	June 30, 2004	June 30, 2003	June 30, 2004	June 30, 2003
<S>	<C>	<C>	<C>	<C>
Management and administration fees	\$ 879,000	\$ 800,000	\$1,796,000	\$1,633,000
* Drug and medical supplies purchases	-	813,000	-	1,722,000
Nursing and rehabilitation services	1,089,000	1,673,000	2,240,000	3,267,000
Interest expense on borrowings	23,000	23,000	46,000	46,000

</TABLE>

*As a result of a spin-off transaction completed on December 1, 2003, Genesis is no longer affiliated with the Fund's primary supplier of drugs and medical supplies. Consequently, such transactions are no longer reflected as related party.

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP

Notes to Condensed Consolidated Financial Statements
June 30, 2004
(Unaudited)

NOTE 2 - RELATED PARTY TRANSACTIONS (Continued)

The Development General Partner loaned the Fund \$597,000, as required by the Cash Flow Deficit Guaranty Agreement, to support the operating deficits generated by the Mooresville, Salisbury and Woodlands nursing centers during each center's first two years of operations subsequent to the Fund's acquisition of partnership interests. Loans outstanding under the arrangement, including accumulated interest from inception of the loan at 9% per annum, were \$1,368,000 at June 30, 2004 and \$1,343,000 at December 31, 2003. The Fund is obligated to repay these loans when certain specified financial criteria are met, the most significant of which is the payment of a preferred return to the assignee limited partners as defined in the Fund's partnership agreement.

NOTE 3 - DEBT

On June 12, 2000, the Fund and a commercial bank refinanced mortgage loans totaling \$24,000,000 with a term of five years and an interest rate of 9.75%. Effective February 1, 2003, the Fund amended the related mortgage loan agreement. The amendment provides for a term of five years at an interest rate

of 6.5%. Monthly payments of \$180,242 are based on a 20-year amortization schedule with a mandatory prepayment option at the Bank's discretion during the period between November 1, 2007 through May 1, 2008.

The Fund established a \$4,000,000 revolving credit facility with the same commercial bank. The balance outstanding as of June 30, 2004 and December 31, 2003 was \$227,000. Borrowings under the credit facility bear interest at a floating rate, which equals the announced commercial prime rate. The bank can renew the credit facility each year for a one-year extension.

The mortgage notes payable are secured by deeds of trust on the related property and all assets of the Fund. Under the terms of these loan agreements, the operating partnerships are obligated to conform with specific financial criteria and are subject to certain other covenants.

NOTE 4 - CERTAIN SIGNIFICANT RISKS AND UNCERTAINTIES

The Fund receives revenues from Medicare, Medicaid, private insurance, self-pay residents, and other third party payors. The Medicaid and Medicare programs are highly regulated. The failure of the Fund to comply with applicable reimbursement regulations could adversely affect its business. The Fund monitors its receivables from third party payor programs and reports such revenues at the net realizable value expected to be received.

The sources and amounts of the Fund's revenues are determined by a number of factors, including licensed bed capacity and occupancy rates of its eldercare centers, the mix of patients and the rates of reimbursement among payors. Changes in the acuity of the patients as well as payor mix among Medicare, Medicaid and private pay can significantly affect the Fund's profitability.

It is not possible to fully quantify the effect of potential legislative or regulatory changes, the administration of such legislation or any other governmental initiatives on the Fund's business. Accordingly, there can be no assurance that the impact of these changes or any future healthcare legislation will not further adversely affect the Fund's business. There can be no assurance that payments under governmental and private third party payor programs will be timely, will remain at levels comparable to present levels or will, in the future, be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to such programs. The Fund's financial condition and results of operations may be affected by the reimbursement process, which in the healthcare industry is complex and can involve lengthy delays between the time that revenue is recognized and the time that reimbursement amounts are settled.

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP

Management's Discussion and Analysis of Financial Condition and Results of Operations

Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Fund was organized under the laws of the State of Delaware on December 8, 1987. The Fund will continue until December 31, 2037, unless sooner terminated under the provisions of the Partnership Agreement. The Fund was formed to acquire 98.99% of the limited partnership interests in seven limited partnerships, each of which owns and operates a single nursing center (the "Facilities").

