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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2008

Open to Public Inspection

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

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

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

C Name of organization
Memorial Hermann Hospital System

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
9301 Southwest Freeway

City or town, state or country, and ZIP + 4
Houston, TX 77074

D Employer identification number
74-1152597

E Telephone number
(713) 448-4175

G Gross receipts $ 2,628,882,069

F Name and address of Principal Officer
Dan Wolterman
929 Gessner Suite 2700
Houston, TX 77024

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

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

H(c) Group Exemption Number ▶

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

J Web site: ▶ www memorialhermann org

K Type of organization ☑ Corporation ☐ trust ☐ association ☐ other ▶

L Year of Formation 1910

M State of legal domicile TX

Part I Summary

1 Briefly describe the organization's mission or most significant activities

Memorial Hermann Healthcare System is a not-for-profit,community-owned health care system with spiritual values, dedicated to providing high quailty health services

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

3	Number of voting members of the governing body (Part VI, line 1a)	3	46
4	Number of independent voting members of the governing body (Part VI, line 1b)	4	32
5	Total number of employees (Part V, line 2a)	5	23,637
6	Total number of volunteers (estimate if necessary)	6	3,053
7a	Total gross unrelated business revenue from Part VIII, line 12, column (C)	7a	7,869,621
b	Net unrelated business taxable income from Form 990-T, line 34	7b	-2,385,380

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	11,766,359	7,701,923
9	Program service revenue (Part VIII, line 2g)	2,345,551,104	2,599,226,024
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-76,016,788	-58,420,338
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	50,416,326	64,701,328
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,331,717,001	2,613,208,937
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)		927,539
14	Benefits paid to or for members (Part IX, column (A), line 4)		0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	1,048,405,144	1,226,241,386
16a	Professional fundraising fees (Part IX, column (A), line 11e)		0
b	(Total fundraising expenses, Part IX, column (D), line 25 0)		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	1,261,605,081	1,403,520,336
18	Total expenses—add lines 13–17 (must equal Part IX, line 25, column (A))	2,310,010,225	2,630,689,261
19	Revenue less expenses Subtract line 18 from line 12	21,706,776	-17,480,324

		Beginning of Year	End of Year
20	Total assets (Part X, line 16)	3,641,024,845	3,763,094,097
21	Total liabilities (Part X, line 26)	2,083,226,847	2,292,195,136
22	Net assets or fund balances Subtract line 21 from line 20	1,557,797,998	1,470,898,961

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

Please Sign Here

Signature of officer — Date: 2010-05-14

Carrol E Aulbaugh CFO and Treasurer
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-empolyed ▶ ☐	Preparer's PTIN (See Gen Inst)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ ERNST AND YOUNG US LLP 1901 6TH AVENUE NORTH SUITE 1200 BIRMINGHAM, AL 35203			EIN ▶ Phone no ▶ (205) 251-2000

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

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

1 Briefly describe the organization's mission

See Additional Data Table

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

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting or make significant changes in how it conducts any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the exempt purpose achievements for each of the organization's three largest program services by expenses Section 501(c)(3) and (4) organizations and 4947(a)(1) trusts are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 2,298,212,098 including grants of $ 927,539) (Revenue $ 2,599,226,024)

MEMORIAL HERMANN IS A NON-PROFIT COMMUNITY-OWNED, HEALTHCARE SYSTEM WITH SPIRITUAL VALUES, DEDICATED TO PROVIDING HIGH QUALITY HEALTHCARE SERVICES TO OUR COMMUNITIES ANNUAL DELIVERIES 26,731 ANNUAL INPATIENT ADMISSIONS 134,248 ANNUAL INPATIENT DAYS 669,908 ANNUAL EMERGENCY VISITS 411,591 ANNUAL OUTPATIENT SURGERIES 61,355 ANNUAL DIAGNOSTIC AND THERAPY 634,826

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 $ 2,298,212,098 *Must equal Part IX, Line 25, column (B).*

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	Section 501(c)(3) organizations Did the organization engage in lobbying activities? *If "Yes," complete Schedule C, Part II*	4		No
5	Section 501(c)(4), 501(c)(5), and 501(c)(6) organizations Is the organization subject to the section 6033(e) notice and reporting requirement and proxy tax? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	Did the organization report an amount in Part X, lines 10, 12, 13, 15, or 25? *If "Yes," complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable*	11	Yes	
12	Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12		No
13	Is the organization a school as described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the U S ?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the U S ? *If "Yes," complete Schedule F, Part I*	14b	Yes	
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the United States? *If "Yes," complete Schedule F, Part II*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the United States? *If "Yes," complete Schedule F, Part III*	16		No
17	Did the organization report more than $15,000 on Part IX, column (A), line 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20	Yes	
21	Did the organization report more than $5,000 on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	21	Yes	
22	Did the organization report more than $5,000 on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	22		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5? *If "Yes," complete Schedule J*	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to question 25*	24a	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		No
25a	Section 501(c)(3) and 501(c)(4) organizations Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	25a		No
b	Did the organization become aware that it had engaged in an excess benefit transaction with a disqualified person from a prior year? *If "Yes," complete Schedule L, Part I*	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, or substantial contributor, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	27		No

Part IV Checklist of Required Schedules *(Continued)*

			Yes	No
28	During the tax year, did any person who is a current or former officer, director, trustee, or key employee			
a	Have a direct business relationship with the organization (other than as an officer, director, trustee, or employee), or an indirect business relationship through ownership of more than 35% in another entity (individually or collectively with other person(s) listed in Part VII, Section A)? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	Have a family member who had a direct or indirect business relationship with the organization? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	Serve as an officer, director, trustee, key employee, partner, or member of an entity (or a shareholder of a professional corporation) doing business with the organization? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations section 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35**		No
36	501(c)(3) organizations Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5 percent of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No

Part V Statements Regarding Other IRS Filings and Tax Compliance

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096, *Annual Summary and Transmittal of U.S. Information Returns. Enter -0-* if not applicable	1a	1,102		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?		1c	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	2a	23,637		
b	If at least one is reported in 2a, did the organization file all required federal employment tax returns? **Note:** *If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return.*		2b		
3a	Did the organization have unrelated business gross income of $1,000 or more during the year covered by this return?		3a	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*		3b	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		4a	Yes	
b	If "Yes," enter the name of the foreign country CJ See the instructions for exceptions and filing requirements for **Form TD F 90-22.1,** *Report of Foreign Bank and Financial Accounts.*				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		5a		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		5b		No
c	If "Yes," to 5a or 5b, did the organization file Form 8886-T, *Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?*		5c		
6a	Did the organization solicit any contributions that were not tax deductible?		6a		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		6b		
7	*Organizations that may receive deductible contributions under section 170(c).*				
a	Did the organization provide goods or services in exchange for any quid pro quo contribution of $75 or more?		7a		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?		7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		7c		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization, during the year, receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		7e		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		7f		
g	For all contributions of qualified intellectual property, did the organization file Form 8899 as required?		7g		
h	For contributions of cars, boats, airplanes, and other vehicles, did the organization file a Form 1098-C as required?		7h		
8	*Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.* Did the supporting organization, or a fund maintained by a sponsoring organization, have excess business holdings at any time during the year?		8		
9	*Section 501(c)(3) and other sponsoring organizations maintaining donor advised funds.*				
a	Did the organization make any taxable distributions under section 4966?		9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person?		9b		
10	*Section 501(c)(7) organizations.* Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	Section 501(c)(12) organizations Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	*Section 4947(a)(1) non-exempt charitable trusts.* Is the organization filing Form 990 in lieu of Form 1041?		12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			

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

Section A. Governing Body and Management

			Yes	No
	For each "Yes" response to lines 2-7 below, and for a "No" response to lines 8 or 9b below, describe the circumstances, processes, or changes in Schedule O. See instructions.			
1a	Enter the number of voting members of the governing body . .	1a 46		
b	Enter the number of voting members that are independent . .	1b 32		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? . .	3		No
4	Did the organization make any significant changes to its organizational documents since the prior Form 990 was filed? . .	4		No
5	Did the organization become aware during the year of a material diversion of the organization's assets? . .	5		No
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
a	the governing body?	8a	Yes	
b	each committee with authority to act on behalf of the governing body?	8b	Yes	
9a	Does the organization have local chapters, branches, or affiliates?	9a		No
b	If "Yes," does the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with those of the organization?	9b		
10	Was a copy of the Form 990 provided to the organization's governing body before it was filed? All organizations must describe in Schedule O the process, if any, the organization uses to review the Form 990	10	Yes	
11	Is there any officer, director or trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	11		No

Section B. Policies

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

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed _____

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you make these available Check all that apply

☐ own website ☐ another's website ☑ upon request

19 Describe in Schedule O whether (and if so, how), the organization makes its governing documents, conflict of interest policy, and financial statements available to the public See Additional Data Table

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

DENNIS MCVEIGH
9301 SOUTHWEST FREEWAY SUITE 600
Houston, TX 77074
(713) 448-4179

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

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

1a Complete this table for all persons required to be listed Use Schedule J-2 if additional space is needed
* List all of the organization's **current** officers, directors, trustees (whether individuals or organizations) and key employees regardless of amount of compensation, and current key employees Enter -0- in columns (D), (E), and (F) if no compensation was paid

* List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations

* List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations

* List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

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

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

(A) Name and Title	**(B)** Average hours per week	**(C)** Position (check all that apply)						**(D)** Reportable compensation from the organization (W-2/1099MISC)	**(E)** Reportable compensation from related organizations (W- 2/1099-MISC)	**(F)** Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			

Part VII Continued

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
1b Total ▶								11,867,210	9,423,077	5,404,372

2 Total number of individuals (including those in 1a) who received more than $100,000 in reportable compensation from the organization ▶ 927

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Spawmaxwell Company 4321 Directors Row Suite 100 HOUSTON, TX 77092	Construction	41,431,207
Gen-Tech Construction LLC 211 W 34th Street HOUSTON, TX 77018	Construction	12,428,171
Medi-Dyn Inc 13028 Collection Center Dr CHICAGO, IL 66093	Contractual	11,091,699
Fulbright Jaworski LLP 600 Congress Avenue Suite 2400 AUSTIN, TX 78701	Contractual	8,934,627
Tellepsen Builders LP 777 Benmar Suite 400 HOUSTON, TX 77060	Construction	8,226,743

2 Total number of independent contractors (including those in 1) who received more than $100,000 in compensation from the organization ▶ 67

