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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2009

Open to Public Inspection

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

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

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

C Name of organization
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 $ 2,822,120,361

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 Website: ▶ www memorialhermann org

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1910 | **M** State of legal domicile TX

Part I Summary

Activities & Governance

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 spriitual 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 net assets

3	Number of voting members of the governing body (Part VI, line 1a)	3	49
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	2,031
6	Total number of volunteers (estimate if necessary)	6	3,059
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7a	12,605,375
b	Net unrelated business taxable income from Form 990-T, line 34	7b	0

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	7,701,923	18,821,365
9	Program service revenue (Part VIII, line 2g)	2,599,226,024	2,674,159,029
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	-58,420,338	30,742,621
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	64,701,328	75,195,481
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,613,208,937	2,798,918,496
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	927,539	1,182,578
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	1,226,241,386	1,265,399,044
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	1,403,520,336	1,362,350,639
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	2,630,689,261	2,628,932,261
19	Revenue less expenses Subtract line 18 from line 12	-17,480,324	169,986,235

		Beginning of Current Year	End of Year
Net Assets or Fund Balances			
20	Total assets (Part X, line 16)	3,763,094,097	3,904,390,141
21	Total liabilities (Part X, line 26)	2,292,195,136	2,296,292,093
22	Net assets or fund balances Subtract line 21 from line 20	1,470,898,961	1,608,098,048

Part II Signature Block

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

Sign Here

▶ Signature of officer — Date: 2011-05-13

▶ Carrol E Aulbaugh CFO
Type or print name and title

Paid Preparer's Use Only

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

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

Part III Statement of Program Service Accomplishments

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 2,308,444,808 including grants of $ 1,182,578) (Revenue $ 2,674,159,029)

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** ▶ $ 2,308,444,808

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 similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	Is the organization's answer to any of the following questions "Yes"? *If so,complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.*	11	Yes	
	• Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*			
	• Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*			
	• Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*			
	• Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*			
	• Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*			
	• Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48? *If "Yes," complete Schedule D, Part X.*			
12	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12		No
12A	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," completing Schedule D, Parts XI, XII, and XIII is optional* — Yes / No	12A	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, and program service activities outside the United States? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or assistance to individuals located outside the U S ? *If "Yes," complete Schedule F, Part III*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee of the organization (or a family member) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		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 sections 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	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096, *Annual Summary and Transmittal of U.S. Information Returns. Enter -0-* if not applicable	**1a**	1,159		
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**	2,031		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note:** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file this return (see instructions)	**2b**			
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 line 5a or 5b, did the organization file Form 8886-T, Disclosure by Tax-Exempt Entity Regarding Prohibited Tax Shelter Transaction?	**5c**			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?	**6a**			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	**6b**			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	**7a**			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	**7b**			
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	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	**8**			
9	**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** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Section A. Governing Body and Management

			Yes	No
1a	Enter the number of voting members of the governing body . .	1a 49		
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	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

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 Report compensation for the calendar year ending with or within the organization's tax year Use Schedule J-2 if additional space is needed

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

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

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

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

1b Total . . . . . ▶	21,919,804	0	4,057,239

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 1,135

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Spawmaxwell Company 4321 Directors Row Suite 100 HOUSTON, TX 77092	Construction	19,902,821
Gen-Tech Construction LLC 2211 W 34th Street HOUSTON, TX 77018	Construction	4,279,050
Crothall Healthcare 13028 Collection Center Dr CHICAGO, IL 66093	Housekeeping	11,938,980
Fulbright Jaworski LLP 600 Congress Avenue Suite 2400 AUSTIN, TX 78701	Contractual	3,887,666
Manhatten Construction 5601 S 122 E Ave TULSA, OK 74146	Construction	8,066,797
2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 65		

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns . . 1a				
	b	Membership dues 1b				
	c	Fundraising events 1c				
	d	Related organizations . . . 1d 10,871,073				
	e	Government grants (contributions) 1e 7,910,725				
	f	All other contributions, gifts, grants, and similar amounts not included above 1f 39,567				
	g	Noncash contributions included in lines 1a-1f $ _____				
	h	**Total.** Add lines 1a-1f . . . . . ▶	18,821,365			
Program Service Revenue		Business Code				
	2a	PATIENT SERVICE REVENUE	2,674,159,029	2,674,159,029		
	b					
	c					
	d					
	e					
	f	All other program service revenue				
	g	**Total.** Add lines 2a–2f . . . . . ▶	2,674,159,029			
	3	Investment income (including dividends, interest and other similar amounts) . . . . . ▶	0			
	4	Income from investment of tax-exempt bond proceeds . . ▶	0			
	5	Royalties . . . . . ▶	294,381			294,381
		(i) Real / (ii) Personal				
	6a	Gross Rents 23,031,013				
	b	Less rental expenses 19,458,992				
	c	Rental income or (loss) 3,572,021				
	d	Net rental income or (loss) . . . . . ▶	3,572,021			3,572,021
		(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) . . . . . ▶	30,742,621			30,742,621
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from fundraising events . . ▶	0			
	9a	Gross income from gaming activities See Part IV, line 19 . . . a				
	b	Less direct expenses . . . b				
	c	Net income or (loss) from gaming activities . . . ▶	0			
	10a	Gross sales of inventory, less returns and allowances . a 7,601,683				
	b	Less cost of goods sold . . b 3,742,873				
	c	Net income or (loss) from sales of inventory . . ▶	3,858,810			3,858,810
		Miscellaneous Revenue / Business Code				
	11a	HOUSEKEEPING 561,700	20,001		20,001	
	b	LABORATORY SERVICES 621,500	-44,191		-44,191	
	c	MAIL ROOM SERVICES 561,000	208,255		208,255	
	d	All other revenue	67,286,204	47,366,001	12,421,310	7,498,893
	e	**Total.** Add lines 11a–11d . . . . . ▶	67,470,269			
	12	**Total revenue.** See Instructions . . . ▶	2,798,918,496	2,721,525,030	12,605,375	45,966,726