The Fund's objectives are to (i) preserve Investors' capital; (ii) obtain capital appreciation through increases in the value of the Facilities; and (iii) provide quarterly cash distributions to Investors from income generated by the Facilities' operating income, the income taxation of a portion of which is anticipated to be deferred. The Facilities include four nursing centers located in Maryland; two nursing centers located in North Carolina and one facility in New Jersey. Each operating partnership owns the real and personal property of its nursing center facility.

The Fund's sole business is its investment in partnerships which own and operate nursing centers that are healthcare facilities licensed by individual states to provide long-term healthcare within guidelines established by the appropriate state health agencies and as directed by each patient's physician.

The major challenge to the Fund in the foreseeable future is to control operating expenses, to maintain a quality mix of patients and to increase the overall census at each of the facilities.

The aging of the population and increased life expectancies are the primary driving forces behind the growth of the Fund's businesses. The Fund's management believes that positive demographic trends imply that there will be a growing demand for the services offered by healthcare providers that deliver the most efficient, responsive, cost effective and high quality eldercare services. Management of the Fund is continually engaged in various efforts to improve profitability by focusing on key operational initiatives, including: improving the quality of the Fund's payor mix, increasing the Fund's rate of occupancy, improving nursing staff scheduling and retention, reducing reliance on overtime compensation and temporary nursing agency services, and capitalizing on best demonstrated practices in various areas of cost control. As a result, the Fund's management believes the Fund will be well positioned to take advantage of the favorable demographic and growth trends in its industry.

Government funded programs, principally Medicaid and Medicare, provide approximately 85% of the Fund's revenue. Over the past five years, changes in funding from these government sources has had a significant impact on the Fund's cash flows and profitability. Through trade and other organizations, the Fund's manager actively participates in partnership with other healthcare providers to pursue strategies to minimize any potentially adverse impact of government funding proposals. The Fund's management believes the continuation of government funding at levels sufficient to profitably operate the Fund's business is its greatest financial risk.

Labor costs, including salaries, wages and benefits, account for significant portion of the Fund's total operating expenses. The Fund competes with other healthcare providers and with non-healthcare providers for both professional and non-professional employees. In recent years, the Fund and the long-term care industry have experienced shortages in qualified professional clinical staff. While the Fund has been able to retain the services of an adequate number of qualified personnel to staff its facilities and sites of services, it has used expensive temporary nursing agency services to supplement staffing. If a shortage of nurses or other health care workers occurred in the geographic areas in which the Fund operates, it could adversely affect its ability to attract and retain qualified personnel and could further increase its operating costs, without a corresponding increase in the level of government funded reimbursement.

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP

Management's Discussion and Analysis of Financial
Condition and Results of Operations

Liquidity and Capital Resources

Reference to the Fund's unaudited condensed consolidated balance sheets and unaudited condensed consolidated statements of cash flows will facilitate understanding of the discussion that follows.

The Fund's working capital (excluding the current portion of long-term debt) increased \$821,000 to \$5,127,000 at June 30, 2004 as compared to \$4,306,000 at December 31, 2003. The Fund has sufficient liquid assets and other available credit resources to satisfy its operating expenditures and anticipated routine capital improvements at each of the seven nursing home facilities.

Cash flow from operating activities was \$1,247,000 for the six-month period ended June 30, 2004 as compared to \$2,074,000 for the same period of 2003. This decrease in cash flow was due primarily to an increase in estimated third-party payor settlements to account for revenue to be received from the State of North Carolina relating to the conversion of the State's Medicaid system to a provider tax-based system, partially offset by increased revenue received as a result of Medicare rate increases which went into effect in October 2003.

The Fund believes that the short-term liquidity needs will be met through expected cash flow from operations and available working capital from the existing revolving credit facility.

Cash used in investing activities for the six-month period ended June 30, 2004 was \$117,000 and included improvements to the Fund's seven operating facilities. Similar improvements made during the first six months of 2003 were \$653,000. The decrease in investing activity was due to the delayed commencement of first quarter 2004 capital expenditures which did not begin until the second quarter. The Fund completed approximately \$1.2 million of non-routine capital improvements to enhance the functionality and marketability of its Maryland centers in 2003. These improvements were funded from operating cash flow. As a result, the Fund retains the ability to draw on its line of credit facility to fund future improvements, as necessary.