Part VIII Statement of Revenue

			(A) Total Revenue	(B) Related or Exempt Function Revenue	(C) Unrelated Business Revenue	(D) Revenue Excluded from Tax under IRC 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations 1d 6,447,544				
	e	Government grants (contributions) 1e 1,250,171				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 4,208				
	g	Noncash contributions included in lines 1a-1f $				
	h	**Total (Add lines 1a-1f)**	7,701,923			
Program Service Revenue		Business Code				
	2a	PATIENT SERVICE REVENUE	2,599,226,024	2,599,226,024		
	b					
	c					
	d					
	e					
	f	All other program service revenue				
	g	**Total. Add lines 2a-2f** ▶ $ 2,599,226,024				
	3	Investment income (including dividends, interest other similar amounts)	0			
	4	Income from investment of tax-exempt bond proceeds	0			
	5	Royalties	437,886			437,886
		(i) Real / (ii) Personal				
	6a	Gross Rents 21,960,788				
	b	Less rental expenses 11,435,607				
	c	Rental income or (loss) 10,525,181				
	d	Net rental income or (loss)	10,525,181			10,525,181
		(i) Securities / (ii) Other				
	7a	Gross amount from sales of assets other than inventory				
	b	Less cost or other basis and sales expenses				
	c	Gain or (loss)				
	d	Net gain or (loss)	-58,420,338			-58,420,338
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 *Attach Schedule G if total exceeds $15,000* a				
	b	Less direct expenses b				
	c	Net income or (loss) from fundraising events	0			
	9a	Gross income from gaming activities See part IV, line 19 *Complete Schedule G if total exceeds $15,000* a				
	b	Less direct expenses b				
	c	Net income or (loss) from gaming activities	0			
	10a	Gross sales of inventory, less returns and allowances a 7,653,286				
	b	Less cost of goods sold b 4,237,525				
	c	Net income or (loss) from sales of inventory	3,415,761			3,415,761
		Miscellaneous Revenue / Business Code				
	11a	HOUSEKEEPING 561,700	15,948		15,948	
	b	LABORATORY SERVICES 621,500	74,226		74,226	
	c	MAIL ROOM SERVICES 561,000	69,556		69,556	
	d	All other revenue	50,162,770	41,079,243	7,709,891	1,373,636
	e	**Total. Add lines 11a-11d** $ 50,322,500				
	12	**Total Revenue.** Add lines 1h, 2g, 3, 4, 5, 6d, 7d, 8c, 9c, 10c, and 11e	2,613,208,937	2,640,305,267	7,869,621	-42,667,874

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns.
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D).

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	927,539	927,539		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations and individuals outside the U S See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	10,521,332	8,943,132	1,578,200	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	979,406,975	836,627,381		
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	41,296,578	33,910,968	7,385,610	
9 Other employee benefits	122,428,016	105,444,121	16,983,895	
10 Payroll taxes	72,588,485	60,381,597	12,206,888	
11 Fees for services (non-employees)				
a Management	0			
b Legal	10,220,673	8,994,192	1,226,481	
c Accounting	511,225	449,878	61,347	
d Lobbying	0			
e Professional fundraising *See Part IV, line 17*	0			
f Investment management fees	0			
g Other	0			
12 Advertising and promotion	14,620,206	5,086,076	9,534,130	
13 Office expenses	448,777,344	440,315,729	8,461,615	
14 Information technology	0			
15 Royalties	0			
16 Occupancy	87,588,403	74,386,379	13,202,024	
17 Travel	0			
18 Payments of travel or entertainment expenses for any Federal, state or local public officials	0			
19 Conferences, conventions and meetings	4,930,558	3,073,925	1,856,633	
20 Interest	98,632,028	93,426,810	5,205,218	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	196,505,069	161,302,512	35,202,557	
23 Insurance	9,735,614	8,448,374	1,287,240	
24 Other expenses—Itemize expenses not covered above (Expenses grouped together and labeled miscellaneous may not exceed 5% of total expenses shown on line 25 below)				
a EQUIPMENT RENTAL & MAINTENANCE	131,951,147	111,186,488	20,764,659	
b PROFESSIONAL & CONTRACT FEES	351,529,550	306,962,039	44,567,511	
c MISCELLANEOUS & OTHER EXPENSE	29,512,826	25,859,982	3,652,844	
d PHYSICIAN INTERGRATION	15,531,602	9,897,752	5,633,850	
e PRINTING & PUBLICATIONS	3,474,091	2,587,224	886,867	
f All other expenses				
25 **Total functional expenses.** Add lines 1 through 24f	2,630,689,261	2,298,212,098	332,477,163	0
26 **Joint Costs.** Check ☐ if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		302,810,847	1	412,542,475
	2	Savings and temporary cash investments		71,521,482	2	63,574,660
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		479,540,030	4	418,859,708
	5	Receivables from current and former officers, directors, trustees, key employees or other related parties *Complete Part II of Schedule L*			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) *Complete Part II of Schedule L*			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		11,344,478	8	11,988,139
	9	Prepaid expenses and deferred charges		21,584,644	9	22,666,720
	10a	Land, buildings, and equipment cost basis	10a 3,748,848,400			
	b	Less accumulated depreciation *Complete Part VI of Schedule D*	10b 1,566,243,720	2,101,332,472	10c	2,182,604,680
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11 *Complete Part VII of Schedule D*		433,514,000	12	430,926,000
	13	Investments—program-related See Part IV, line 11 *Complete Part VIII of Schedule D*			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11 *Complete Part IX of Schedule D*		219,376,892	15	219,931,715
	16	**Total assets.** *Add lines 1 through 15 (must equal line 34)*		3,641,024,845	16	3,763,094,097
Liabilities	17	Accounts payable and accrued expenses		378,297,091	17	383,361,226
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		887,545,599	20	1,091,178,475
	21	Escrow account liability *Complete Part IV of Schedule D*			21	
	22	Payable 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			24	
	25	Other liabilities *Complete Part X of Schedule D*		817,384,157	25	817,655,435
	26	**Total liabilities.** *Add lines 17 through 25*		2,083,226,847	26	2,292,195,136
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		1,494,393,507	27	1,408,750,191
	28	Temporarily restricted net assets		63,404,491	28	62,148,770
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		1,557,797,998	33	1,470,898,961
	34	Total liabilities and net assets/fund balances		3,641,024,845	34	3,763,094,097

Part XI Financial Statements and Reporting

				Yes	No
1	Accounting method used to prepare the Form 990	☐ cash ☑ accrual ☐ other			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a	Yes	
b	Were the organization's financial statements audited by an independent accountant?		2b	Yes	
c	If "Yes" to lines 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?		2c	Yes	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits?		3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

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

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

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

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

3 ☑ A hospital or a cooperative hospital service organization described in **Section 170(b)(1)(A)(iii).** (Attach Schedule H)

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

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

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

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

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

9 ☐ An organization that normally receives (1) more than 331/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 331/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **Section 509(a)(2).** (Complete Part III)

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

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

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

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

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

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

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

h Provide the following information about the organizations the organization supports

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

Part II **Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I.)

Public Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add line 1-3						
5 The portion of total contribution by each person (other than a government unit or publicly supported organization) included on line 1 that exceed 2% of the amount shown on line 11, column (f)						
6 **Public Support** subtract line 5 from line 4						

Total Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total Support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (See instructions) **12**

13 **First Five Years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶

Computation of Public Support Percentage

14 Public Support Percentage for 2008 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2007 Schedule A, Part IV-A, line 26f **15**

16a **33 1/3% Test - 2008.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶

b **33 1/3% Test - 2007.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶

17a **10% Facts and Circumstances Test - 2008.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶

b **10% Facts and Circumstances Test - 2007.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶

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

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

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

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total** Add lines 1-5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of 1% of the total of lines 9, 10c, 11, and 12 for the year or $5,000						
c Total of lines 7a and 7b						
8 **Public Support** (Substract line 7c from line 6)						

Total Support

Calendar year (or fiscal year beginning in)	(a) 2004	(b) 2005	(c) 2006	(d) 2007	(e) 2008	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after 30 June, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total Support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ☐

Computation of Public Support Percentage

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

Computation of Investment Income Percentage

17	Investment Income Percentage for **2008** (line 10c column (f) divided by line 13 column (f))	17
18	Investment Income Percentage from **2007** Schedule A, Part IV-A, line 27h	18

19a **33 1/3% Tests - 2008.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ☐

b **33 1/3% Tests - 2007.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ☐

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

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

Facts and Circumstances Test

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TY 2008 Earnings and Profits Other Adjustments Statement

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Amount
Investment Income	-5,775,673
Physician Premium Income	4,032,734

Additional Data

Software ID:
Software Version:
EIN: 74-1152597
Name: Memorial Hermann Hospital System

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Alan V Ytterberg , Director	1 0	X						0	0	0
Argentina M James , Director	1 0	X						0	0	0
Arthur L Baird , Director	1 0	X						0	0	0
David J Graham , Director	1 0	X						0	0	0
Deborah M Cannon , Director	1 0	X						0	0	0
Edward B Adams , Director	1 0	X						0	0	0
Emily G Tinsley , Director	1 0	X						0	0	0
Ethel Kaye Lee , Director	1 0	X						0	0	0
Graciela Saenz , Director	1 0	X						0	0	0
Grover G Jackson , Director	1 0	X						0	0	0
Irma Diaz-Gonzalez , Director	1 0	X						0	0	0
J B Tang JR MD , Director	1 0	X						0	0	0
J Kevin Giglio MD , Director	1 0	X						0	0	0
Joel W Abramowitz MD , Medical Staff Pres - MC	1 0	X						40,600	0	0
Charolette B Alexander MD , Medical Staff Pres - SW	1 0	X						47,386	0	0
Kulvinder S Bajwa MD , Medical Staff Pres - SL	1 0	X						45,500	0	0
Robert E Beauchamp , Director	1 0	X						0	0	0
Gerald R Bennett , Director	1 0	X						0	0	0
Giuseppe N Colasurado MD , Ex-Officio	1 0	X						0	0	0
Shani Corbiere , Ex-Officio	1 0	X						0	0	0
Mary A Cross MD , Medical Staff Pres - SE	1 0	X						12,240	173,410	18,918
Robert G Croyle , Chairman 2009	1 0	X						0	0	0
Susan E Denson MD , Medical Staff Pres - SE	1 0	X						5,400	0	0
Susan Curling Dobbs MD , Medical Staff Pres - TMC	1 0	X						6,200	0	0
Joe R Davis , Medical Staff Pres - NE	1 0	X						0	0	0
James T Edmonds , Chairman 2008	1 0	X						94,163	0	0
Don H Elliott , Director	1 0	X						0	0	0
Bonnie S Evans , Ex-Officio	1 0	X						0	0	0
Jeffrey P Gaitz MD , Medical Staff Pres - NW	1 0	X						50,003	0	0
Donald M Gibson MD , director	1 0	X						114,823	0	27,439