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	1,182,578	1,182,578		
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	18,211,784	8,926,306	9,285,478	
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	1,001,084,952	876,666,176	124,418,776	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	53,372,393	42,539,654	10,832,739	
9 Other employee benefits	115,498,087	96,768,494	18,729,593	
10 Payroll taxes	77,231,828	64,811,971	12,419,857	
11 Fees for services (non-employees)				
a Management	0			
b Legal	4,270,788	373,452	3,897,336	
c Accounting	0			
d Lobbying	0			
e Professional fundraising *See Part IV, line 17*	0			
f Investment management fees	0			
g Other	0			
12 Advertising and promotion	10,436,458	4,927,375	5,509,083	
13 Office expenses	469,991,165	463,514,289	6,476,876	
14 Information technology	0			
15 Royalties	0			
16 Occupancy	98,543,583	81,387,112	17,156,471	
17 Travel	0			
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	4,615,137	3,035,871	1,579,266	
20 Interest	76,592,248	43,260,140	33,332,108	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	196,390,783	168,038,098	28,352,685	
23 Insurance	7,431,127	5,828,541	1,602,586	
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	98,856,153	78,428,395	20,427,758	
b PROFESSIONAL & CONTRACT FEES	334,764,930	315,829,967	18,934,963	
c MISCELLANEOUS & OTHER EXPENSE	44,333,464	44,125,823	207,641	
d PHYSICIAN INTERGRATION	12,325,308	6,041,781	6,283,527	
e PRINTING & PUBLICATIONS	3,799,495	2,758,785	1,040,710	
f All other expenses				
25 **Total functional expenses.** Add lines 1 through 24f	2,628,932,261	2,308,444,808	320,487,453	0
26 **Joint costs.** Check here ▶ ☐ if following SOP 98-2 Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		412,542,475	1	600,858,966
	2	Savings and temporary cash investments		63,574,660	2	62,991,261
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		418,859,708	4	389,664,491
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees 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		11,988,139	8	12,188,622
	9	Prepaid expenses and deferred charges		22,666,720	9	25,469,141
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 3,872,885,398			
	b	Less accumulated depreciation	10b 1,738,327,330	2,182,604,680	10c	2,134,558,068
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		430,926,000	12	459,169,000
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		219,931,715	15	219,490,592
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		3,763,094,097	16	3,904,390,141
Liabilities	17	Accounts payable and accrued expenses		383,361,226	17	394,336,900
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		1,091,178,475	20	1,065,245,453
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		817,655,435	25	836,709,740
	26	**Total liabilities.** Add lines 17 through 25		2,292,195,136	26	2,296,292,093
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		1,408,750,191	27	1,544,920,968
	28	Temporarily restricted net assets		62,148,770	28	63,177,080
	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		1,470,898,961	33	1,608,098,048
	34	Total liabilities and net assets/fund balances		3,763,094,097	34	3,904,390,141

Part XI Financial Statements and Reporting

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

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

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

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

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

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

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

_____

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

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

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

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

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

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

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

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

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

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

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2005	(b) 2006	(c) 2007	(d) 2008	(e) 2009	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

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

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

16a **33 1/3% support test—2009.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2008.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

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

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

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

Section A. Public Support

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

Section B. Total Support

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

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

Section C. Computation of Public Support Percentage

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

Section D. Computation of Investment Income Percentage

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

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

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

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

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

Schedule E Income, War Profits, and Excess Profits Taxes Paid or Accrued (See instructions)

	(a) Name of country or U S possession	Amount of Tax (b) In foreign currency	(c) Conversion rate	(d) In U S dollars
1	U S			
2				
3				
4				
5				
6				
7				
8	Total ▶			

Schedule F Balance Sheet

Important: *Report all amounts in U.S. dollars prepared and translated in accordance with U.S. GAAP. See instructions for an exception for DASTM corporations.*

	Assets		(a) Beginning of annual accounting period	(b) End of annual accounting period
1	Cash	1	7,347,521	7,115,146
2a	Trade notes and accounts receivable	2a		
b	Less allowance for bad debts	2b	( )	( )
3	Inventories	3		
4	Other current assets (attach schedule)	4	384,985	25,853
5	Loans to shareholders and other related persons	5		
6	Investment in subsidiaries (attach schedule)	6		
7	Other investments (attach schedule)	7	54,073,100	40,030,186
8a	Buildings and other depreciable assets	8a		
b	Less accumulated depreciation	8b	( )	( )
9a	Depletable assets	9a		
b	Less accumulated depletion	9b	( )	( )
10	Land (net of any amortization)	10		
11	Intangible assets			
a	Goodwill	11a		
b	Organization costs	11b		
c	Patents, trademarks, and other intangible assets	11c		
d	Less accumulated amortization for lines 11a, b, and c	11d	( )	( )
12	Other assets (attach schedule)	12		
13	Total assets	13	61,805,606	47,171,185
	Liabilities and Shareholders' Equity			
14	Accounts payable	14		
15	Other current liabilities (attach schedule)	15	134,894	46,850
16	Loans from shareholders and other related persons	16		
17	Other liabilities (attach schedule)	17	61,550,712	47,003,335
18	Capital stock			
a	Preferred stock	18a		
b	Common stock	18b	120,000	120,000
19	Paid-in or capital surplus (attach reconciliation)	19		
20	Retained earnings	20		
21	Less cost of treasury stock	21	( )	( )
22	Total liabilities and shareholders' equity	22	61,805,606	47,170,185

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
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 for any other purpose conferring impermissible private benefit ☐ Yes ☐ No

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance	3,543,498	3,498,448			
b Contributions					
c Investment earnings or losses	148,951	65,990			
d Grants or scholarships					
e Other expenditures for facilities and programs	7,116	14,460			
f Administrative expenses	7,382	6,480			
g End of year balance	3,677,951	3,543,498			

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ **100.000 %**
- c Term endowment ▶