Cash used in financing activities for the six-month period ended June 30, 2004 included the repayment of long term debt of \$335,000 and distributions to partners totaling \$1,167,000.

The Fund closed its mortgage loan refinancing with a bank for loans totaling \$24,000,000 on June 12, 2000. The renewal terms became effective on June 12, 2000 and provided for a term of five years at an interest rate of 9.75%. Monthly payments were based on a 20-year amortization schedule with a balloon payment due at the end of the 5-year term. Effective February 1, 2003, the Fund amended the existing mortgage. The amendment provides for a term of five years at an interest rate of 6.5% from the effective date. Monthly payments of \$180,242 are based on a 20-year amortization schedule with a mandatory prepayment option at the Bank's discretion during the period between November 1, 2007 through May 1, 2008.

The Fund also has a \$4,000,000 line of credit with the same lender under terms similar to the mortgage loan terms described above, except that the line of credit facility requires annual reaffirmation. As of June 30, 2004, the Fund had borrowed \$227,000 under this credit facility.

Between 1988 and 1989, the Development General Partner loaned the Fund \$597,000 to support operating deficits generated by the Mooresville, Salisbury and Woodlands nursing centers during each centers' first two years of operation. Loans outstanding under this arrangement, including interest at 9% per annum, were \$1,368,000 at June 30, 2004 and \$1,343,000 at December 31, 2003.

On August 16, 2004, the Fund will make its second quarter 2004 distribution to partners of \$583,000, representing a 6% return. This distribution will be funded by second quarter 2004 operations. The Fund continues to evaluate the impact of newly enacted Medicaid legislation in North Carolina and further capital improvement needs at the facilities. As such, future distributions will be influenced by these considerations.

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP

Management's Discussion and Analysis of Financial
Condition and Results of Operations

Revenue Sources

The Fund receives revenues from Medicare, Medicaid, private insurance, self-pay residents, and other third party payors. The sources and amounts of the Fund's revenues are determined by a number of factors, including licensed bed capacity and occupancy rates of its eldercare centers, the mix of patients and the rates of reimbursement among payors. Changes in the acuity of the patients as well as payor mix among Medicare, Medicaid and private pay can significantly affect the Fund's profitability.

The final fiscal year 2004 prospective payment system rules for skilled nursing facilities became effective on October 1, 2003. The final rules enhanced the reimbursement rates for 2004 by increasing base rates by 6.26% (a 3% increase in the annual update factor and a 3.26% upward adjustment correcting previous forecast errors). These changes are estimated to have increased Medicare payment rates per patient day by \$19. The final rules also provide for

the continuation through September 30, 2004 of certain payment add-ons that were authorized in the Balanced Budget Refinement Act to compensate for non-therapy ancillaries.

On July 30, 2004, the Centers for Medicare and Medicaid Services (CMS) published notice of the fiscal year 2005 prospective payment system rates that will be effective October 1, 2004. The fiscal year 2005 rules provide for a 2.8% market basket increase and continue the current payment system with certain payment add-ons that were authorized to compensate for non-therapy ancillaries. While no changes are made to the fiscal year 2005 rules, CMS affirms that its contractor, the Urban Institute, is expected to complete its study of the skilled nursing payment system and that the study recommendations will be considered as a part of the proposed fiscal year 2006 rules.

State budget pressures in recent years have translated into reductions in state spending in certain jurisdictions. Given that Medicaid outlays are a significant component of state budgets, the Fund expects continuing cost containment pressures on Medicaid outlays for skilled nursing facilities in the states in which it operates. In each of the major states where the Fund provides services, its manager is working with trade groups, consultants and government officials to responsibly address the particular funding issues.

The plight of state governments has helped to elevate issues related to Medicaid onto the national agenda. Last year, Congress passed temporary relief to states providing a 2.9% temporary increase in the Federal Medicaid Assistance Percentage for five quarters estimated to provide states \$10 billion in Medicaid relief. That assistance terminated on June 30, 2004. While legislation has been introduced in both the U.S. Senate and the U.S. House of Representatives, prospects for Congress extending the temporary assistance are not encouraging. Actions to date on state Medicaid budgets affirm that many states are adjusting state Medicaid spending to reflect the loss of the temporary Federal assistance. While certain of the states the Fund operates in have competed formulating their fiscal year 2005 budgets, it is premature to determine what the impact of these state budget decisions will be on the skilled nursing facility services as detailed rate notices are still in process.