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
James S Guo MD , Medical Staff Pres - WDL	1 0	X						2,300	0	0
Roy G Hearnsberger , Director	1 0	X						0	0	0
Larry R Kaiser MD , Ex-Officio	1 0	X						0	0	0
Ralph S McBride , Director	1 0	X						0	0	0
Robert S McClaren , Director	1 0	X						0	0	0
Scott B McClelland , Director	1 0	X						0	0	0
Frederick R McCord , Director	1 0	X						0	0	0
Scott J McLean , Director	1 0	X						0	0	0
Reed S Morian , Director	1 0	X						0	0	0
Anil C Odhav MD , Medical Staff Pres - KT	1 0	X						310,185	0	0
Jose M Ortego MD , Medical Staff Pres - NE	1 0	X						16,719	0	0
Sonia Perez , Director	1 0	X						0	0	0
James J Postl , Director	1 0	X						0	0	0
Stephan H Pouns , Director	1 0	X						0	0	0
Louis A Raspino , Director	1 0	X						0	0	0
Max E Reddick MD , Director	1 0	X						0	0	0
Oscar R Rosales MD , Director	1 0	X						48,786	0	0
Gary J Sheppard MD , Medical Staff Pres - SW	1 0	X						3,200	0	0
James R Smith , Director	1 0	X						0	0	0
Stephan A Snider , Director	1 0	X						0	0	0
Petar Turcinovic , Medical Staff Pres - WDL	1 0	X						0	0	0
Paul Vitenas JR MD , Director	1 0	X						0	0	0
Brenda Wainscott , Medical Staff Pres - KT	1 0	X						137,254	0	0
Michael L Warneke , Medical Staff Pres - SE	1 0	X						47,303	0	0
James T Willerson , Ex-Officio	1 0	X						0	0	0
Daniel J Wolterman , President & Ceo	51 0	X		X				0	1,777,931	636,943
Donald M Woo , Director	1 0	X						0	0	0
Charles D Ardoin MD , Physician in Chief	50 0			X				514,277	0	131,385
Carrol E Aulbaugh , CFO & Treasurer	50 0			X				0	1,000,251	292,567
Rodney G Brace , Chief Regional Operation Off	50 0			X				523,134	0	166,185

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Bernard A Duco JR , Cheif Legal Officer, Secretary	50 0			X				606,256	0	186,746
Randolph V Gleason , Chief Risk & Insurance Officer	50 0			X				0	464,161	145,709
Dennis P McVeigh , Chief Accounting Officer	50 0			X				0	482,307	141,375
Juanita F Romans , CEO TMC Campuses	50 0			X				756,130	0	220,326
Michael M Shabot MD , Chief Medical Officer	50 0			X				0	690,044	211,051
Dale S St Arnold , Chief Operating Officer	50 0			X				0	891,849	39,715
Charles D Stokes , Chief Operating Officer	50 0			X				0	254,444	231,947
Keith Alexander , COO Memorial City Campus	50 0				X			431,515	0	135,293
Douglas G Beckstett , Chief Human Resources Officer	50 0				X			0	708,334	211,269
Michael C Bennett , System Executive Patient Bus	50 0				X			293,728	0	43,701
David Bradshaw , Chief Information & Marketing	50 0				X			0	627,414	206,434
Frank A Brown , Chief Service Lines Officer	50 0				X			0	607,352	93,483
Jeffrey H Brownawell , Chief Revenue Officer	50 0				X			0	559,738	172,807
Thomas J Flanagan , Chief Operating Officer TMC	50 0				X			0	333,550	94,600
Sonja Hagel , CEO Southwest Campus	50 0				X			614,520	0	91,474
Emily K Handwerk , System Executive Information	50 0				X			326,954	0	68,755
Marshall B Heins , Chief Facility Services Off	50 0				X			23,530	534,935	173,310
Dan E Humphrey , System Executive Supply Chain	50 0				X			307,767	0	65,087
David L Jones , CEO Memorial City Campus	50 0				X			850,729	0	183,310
Deborah M Lewis , System Executive Compensation	50 0				X			296,996	0	64,049
Melissa L Paschal , System Executive Managed Care	50 0				X			312,668	0	61,788
James D Polfreman , Chief Executive Officer System	50 0				X			371,087	0	124,797
Steven G Sanders , CEO Woodlands	50 0				X			638,046	0	233,371
Sarah Sinclair , Chief Patient Care Officer	50 0				X			659,064	0	128,100
Barrie Strickland , CFO TMC Campus	50 0				X			386,572	0	100,269
David G Whalen , Chief Business Development Off	50 0				X			0	317,357	65,410
John Zerwas , Chief Physician Intergration	50 0				X			619,247	0	71,883
Brian S Barbe , CFO Katy Campus	50 0					X		470,052	0	126,123
Ernest Bartimmo , Medical Director Medical Group	50 0					X		488,961	0	76,652
Craig A Cordola , CEO Childrens Hospital TMC	50 0					X		425,046	0	122,336

Form 990, Part VII - Section Aaa

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual Trustee or Director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
George H Gaston , CEO Southeast Campus	50 0					X		418,566	0	127,796
David N Parmer , CEO Baptist Campus	50 0					X		550,303	0	111,969

Form 990, Part III, Line 1 - Briefly describe the organization's mission:

Mission and Values Mission Memorial Hermann Healthcare System is a not-for-profit, community-owned, health care system with spiritual values, dedicated to providing high quality health services in order to improve the health of the people in Southeast Texas. Values In collaboration with others, we are committed to assessing and creating healthcare solutions which meet the needs of individuals in our diverse communities. We are stewards of community resources and are committed to being medically, socially, financially, legally, and environmentally responsible. We are devoted to providing superior quality and cost-efficient, innovative, and compassionate care. We collaborate with our patients, families, physicians, employees, volunteers, vendors, and communities to achieve our Mission. We support teaching programs that develop the health care professionals of tomorrow. We support biomedical research and implementation of innovative technology to expand our knowledge and learn how to prov

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

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

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

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

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

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

1 Purpose(s) of conservation easements held by the organization (check all that apply)

☐ Preservation of land for public use (e g , recreation or pleasure) ☐ Preservation of an historically importantly land area
☐ Protection of natural habitat ☐ Preservation of certified historic structure
☐ Preservation of open space

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

b Assets included in Form 990, Part X ▶ $

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a	Beginning of year balance	3,498,448				
b	Contributions					
c	Investment earnings or losses	65,990				
d	Grants or scholarships					
e	Other expenditures for facilities and programs	14,460				
f	Administrative expenses	6,480				
g	End of year balance	3,543,498				

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 %
- c Term endowment ▶

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

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)		No

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? 3b

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Depreciation	(d) Book value
1a Land	87,348,734			87,348,734
b Buildings	2,402,966,193		745,127,764	1,657,838,429
c Leasehold improvements				
d Equipment	1,103,632,208		821,115,956	282,516,252
e Other	154,901,265			154,901,265
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				2,182,604,680

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

(a) Description of security or cateory (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives and other financial products		
Closely-held equity interests		
Other U S GOVERNMENT SECURITIES	20,770,000	F
Other POOLED FUNDS	256,738,000	F
Other MORTGAGE-BACKED SECURITIES	2,638,000	F
Other CORPORATE OBLIGATIONS	140,725,000	F
Other CORPORATE EQUITIES	10,055,000	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	430,926,000	

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

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

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

(a) Description	(b) Book value
See Additional Data Table	
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	219,931,715

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

(a) Description of Liability	(b) Amount
Federal Income Taxes	
ACCRUED LIABILITIES TO 3RD PAR	174,565,435
CAPITALIZED LEASES	643,090,000
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	817,655,435

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

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

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

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

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

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

1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Losses reported on Form 990, Part IX, line 25	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Intended Uses of the Organization's Endowment Funds	Supplemental Information for Schedule D, Part V Line 4	The endowment funds of Memorial Hermann Hospital System consist of permanent endowment funds obtained from donor initiatives for charitable contributions through last will and testament bequests The permanent funds consist of donations and investment income for which the donor's stipulations restrict the Foundation to using only the income resulting from the investment of the donation on a total return basis The assets of the permanent funds income may only be used to support the charitable exempt operations, programs and purposes of Memorial Hermann Hospital System through the purchase of supplies, equipment, and other expenditures necessary for the performance of those operations and programs
FIN 48 Audit Financial Statement Footnote Disclosure	Form 990, Schedule D, Part X as disclosed in Part XIV	Memorial Hermann Hospital System does not have an annual financial audit conducted The financial accounts of the Hospital System are included in the financial statements that are audited by an independent public accounting firm of the consolidated Memorial Hermann Healthcare System entities and its related affiliates The paragraph included in the last issued audited financial statements of the Healthcare System was Taxes The Healthcare System and certain other affiliates are Texas not-for-profit corporations exempt from federal income tax The System applies the provisions of FASB Interpretation No 48, Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No 109 (FIN 48), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return FIN 48 also provides guidance or de-recognition, classification, interest and penalties, accounting in interim periods, disclosure, and transition The Healthcare System does not believe its financial statements include or reflect any uncertain tax positions

Additional Data

Software ID:
Software Version:
EIN: 74-1152597
Name: Memorial Hermann Hospital System

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
BOND TRUST FUNDS	42,726,839
DUE FROM AFFILIATES, NET	92,312,862
GOODWILL	17,591,519
VARIABLE DEBT SWAP	14,293,013
MISCELLANEOUS DEPOSITS	11,290,394
DEFERRED BOND INSURANCE	8,661,645
DEFERRED BOND FINANCING FEES	8,487,752
PINEY POINT ESTATE	5,482,584
JOINT VENTURES	3,850,972
TECO STOCK	2,648,727
UTHSC LAND LEASE	1,268,095
SPLIT DOLLAR LIFE INSURANCE	1,044,245
DEFERRED PHYSCIAN RECRUITMENT	942,525
OTHER ASSETS	9,330,543

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SCHEDULE F (Form 990)

Department of the Treasury
Internal Revenue Service

Statement of Activities Outside the United States

▶ Attach to Form 990. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I General Information on Activities Outside the United States. Complete if the organization answered "Yes" to Form 990, Part IV, line 14b.

1 **For grantmakers.** Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance . . . . . ☐ Yes ☑ No

2 **For grantmakers.** Describe in Part IV the organization's procedures for monitoring the use of grant funds outside the United States

3 Activites per Region (Use Schedule F-1 (Form 990) if additional space is needed)

(a) Region	(b) Number of offices in the region	(c) Number of employees or agents in region	(d) Activities conducted in region (by type) (i e , fundraising, program services, grants to recipients located in the region)	(e) If activity listed in (d) is a program service, describe specific type of service(s) in region	(f) Total expenditures in region
Central America and the Caribbean	0	0	Program Services	Caymen Captive	1,898,693
Totals . . . . . ▶	0	0			1,898,693

Part II **Grants and Other Assistance to Organizations or Entities Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 15, for any recipient who received more than $5,000. Check this box if no one recipient received more than $5,000 . . . . . ▶ ☐
Use Schedule F-1 if additional space is needed.