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	90,135,134			90,135,134
b Buildings	2,492,720,572		864,333,851	1,628,386,721
c Leasehold improvements				
d Equipment	1,147,096,587		873,993,479	273,103,108
e Other	142,933,105			142,933,105
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				2,134,558,068

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Financial derivatives		
Closely-held equity interests		
Other		
U S GOVERNMENT SECURITIES	29,412,000	F
POOLED FUNDS	338,097,000	F
MORTGAGE-BACKED SECURITIES	3,109,000	F
CORPORATE OBLIGATIONS	75,334,000	F
CORPORATE EQUITIES	13,217,000	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	459,169,000	

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.)* . . . . . ▶	219,490,592

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
ACCRUED LIABILITIES TO 3RD PAR	194,460,740
CAPITALIZED LEASES	642,249,000
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	836,709,740

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

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	
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	Other losses	2c			
d	Other (Describe in Part XIV)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
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 IV, lines 1b and 2b, Part V, line 4, Part X, Part XI, line 8, Part XII, lines 2d and 4b, and Part XIII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Intended Uses of the Organization's Endowment Funds	Supplemental Information for Schedule D, Part V Line 4	
FIN 48 Audit Financial Statement Footnote Disclosure	Form 990, Schedule D, Part X as disclosed in Part XIV	

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Charity Care and Certain Other Community Benefits at Cost

			Yes	No
1a	Does the organization have a charity care policy? If "No," skip to question 6a	1a	Yes	
b	If "Yes," is it a written policy?	1b	Yes	
2	If the organization has multiple hospitals, indicate which of the following best describes application of the charity care policy to the various hospitals ☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals ☐ Generally tailored to individual hospitals			
3	Answer the following based on the charity care eligibility criteria that applies to the largest number of the organization's patients			
a	Does the organization use Federal Poverty Guidelines (FPG) to determine eligibility for providing *free* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for free care ☐ 100% ☐ 150% ☑ 200% ☐ Other _____	3a	Yes	
b	Does the organization use FPG to determine eligibility for providing *discounted* care to low income individuals? If "Yes," indicate which of the following is the family income limit for eligibility for discounted care ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____	3b	Yes	
c	If the organization does not use FPG to determine eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization uses an asset test or other threshold, regardless of income, to determine eligibility for free or discounted care			
4	Does the organization's policy provide free or discounted care to the "medically indigent"?	4	Yes	
5a	Does the organization budget amounts for free or discounted care provided under its charity care policy?	5a	Yes	
b	If "Yes," did the organization's charity care expenses exceed the budgeted amount?	5b		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 Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheets 1 and 2)			108,137,145		108,137,145	3 500 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			508,618,232	490,883,092	17,735,140	0 600 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			35,019,374	23,977,345	11,042,029	0 400 %
d **Total** Charity Care and Means-Tested Government Programs			651,774,751	514,860,437	136,914,314	4 500 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			119,058,846		119,058,846	3 800 %
f Health professions education (from Worksheet 5)			44,751,686	9,623,200	35,128,486	1 100 %
g Subsidized health services (from Worksheet 6)			215,334,337	186,113,929	29,220,408	0 100 %
h Research (from Worksheet 7)			1,422,661	867,594	555,067	
i Cash and in-kind contributions to community groups (from Worksheet 8)			3,541,277		3,541,277	0 100 %
j **Total** Other Benefits			384,108,807	196,604,723	187,504,084	5 100 %
k **Total.** Add lines 7d and 7j			1,035,883,558	711,465,160	324,418,398	9 600 %

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

		(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1	Physical improvements and housing						
2	Economic development						
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

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	147,405,840		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's charity care policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including other bad debt amounts in community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	687,310,362		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	1,074,815,743		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-387,505,381		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures

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

Part V Facility Information

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

Complete this part to provide the following information

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

See additional data

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

See additional data

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

See additional data

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

See additional data

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

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

See additional data

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

See additional data

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 United States

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

▶ **Attach to Form 990**

OMB No 1545-0047

2009

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" to 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 (Form 990) if additional space is needed . . . . ▶ ☐

(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
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations . . . . ▶ 218

3 Enter total number of other organizations . . . . ▶ 10

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to 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

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
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 any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	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 with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

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

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

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

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

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer	
							Yes	No	Yes	No
A	Harris County Health Facilities Development Corp	56-1284201	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	11-25-2008	184,800,000	Refund Issue 3/11/1998		X		X
D	Harris County Cultrual Educational Facilities Fin	76-0337885	414009bb5	12-11-2008	121,400,000	Refund Issue 3/20/2007		X		X
E	Harris County Cultrual Educational Facilities Fin	76-0337885	414009db1	11-25-2008	133,200,000	Refund Issue 11/1/2005		X		X

Part II Proceeds

		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

		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								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶										
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶										
6	Total of lines 4 and 5										
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?		X		X		X		X		X

Part IV Arbitrage

		A		B		C		D		E	
		Yes	No	Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X	X			X		X
2	Is the bond issue a variable rate issue?		X		X	X		X		X	
3a	Has the organization or the governmental issuer identified a hedge with respect to the bond issue on its books and records?	X				X		X		X	
b	Name of provider	Bear Stearns				Bear Stearns				Bear Stearns	
c	Term of hedge	19 2				19 2		17 2		20 6	
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

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V lines 38a or 40b.**

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

OMB No 1545-0047

2009

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).

Complete if the organization 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	(c) Corrected? 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.

Complete if the organization 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	(b) From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) No	(f) Approved by board or committee? Yes	(f) No	(g) Written agreement? Yes	(g) No
Total . . . . . ▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization 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.

Complete if the organization 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	(e) No
See Additional Data Table					

Additional Data

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

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SCHEDULE O
(Form 990)
Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990

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

OMB No 1545-0047
2009
Open to Public Inspection

Name of the organization
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

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 33, 34, 35, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2009

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I **Identification of Disregarded Entities** (Complete if the organization answered "Yes" on Form 990, Part IV, line 33.)

(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** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.)