Among the alternative Medicaid funding approaches that states have explored are nursing home provider assessments as tools for leveraging increase Medicaid matching funds. Such initiatives are authorized under the law. Nursing home provider assessments have been implemented in North Carolina. In June 2004, a new state law in New Jersey was enacted amending previously enacted provider assessment laws to overcome Federal approval concerns. New Jersey is revising its proposed state plan amendments and the state is expected to resubmit its proposal to CMS in the near future. The Fund's manager has not completed its evaluation of the financial impact of the provider assessment proposal in New Jersey, but expects its implementation to have a positive impact on the Fund's net earnings.

It is not possible to fully quantify the effect of potential legislative or regulatory changes, the administration of such legislation or any other governmental initiatives on the Fund's business. Accordingly, there can be no assurance that the impact of these changes or any future healthcare legislation will not further adversely affect the Fund's business. There can be no assurance that payments under governmental and private third party payor programs will be timely, will remain

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP

Management's Discussion and Analysis of Financial
Condition and Results of Operations

Revenue Sources (continued)

at levels comparable to present levels or will, in the future, be sufficient to cover the costs allocable to patients eligible for reimbursement pursuant to such programs. The Fund's financial condition and results of operations may be affected by the reimbursement process, which in the healthcare industry is complex and can involve lengthy delays between the time that revenue is recognized and the time that reimbursement amounts are settled.

Results of Operations

Three Months Ended June 30, 2004 versus Three Months Ended June 30, 2003

Net earnings for the Fund were \$284,000 for the three months ended June 30, 2004 as compared to \$378,000 for the same period in fiscal year 2003. The decrease in earnings is primarily due to increased operating and general and administrative costs, and higher management and administration fees, which are partially offset by increased net patient revenues.

Overall revenues of \$16,033,000 increased \$690,000 or 4.5% for the three months ended June 30, 2004 compared to the same period in fiscal year 2003. The increase in revenue is primarily due to an increase in Medicaid and Medicare revenues and revenues from Private patients. Medicaid and Medicare revenues increased \$115,000 to \$13,414,000 for the three months ended June 30, 2004 compared to the same period in fiscal year 2003. Medicaid revenue for the three months ended June 30, 2004 increased \$374,000 compared to the same period in the prior year. This increase is primarily due to an overall Medicaid rate increase of approximately 7.0%. This rate increase is driven by the four Maryland centers, which received their annual Medicaid rate adjustment in July 2003, and a rate increase effective October 2003 for the two North Carolina centers. These rate increases are partially offset by a reduction in the Medicaid census. The average daily Medicaid census decreased by 20 residents or 2.9 % for the three months ended June 30, 2004 as compared to the same period in the prior year. Medicare revenue of \$3,754,000 decreased \$259,000 or 6.5% for the three month period ended June 30, 2004 compared to the same period in fiscal year 2003. The decrease in Medicare revenue is primarily due to a decrease in census, which is partially offset by a rate increase. The average daily Medicare census decreased by 20 residents or 14.7% for the three months ended June 30, 2004 as compared to the same period in the prior year. Revenues from Private patients increased \$563,000 or 27.8%, which is due to an increase in the private and insurance census. The average daily Private census increased by 15 residents or 21.4%, and the average daily Insurance census increased by 9 residents or 43.5% for the three months ended June 30, 2004 compared to the same period in fiscal year 2003.

Second quarter 2004 expenses of \$15,749,000 increased \$784,000 or 5.2% from the three months ended June 30, 2003.