1 (a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

2 Enter total number of organizations that are recognized as charities by the foreign country or for which the grantee or counsel has provided a section 501(c)(3) equivalency letter . . . . . ▶ _____

3 Enter total number of other organizations or entities . . . . . ▶

Part III **Grants and Other Assistance to Individuals Outside the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 16. Use Schedule F-1 (Form 990) if additional space is needed.

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

Part IV Supplemental Information

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

Identifier	ReturnReference	Explanation

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 74-1152597
Name: Memorial Hermann Hospital System

Form 990 Schedule F Part II - Grants and Other Assistance to Organizations or Entities Outside The United States

(a) Name of organization	(b) IRS code section and EIN (if applicable)	(c) Region	(d) Purpose of grant	(e) Amount of cash grant	(f) Manner of cash disbursement	(g) Amount of non-cash assistance	(h) Description of non-cash assistance	(i) Method of valuation (book, FMV, appraisal, other)

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Attach to Form 990. To be completed by organizations that answer "Yes" to Form 990, Part IV, line 20.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Charity Care and Certain Other Community Benefits at Cost *(Optional for 2008)*

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from *worksheets 1 and 2*)			97,949,612		97,949,612	3 3 %
b Unreimbursed Medicaid (from *worksheet 3, column a*)			511,573,492	488,867,870	22,705,622	0 8 %
c Unreimbursed costs—other means-tested government programs (from *worksheet 3, column b*)			32,443,407	20,775,855	11,667,552	0 4 %
d **Total** Charity Care and Means-Tested Programs			641,966,511	509,643,725	132,322,786	4 5 %
Other Benefits						
e Community health improvement services and community benefit operations (from (worksheet 4)			108,714,524		108,714,524	3 6 %
f Health professions education (from worksheet 5)			46,100,345	8,764,853	37,335,492	1 2 %
g Subsidized health services (from worksheet 6)			113,001,680	99,118,907	13,882,774	0 1 %
h Research (from worksheet 7)			2,596,283	1,728,689	867,594	
i Cash and in-kind contributions to community groups (from worksheet 8)			1,296,772		1,296,772	
j **Total** Other Benefits			271,709,604	109,612,449	162,097,156	4 9 %
k **Total** (line 7d and 7j)			913,676,115	619,256,174	294,419,942	9 4 %

Part II Community Building Activities (Complete this table if the organization conducted any community building activities) *(Optional for 2008)*

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

Part III Bad Debt, Medicare, & Collection Practices *(Optional for 2008)*

Section A. Bad Debt Expense

				Yes	No
1	Does the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1		No
2	Enter the amount of the organization's bad debt expense (at cost)	2	140,162,000		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, or rationale for including other bad debt amounts in community benefit				

Section B. Medicare

5	Enter total revenue received from Mecicare (including DSH and IME)	5	655,966,347
6	Enter Medicare allowable costs of care relating to payments on line 5	6	754,749,053
7	Enter line 5 less line 6—surplus or (shortfall)	7	-98,782,706
8	Describe in Part VI the extent to which any shortfall reported on line 7 should be treated as community benefit and the costing methodology or source used to determine the amount reported on line 6 and indicate which of the following methods was used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures *(Optional for 2008)*

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

Part V Facility Information *(Required for 2008)*

Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
Memorial Hermann Katy Hospital 23900 Katy Freeway Katy, TX 77494	X	X					X		
Memorial Hermann Notheast Hospital 18951 Memorial North Humble, TX 77338	X	X					X		
Memorial Hermann Northwest Hospital 1635 North Loop West Houston, TX 77008	X	X					X		
Memorial Hermann Southeast Hospital 11800 Astoria Blvd Houston, TX 77089	X	X					X		
Memorial Hermann Southwest Hospital 7600 Beechnut Houston, TX 77074	X	X		X			X		
Memorial Hermann Sugar Land Hosptial 17500 West Grand Parkway South Sugar Land, TX 77479	X	X					X		
Memorial Hermann Texas Medical Center 6411 Fannin Houston, TX 77030	X	X		X			X		
Memorial Hermann Woodlands Hospital 9250 Pinecroft The Woodlands, TX 77381	X	X					X		
Memorial Hermann Memorial City Hospital 921 Gessner Houston, TX 77024	X	X					X		

Part VI Supplemental Information *(Optional for 2008)*

Complete this part to provide the following information

1 Provide the description required for Part I, line 3c, Part I, line 7, Part III, line 4, Part III, line 8, and Part III, line 9b

Describe the organization's collection policy provisions on the collection practices to be followed for patients who are known to qualify for charity care or financial assistance For the patients of the Hospital System, if there is no coverage by a third party and the responsible part cannot pay any or part of the balance due or make acceptable financial arrangements, assistance is provided to the responsible party to complete financial assistance application forms, including application for Medicaid, Crime Victims Compensation, Harris County Hospital District or County Indigent Programs where appropriate The application process must be complete and account resolved within 60 days If the patient meets predetermined financial criteria, assistance is provided to the responsible part to complete charity application for a full or partial charity care write-off

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

Needs Assessment Each decision made by Memorial Hermann to invest its people, resources, and talents in community benefit efforts is data driven Given that 32% of the Houston area is uninsured, numerous community needs analyses center around the University of Texas School of Public Health's HOUSTON AREA HOSPITALS EMERGENCY DEPARTMENT USE STUDY, which Memorial Hermann has participated in since 2003 The study monitors hospital emergency department (ED) use in Houston hospitals and is a data source for numerous assessments to understand primary care-related ED use including the characteristics of these patients, particularly those who are children, who are uninsured, and who have Medicaid The study conducted in 2009 showed a decline in primary care related ER visits from 83 2% in 2004 to 81 2% in 2007 With the desire to change emergency room use comes the need to identify available capacity of our existing safety-net clinics, and what is needed by each entity to increase its capacity to be able to respond to changes in ER usage our community efforts achieve This study, the Greater Houston Clinic Capacity Analysis, was performed several years ago by Project Safety-Net and University of Texas School of Public Health and is again underway in 2009 Preliminary results indicate an increase in safety-net capacity from 48% in 2005 to 60% in 2009 Prioritizing areas in need of school-based health care for un- and under-insured children is an on-going assessment process for Memorial Hermann with our fourteen year history with school-based healthcare A variety of data sources are applied including school district demographic data, census poverty data, identification of safety-net resources, identification of Medicaid and SCHIP enrollees in relation to Providers, and, again, the ED Use Study

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

Patient Education of Eligibility for Assistance All Memorial Hermann Acute Care facilities and Rehab facilities have Third Party Qualification vendors on-site Once someone requests or a financial counselor has determined through interaction with the patient and/or guarantor that the patient cannot pay for services, the patient/guarantor is referred to the Eligibility vendor on-site to screen for any Federal/State/Local Government programs which may cover their services These vendors act as agents for the patient/guarantor and may at times go to hearings for Medicaid or Disability as a legal representative of the patient Also, all our entities have posted notices of a patient's right to request charity Our statements that are sent to patients have documentation on the back informing the patient of Memorial Hermann's Charity policy and their right to request such, (in English and Spanish) Accounts are referred to be processed either on a real time basis by the hospital staff while the patient is still in the hospital or by electronic referral via data download which occur weekly and after the patient has been discharged The goal is to make contact with the patient for financial screening to determine eligibility for governmental assistance as soon as possible Additional assistance for patients to take advantage of all appropriate health improvement programs available within the community are through Memorial Hermann's navigation services Patient Navigators (also known as Community Health Workers) meet uninsured persons where they are in the healthcare continuum and help them to move forward to achieve mutually agreed upon goals, which includes finding and obtaining a Primary Care Physician or Medical Home In 2009 they were located in three Memorial Hermann ERs and worked with uninsured families to 1) secure county, state, and federal benefits, 2) to connect with an accessible community clinic that addresses their specific needs, and 3) to be a contact for future needs Similar support of all Memorial Hermann Hospitals is also provided through the COPE (Care Management Community Program Eligibility) Program which provides empowering services for uninsured patients to improve their health and well being through education about and coordination with community health services COPE targets patients who have repetitively been inpatients and ER patients and exhibit the need for one- on-one support to identify, access, and obtain services in their own community Enrolling these populations into public benefits through all of these venues automatically increases their likelihood of obtaining regular primary and preventative care, the kind of care that ensures health and the potential for a prosperous future while concurrently eliminating the cost burden presently experienced by safety-net providers

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

Community Information Houston's Harris County is the third most populated county in the nation and one of the most culturally diverse metropolitan areas in the country Interestingly, all of its ethnic communities are now 'minorities' (Stephen L Klineberg, The New Rice University "Center for the Study of Houston") Houston is home to the world's largest medical center People come from all over the world to obtain the highest quality care, based on the latest research Unfortunately, a large portion of Houston's own residents face barriers to accessing these world class services In Harris County, 1 1 million of the 3 5 million residents have no health insurance Fifteen percent (15%) of the nation is uninsured, 32% of Houston's population is uninsured In 2009, 25% of survey respondents interviewed for the 28th Houston Area Survey said, 'yes," in answer to the question "during the past five years, did you or anyone in your family ever have to go without medical treatment because of the cost of that treatment?" Driving this response are the seventy-two percent (72%) of the uninsured who are actually working individuals and families The reasons include the fact that today only 53% of Texas employers offer health benefits to their employees - 7% below the national average Additionally, the Texas Medicaid program, the statewide system of coverage for the very poor and predominantly for poor children, is limited in comparison to other states' programs The single largest private employer is Wal-Mart, a company in which high premiums and deductibles keep well over half of Wal-Mart workers from participating in the company health plan Other large private employers include our own Memorial Hermann, Continental Airlines, and Exxon Mobil The overall largest employer is the Houston Independent School District (HISD), the seventh largest school district in the nation Memorial Hermann has been named into HISD's Hall of Fame, an award which recognizes a forged, viable partnership Imagine serving a community in which one in every three people is uninsured and remaining financially viable The course chosen by Memorial Hermann is to systematically work through a variety of evidence based community initiatives that work to close the gap for children and families