(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, TX 77074 76-0025117	Healthcare	TX	501(c)3	11a I	
Memorial Hermann Community Benefits 9301 Southwest Freeway Suite 600 Houston, TX 77074 68-0511504	Healthcare	TX	501(c)3	11	
The Institute for Rehab and Research 9301 Southwest Freeway Suite 600 Houston, TX 77074 74-1334678	Healthcare	TX	501(c)3	3	
Memorial Hermann Medical Group 9301 Southwest Freeway Suite 600 Houston, TX 77074 20-4923281	Healthcare	TX	501(c)3	3	
MHS Physicians of Texas 9301 Southwest Freeway Suite 600 Houston, TX 77074 76-0385980	Healthcare	TX	501(c)3	3	
Memorial Hermann Foundation 9301 Southwest Freeway Suite 600 Houston, TX 77074 74-1653640	Fundraising	TX	501(c)3	11a	

Part III **Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.)

(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, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No
See Additional Data Table											

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.)

(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	na	C corp			
Memorial Health Ventures 9301 Southwest Freeway Suite 600 Houston, TX77074 74-2211474	Healthcare	TX	na	C corp			
The Health Professionals Ins Company LTD Barclays House 3rd Floor Grand Cayman CJ	Insurance	CJ	na		3,180,614	47,171,185	100 000 %

Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, or 36.)

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	(b) Transaction type(a-r)	(c) Amount involved
(1) NA		
(1) See Additional Data Table		
(2)		
(3)		
(4)		
(5)		
(6)		

Part VI **Unrelated Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" on Form 990, Part IV, line 37.)

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 in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

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 $ 7,095 Carroll Aulbaugh $125,243 Brian Barbe $ 46,159 Douglass Beckstett $ 88,410 David Bradshaw $ 2,923 Frank Brown $ 36,469 Jeffery Brownawell $ 11,534 Rodney Brace $ 10,752 Craig Cordola $ 9,279 Tom Flanagin $ 4,679 George Gaston $ 4,834 Donal Gibson $ 4,836 Randy Gleason $ 74,913 Sonja Hagel $157,929 Marshall Hiens $ 14,363 David Jones $174,653 Gary Kerr $ 42,795 Dennis McVeigh $ 41,171 David Palmer $ 64,181 James Polfreman $ 4,179 Juanita Romans $102,241 Steve Sanders $ 73,039 Barrie Strickland $ 2,793 David Whalen $ 4,478 Dan Wolterman $ 36,656 John Zerwas $168,764
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

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

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

DEBT COLLETION POLICY FOR PATIENT ACCOUNTS Form 990, Schedule H, 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

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

Imaging Centers - 23, Surgical Centers - 9, Diagnostic Laboratories -18, Sports Medicine Centers - 25

Form 990 Schedule H, Part VI - Supplemental Information, Line 2

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

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

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

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

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

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

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

Form 990 Schedule H, Part VI - Supplemental Information, Line 7

Form 990 Schedule H, Part VI - Supplemental Information, Line 7

Leadership When Dan Wolterman became CEO of Memorial Hermann in 2002, both he and the Boa rd 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 tha t vision to employees, physicians, and the community as a whole' As a system with 24% mar ket 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 t he 2004 Public Health Task Force which developed recommendations on how to better collabor ate 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 infr astructure Dan believed that his external relationships would be key to rallying the comm unity to address the issues that had been identified, and his election to the leadership o f 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 s pokesman and through the promotion of his white paper 'A Region in Crisis A Call to Redu ce the Uninsured and Expand Access to Health Care in the Ten-County Houston Region', he em phasizes that the problem is regional and can only be solved through collaborative initiat ives undertaken by all stakeholders-government, health care providers, businesses, faith-b ased organizations and others The blueprint outlined has been adopted by the Greater Hous ton Partnership Through the leadership of Houston's business community combined with gove rnment leadership throughout the region, the tactics outlined have a chance for regional i mplementation and significant improvement in access To devote to this area the time and f ocus required, Memorial Hermann Healthcare System established a Community Benefits Corpora tion, led by a Chief, Community Benefits Officer Carol Paret is responsible for the devel opment, implementation, and success of a formalized community benefit program that guides the system expenditures and quantifies the resulting community values This position is re sponsible for a 3-year strategic plan The Memorial Hermann Hospital System contributes fi ve 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 t he scope of the CBC Organizational Commitment Whether as one of the 140 Board members, o ne 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 eng age staff in ways to become a part of larger community efforts focuses on the following ma jor 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 t he proceeds from the annual food drive to a local agency to make an impact within the comm unity in which the facility resides Since 2001 the System has, on average, annually colle cted 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 driv es that have contributed more than 52,414 units of blood to the community In 2009, the Gu lf Coast Regional Blood Center recognized Memorial Hermann with the "Path for Success Awar d" as having had one of the most successful hospital blood drive programs in the nation, s aving more than 12,000 lives per year American Heart Walk, MS150 Bicycle Race - system-wi de volunteer efforts such as these sustain an engaged workforce, organize community suppor t, and strengthen our culture Covenant House - For more than fourteen years Memorial Herm ann has partnered with and provided free linen services for Covenant House, a child care a gency that provides free emergency shelter, counseling, vocational and educational service s, 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 c

Form 990 Schedule H, Part VI - Supplemental Information, Line 7

ommunity on the value of a medical home and how to utilize nurse triage services The mech anism was 6-month TV and radio ads on Univision, Houston's #1 Spanish language station Un iversity of Texas School of Nursing at Houston - Memorial Hermann financially partners wit h several nursing schools in the support of creative solutions to increase enrollment of s tudent nurses and therefore increase the number of nurses working within our community

