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DLN: 93493136000032

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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)

2010

OMB No 1545-0047

nen to Public

Open to Public Inspection

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

Tax-exempt status	A Fo	r the	2010 ca	lendar year, or tax year b	eginning 07-01-2010 and ending 06-30-2	011			
Motion of comparation Corporation Trest Association Other	B Ch	eck if a	applicable		m Corporation		D Employ	yer ic	lentification number
Rame change Sef-ScirtCULE 0 Room/subte Room/subt	☐ Ad	dress cl	hange	· · · · · · · · · · · · · · · · · · ·	<u> </u>		74-11	098	36
Terminated Amended return Amended return Amended return Amended return Amended return Amended return Application pending			_				E Telepho	one r	number
Application pending F Name and address of principal officer PAM ROBERTSON GOO ELIZABETH STREET Corpus Christ, TX 784.04 I Tax-exempt status	_				box if mail is not delivered to street address)	Room/suite	(361)	881	-3400
F. Name and address of principal officer PAM ROBERTSON 600 EL12ABETH STREET Corpus Chinst, TX. 78404 I Tax-exempt slatus	┌ Am	ended	return		ry, and ZIP + 4		G Gross re	eceipt	s \$ 699,057,263
PAM ROBERTSON 600 ELZABETH STREET Corpus Christ, TX 78404	Гар	plicatio	n pending						
PAM ROBERTSON 600 ELIZABETH STREET Corpus Christi, TX 78404 H(b) Are all affiliates included? Yes N If "No," attach a list (see instructions) H(c) Group exemption number ▶ 0928				F Name and address	of principal officer	H(a) Is this	a group return fo	r affilia	ites ? Tyes Vo
Corpus Christi, TX 78404					FFT				
Tax-exempt status									·
Tax-exempt status P SOL(c)(3) SOL(c) (3) College Coll									
Part I Summary 1 Briefly describe the organization's mission or most significant activities supporting the health care ministries of the Sponsoring Congregations in extending the healing ministry of Jesus Christ in conformity with the ethical and moral teachings of the Roman Catholic Church 2 Check this box ▶ F 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 1b)			<u>'</u>) 4 (insert no) 4947(a)(1) or 527				
Part I Summary 1 Briefly describe the organization's mission or most significant activities Supporting the health care ministries of the Sponsoring Congregations in extending the healing ministry of Jesus Christ in conformity with the ethical and moral teachings of the Roman Catholic Church	J W	ebsit	e:► www	w christusspohn org					
Briefly describe the organization's mission or most significant activities Supporting the health care ministries of the Sponsoring Congregations in extending the healing ministry of Jesus Christ in conformity with the ethical and moral teachings of the Roman Catholic Church 2 Check this box I 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)	K For	m of or	rganızatıon	✓ Corporation Trust A	ssociation Cother 🕨	L Year of fo	mation 1965	5 M	State of legal domicile 1
Supporting the health care ministries of the Sponsoring Congregations in extending the healing ministry of Jesus Christ in conformity with the ethical and moral teachings of the Roman Catholic Church	Pa	rt I	Sum	mary					
Number of voting members of the governing body (Part VI, line 1a)	ance		Support	ng the health care ministr	res of the Sponsoring Congregations in ext		ng ministry	of Je	esus Christ in
Number of voting members of the governing body (Part VI, line 1a)	Ĕ								
Number of voting members of the governing body (Part VI, line 1a)	¥0.	2	Check th	nıs box 🛏 ıf the organıza	tion discontinued its operations or dispose	d of more than 2	5% of its n	et a	ssets
7a		3	Number	of voting members of the	governing body (Part VI, line 1a)		- 1	з	1
7a	8	4	Number	of independent voting me	mbers of the governing body (Part VI, line 1	lb)	.	4	1
7a	를	5	Total nur	mber of individuals emplo	yed ın calendar year 2010 (Part V, lıne 2a)			5	5,80
7a	្ន	6	Total nur	mber of volunteers (estim	ate if necessary)			6	70
Second Prior Year Current Year	•	7a	Total uni	related business revenue	from Part VIII, column (C), line 12			7a	71,43
8 Contributions and grants (Part VIII, line 1h)		ь	Net unre	lated business taxable in	come from Form 990-T, line 34			7b_	
9 Program service revenue (Part VIII, line 2g)						Prio	r Year	\perp	Current Year
Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	a.	8	Contri	butions and grants (Part \	/III, line 1 h)			-	8,846,16
Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	F.	1						-	684,279,75
Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	¥.	1				•	•	-	4,13
12)		1					5,005,85	50	5,557,40
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)		12					583,632,28	35	698,687,45
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) 16a Professional fundraising fees (Part IX, column (A), line 11e)		13					687,77	74	3,949,15
16a Professional fundraising fees (Part IX, column (A), line 11e)		14	Benefit	ts paid to or for members	(Part IX, column (A), line 4)			0	
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) 360,714,196 373,040,67 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) 655,316,359 682,601,46 19 Revenue less expenses Subtract line 18 from line 12 28,315,926 16,085,98	ø	15			mployee benefits (Part IX, column (A), line	s	93.914.38	39	305.611.63
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) 360,714,196 373,040,67 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) 655,316,359 682,601,46 19 Revenue less expenses Subtract line 18 from line 12 28,315,926 16,085,98	984	16a	•		art IX. column (A), line 11e)			-	
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f) 360,714,196 373,040,67 18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25) 655,316,359 682,601,46 19 Revenue less expenses Subtract line 18 from line 12 28,315,926 16,085,98	÷							Ť	
18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) 655,316,359 682,601,46 19 Revenue less expenses Subtract line 18 from line 12 28,315,926 16,085,98	ũ					-	360.714.19	96	373.040.67
19 Revenue less expenses Subtract line 18 from line 12								-	
Beginning of Current Year End of Year		19						-	16,085,98
###	8 연호 30					Beginning		:	End of Year
20 Total assets (Part X, line 16)	20 S	20	Total a	assets (Part X, line 16) .				35	881,738,53
	Å A	21						-	277,997,40
望 21 Total liabilities (Part X, line 26)	žĒ	22	Net as	ssets or fund balances Su	btract line 21 from line 20	. !	596,884,73	33	603,741,13
21 Total liabilities (Part X, line 26)	Pa	rt II	Sign	ature Block		•			
20 Total assets (Part X, line 16)	Net Assets or Expenses Expenses	12 13 14 15 16a b 17 18 19	Total right of the state of the	revenue—add lines 8 thro	ugh 11 (must equal Part VIII, column (A), I d (Part IX, column (A), lines 1-3) (Part IX, column (A), line 4) mployee benefits (Part IX, column (A), line art IX, column (A), line 11e) umn (D), line 25) 782 n (A), lines 11a-11d, 11f-24f) 7 (must equal Part IX, column (A), line 25 ct line 18 from line 12	Beginning Y	687,77 687,77 293,914,38 360,714,19 555,316,35 28,315,92 g of Current ear 379,009,28 282,124,55	335 0 0 339 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0	698,6 3,9 305,6 373,0 682,6 16,0 End of Yea 881,7 277,9
그 Total liabilities (Part X line 26)	2 <u>2</u>	1						-	
21 Total liabilities (Part X, line 26)						- [/ // -		200,, 12,10
The case of faint suitables sustained and the suitable sustained and the sustained sustained and the sustained susta	Unde know	r pena ledge	alties of pe	erjury, I declare that I have					
21 Total liabilities (Part X, line 26)			Signal States	ature of officer					
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 an knowledge. 2012-05-03	_		1.			Da	ate		
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 an knowledge. Sign Signature of officer Date	Her	е	Pam	Brower Regional CFO					
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 an knowledge. Sign Here Pam Brower Regional CFO				•		 	Charle of If	- 1	
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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 arknowledge. Sign Here Parm Brower Regional CFO Type or print name and title Print/Type preparer's name Preparer's signature Date Check if self- employed ▶ PTIN		arer						$_$ $]$	Firm's EIN
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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 an knowledge. Sign Here Pam Brower Regional CFO Type or print name and title Print/Type preparer's name Preparer Use Only Prim's address 1401 MCKINNEY SUITE 1200 Phone no (713) 750-1500	—— Mav	the IR	L RS discus	HOUSTON, TX 77010	parer shown above? (see instructions) .				