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

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

Other information important to describing how the organization furthers its exempt purposes by promoting the health of the community Through our fourteen-year history with school-based health care (a program in which we place full-time primary care clinics on the school campuses of the community's most at-risk children), we have learned to quantitatively show the improved health status of providing a medical, mental health, and dental home to at-risk children The annual budget of $1 5 million for this program is the best indicator of Memorial Hermann's commitment and the documented outcomes are the best indicator that the right program in the right setting can make a difference Over the years this approach has been applied to additional key initiatives that address the issue of healthcare access for the underserved From the provision and support of accessible primary and specialty care services to the educational programs to support the infrastructure of each, we are committed to finding ways to serve the uninsured Following are some of the core programs, all of which center around access to care, and specifically access in which all populations have a medical home on which they can call for their preventive, acute care, and long term needs Memorial Hermann's Health Centers for Schools program, established in 1996, operate as medical, mental health, and dental homes to underserved children at 33 schools in the greater Houston area, making access to free healthcare services available to 25,500 youth Eighty-four percent of the children seen at the clinics are on the free/reduced lunch program, a national indicator for poverty Outcome data validates the impact the program is having reductions in ER visits, absenteeism, cholesterol, asthma exacerbations, and dental caries are just a sample of the measurable outcomes realized by bringing a medical, mental health and dental home to children Memorial Hermann's Neighborhood Health Centers are strategically located near three of Houston's busiest ERs and provide care to working families without access to insurance and who do not qualify for other programs The goal is to provide this population with a medical home for routine care, and prevent these cases from escalating to emergencies At $48/visit, with low cost labs and prescriptions, seven day a week access, and the provision of preventive, acute, as well as chronic care, they are an affordable medical home for newborns to the elderly Decreased hypertension, management of diabetes, and a place where women feel comfortable returning for their annual well-woman exams are examples of the continuity of care and improved health resulting Memorial Hermann supports the operating costs of each center prior to break-even Patient Navigators (also known as Community Health Workers) meet uninsured persons where they are in the healthcare continuum and help them to move forward to achieve mutually agreed upon goals, which includes finding and obtaining a Primary Care Physician or Medical Home They help clients understand their qualification for public benefits, understand how to utilize public benefits, and tackle the barriers that keep them from accessing their safety-net options Patient Navigators are used in a variety of settings, including emergency rooms to connect and guide uninsured persons through the healthcare system Memorial Hermann has played numerous and critical roles with a grass-roots Houston collaborative, Gateway to Care and its Provider Health Network (PHN) to recruit physicians, hospitals, and ancillary providers to provide specialty care to uninsured patients with incomes below 150% of poverty With one in every four primary care visits requiring a referral to a specialist, the Provider Health Network serves as a bridge, connecting uninsured people to the specialty care they desperately need to get well Recruiting is through numerous avenues-societies, insurance companies, etc -to rally the resulting city-wide effort The PHN has provided significant opportunities for our own medical staffs to participate in caring for the uninsured The provision of an organized effort with a designated staff for monitoring referrals is welcomed by the medical community as they desperately want to be a part of a solution, but fear being overwhelmed The PHN consists today of 900 providers, 33 hospitals and 42+ ancillary providers In the last three years, the PHN has provided $5 8 million in charity care This equates to the provision of $9 34 of service for every $1 00 of infrastructure In the PHN, everyone plays a part Federally Qualified Health Centers (FQHC's) and not-for-profit private clinics struggle with the payer distribution challenges required to be successful They are essential to the city's existing safety-net infrastructure, yet struggle more in Houston than other communities because of the area's high uninsured rate Memorial Hermann annually supports several area clinics with monetary donations to help these essential primary medical, mental health, and dental clinics remain in operation

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

Respective roles of the organization and its affiliates Leadership When Dan Wolterman became CEO of Memorial Hermann in 2002, both he and the Board were committed to 'move wisely into the future while, at the same time, preserving the dignity of Memorial Hermann's identity, culture, and mission His primary challenge was to paint a vision of what Memorial Hermann could become, and then forcefully communicate that vision to employees, physicians, and the community as a whole' As a system with 24% market share and the largest provider of charity care (including the Hospital District), two key components to address were the uninsured and the over-burdened, fragmented safety net provider system presently existing for the uninsured Appointed by the mayor, Dan was on the 2004 Public Health Task Force which developed recommendations on how to better collaborate public and private health care delivery programs, and on Houston's Healthcare Alliance which established the issues hindering the effectiveness of the existing health care infrastructure Dan believed that his external relationships would be key to rallying the community to address the issues that had been identified, and his election to the leadership of the Greater Houston Partnership (Houston's Chamber of Commerce) and Texas VHA (Voluntary Hospitals of America) was the beginning of his strategies to accomplish that goal As a spokesman and through the promotion of his white paper 'A Region in Crisis A Call to Reduce the Uninsured and Expand Access to Health Care in the Ten-County Houston Region', he emphasizes that the problem is regional and can only be solved through collaborative initiatives undertaken by all stakeholders-government, health care providers, businesses, faith-based organizations and others The blueprint outlined has been adopted by the Greater Houston Partnership Through the leadership of Houston's business community combined with government leadership throughout the region, the tactics outlined have a chance for regional implementation and significant improvement in access To devote to this area the time and focus required, Memorial Hermann Healthcare System established a Community Benefits Corporation, led by a Chief, Community Benefits Officer Carol Paret is responsible for the development, implementation, and success of a formalized community benefit program that guides the system expenditures and quantifies the resulting community values This position is responsible for a 3-year strategic plan The Memorial Hermann Hospital System contributes five million dollars annually to the Community Benefits Corporation (CBC) and, in turn, the CBC is charged with the creation, implementation, and sustenance of solutions The CBC is focused on eliminating the roadblocks that prevent access to healthcare--lack of education, accessibility, insurance status, and capacity--and partners with numerous sectors of the community to sustain this focus All of the programs described in #6 above, fall within the scope of the CBC Organizational Commitment Whether as one of the 140 Board members, one of the 19,500 employees, or one of the 4,200 physicians, we are expected to support the mission, vision, values, plans, and policies of Memorial Hermann A strategic plan to engage staff in ways to become a part of larger community efforts focuses on the following major programs The United Way - as a pacesetter for healthcare in the greater Houston area, Memorial Hermann annually leads the industry in contributions Memorial Hermann employees raised $715,984 for this year's United Way Campaign Food Drive - each facility donates the proceeds from the annual food drive to a local agency to make an impact within the community in which the facility resides Since 2001 the System has, on average, annually collected 33,000 pounds of food and $29,000 in money to donate to agencies serving those facing job losses and work reductions Blood Drive - since 1993 Memorial Hermann has hosted drives that have contributed more than 52,414 units of blood to the community In 2009, the Gulf Coast Regional Blood Center recognized Memorial Hermann with the "Path for Success Award" as having had one of the most successful hospital blood drive programs in the nation, saving more than 12,000 lives per year American Heart Walk, MS150 Bicycle Race - system-wide volunteer efforts such as these sustain an engaged workforce, organize community support, and strengthen our culture Covenant House - For more than fourteen years Memorial Hermann has partnered with and provided free linen services for Covenant House, a child care agency that provides free emergency shelter, counseling, vocational and educational services, and health care and legal information to homeless and runaway youth Salud Para Todos - Memorial Hermann and Community Health Choice (a Health Maintenance Organization owned and operated by the Harris County Hospital District) partnered to create and implement "Salud Para Todos"- a campaign to educate the Hispanic community on the value of a medical home and how to utilize nurse triage services The mechanism was 6-month TV and radio ads on Univision, Houston's #1 Spanish language station University of Texas School of Nursing at Houston - Memorial Hermann financially partners with several nursing schools in the support of creative solutions to increase enrollment of student nurses and therefore increase the number of nurses working within our community

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

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" on Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Use Part IV and Schedule I-1 if additional space is needed . . . . . ▶ ☐

1(a) Name and address of organization or government	(b) EIN	(c) IRC section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations . . . . . ▶ 217

3 Enter total number of other organizations . . . . . ▶ 24

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Use Schedule I-1 (Form 990) if additional space is needed.

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

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

Identifier	Return Reference	Explanation

Additional Data Return to Form

Software ID:
Software Version:
EIN: 74-1152597
Name: Memorial Hermann Hospital System

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Cancer SocietyP O BOX 572915 HOUSTON,TX 772572915	74-1185665	501 c(3)	67,000				General support Sponsorship of fundraising event
LONE STAR COLLEGE FOUNDATION5000 RESEARCH FOREST DRIVE THE WOODLANDS,TX 773814399	76-0336902	501 c(3)	58,804				General support Contributions to scholarship fund
GREATER HOUSTON PARTNERSHIP1200 SMITH SUITE 700 HOUSTON,TX 77002	76-0267896		38,600				Genral support Sponsorship of community events
Houston Zoo1513 N MCGREGOR DR HOUSTON,TX 77030	74-1590271	501 c(3)	30,000				General support Support of educational programs
American Heart Association POBox 15186 Austin,TX 78761	13-5613797	501 c(3)	25,250				General support Sponsorship of fundraising event for tha american Heart Association
OPPORTUNITY HOUSTON PO BOX 297653 HOUSTON,TX 77297	20-8179135		40,250				General support Support of community events
GOOD SAMARITAN FOUNDATIONPO Box 271108 Houston,TX 772771108	74-1235398	501 c(3)	21,000				General support Sponsorship of fundraising events
World Health & Golf Association2441 High Timbers Suite 430 THE WOODLANDS,TX 77380	31-1654247	501 c(3)	15,000				General support Sponsorship of fundraising event
Houston Golf Association 1830 South Millbend Dr The Woodlands,TX 77380	74-1486171	501 c(3)	12,500				General support Sponsorship of fundraising event
Child Advocates of Fort Bend County5403 Avenue N ROSENBERG,TX 77471	76-0337426	501 c(3)	12,500				General support Sponsorship of fundraising event

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
UTMB AT GALVESTON OFFICE OF CONTINUING EDUCATION 301 GALVESTON,TX 775551034	76-0682238	501 c(3)	12,500				Scholarship Provide medical scholarships
Center for Houston's Future1200 Smith Suite 700 Houston,TX 770024400	76-0386932	501 c(3)	12,500				General support
NORTHWEST ASSISTANCE Ministries 15555 Kuykendahl road HOUSTON,TX 770903651	76-0088702	501 c(3)	10,000				General support Sponsorship of fundraising event
NAACP HOUSTON BRANCH2002 WHEELER HOUSTON,TX 77004	26-2146815	501 c(3)	10,000				General support Sponsorship of fundraising event
CLUTCH CITY Foundation 1510 Polk St HOUSTON,TX 77002	76-0495717	501 c(3)	10,000				General support Sponsorship of fundraising event
NATIONAL QUALITY FORUM601 THIRTEENTH STREET NW NORTH WASHINGTON, DC 20005	52-2175544	501 c(3)	10,000				General support Sponsorship of fundraising event
UMDF - HOUSTON CHAPTER11929 Queensbury Ln HOUSTON,TX 77024	20-8865771	501 c(3)	10,000				General support Sponsonship of fundraising event
CHILDREN AT RISK2900 WESLAYAN STE 400 HOUSTON,TX 770275132	76-0360533	501 c(3)	9,500				General support Sponsorship of fundraising event
ACHE-HOUSTON CHAPTER3333 EASTSIDE Suite 220 HOUSTON,TX 77098	74-6132171	501 c(6)	9,000				General support Sponsorship of fundraising event
Woman's Club of Houston 5444 Westheimer Rd 1425 Houston,TX 770565306	74-1574945	501 c(3)	9,000				General support Sponsorship of fundraising event