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	44,432,495
DUE FROM AFFILIATES, NET	109,669,820
GOODWILL	10,326,013
MISCELLANEOUS DEPOSITS	11,044,328
DEFERRED BOND INSURANCE	7,987,448
DEFERRED BOND FINANCING FEES	9,934,688
PINEY POINT ESTATE	5,482,584
JOINT VENTURES	2,233,316
TECO STOCK	2,465,303
UTHSC LAND LEASE	1,386,266
SPLIT DOLLAR LIFE INSURANCE	1,044,245
DEFERRED PHYSCIAN RECRUITMENT	1,991,145
OTHER ASSETS	11,492,941

Additional Data

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

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Abramowitz Joel W MD Medical Staff President - MC	10	X						0	0	0
Adams Edward B Jr Member	10	X						0	0	0
Baird Arthur L Member	10	X						0	0	0
Bajwa Kulvinder S MD Medical Staff President - SL	10	X						0	0	0
Bennett R Gerald Member	10	X						0	0	0
Cannon Deborah M Member	10	X						0	0	0
Colasurado Giuseppe N MD Member	10	X						0	0	0
Corbiere Shani Ex-Officio	10	X						0	0	0
Cross Mary A MD Medical Staff President - SE	10	X						236,602	0	27,081
Croyle Robert G Chairman	10	X						0	0	0
Curling Susan Dobbs MD Medical Staff President - NE	10	X						0	0	0
Davis Joe R Member	10	X						0	0	0
Denman Carolyn Auxillary Representative	10	X						0	0	0
Diaz-Gonzalez Irma Member	10	X						0	0	0
Easter William H Member	10	X						0	0	0
Edmonds James T Member	10	X						0	0	0
Elliott Don H Member	10	X						0	0	0
Ewing J Randolph Member	10	X						0	0	0
Felix Brian MD Medical Staff President - SL	10	X						0	0	0
Gaitz Jeffrey P MD Medical Staff President - NW	10	X						0	0	0
Giglio J Kevin MD Member	10	X						0	0	0
Guo James S Medical Staff President - WDL	10	X						0	0	0
Hearnsberger Roy G Member	10	X						0	0	0
Jackson Grover G Member	10	X						0	0	0
James Argentina M Member	10	X						0	0	0

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Kaiser Larry R MD Ex-Officio	10	X						0	0	0
Kochar Harmohinder MD Medical Staff President - NW	10	X						0	0	0
Lee Ethel Kaye Member	10	X						0	0	0
Manning Ramon Member	10	X						0	0	0
McBride Ralph S Member	10	X						0	0	0
McClaren Robert S Member	10	X						0	0	0
McClelland Scott B Member	10	X						0	0	0
McCord Frederick R Member	10	X						0	0	0
McLean Scott J Member	10	X						0	0	0
Morfey Daryl Member	10	X						0	0	0
Odhav Anil C MD Medical Staff President - KT	10	X						0	0	0
Perez Sonia A Member	10	X						0	0	0
Postl James J Member	10	X						0	0	0
Pouns Stephen H Member	10	X						0	0	0
Raspino Louis A Member	10	X						0	0	0
Reddick Max E MD Member	10	X						0	0	0
Rensinger Edward R MD Medical Staff President - MC	10	X						0	0	0
Rosales Oscar R MD Medical Staff President - TMC	10	X						0	0	0
Saenz Garciela G Member	10	X						0	0	0
Sheppard Gary J MD Medical Staff President - SW	10	X						488,139	0	26,195
Smith James R Member	10	X						0	0	0
Snider Stephen A Member	10	X						0	0	0
Tang J B Jr MD Member	10	X						0	0	0
Tinsley Emily G Member	10	X						0	0	0
Vitenas Paul Jr MD Member	10	X						0	0	0

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Wolterman Daniel J Member, President & CEO	1 0	X						1,896,224	0	549,208
Woo Donald M Member	1 0	X						0	0	0
Ytterberg Alan V Member	1 0	X						0	0	0
Aulbaugh Carrol E Chief Financial Officer & Trea	50 0			X				1,035,155	0	266,162
Duco Bernard A Jr Chief Legal Officer & Secretar	50 0			X				660,742	0	167,757
Gleason V Randolph Chief Risk & Insurance Officer	50 0			X				705,703	0	0
McVeigh Dennis P Chief Accounting Officer	50 0			X				500,527	0	109,825
Reimer P Renee Chief Risk & Insurance Officer	50 0			X				115,827	0	52,331
Romans Juanita F CEO TMC Campuses	50 0			X				852,419	0	205,647
Shabot M Michael MD Chief Medical Officer	50 0			X				721,048	0	182,986
Stokes Charles D Chief Operating Officer	50 0			X				957,361	0	238,893
Alexander Keith COO Memorial City Campus	50 0			X				483,071	0	118,061
Beckstett Douglas G Chief Human Resources Officer	50 0				X			755,610	0	183,639
Brace Rodney CFO	50 0				X			664,681	0	178,731
Bradshaw David Chief Information Planning & M	50 0				X			668,095	0	180,064
Brown Frank A Chief Service Lines Officer	50 0				X			977,426	0	0
Brownawell H Jeffrey Chief Revenue Officer	50 0				X			611,872	0	163,476
Flanagan Thomas J Chief Operating Officer TMC Ca	50 0				X			368,777	0	88,608
Gaston George H CEO Southeast Campus	50 0				X			467,012	0	98,747
Hagel Sonja CEO Southwest Campus	50 0				X			684,383	0	0
Heins Marshall B Chief Facility Services Office	50 0				X			646,830	0	172,797
Jones David L CEO Memorial City Campus	50 0				X			733,956	0	119,792
Polfreman James D Chief Executive Officer System	50 0				X			496,170	0	133,625
Sanders G Steven CEO Woodlands	50 0				X			603,894	0	174,012
Sinclair Sarah Chief Patient Care Officer	50 0				X			538,685	0	0