Operating expenses of \$13,610,000 increased \$637,000 or 4.9% in the second quarter of 2004 as compared to the same period in fiscal year 2003. This increase is primarily due to the increased costs of nursing services, property and liability insurance, state assessment, and ancillary costs, which is partially offset by a decrease in bad debt expense. Nursing costs increased \$82,000 for the three months ended June 30, 2004 as compared to the same period in fiscal year 2003. This increase is primarily due to inflationary increases in salaries and benefits, and supplies, which is partially offset by a decrease in the cost of temporary nurse staffing. Nursing salaries, benefits and supplies increased \$629,000, while temporary nurse staffing expense decreased \$547,000 for the three months ended June 30, 2004 compared to the same period in fiscal year 2003. Property and Liability insurance increased \$89,000 for the three months ended June 30, 2004 as compared to the same period in fiscal year 2003 due to the annual rate increase effective June. An assessment levied by the state of North Carolina to patient days effective October 2003 in the amount of \$250,000 was recognized in the second quarter of 2004. Bad debt expense of \$97,000 decreased \$142,000 for the three month period ended June 30, 2004 compared to the same period in fiscal year 2003. Ancillary expenses increased \$136,000 or 7.3% for the three months ended June 30, 2004 as compared to the same period in 2003. This increase is primarily attributable to the growth in the Insurance census, whose residents have high ancillary usage. The remaining increase in operating costs is due to general inflationary cost increases.

Results of Operations (continued)

Management and administrative fees of \$879,000 increased \$79,000 or approximately 9.9% for the second quarter 2004 compared to the same period in fiscal year 2003. This increase is due to an increase in the management fee expense, which is calculated at 5% of the Fund's net revenues less bad debt expense.

General and administrative expenses of \$324,000 increased \$51,000 or 18.7% in the second quarter of 2004 as compared to the same period in fiscal year 2003. This increase is a result of increased auditing, legal, and licensing fees, which increased \$14,000, \$17,000, and \$10,000 respectively over the same period in the prior year. The remaining increase is due to general inflationary cost increases.

Six Months Ended June 30, 2004 versus Six Months Ended June 30, 2003

Net earnings for the Fund were \$1,316,000 for the six months ended June 30, 2004 as compared to \$699,000 for the same period in fiscal year 2003, representing an increase of \$617,000 or 88.3 %.

Overall revenues of \$32,774,000 increased \$2,024,000 or 6.6% for the six months ended June 30, 2004 as compared to the same period in fiscal year 2003. This increase in revenue is primarily due to increases in revenue from Medicaid and Medicare patients, and revenues from Private patients. Medicaid and Medicare revenue increased \$1,344,000 to \$27,729,000 for the six month period ended June 30, 2004 compared to the same period in 2003. Medicaid revenue for the six months ended June 30, 2004 increased \$1,218,000 compared to the same period in the prior year. This increase is primarily due to an overall Medicaid rate increase of approximately 9.7%. This rate increase is driven by the four Maryland centers, which received their annual Medicaid rate adjustment in July 2003, and a rate increase effective October 2003 for the two North Carolina centers. These rate increases are partially offset by a reduction in the Medicaid census. The average daily Medicaid census decreased by 23 residents or 3.3% for the six months ended June 30, 2004 compared to the same period in the prior year. Medicare revenue increased \$126,000 or 1.6% for the six month period ended June 30, 2004 compared to the same period in fiscal year 2003. This increase is primarily due to an enhancement to the Medicare reimbursement rates effective October 2003. See "--- Revenue Sources". This rate increase is partially offset by a reduction in the Medicare census. The average daily Medicare census decreased by 9.5 residents or 6.9% for the six months ended June 30, 2004 compared to the same period in the prior year. Private patients revenue increased \$657,000 to \$4,987,000 for the six months ended June 30, 2004 as compared to the same period in 2003. This increase is due to growth in the Private and Insurance census. The Private average daily census for the six months ended June 30, 2004 increased 6.1% or 5 residents and the Insurance average daily census increased 36.6% or 8 residents for the six months ended June 30, 2004 compared to the same period in fiscal year 2003.

Overall expenses increased \$1,407,000 or 4.7% to \$31,458,000 for the six months ended June 30, 2004 as compared to \$30,051,000 for the same period in fiscal year 2003.