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
UT-AUSTINSchool of Social Work 1 Univeristy AUSTIN,TX 787120358	74-1761309	501 c(3)	8,600				General support Sponsorship of fundraising event
COMPLETE CONFERENCE MANAGEMENT11440 N KENDALL DR STE 306 MIAMI,FL 33176	65-0768718		8,500				nursing scholarships
Finish Line Sports13895 Southwest Frwy Sugarland,TX 77478	76-0134642		8,000				General support Sponsorship of fundraising event
Junior Volunteer Service 921 Gessner Houston,TX 77024	74-1152597	501 c(3)	8,000				General support
WRC COMMUNITY ASSOCTIONS OF The Woodlands8203 MILLENNIUM FOREST THE WOODLANDS,TX 77381	76-0418478		8,000				General support Sponsorship of fundraising event
Fort Bend Junior Service LeaguePO BOX 17387 SUGARLAND,TX 77496	76-0664152	501 c(3)	7,750				General support Sponsorship of fundraising event
TIRR FOUNDATIONPO Box 200150 Houston,TX 77216	76-0241678	501 c(3)	7,500				General support Sponsorship of fundraising event
HOUSTON MUSEUM OF NATURAL SCIENCEONE HERMANN CIRCLE DR HOUSTON,TX 770301799	74-1036131	501 c(3)	7,500				General support Sponsorship of fundraising event
Ronald McDonald House 1907 Holcombe Blvd Houston,TX 77030	74-1984499	501 c(3)	7,500				General support Sponsorship of fundraising event
Baps Medical Services Inc1150 Brand Lane Stafford,TX 77477	26-1530694	501 (C)(3)	7,000				General support Sponsorship of fundraising event

Form 990,Schedule I, Part II, Grants and Other Assistance to Governments and Organizations in the United States

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Texas Woman's University Career Service Box 425619 TWU Station Denton,TX 762045619	75-6002618		7,000				Education scholarships
FORT BEND CARES 14823 SOUTHWEST FREEWAY SUGAR LAND,TX 77478	33-1112246	501 c(3)	6,200				General support
MARCH OF DIMES1275 Mamaroneck Ave White Plains,NY 10605	13-1846366	501 c(3)	6,000				General support Sponsorship of fundraising event
TEXAS EXECUTIVE WOMEN4295 SAN FELIPE STE 340 HOUSTON,TX 77027	76-0224168	501 c(3)	6,000				General support Sponsorship of fundraising event
ALVIN ISD802 SOUTH JOHNSON ALVIN,TX 77511	76-0569796	501 c(3)	6,000				General support
COMMUNITY OUTREACH FUNDPO BOX 8669 THE WOODLANDS,TX 773878669	23-7282537	501 (C)(3)	6,000				General support Sponsorship of fundraising event
Juvenile Diabetes Foundation2425 Fountainview Suite 280 Houston,TX 77057	23-1907729	501 c(3)	5,950				General support Sponsorship of fundraising event
AUSTIN COUNTY EMERGENCY Medcial Service1 EAST MAIN ST BELLVILLE,TX 77418	74-6000341	501 c(3)	5,334				General support Funding to purchase equipment for 12 lead EKG to allow them to send ekg's directly to ER's from the field

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☑ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If line 1a is checked, did the organization follow a written policy regarding payment or reimbursement or provision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply			
	☑ Compensation committee	☐ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☑ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a			
a	Receive a severance payment or change of control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	501(c)(3) and 501(c)(4) organizations only must complete lines 5-8.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No

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

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

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

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

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Non-Fixed Payments	Form 990, Schedule J, Line 7	Memorial Hermann Healthcare System (of which this filer is a part) sponsors an executive compensation philosophy that is based on competitive market and pay-for-performance principles The Compensation Committee of the System implements this philosophy by, generally, setting base salaries at the median of the organization's talent market and using an annual incentive plan and long-term incentive plan that make incentive payments based on the achievement of performance goals determined by the Committee at the beginning of the year for the annual plan or at the beginning of the three year cycle for the long-term performance plan In all cases, the incentive targets are set so that all payments will be reasonable
Participate in a supplemental non-qualified retirement plan	Form 990, Schedule J, Line 4-b	During the year did any person listed in Form 990, Part VII, Section A, line 1a participate in a supplemental non-qualified retirement plan Memorial Hermann Healthcare System (of which this filer is a part) sponsors two nonqualified retirement plans for certain executives who are part of a select group of highly compensated or management employees The first plan is a make-up plan and provides for an annual payment (upon achieving full vesting in the qualified retirement plan) equivalent to the amount of contribution from the employer that is lost to the employee due to the limits on compensation and benefits in the Internal Revenue Code The second plan is called the Deferred Compensation Plan, and it provides for a payment (upon full vesting in the plan) In this plan, certain executives who are part of a select group of highly compensated or management employees are provided with a payment such that the total retirement contribution for the participant is based on a percentage of the participant's base salary For example, someone earning a base salary in the range of $200,000 to $350,000 will receive a payment such that the total amount of retirement contributions from the qualified cash balance pension plan, the make-up plan and this plan equal 20% Base salary range >$600,000 Total Contributions @ 27 5% of base salary, $350,000 to $600,000 @ 24%, $200,000 to $350,000 @ 20%, < $200,000 @ 17 9% Charles Ardoin $ 2,979 Carroll Aulbaugh $95,063 Brian Barbe $34,746 Ernest Bartimmo $50,639 Douglass Beckstett $70,715 Michael Bennett $ 329 Craig Cordola $ 2,134 George Gaston $ 1,148 Randy Gleason $29,520 Sonja Hagel $37,500 Emily Handwerk $ 525 Dan Humphrey $ 242 David Jones $36,112 Deborah Lewis $ 144 Dennis McVeigh $28,104 David Palmer $48,259 Melissa Paschal $ 849 James Polfreman $ 738 Juanita Romans $74,351 Steve Sanders $34,221 David Whalen $ 1,264 John Zerwas $26,380
Gross-up Payments	Form 990, Schedule J, Line 1a	Memorial Hermann provides certain cash payments to employees for non-wage purposes that are grossed up for tax indemnification These could include moving related expenses, special recognition rewards, and holiday awards The payments are included in each employee's W-2 as taxable income on a grossed-up basis

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 74-1152597
Name: Memorial Hermann Hospital System

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Mary A Cross MD	(I)	0	0	12,240	0	0	12,240	0
	(II)	156,979	12,000	4,431	9,252	9,666	192,328	0
Anil C Odhav MD	(I)	0	0	310,185	0	0	310,185	0
	(II)	0	0	0	0	0	0	0
Daniel J Wolterman	(I)	0	0	0	0	0	0	0
	(II)	908,670	823,500	45,761	618,838	18,105	2,414,874	0
Charles D Ardoin MD	(I)	300,013	153,566	60,698	118,370	13,015	645,662	2,979
	(II)	0	0	0	0	0	0	0
Carrol E Aulbaugh	(I)	0	0	0	0	0	0	0
	(II)	507,777	323,121	169,353	278,785	13,782	1,292,818	95,063
Rodney G Brace	(I)	316,254	180,698	26,182	148,654	17,531	689,319	0
	(II)	0	0	0	0	0	0	0
Bernard A Duco JR	(I)	362,414	215,558	28,284	175,483	11,263	793,002	0
	(II)	0	0	0	0	0	0	0
Randolph V Gleason	(I)	0	0	0	0	0	0	0
	(II)	271,779	139,921	52,461	133,071	12,638	609,870	29,520
Dennis P McVeigh	(I)	0	0	0	0	0	0	0
	(II)	255,497	145,054	81,756	134,597	6,778	623,682	28,104
Juanita F Romans	(I)	401,729	228,473	125,928	213,864	6,462	976,456	74,351
	(II)	0	0	0	0	0	0	0
Michael M Shabot MD	(I)	0	0	0	0	0	0	0
	(II)	399,042	238,778	52,224	192,717	18,334	901,095	0
Dale S St Arnold	(I)	0	0	0	0	0	0	0
	(II)	398,749	451,400	41,700	36,984	2,731	931,564	0
Charles D Stokes	(I)	0	0	0	0	0	0	0
	(II)	187,500	6,098	60,846	216,746	15,201	486,391	0
Keith Alexander	(I)	278,243	118,483	34,789	118,952	16,341	566,808	0
	(II)	0	0	0	0	0	0	0
Douglas G Beckstett	(I)	0	0	0	0	0	0	0
	(II)	366,590	226,653	115,091	198,765	12,504	919,603	70,715
Michael C Bennett	(I)	190,026	84,074	19,628	37,134	6,567	337,429	329
	(II)	0	0	0	0	0	0	0
David Bradshaw	(I)	0	0	0	0	0	0	0
	(II)	368,823	225,093	33,498	188,134	18,300	833,848	0
Frank A Brown	(I)	0	0	0	0	0	0	0
	(II)	347,224	205,200	54,928	81,794	11,689	700,835	0
Jeffrey H Brownawell	(I)	0	0	0	0	0	0	0
	(II)	338,237	199,746	21,755	166,639	6,168	732,545	0
Thomas J Flanagan	(I)	0	0	0	0	0	0	0
	(II)	198,054	101,094	34,402	88,414	6,186	428,150	0
Sonja Hagel	(I)	340,389	188,990	85,141	87,031	4,443	705,994	37,500
	(II)	0	0	0	0	0	0	0
Emily K Handwerk	(I)	180,496	93,818	52,640	52,189	16,566	395,709	525
	(II)	0	0	0	0	0	0	0
Marshall B Heins	(I)	0	0	23,530	0	0	23,530	0
	(II)	307,319	186,005	41,611	155,053	18,257	708,245	0
Dan E Humphrey	(I)	186,279	91,722	29,766	51,670	13,417	372,854	3,200
	(II)	0	0	0	0	0	0	0
David L Jones	(I)	347,982	427,465	75,282	170,046	13,264	1,034,039	36,112
	(II)	0	0	0	0	0	0	0
Deborah M Lewis	(I)	167,165	90,009	39,822	51,762	12,287	361,045	144
	(II)	0	0	0	0	0	0	0
Melissa L Paschal	(I)	195,623	97,227	19,818	51,257	10,531	374,456	849
	(II)	0	0	0	0	0	0	0
James D Polfreman	(I)	244,216	105,669	21,202	109,728	15,069	495,884	738
	(II)	0	0	0	0	0	0	0
Steven G Sanders	(I)	300,667	224,887	112,492	219,796	13,575	871,417	34,221
	(II)	0	0	0	0	0	0	0
Sarah Sinclair	(I)	378,140	234,004	46,920	123,819	4,281	787,164	0
	(II)	0	0	0	0	0	0	0
Barrie Strickland	(I)	239,574	124,306	22,692	94,321	5,948	486,841	0
	(II)	0	0	0	0	0	0	0
David G Whalen	(I)	0	0	0	0	0	0	0
	(II)	194,553	109,203	13,601	47,339	18,071	382,767	1,264
John Zerwas	(I)	378,162	207,636	33,449	70,542	1,341	691,130	26,380
	(II)	0	0	0	0	0	0	0
Brian S Barbe	(I)	272,654	141,854	55,544	112,603	13,520	596,175	34,746
	(II)	0	0	0	0	0	0	0
Ernest Bartimmo	(I)	300,804	116,424	71,733	67,942	8,710	565,613	50,639
	(II)	0	0	0	0	0	0	0
Craig A Cordola	(I)	240,426	130,650	53,970	105,289	17,047	547,382	2,134
	(II)	0	0	0	0	0	0	0
George H Gaston	(I)	257,722	129,696	31,148	109,630	18,166	546,362	1,148
	(II)	0	0	0	0	0	0	0
David N Parmer	(I)	317,737	157,736	74,830	94,493	17,476	662,272	48,259
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