	n 990 (2010)
Par	Statement of Program Service Accomplishments Check if Schedule O contains a response to any question in this Part III
1	Briefly describe the organization's mission
RELICON THE AND FOR CON PRII CAR	CORPORATION IS ORGANIZED AND SHALL BE OPERATED EXCLUSIVELY FOR CHARITABLE, SCIENTIFIC, EDUCATIONAL AND IGIOUS PURPOSES OF ADVANCING, PROMOTING AND SUPPORTING THE HEALTH CARE MINISTRIES OF THE SPONSORING NGREGATIONS WHICH OPERATE AND ARE CONTROLLED IN CONFORMITY WITH THE ETHICAL AND MORAL TEACHINGS OF ROMAN CATHOLIC CHURCH, AND PROMOTING EFFICIENT GOVERNANCE AND MANAGEMENT, COOPERATIVE PLANNING OF THE SHARING OF RESOURCES AMONG SUCH HEALTH CARE MINISTRIES WITHOUT LIMITING THE GENERALITY OF THE LEGOING, THE CORPORATION'S MISSION SHALL BE TO EXTEND THE HEALING MINISTRY OF JESUS CHRIST, AND INSISTENT THEREWITH, SHALL OPERATE ACCORDING TO THE DOCTRINES, RESOLUTIONS, DECREES AND ETHICAL NCIPLES OF THE SPONSORING CONGREGATIONS, AND THE ETHICAL AND RELIGIOUS DIRECTORS FOR CATHOLIC HEALTH SE SERVICES AS PROMULGATED OR AMENDED FROM TIME TO TIME BY THE UNITED STATES CONFERENCE OF CATHOLIC HOPS IT IS ALSO A PURPOSE OF THE CORPORATION TO AID, LEND FINANCIAL SUPPORT AND AS
2	Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?
_	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?
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 \$ 210,457,176 including grants of \$ 0.) (Revenue \$ 277,245,617.) COMMITMENT TO BENESTITING OUR COMMUNITIES CHOISTUS SPOHN HEALTH SYSTEM ED PACT OF CHRISTUS HEALTH, FORMED IN 1999 TO STRENGTHEN THE 146-YEAR-OLD, FAITH-BASED HEALTH CARE MINISTRIES OF THE CONGREGATIONS OF THE SISTERS OF CHARITY OF THE INCARNATE WORD OF HOUSTON AND SAN ANTONIO FOUNDED ON THE MESSION TO EXTEND MINISTRY OF 152-US CHRISTY. CHRISTUS REACHES OUT TO, AND BEYOND, THE MORE THAN 60 CANNOLOGY. THE MESSION TO EXTEND THE HEALTH ON MINISTRY OF 152-US CHRISTY. CHRISTUS REACHES OUT TO, AND BEYOND, THE MORE THAN 60 CANNOLOGY. THE MESSION TO CHRISTORY THAN 154 CANNOLOGY. THE MESSION TO CHRISTORY THE MESSION TO CHRISTORY THAN 154 CANNOLOGY. THE MESSION TO CHRISTORY THAN 154 CANNOLOGY. THE MESSION TO CHRISTORY THAN 154 CANNOLOGY. THE MESSION THAN 154 CANNOLOGY. THE MESSI