Operating expenses increased \$983,000 or 3.8% to \$27,145,000 for the six months ended June 30, 2004 as compared to the same period in fiscal year 2003. This increase is primarily due to the increased cost of nursing services, property and liability insurance, state assessment, and ancillary costs, which is partially offset by a decrease in bad debt expense. Nursing costs increased \$365,000 for the six months ended June 30, 2004 as compared to the same period in fiscal year 2003. This increase is primarily due to increases in salaries and benefits, and supplies which is partially offset by a decrease in the cost of temporary nurse staffing. Nursing salaries, benefits, and supplies for nursing increased \$1,402,000, while temporary nurse staffing expense decreased \$1,037,000 for the six months ended June 30, 2004 as compared to the same period in fiscal year 2003. Property and Liability insurance increased \$159,000 for the six months ended June 30, 2004 as compared to the same period in fiscal year 2003 due to the annual rate increase effective June 2003. An assessment levied by the state of North Carolina to patient days effective October 2003 in the amount of \$387,000 was recognized in the six months ended June 30, 2004. Bad debt expense of \$204,000 decreased \$ 352,000 for the six month period ended June 30, 2004 compared to the same period in fiscal year 2003 due to improved collection efforts. Ancillary

expenses increased \$107,000 or 2.8% for the three months ended June 30, 2004 as compared to the same period in 2003. This increase is primarily attributable to the growth in the Insurance census, whose residents have high ancillary usage. The remaining increase in operating costs is due to general inflationary cost increases.

Management and administrative fees of \$1,796,000 increased \$163,000 or approximately 10.0% for the second quarter 2004 compared to the same period in fiscal year 2003. This increase is due to an increase in the management fee expense, which is calculated at 5% of the Fund's net revenues.

General and administrative expenses of \$641,000 increased \$266,000 or 70.9% in the second quarter of 2004 as compared to the same period in fiscal year 2003. This increase is primarily due to a change in New Jersey regulations resulting in a \$190,000 reduction of a filing fee expense, which was recorded in the six months ended June 30, 2003. Also auditing, legal, and licensing fees increased \$17,000, \$18,000, and \$9,000 respectively over the same period in the prior year. The remaining increase is due to general inflationary cost increases.

Depreciation and Amortization expense increased \$53,000 to \$1,078,000 for the six months ended June 30, 2004 as compared to the same period in fiscal year 2003. This increase is primarily due to an increase in depreciation expense for equipment purchases.

Interest expense of \$798,000 decreased \$58,000 for the six months ended June 30, 2004 as compared to the same period in fiscal year 2003. The decrease in interest expense is due to the reduction of the interest rate from 9.75% to 6.5% effective February 1, 2003.

Critical Accounting Policies

We consider an accounting policy to be critical if it is important to our financial condition and results, and requires significant judgment and estimates on the part of management in its application. Our critical accounting estimates and the related assumptions are evaluated periodically as conditions warrant, and changes to such estimates are recorded as new information or changed conditions require revision. Application of the critical accounting policies requires management's significant judgments, often as the result of the need to make estimates of matters that are inherently uncertain. If actual results were to differ materially from the estimates made, the reported results could be materially affected. We believe that the following represents our critical accounting policies, which are described in our most recent Report on Form 10-K:

- o Allowance for Doubtful Accounts
- o Revenue Recognition

During the current quarter, we did not make any material changes to our estimates or methods by which estimates are derived with regard to our critical accounting policies.

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP

PART I. FINANCIAL INFORMATION

Item 3. Quantitative and Qualitative Disclosures About Market Risk

The Fund has exposure to changing interest rates. At June 30, 2004, the Fund has \$227,000 of debt subject to variable rates of interest. A one percent increase in such variable rate would result in an increase to the Fund's interest expense of \$2,270 annually.

Item 4. Controls and Procedures

Within the 90-day period prior to the filing of the quarterly report, an evaluation was carried out under the supervision and with the participation of the Fund's management, including the Chief Executive Officer (or CEO) and Chief Financial Officer (or CFO), of the effectiveness of our disclosure controls and

procedures. Based on that evaluation, the CEO and CFO have concluded that the Fund's disclosure controls and procedures are effective to ensure that information required to be disclosed by the Fund in reports that it files or submits under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in Securities and Exchange Commission rules and forms. Subsequent to the date of their evaluation, there were no significant changes in the Fund's internal controls or in other factors that could significantly affect the disclosure controls, including any corrective actions with regard to significant deficiencies and material weaknesses.