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Strickland Barrie CFO TMC Campus	50 0				X			426,053	0	78,771
Whalen David G Chief Business Development Off	50 0				X			235,362	0	0
Zerwas John M Chief Physician Integration Of	50 0				X			850,649	0	0
Barbe Brian S CEO Katy Campus	50 0				X			528,781	0	113,753
Bartimmo Ernest Medical Director Medical Group	50 0					X		500,092	0	88,213
Cordola Craig A CEO Children's Hospital TMC Ca	50 0					X		462,262	0	107,589
Kerr Gary CEO Northwest Campus	50 0					X		426,155	0	93,062
Parmer David N CEO Baptist Campus	50 0					X		556,408	0	105,177
Gibson Donald FYE 2009						X		213,184	0	33,037
Zerwas John M Chief Physician Integration Of							X	850,649	0	0

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

Do not include amounts reported on line 6b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
EQUIPMENT RENTAL & MAINTENANCE	98,856,153	78,428,395	20,427,758	
PROFESSIONAL & CONTRACT FEES	334,764,930	315,829,967	18,934,963	
MISCELLANEOUS & OTHER EXPENSE	44,333,464	44,125,823	207,641	
PHYSICIAN INTERGRATION	12,325,308	6,041,781	6,283,527	
PRINTING & PUBLICATIONS	3,799,495	2,758,785	1,040,710	

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 Heart Association PO Box 15186 Austin,TX 78761	13-5613797	501 c(3)	142,702				General support Sponsorship of fundraising event
Greater Houston Convention and Events Funds901 Bagby Suite 100 Houston,TX 77002	74-0465098	501 c(3)	100,000				General support Sponsorship of fundraising event
LONE STAR COLLEGE FOUNDATION5000 RESEARCH FOREST DRIVE THE WOODLANDS,TX 773814399	76-0336902	501 c(3)	67,426				General support Sponsorship of fundraising event
FAITH IN PRACTICE7500 Beechnut Street Suite 208 Houston,TX 77074	76-0415986	501 c(3)	35,000				General support Sponsorship of fundraising event
GOOD SAMARITAN FOUNDATIONPO Box 271108 Houston,TX 772771108	74-1235398	501 c(3)	29,500				General support Sponsorship of fundraising event
GREATER HOUSTON PARTNERSHIP1200 SMITH SUITE 700 HOUSTON,TX 77002	76-0267896		29,000				General support Sponsorship of fundraising events
American Cancer SocietyP O BOX 572915 HOUSTON,TX 772572915	74-1185665	501 c(3)	25,000				General support Sponsorship of fundraising event
OPPORTUNITY HOUSTON PO BOX 297653 HOUSTON,TX 77297	20-8179135		25,000				General support Sponsorship of fundraising event
WOODLANDS TOWNSHIP 8203 Millennium forest Drive THE WOODLANDS,TX 77381			25,000				General support Sponsorship of fundraising event
CLUTCH CITY Foundation 1510 Polk St HOUSTON,TX 77002	76-0495717	501 c(3)	20,000				General support Sponsorship of fundraising event

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SUSAN G KOMEN BREAST Cancer Foundation2700 Post Oak Blvd 1740 Houston,TX 77056		501 c(3)	20,000				General support Sponsorship of fundraising event
The Rose12700 N Featherwood 260 Houston,TX 77034	76-0193812	501 c(3)	20,000				General support Sponsorship of fundraising event
UT-AUSTINSchool of Social Work 1 Univeristy AUSTIN,TX 787120358	74-1761309	501 c(3)	16,100				General support Sponsorship of fundraising event
Boy Scouts of America1911 Bagby Houston,TX 770522786	74-1109732		15,686				General support Sponsorship of fundraising event
The Living BankPO Box 6725 Houston,TX 772656725	74-1607315	501 c(3)	15,000				General support Sponsorship of fundraising event
Ronald McDonald House 1907 Holcombe Blvd Houston,TX 77030	74-1984499	501 c(3)	13,500				General support Sponsonship of fundraising event
ACHE-HOUSTON CHAPTER 3333 EASTSIDE Suite 220 HOUSTON,TX 77098	74-6132171	501 c(6)	13,000				General support Sponsorship of fundraising event
Prairie View A&M Univ1990 Old Spanish Trail Houston,TX 77054	38-3798900	501 c(3)	12,000				General support Sponsorship of fundraising event
UNIVERSITY OF HOUSTON 4800 Calhoun Houston,TX 772046390	74-6041411	501 c(3)	11,500				General support Sponsorship of fundraising event
Child Advocates of Fort Bend County5403 Avenue N ROSENBERG,TX 77471	76-0337426	501 c(3)	10,000				General support Sponsorship of fundraising event