To be completed by organizations that answered "Yes" to Form 990, Part IV, line 24a.
Provide descriptions, explanations, and any additional information in Schedule O.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Bond Issues *(Required for 2008)*

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer	
							Yes	No	Yes	No
A	Harris County Facilities Development Corporation	52-1284201	414152qu5	04-08-2004	107,652,499	Purchase Land and Equipment		X		X
B	Harris County Health Facilities Development Corp	76-0337885	414152SRO	11-13-2008	225,979,281	Refund Issue 04/29/2004		X		X
C	Harris County Health Facilities Development Corp	76-0337885	414152RT7	03-26-2008	184,800,000	Refund Issue 3/11/1998		X		X
D	Harris County Cultural Education Facilities Fin	76-0337885	414009BB5	12-11-2008	121,400,000	Refund Issue 3/20/2007		X		X
E	Harris County Cultural Education Facilities Fin	76-0337885	414009DB1	11-25-2008	133,200,000	Refund Issue 11/1/2005		X		X

Part II Proceeds *(Optional for 2008)*

		A	B	C	D	E
1	Total Proceeds of Issue	107,652,499	225,979,281	184,800,000	121,400,000	133,200,000
2	Gross Proceeds in Reserve Funds	8,807,655	22,700,000			
3	Proceeds in Refunding or Defeasance Escrows	200,000,000	200,000,000	180,324,091	120,000,000	131,700,000
4	Other Unspent Proceeds	446				
5	Issuance Costs from Proceeds	925,250	3,279,281	4,475,909	1,400,000	1,500,000
6	Working Capital Expenditures from Proceeds					
7	Capital Expenditures from Proceeds	97,919,148				
8	Year of Substantial Completion					

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

Part III Private Business Use *(Optional for 2008)*

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage *(Optional for 2008)*

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

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Attach to Form 990 or Form 990-EZ.
▶ To be completed by organizations that answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38b or 40b.

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1	(a) Name of disqualified person	(b) Description of transaction	(c) Corrected? Yes	No

2 Enter the amount of tax imposed on the organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	No	(f) Approved by board or committee? Yes	No	(g) Written agreement? Yes	No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of grant or type of assistance

Part IV Business Transactions Involving Interested Persons

To be completed by organizations that answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues? Yes	No
See Additional Data Table					

Additional Data

Software ID:
Software Version:
EIN: 74-1152597
Name: Memorial Hermann Hospital System

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction $	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
Mike Allen	Family Member	12,614	Employment		No
A Pouns	Family Member	24,113	Employment		No
Lynn Mobley	Family Member	92,620	Employment		No
Bruce Myers	Family Member	24,177	Employment		No
Richard Tinsley	Family Member	12,529	Independent Contractor		No
Todd Aulbaugh	Family Member	55,463	Employment		No
Ashley McVeigh	Family Member	61,038	Employment		No
Mark Gilgen	Family Member	71,223	Employment		No

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SCHEDULE O
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Identifier	Return Reference	Explanation
Corporate Conflict of Interest Policy	Form 990, Part VI, Section B, Line 12c	The Healthcare System began utilizing conflict of interest surveys in the 1970's and codified its procedure in a policy in 1980 The policy is monitored by our Corporate Compliance Department through annual surveys of board members, corporate officers, management level employees, and other selected employees, physicians and vendors for all of its entities and related affiliates In addition to responding to the survey, each recipient affirms that they have received a copy of the policy, has read and understood it, has agreed to comply with it, and understands that Memorial Hermann is a charitable organization that must engage in primarily tax-exempt purpose activities The Corporate Compliance Department, Chief Legal Officer and the Corporate Audit Committee, consisting of independent board members, review and investigate all survey responses and report to the Corporate Board of Directors on the existence of any conflicts

Identifier	Return Reference	Explanation
Compensation Determination	Form 990, Part VI, Section C, Line 15a and 15b	Describe the process for determining compensation for the corporate officers and key employees of the organization The process for determining compensation for the Organization's CEO and other top management is modeled after the requirements in Internal Revenue Code Section 4958 to establish the presumption of reasonable compensation Compensation was reviewed and approved by a Compensation Committee (the "Committee") of the Board of Memorial Hermann Healthcare System, which is comprised of independent persons By engaging an independent compensation consultant, the Committee considered comparable market data from published surveys and Form 990 of comparable organizations in evaluating the compensation for each individual The Committee conducted a review of this comparability data and documented its deliberation and discussion in minutes that are retained with the other governance materials of the Organization The Committee followed the process to establish the presumption that compensation paid to the Organization's CEO and other top management for purposes of Section 4958 by relying on professional advice in the written opinion of reasonableness from the independent compensation consultant

Identifier	Return Reference	Explanation
Oversight Review of Financial Statements	Form 990, Part XI, Line 2c	Does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of independent accountant? Memorial Hermann Healthcare System has independent committees for audits, governance, and compensation which perform their respective functions on a consolidated basis for all corporate entities The audit committee hires the independent accounts and oversees all audits that are conducted within all affiliated entities for financial information, grants and awards, and qualified plans

Identifier	Return Reference	Explanation
Members of Organization	Form 990, Part VI, Section A, Line 6	Memorial Hermann Hospital System has as its sole member Memorial Hermann Healthcare System, both of which are a 501(c)(3) non-profit entit

Identifier	Return Reference	Explanation
Election of Members	Form 990, Part VI, Section A, Line 7a	The member has the authority to annually elect the board members of the organization and to terminate and replace them at its discretion

Identifier	Return Reference	Explanation
Decisions of Governing Body	Form 990, Part VI, Section A, Line 7b	The member has approval authority over the decisions of the board for amendments to the bylaws and articles of incorporation, annual operating and capital budget, the purchase or sale of substantial assets, and the merger or dissolution of the organization

Identifier	Return Reference	Explanation
Disclosure of Organizational Documents	Form 990, Part VI, Section C, Line 19	Describe how the organization makes its governing documents, conflict of interest policy, and financial statements available to the public The articles of incorporation, corporate bylaws, conflict of interest policy and financial statements of Memorial Hermann Healthcare System and its affiliates are generally not made available to the public If the inquirer provided a valid reason for desiring a copy of the documents that are related to the business interests of any of the Memorial Hermann Healthcare System corporate entities, we would consider doing so

Identifier	Return Reference	Explanation
Review of Form 990	Form 990, Part VI, Section A, Line 10	Was a copy of Form 990 provided to governing body before being filed? Describe the process, if any, the organization uses to review the Form 990 Memorial Hermann Hospital System provides a copy of the Form 990 to any member of the governing body that requests one The Form 990 is reviewed by Memorial Hermann financial accounting staff, by specific departments involved in related sections of the return, by the Memorial Hermann Chief Financial Officer, and by Memorial Hermann's public accounting firm Ernst & Young prior to its filing

Identifier	Return Reference	Explanation
Whistleblower Policy	Form 990, Part VI, Section B, Line 13	MEMORIAL HERMANN CORPORATE COMPLIANCE PROGRAM Memorial Hermann Healthcare System (MHHCS) is committed to complying with all applicable laws and regulations We support the efforts of federal and state authorities in identifying incidents of fraud and/or abuse and we have the necessary policies and procedures in place to prevent, detect, report and correct incidents of fraud and/or abuse in accordance with contractual, regulatory and statutory requirements Recognizing the complexity of the various federal, state, and local laws regulating health care, MHHCS has adopted a voluntary Corporate Compliance Program This Program is designed to assist the Board, the System and its employees, medical staff members, and independent contractors to maintain compliance through responsive educational programs, internal monitoring and reporting mechanisms, and compliance Standards of Conduct Corporate Compliance is "Doing the Right Thing by following government regulations and the law " The MHHCS Compliance Program includes these 7 elements 1 A Compliance Officer and Committee to oversee and advise the Compliance Program 2 Compliance Policies and Procedures to provide written guidance to help you do your job and demonstrate our commitment to compliance 3 Compliance Training and Education to ensure appropriate education on areas of legal and regulatory compliance 4 Auditing and Monitoring to conduct periodic and ongoing auditing and monitoring of high-risk areas and adherence to policies and procedures 5 Corrective Action to develop plans to resolve identified issues, prevent them from happening again and avoid the risk of the same or similar issues occurring in other areas, departments or facilities 6 Disciplinary Guidelines may be necessary to encourage prompt reporting of Compliance concerns, to ensure non-retaliation for reporting concerns and to encourage cooperation with compliance investigations 7 Open Lines of Communication to establish an open environment for reporting compliance concerns - a hotline is available to all employees to call to report compliance concerns and non-retaliation for reporting a compliance concern in good faith