4b (Code) (Expenses \$ 121,125,573 including grants of \$ 0) (Revenue \$ 152,399,502)

COMMUNITY BENEFIT REPORTING - CHARITY CARE AND MEDICAID CHRISTUS ADHERES TO THE CATHOLIC HEALTH ASSOCIATION'S "A GUIDE FOR PLANNING AND REPORTING COMMUNITY BENEFIT" (2008), AND COMPLIES WITH THE STATE OF TEXAS REQUIREMENTS FOR REPORTING COMMUNITY BENEFIT, REPORTED AS UNPAID COSTS, INCLUDES BOTH CHARITY CARE AND COMMUNITY SERVICES TO THE LIMITS OF ITS RESOURCES, CHRISTUS HEALTH IS AN INSTITUTION OF PURELY PUBLIC CHARITY, THUS, THE MOST TANGIBLE EXPRESSION OF CHRISTUS HEALTH'S CHARITABLE PURPOSE IS THE PROVISION OF HEALTH CARE SERVICES TO THOSE PERSONS WHO ARE UNABLE TO PAY THIS FALLS INTO TWO CATEGORIES CHARITY CARE AND UNPAID GOVERNMENT INDIGENT CARE IN KEEPING WITH THE MISSION, VALUES, AND VISION OF CHRISTUS HEALTH, CHRISTUS SPOHN HEALTH SYSTEM PROVIDES CHARITY CARE SERVICES IN A MANNER THAT RESPECTS THE DIGNITY OF THE PATIENTS AND THEIR FAMILIES CHARITY CARE IS DEFINED AS SERVICES PROVIDED WITHOUT CHARGE OR AT A CHARGE THAT IS LESS THAN THE USUAL CHARGE FOR SUCH SERVICES THE DETERMINATION AS TO THE AMOUNT TO CHARGE, IF ANY, IS ACCORDING TO A PATIENT'S ABILITY TO PAY AS DETERMINED BY THE ESTABLISHED ELIGIBILITY CRITERIA FOR UNINSURED PATIENTS WHOSE ECONOMIC CIRCUMSTANCES PLACE THEM AT OR UNDER 200 PERCENT OF THE FEDERAL POVERTY LEVEL (FPL.), SERVICES ARE PROVIDED WITHOUT ANY EXPECTATION OF PAYMENT UNINSURED PATIENTS WHOSE ECONOMIC CIRCUMSTANCES PLACE THEM BETWEEN 200 AND 400 PERCENT OF FPL ARE CHARGED BASED ON A SLIDING SCALE, AND THOSE ABOVE 400 PERCENT RECEIVE DISCOUNTS BASED ON THE UNINSURED FEE SCHEDULE CHRISTUS SPOHN ALSO DISCOUNTS CARE FOR THOSE WHOSE MEDICAL EXPENSES WOULD DEPLETE THEIR FINANCIAL RESOURCES IF A BILL, AFTER ALL PAYMENTS, IS STILL IN EXCESS OF 25% OF THE FAMILY'S ANNUAL GROSS INCOME, THE REMAINING BILL IS DISCOUNTED NO PATIENT IS REFUSED NECESSARY MEDICAL CARE DUE TO INABILITY TO PAY CHRISTUS HEALTH IS AN ACTIVE PARTICIPANT IN THE STATES OF TEXAS AND LOUISIANA MEDICALD PROGRAMS THOSE PROGRAMS SEEK TO PROVIDE PAYMENT FOR HEALTH CARE SERVICES TO INDIVIDUALS WHO MEET CERTAIN FINANCIAL AND OT

4c (Code) (Expenses \$ 279,776,159 including grants of \$ 0) (Revenue \$ 254,634,638)

OTHER GOVERNMENT SPONSORED SERVICES IN ADDITION TO THE PROVISION OF CHARITY CARE AND OTHER COMMUNITY SERVICES, CHRISTUS HEALTH PROVIDES SERVICES TO PERSONS COVERED UNDER GOVERNMENT-SPONSORED PROGRAMS, INCLUDING MEDICARE AND TRICARE THE NON-REIMBURSED COST OF THESE SERVICES IS REPORTED TO THE STATE OF TEXAS, BUT IS NOT INCLUDED IN FEDERAL REPORTS SINCE CHRISTUS HEALTH FOLLOWS CATHOLIC HEALTH ASSOCIATION GUIDELINES CHRISTUS HEALTH PROVIDES SERVICES TO PERSONS COVERED UNDER THE FEDERAL MEDICARE PROGRAM, AND IN FACT, THIS IS THE LARGEST SINGLE PAYOR CLASSIFICATION OF PATIENTS SERVED BY THIS HEALTH SYSTEM THE PAYMENT RATE FOR INPATIENT SERVICES IS ON A CASE RATE, CALCULATED BASED ON THE DIAGNOSTIC-RELATED GROUP (DRG) INTO WHICH THE PATIENT IS CATEGORIZED OUTPATIENT SERVICES ARE REIMBURSED PER THE MEDICARE FEE SCHEDULE

d Other program services (Describe in Schedule O)

(Expenses \$ 11,486,059 including grants of \$ 3,949,158) (Revenue \$ 0)