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houston achievement place 245 W 17th Street Houston,TX 77008	74-1802045	501 c(3)	10,000				General support Sponsorship of fundraising event
Cynthia Woods Mitchell Pavillion2005 Lake Robbins Dr THE WOODLANDS,TX 77380	76-0276606	501 c(3)	10,000				General support Sponsorship of fundraising event
Texans for Lawsuit Reform 1701 Brun Street Suite 100 Houston,TX 77019	76-0439129	501 c(6)	10,000				General support Sponsorship of fundraising event
International Medical Outreach915 Gessneer Suite 620 Houston,TX 77024	76-0392915	501 c(3)	10,000				General support Sponsorship of fundraising event
Discovery Green Conservancy1500 Mckinney Houston,TX 77010	20-1951465	501 c(3)	10,000				General support Sponsorship of fundraising event
Crohns's & Colitis Foundation of America Inc5120 Woodway 8008 Houston,TX 77056	13-6193105	501 c(3)	8,500				General support Sponsorship of fundraising event
Finish Line Sports13895 Southwest Frwy Sugarland,TX 77478	76-0134642		8,000				General support Sponsorship of fundraising event
NATIONAL QUALITY FORUM601 THIRTEENTH STREET NW NORTH WASHINGTON,DC 20005	52-2175544	501 c(3)	8,000				General support Sponsorship of fundraising event
Houston Hospice8811 Gaylord 100 Houston,TX 770242923	74-2092951	501 c(3)	8,000				General support Sponsorship of fundraising event
Center for Houston's Future 1200 Smith Suite 700 Houston,TX 770024400	76-0386932	501 c(3)	7,750				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
TIRR FOUNDATIONPO Box 200150 Houston,TX 77216	76-0241678	501 c(3)	7,500				General support Sponsorship of fundraising event
FORT BEND CARES14823 SOUTHWEST FREEWAY SUGAR LAND,TX 77478	33-1112246	501 c(3)	7,500				General support Sponsorship of fundraising event
Rice University6100 Main Street Houston,TX 770051892	74-1109620	501 c(3)	7,000				General support Sponsorship of fundraising event
houston community college 3100 Main street Houston,TX 77002	74-1885205	501 c(3)	7,000				General support Sponsorship of fundraising event
Interfaith Ministries for Greater Houston3217 Montrose Blvd Houston,TX 770063980	74-1488102	501 c(3)	7,000				General support Sponsorship of fundraising event
The Men's Center Inc3809 Main Street Houston,TX 77002	74-1326185	501 c(3)	7,000				General support Sponsorship of fundraising event
Houston Aeros Charities 1221 Lamar Street Suite 1100 Houston,TX 77010	76-0437376	501 c(3)	7,000				General support Sponsorship of fundraising event
CHILDREN AT RISK2900 WESLAYAN STE 400 HOUSTON,TX 770275132	76-0360533	501 c(3)	6,500				General support Sponsorship of fundraising event
The Immunization PartnershipPO Box 2709 Cypress,TX 77410	76-0695612	501 c(3)	6,500				General support Sponsorship of fundraising event
YMCA of Greater Houston 1600 Louisiana Houston,TX 77002	74-1109737	501 c(3)	6,000				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
Fort Bend Youth Football League1306 Ashwood Sugarland,TX 77478	26-2714233		6,000				General support Sponsorship of fundraising event
Woodlands Convention & Visitor Bureau1001 Woodloch Forest Drive Suite 6 THE WOODLANDS,TX 77380	20-4622848		6,000				General support Sponsorship of fundraising event
Memorial High School Booster Club12207 Taylorcrest Houston,TX 77024	76-0632864	501 c(3)	5,500				General support Sponsorship of fundraising event
University of St Thomas3800 Montrose Blvd Houston,TX 77006	74-1277664	501 c(3)	5,100				General support Sponsorship of fundraising event
South Montgomery County YMCA6145 Shadowbend Place THE WOODLANDS,TX 77381			5,050				General support Sponsorship of fundraising event

Additional Data

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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				
Cross Mary A MD	(I)	205,706		30,896	13,033	14,048	263,683	0
	(II)	0	0	0	0	0	0	0
Sheppard Gary J MD	(I)	479,729	2,710	5,700	7,350	18,845	514,334	0
	(II)	0	0	0	0	0	0	0
Wolterman Daniel J	(I)	1,010,396	800,000	85,828	530,254	18,954	2,445,432	36,656
	(II)	0	0	0	0	0	0	0
Ardoin Charles D MD	(I)	326,705	180,387	47,160	96,599	13,601	664,452	7,095
	(II)	0	0	0	0	0	0	0
Aulbaugh Carrol E	(I)	530,505	320,252	184,398	251,890	14,272	1,301,317	125,242
	(II)	0	0	0	0	0	0	0
Duco Bernard A Jr	(I)	396,309	211,769	52,664	154,780	12,977	828,499	19,050
	(II)	0	0	0	0	0	0	0
Gleason V Randolph	(I)	434,680	114,365	156,658	0	0	705,703	0
	(II)	0	0	0	0	0	0	0
McVeigh Dennis P	(I)	256,112	145,189	99,226	102,798	7,027	610,352	41,171
	(II)	0	0	0	0	0	0	0
Reimer P Renee	(I)	113,496	0	2,331	46,128	6,203	168,158	0
	(II)	0	0	0	0	0	0	0
Romans Juanita F	(I)	465,609	228,834	157,976	198,702	6,945	1,058,066	102,241
	(II)	0	0	0	0	0	0	0
Shabot M Michael MD	(I)	431,934	238,157	50,957	163,931	19,055	904,034	0
	(II)	0	0	0	0	0	0	0
Stokes Charles D	(I)	611,500	291,751	54,110	220,050	18,843	1,196,254	0
	(II)	0	0	0	0	0	0	0
Alexander Keith	(I)	315,708	130,182	37,181	101,011	17,050	601,132	0
	(II)	0	0	0	0	0	0	0
Beckstett Douglas G	(I)	401,274	217,718	136,618	170,640	12,999	939,249	88,440
	(II)	0	0	0	0	0	0	0
Brace Rodney	(I)	399,269	223,948	41,464	160,294	18,437	843,412	10,752
	(II)	0	0	0	0	0	0	0
Bradshaw David	(I)	403,758	219,261	45,076	161,043	19,021	848,159	2,923
	(II)	0	0	0	0	0	0	0
Brown Frank A	(I)	773,158	0	204,268	0	0	977,426	36,469
	(II)	0	0	0	0	0	0	0
Brownawell H Jeffrey	(I)	370,001	203,321	38,550	157,108	6,368	775,348	11,534
	(II)	0	0	0	0	0	0	0
Flanagan Thomas J	(I)	231,986	101,137	35,654	82,124	6,484	457,385	4,679
	(II)	0	0	0	0	0	0	0
Gaston George H	(I)	298,132	143,709	25,171	79,790	18,957	565,759	4,834
	(II)	0	0	0	0	0	0	0
Hagel Sonja	(I)	440,837	43,750	199,796	0	0	684,383	157,929
	(II)	0	0	0	0	0	0	0
Heins Marshall B	(I)	358,082	221,419	67,329	153,819	18,978	819,627	14,363
	(II)	0	0	0	0	0	0	0
Jones David L	(I)	364,118	154,330	215,508	119,792		853,748	174,653
	(II)	0	0	0	0	0	0	0
Polfreman James D	(I)	330,322	137,269	28,579	116,584	17,041	629,795	4,179
	(II)	0	0	0	0	0	0	0
Sanders G Steven	(I)	336,824	151,932	115,138	159,947	14,065	777,906	73,039
	(II)	0	0	0	0	0	0	0
Sinclair Sarah	(I)	495,807	0	42,878	0	0	538,685	6,713
	(II)	0	0	0	0	0	0	0
Strickland Barrie	(I)	280,042	119,098	26,913	72,601	6,170	504,824	2,793
	(II)	0	0	0	0	0	0	0
Whalen David G	(I)	128,399	83,505	23,458	0	0	235,362	4,478
	(II)	0	0	0	0	0	0	0
Zerwas John M	(I)	615,216	0	235,433	0	0	850,649	168,764
	(II)	0	0	0	0	0	0	0
Barbe Brian S	(I)	292,954	161,006	74,821	99,743	14,010	642,534	46,159
	(II)	0	0	0	0	0	0	0
Bartimmo Ernest	(I)	269,236	131,054	99,802	78,269	9,944	588,305	62,245
	(II)	0	0	0	0	0	0	0
Cordola Craig A	(I)	263,005	146,136	53,121	92,731	14,858	569,851	9,279
	(II)	0	0	0	0	0	0	0
Kerr Gary	(I)	259,521	115,064	51,570	82,442	10,620	519,217	42,794
	(II)	0	0	0	0	0	0	0
Parmer David N	(I)	333,980	139,101	83,327	86,851	18,326	661,585	64,181
	(II)	0	0	0	0	0	0	0
Gibson Donald	(I)	122,700	46,571	43,913	32,343	694	246,221	
	(II)	0	0	0	0	0	0	0
Zerwas John M	(I)	615,216	0	235,433	0	0	850,649	168,764
	(II)	0	0	0	0	0	0	0