Identifier	Return Reference	Explanation
Audited Financials	Form 990, Part IV, Line 12	Did the organization receive an audited financial statement for the year for which it is completing this return that was prepared in accordance with GAAP? The Hospital System does not have its financial accounts separately audited nor receive audited financial statements For the consolidated entities of the Memorial Hermann Healthcare System and its affiliates an independent audit is conducted and audited financial statements are prepared according to GAAP by an independent accounting firm, of which the financial accounts of the Hospital System is a part

Identifier	Return Reference	Explanation
Tax Exempt Bonds	Form 990, Schedule K, Part 1 (f)	Bond A Renovations and replacements of, additions to and equipment for Hermann including Children's, Southwest including affiliated long-term acute facility, Southeast, Northwest, Memorial City, The Woodlands, & Katy, MHCC Hospital , Spring Shadows Pines, Prevention & Recovery Center and the initial outpatient/inpatient primary healthcare facilities at SH 288 and FM 518, Pearland, Brazoria County Bond B Renovations and replacements of, additions to and equipment for Hermann including Children's, Southwest including affiliated long-term acute facility, Southeast, Northwest, Memorial City, The Woodlands, & Katy, MHCC Hospital , Spring Shadows Pines, Prevention & Recovery Center and the initial outpatient/inpatient primary healthcare facilities at SH 288 and FM 518, Pearland, Brazoria County Bond C Expansion, renovation & equipment for Southwest, Southeast, Northwest, The Woodlands, Hermann, Pasadena, memorial City, Rehabilitation Hospital, Spring Shadows Glen & Spring Shadows Pines, Construction of inpatient/outpatient facilities, equipment and elderly care facilities at I-10 & Eldridge Road and Highway 290 & FM 1960, Construction of proposed preventative health care facility and equipment at 7701-7737 Southwest Freeway, Construction & equipment for elderly care facilities at Southwest & Southeast Bond D Previously financed projects (1) the construction and renovation of Northwest, excluding the chapel therein, (2) the construction and renovation of The Woodlands, (3) construction and renovation of inpatient/outpatient facilities at I-10 & Eldridge and at Highway 290 & FM 1960 including construction and equipping elderly care facilities at such sites, (4) construction/renovation at Southeast and Southwest including construction of elderly care facilities and 544 parking spaces at Southeast, (5) reimbursement/payment of capital equipment for Southwest, Southeast, Northwest, The Woodlands and facilities in (3) and (4) Bond E Renovations of, additions (including elderly care facilties) to and equipment for inpatient/outpatient facilities at Highway 290 & FM 1960, formerly owned & operated Pasadena Hospital, inpatient/outpatient facilities at I-10 & Eldridge Road, Spring Shadows Pines and the Wellness Center

Identifier	Return Reference	Explanation
Officers hours devoted to related organizations	Schedule J-2, Column B	Corporate officers, key employees, and highly compensated employees work on average of 50 hours per week for the reporting organization, related organizations included in Schedule R, and all other affiliated entities

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2008

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Identification of Disregarded Entities

(A) Name, address, and EIN of disregarded entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Total income	(E) End-of-year assets	(F) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Exempt Code section	(E) Public charity status (if section 501(c)(3))	(F) Direct controlling entity
Memorial Hermann Healthcare System 9301 Southwest Freeway Suite 600 Houston, TX77074 76-0025117	Healthcare	TX	501(C)(3)	11a I	
Memorial Hermann Community Benefits 9301 Southwest Freeway Suite 600 Houston, TX77074 68-0511504	Healthcare	TX	501(C)(3)	11	
The Institute for Rehab and Research 9301 Southwest Freeway Suite 600 Houston, TX77074 74-1334678	Healthcare	TX	501(C)(3)	3	
Memorial Hermann Medical Group 9301 Southwest Freeway Suite 600 Houston, TX77074 20-4923281	Healthcare	TX	501(C)(3)	3	
MHS Physicians of Texas 9301 Southwest Freeway Suite 600 Houston, TX77074 76-0385980	Healthcare	TX	501(C)(3)	3	
Memorial Hermann Foundation 9301 Southwest Freeway Suite 600 Houston, TX77074 74-1653640	Fundraising	TX	501(C)(3)	11a	

Part III Identification of Related Organizations Taxable as a Partnership

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Predominant income(related, investment, unrelated)	(F) Share of total income	(G) Share of end-of-year assets	(H) Disproprtionate allocations? Yes	(H) No	(I) Code V—UBI amount on Box 20 of K-1	(J) General or managing partner? Yes	(J) No
See Additional Data Table											

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

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Direct controlling entity	(E) Type of entity (C corp, S corp, or trust)	(F) Share of total income	(G) Share of end-of-year assets	(H) Percentage ownership
Memorial Hermann Health Network Provider 9301 Southwest Freeway Suite 600 Houston, TX77074 76-0074819	Healthcare	TX		C			
Memorial Health Ventures 9301 Southwest Freeway Suite 600 Houston, TX77074 74-2211474	Healthcare	TX		C			
The Health Professionals Ins Company LTD Barclays House 3rd Floor Grand Cayman CJ	Insurance	CJ			-4,274,202	61,805,606	100 %

Part V Transactions with Related Organizations

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

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

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

	(A) Name of other organization(s)	(B) Transaction type(a-r)	(C) Amount Involved
(1)	NA		
(2)			
(3)			
(4)			
(5)			
(6)			

Part VI Unrelated Organizations Taxable as a Partnership

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

(A) Name, address, and EIN of entity	(B) Primary activity	(C) Legal domicile (state or foreign country)	(D) Are all partners section 501(c)(3) organizations?		(E) Share of end-of-year assets	(F) Disproprtionate allocations?		(G) Code V—UBI amount on Box 20 of K-1	(H) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 74-1152597
Name: Memorial Hermann Hospital System

Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations

(A) Name, address, and EIN of related organization	(B) Primary Activity	(C) Legal Domicile (State or Foreign Country)	(D) Exempt Code section	(E) Public charity status (if 501(c)(3))	(F) Direct Controlling Entity
Memorial Hermann Healthcare System 9301 Southwest Freeway Suite 600 Houston, TX77074 76-0025117	Healthcare	TX	501(C)(3)	11a I	
Memorial Hermann Community Benefits 9301 Southwest Freeway Suite 600 Houston, TX77074 68-0511504	Healthcare	TX	501(C)(3)	11	
The Institute for Rehab and Research 9301 Southwest Freeway Suite 600 Houston, TX77074 74-1334678	Healthcare	TX	501(C)(3)	3	
Memorial Hermann Medical Group 9301 Southwest Freeway Suite 600 Houston, TX77074 20-4923281	Healthcare	TX	501(C)(3)	3	
MHS Physicians of Texas 9301 Southwest Freeway Suite 600 Houston, TX77074 76-0385980	Healthcare	TX	501(C)(3)	3	
Memorial Hermann Foundation 9301 Southwest Freeway Suite 600 Houston, TX77074 74-1653640	Fundraising	TX	501(C)(3)	11a	

Form 990, Schedule R, Part III - Identification of Related Organizations Taxable as a Partnership

(A) Name, address, and EIN of related organization	(B) Primary activity	(C) Legal Domicile (State or Foreign Country)	(D) Direct Controlling Entity	(E) Predominant income(related, investment, unrelated)	(F) Share of total income ($)	(G) Share of end-of-year assets ($)	(H) Disproprtionate allocations?		(I) Code V-UBI amount on Box 20 of Schedule K-1 (Form 1065) ($)	(J) General or Managing Partner?	
							Yes	No		Yes	No
Memorial Hermann Southwest Heart Service 9301 Southwest Freeway Suite 600 Houston, TX77074 20-1954762	Cardic Cath Lab	TX		Related or Exempt	1,366,669	6,636,458		No	64,078		No
The Woodlands POB III LP 9301 Southwest Freeway Suite 600 Houston, TX77074 20-2184543	Manages Med Bldg	TX		Unrelated	141,422	3,842,176		No	28,834		No
Southwest POB IV LP 9301 Southwest Freeway Suite 600 Houston, TX77074 20-4043564	Manages Med Bldg	TX		Unrelated	-670,206	16,355,852		No	15,092		No
Memorial HermannUSP Surgery Ctr III LP 15305 Dallas Parkway Suite 1600 L Addison, TX75001 20-0707543	Surgery Center	TX		Related or Exempt	4,615,438	15,018,148		No	110,477		No
Memorial Hermann Surgery Center Katy LLP 15305 Dallas Parkway Suite 1600 L Addison, TX75001 20-3360737	Surgery Center	TX		Related or Exempt	-169,523	1,259,922		No	7,742		No
Memorial Hermann Medical Plaza LP Nine Greenway Plaza Suite 2900 Houston, TX77046 68-0545079	Manages Med Bldg	TX		Unrelated	-4,714,085	64,081,002		No	184,025		No
Sugar Land POB I LP 2001 Ross Avenue Suite 3400 Dallas, TX75201 20-1764036	Manages Med Bldg	TX		Unrelated	311,481	4,385,770		No	1,203		No
Katy POB I LP 2001 Ross Avenue Suite 3400 Houston, TX75201 20-1750093	Manages Med Bldg	TX		Unrelated	282,151	4,485,645		No	1,649		No

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TY 2008 Earnings and Profits Other Adjustments Statement

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Amount
Physician Insurance Losses	1,320,505
Fees and Commissions	389,186
General & Admin Expenses	821,572

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TY 2008 Itemized Other Current Liabilities Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Description	Beginning Amount	Ending Amount
		Accrued Expenses	201,651	134,894

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TY 2008 Itemized Other Current Assets Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
		Inerest Receivable and Prepaid Exp	72,494	384,985

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TY 2008 Other Deductions Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
Genral & Administration		821,572

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TY 2008 Itemized Other Investments Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Investments Description	Beginning Amount	Ending Amount
		Fixed Maturity Securities	19,937,446	5,899,967
		Equity Securities	65,015,977	48,173,133

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TY 2008 Itemized Other Liabilities Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
		Premiums Receivable	-80,269	
		Losses Recoverable from Reinsurers	-6,421,870	-5,779,689
		Claim Loss Receivable from Reinsure	-164,974	
		Reserve for Losses	65,534,310	52,264,974
		Reserve for Retro Premium Adjustmnt	29,932,814	13,147,554
		Amounts Payable to Parent Corp	485,892	158,704
		Accumulated Other Comprehensive Inc	1,759,169	1,759,169

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TY 2008 Other Income Statement

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Foreign Amount	Amount
General & Administration		821,572

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TY 2008 ShareholdersStockOwnershipStmt

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Class of Stock Owned by the Shareholder at the Beginning of its Tax Year	Number of Shares Owned by the Shareholder During its Tax Year	Changes to the Number of Shares	Date of Changes	Number of Shares
Common	120000			120000