PART II. OTHER INFORMATION

- Item 1. Legal Proceedings
Inapplicable
- Item 2. Changes in Securities and Use of Proceeds
Inapplicable
- Item 3. Defaults upon Senior Securities
Inapplicable
- Item 4. Submission of Matters to a Vote of Security Holders
Inapplicable
- Item 5. Other Information
Inapplicable

15

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP

- Item 6. Exhibits and Reports on Form 8-K

a) Exhibits

Exhibit 31.1 Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.2 Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.3 Certification of Principal Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 31.4 Certification of Principal Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.1 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

Exhibit 32.2 Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

- b) Reports on Form 8-K: None

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND LIMITED PARTNERSHIP

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND
LIMITED PARTNERSHIP

DATE: 8/9/04 By: /s/ John M. Prugh
John M. Prugh
President and Director
Brown-Healthcare, Inc.
Administrative General Partner

DATE: 8/9/04 By: /s/ Timothy M. Gisriel
Timothy M. Gisriel
Treasurer
Brown-Healthcare, Inc.
Administrative General Partner

17

Exhibit 31.1

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND
LIMITED PARTNERSHIP

Certification of Principal Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, George V. Hager Jr., certify that:

1. I have reviewed this quarterly report on Form 10-Q of Meridian Healthcare Growth and Income Fund Limited Partnership;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such

disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 8/6/04

By: /s/ George V. Hager, Jr.
George V. Hager, Jr.
Chief Executive Officer
Meridian Healthcare Investments, Inc.
Development General Partner

Exhibit 31.2

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND
LIMITED PARTNERSHIP

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, James V. McKeon, III, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of Meridian Healthcare Growth and Income Fund Limited Partnership;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

- b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 8/6/04

By: /s/ James V. McKeon, III
James V. McKeon, III
Chief Financial Officer
Meridian Healthcare Investments, Inc.
Development General Partner

Exhibit 31.3

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND
LIMITED PARTNERSHIP

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, John M. Prugh, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of Meridian Healthcare Growth and Income Fund Limited Partnership;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

- c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 8/9/04

By: /s/ John M. Prugh
John M. Prugh
Chief Executive Officer
Brown-Healthcare, Inc.
Administrative General Partner

Exhibit 31.4

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND
LIMITED PARTNERSHIP

Certification of Principal Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Timothy M. Gisriel, certify that:

- 1. I have reviewed this quarterly report on Form 10-Q of Meridian Healthcare Growth and Income Fund Limited Partnership;
- 2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- 4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures [as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)] for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - c) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: 8/9/04

By: /s/ Timothy M. Gisriel
Timothy M. Gisriel
Chief Financial Officer
Brown-Healthcare, Inc.
Administrative General Partner

Exhibit 32.1

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND
LIMITED PARTNERSHIP

CERTIFICATION PURSUANT TO
18 U.S.C. ss. 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of Meridian Healthcare Growth and Income Fund Limited Partnership's (the "Fund") Quarterly Report on Form 10-Q for the period ending June 30, 2004 with the Securities and Exchange Commission on the date hereof (the "Report"), We certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Fund.

Date: 8/6/04

By: /s/ George V. Hager, Jr.
George V. Hager, Jr.
Chief Executive Officer
Meridian Healthcare Investments, Inc.
Development General Partner

Date: 8/6/04

By: /s/ James V. McKeon, III
James V. McKeon, III
Chief Financial Officer
Meridian Healthcare Investments, Inc.
Development General Partner

Exhibit 32.2

MERIDIAN HEALTHCARE GROWTH AND INCOME FUND
LIMITED PARTNERSHIP

CERTIFICATION PURSUANT TO

18 U.S.C. ss. 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the filing of Meridian Healthcare Growth and Income Fund Limited Partnership's (the "Fund") Quarterly Report on Form 10-Q for the period ending June 30, 2004 with the Securities and Exchange Commission on the date hereof (the "Report"), We certify, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Fund.

Date: 8/9/04

By: /s/ John M. Prugh
John M. Prugh
Chief Executive Officer
Brown-Healthcare, Inc.
Administrative General Partner

Date: 8/9/04

By: /s/ Timothy M. Gisriel
Timothy M. Gisriel
Chief Financial Officer
Brown-Healthcare, Inc.
Administrative General Partner