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**
Joel W Abramowitz MD	Medical Staff Pres SL	26,600	chief of staff fees		No
Mary A Cross MD	Medical Staff Pres SE	3,500	chief of staff fees		No
Susan Curing Dobbs MD	Medical Staff Pres NE	16,269	chief of staff fees		No
Jeffrey P Gaitz MD	Medical Staff Pres NW	28,000	chief of staff fees		No
Harmohinder Kochar MD	Medical Staff Pres NW	125,800	chief of staff fees		No
Anil C Odhav MD	Medical Staff Pres KT	11,000	chief of staff fees		No
Adrienne Pouns	Family Member	27,694	Employment		No
Oscar R Rosales MD	Medical Staff Pres TMC	40,214	chief of staff fees		No
Gary J Sheppard MD	Medical Staff Pres NW	44,532	chief of staff fees		No
Tracey Smith	Family Member	20,873	Employment		No
Kerry Moble	Family Member	43,365	Employment		No
Bruce Myers	Family Member	27,856	Employment		No
Emily Tinsley	Family Member	4,558	Vendor		No
Todd Aulbaugh	Family Member	59,742	Employment		No
Ashley McVeigh	Family Member	78,455	Employment		No
Melissa Paschal	Family Member	307,349	Employment		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, unrelated, excluded from tax under sections 512-514)	(f) Share of total income ($)	(g) Share of end-of-year assets ($)	(h) Disproprtionate allocations?		(i) Code V-UBI amount on Box 20 of K-1 ($)	(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 L	TX	na	Related or Exempt	497,085	0			14,078		
The Woodlands POB III LP 9301 Southwest Freeway Suite 600 Houston, TX77074 20-2184543	Manages Med B	TX	na	unrelated	277,440	14,825,585			24,596		
Southwest POB IV LP 9301 Southwest Freeway Suite 600 Houston, TX77074 20-4043564	Manages Med B	TX	na	unrelated	-383,803	0			2,327		
Memorial HermannUSP Surgery Ctr III LP 15305 Dallas Parkway Suite 1600 L Addison, TX75001 20-0707543	Surgery Cente	TX	na	Related or Exempt	7,270,048	16,333,255			68,409		
Memorial Hermann Surgery Center Katy LLP 15305 Dallas Parkway Suite 1600 L Addison, TX75001 20-3360737	Surgery Cente	TX	na	Related or Exempt	203,925	1,162,382			538		
Memorial Hermann Medical Plaza LP Nine Greenway Plaza Suite 2900 Houston, TX77046 68-0545079	Manages Med B	TX	na	Unrelated	-2,746,748	62,292,024			31,915		
Sugar Land POB I LP 2001 Ross Avenue Suite 3400 Dallas, TX75201 20-1764036	Manages Med B	TX	na	Unrelated	2,852	4,263,932			5		
Katy POB I LP 2001 Ross Avenue Suite 3400 Houston, TX75201 20-1750093	Manages Med B	TX	na	Unrelated	18,032	4,395,744			2		

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TY 2009 Earnings and Profits Other Adjustments Statement

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Amount
Investment Income	1,228,146
Physician Premium Income	3,991,863

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TY 2009 Earnings and Profits Other Adjustments Statement

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Amount
Physician Insurance Losses	817,069
Fees and Commissions	333,370
General & Admin Expenses	888,956

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TY 2009 Itemized Other Current Liabilities Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Description	Beginning Amount	Ending Amount
		Accrued Expenses	134,894	46,850

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TY 2009 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	384,985	25,853

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TY 2009 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		888,956

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TY 2009 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	5,899,967	309,040
		Equity Securities	48,173,133	39,721,146

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TY 2009 Itemized Other Liabilities Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
		Losses Recoverable from Reinsurers	-5,779,689	-5,463,764
		Reserve for Losses	52,264,974	41,358,787
		Reserve for Retro Premium Adjustmnt	13,147,554	6,013,060
		Amounts Payable to Parent Corp	158,704	3,336,083
		Accumulated Other Comprehensive Inc	1,759,169	1,759,169

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TY 2009 Other Income Statement

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Foreign Amount	Amount
General & Administration		888,956

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TY 2009 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 at the Beginning of its Tax Year	Change to the Number of Shares Owned	Date of Changes	Number of Shares at End of Year
Common				120000