4e Total program service expenses►\$ 622,844,967

art IV	Checkl	ist 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 (see instruction)? 💋	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^{\bullet}	3		No
4	Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? 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 1	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 quasiendowments? If "Yes," complete Schedule D, Part V^{\square}	10		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
а	Did the organization report an amount for land, buildings, and equipment in Part X, line10? If "Yes," complete Schedule D, Part VI.	11a	Yes	
b	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.	11b		No
C	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.	11c		No
d	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.	11d	Yes	
е	Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X.	11e	Yes	
f	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 (ASC 740)? If "Yes," complete Schedule D, Part X.	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI, XII, and XIII	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional	12b	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? <i>If</i> "Yes," complete Schedule F, Parts I and IV	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $$5,000$ of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Parts II and IV	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $$5,000$ of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Parts III and IV.	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? <i>If</i> "Yes," complete Schedule G, Part I (see instructions)	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? <i>If</i> "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
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Par	t 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 $\textcircled{\textbf{5}}$	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	Yes	
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 lines 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
	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		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
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)			
а	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		No
C	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect 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		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	Yes	
35	Is any related organization a controlled entity within the meaning of section $512(b)(13)$?	35	Yes	
a	Did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2 \Box Yes \Box 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	
		F	orm 990	(2010)

Form 990 (2010)

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response to any question in this Part V			
		Yes	No
ter the number reported in Box 3 of Form 1096 Enter -0- if not applicable 1a 554			
ter the number of Forms W-2G included in line 1a Enter -0- if not applicable 1b 0			
d the organization comply with backup withholding rules for reportable payments to vendors and reportable ming (gambling) winnings to prize winners?	1c	Yes	
ter the number of employees reported on Form W-3, Transmittal of Wage and Tax stements filed for the calendar year ending with or within the year covered by this surn			
at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes	
te. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)		res	
d the organization have unrelated business gross income of \$1,000 or more during the	3a	Yes	
ar?	3b	Yes	
any time during the calendar year, did the organization have an interest in, or a signature or other authority er, a financial account in a foreign country (such as a bank account, securities account, or other financial count)?	4a		N
"Yes," enter the name of the foreign country 🛌			
e instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts			
is the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		N e
d any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		N
'Yes" to line 5a or 5b, did the organization file Form 8886-T?			
	5c		<u> </u>
es the organization have annual gross receipts that are normally greater than \$100,000, and did the ganization solicit any contributions that were not tax deductible?	6a		N (
'Yes," did the organization include with every solicitation an express statement that such contributions or gifts re not tax deductible?	6b		
ganizations that may receive deductible contributions under section 170(c).	_	j	
d the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and rvices provided to the payor?	7a		N
'Yes," did the organization notify the donor of the value of the goods or services provided?	7b		
d the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to	7c		N
'Yes," indicate the number of Forms 8282 filed during the year 7d			
d the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit ntract?	7e		l N
d the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		N
the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as	7g		
the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a rm 1098-C?	7h		
onsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess siness holdings at any time during the year?			
	8		
onsoring organizations maintaining donor advised funds.	9a		
d the organization make any taxable distributions under section 4966?	9a 9b		
ction 501(c)(7) organizations. Enter	50		
tiation fees and capital contributions included on Part VIII, line 12 10a			
oss receipts, included on Form 990, Part VIII, line 12, for public use of club			
culties			
ction 501(c)(12) organizations. Enter			
oss income from members or shareholders			
oss income from other sources (Do not net amounts due or paid to other sources ainst amounts due or received from them)			
ction 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		ĺ
'Yes," enter the amount of tax-exempt interest received or accrued during the			
12b			1
ction 501(c)(29) qualified nonprofit health insurance issuers.			
the organization licensed to issue qualified health plans in more than one state? te. See the instructions for additional information the organization must report on Schedule O	13a		
te. See the instructions for additional information the organization must report on Schedule U			1
			<u> </u>
ter the amount of reserves the organization is required to maintain by the states			
ter the amount of reserves the organization is required to maintain by the states which the organization is licensed to issue qualified health plans ter the amount of reserves on hand			
ter the amount of reserves the organization is required to maintain by the states which the organization is licensed to issue qualified health plans	14a		No

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.

	ection A. Governing Body and Management			
			Yes	No
_				
1a	Enter the number of voting members of the governing body at the end of the tax year			
b	Enter the number of voting members included in line 1a, above, who are independent			
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 governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant 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	
ь	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			
а	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		Νo
	ection B. Policies (This Section B requests information about policies not required by the Internal evenue 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		
11a	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form?			
		11a	Yes	
	Has the organization provided a copy of this Form 990 to all members of its governing body before filing the form? Describe in Schedule O the process, if any, used by the organization to review this Form 990		Yes	
b			Yes	
b 12a	Describe in Schedule O the process, if any, used by the organization to review this Form 990	11a		
b 12a b	Describe in Schedule O the process, if any, used by the organization to review this Form 990	11a	Yes	
b 12a b	Describe in Schedule O the process, if any, used by the organization to review this Form 990	11a 12a 12b	Yes Yes	
b 12a b	Describe in Schedule O the process, if any, used by the organization to review this Form 990 Does the organization have a written conflict of interest policy? If "No," go to line 13 Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a 12a 12b	Yes Yes Yes	
b 12a b c	Describe in Schedule O the process, if any, used by the organization to review this Form 990 Does the organization have a written conflict of interest policy? If "No," go to line 13 Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a 12a 12b 12c 13	Yes Yes Yes	
b 12a b c 13 14 15	Describe in Schedule O the process, if any, used by the organization to review this Form 990 Does the organization have a written conflict of interest policy? If "No," go to line 13 Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	11a 12a 12b 12c 13	Yes Yes Yes	
b 12a b c 13 14 15	Describe in Schedule O the process, if any, used by the organization to review this Form 990 Does the organization have a written conflict of interest policy? If "No," go to line 13 Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12a 12b 12c 13	Yes Yes Yes Yes	
b 12a b c 13 14 15	Describe in Schedule O the process, if any, used by the organization to review this Form 990	12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes	
b 12a b c 13 14 15	Describe in Schedule O the process, if any, used by the organization to review this Form 990 Does the organization have a written conflict of interest policy? If "No," go to line 13 Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes Yes	
b 12a b c 13 14 15 a b	Describe in Schedule O the process, if any, used by the organization to review this Form 990 Does the organization have a written conflict of interest policy? If "No," go to line 13 Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12a 12b 12c 13 14	Yes Yes Yes Yes Yes Yes	
b 12a b c 13 14 15 a b	Describe in Schedule O the process, if any, used by the organization to review this Form 990 Does the organization have a written conflict of interest policy? If "No," go to line 13 Are officers, directors or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes Yes	
b 12a b c 13 14 15 a b	Describe in Schedule O the process, if any, used by the organization to review this Form 990	12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes Yes	
b 12a b c 13 14 15 a b	Describe in Schedule O the process, if any, used by the organization to review this Form 990 Does the organization have a written conflict of interest policy? If "No," go to line 13	12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes Yes	
b 12a b c 13 14 15 a b	Describe in Schedule O the process, if any, used by the organization to review this Form 990	12a 12b 12c 13 14 15a 15b	Yes Yes Yes Yes Yes Yes Yes	

- 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 PAMELA BROWER
 1714 SANTA FE

Corpus Christi, TX 78404 (361)881-3432

<u>Part VIII</u> 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

- 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, if any 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, and 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 neither the organi		elated o	rganı	zatio	on co	ompen	sate	d any current office	er, director, or trust	ee
(A) Name and Title	(B) A verage hours	Posi t	tion (that a			II		(D) Reportable compensation	(E) Reportable compensation	(F) Estimated amount of other
	per week (describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Ke) employee	Highest compensated employee	Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations
See Additional Data Table										
				<u> </u>	<u> </u>					

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

		_	1						<u></u>				
	(A) Name and Title	(B) Average hours	1	tion that	•		ıll		(D) Reportable compensation	(E) Reportable compensation		(F) Estima amount o	ted fother
		per week (describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officel	Key employee	Highest compensated employee	Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)		compens from t rganizati relate organiza	he on and ed
See A	Addıtıonal Data Table												
				t							+		
				 									
				 		+							
				\vdash		\vdash		+			+		
				╁	-	┝		\vdash			+		
				\vdash		┝		-			+		
				┞		-	-	-			+		
				<u> </u>									
1b							<u>.</u>	•					
c	Total from continuation sheets Total (add lines 1b and 1c) .	· · · · · · · · · · · · · · · · · · ·						>	4,685,465	301,78	8	1.2	52,033
	Total number of individuals (incl	udına but not lır					above		, ,	,	<u> </u>		.52,055
	\$100,000 in reportable compen							,					
												Yes	No
3	Did the organization list any for on line 1a? <i>If</i> "Yes," complete Sci					ey e		ee, o	r highest compens	ated employee	3	Yes	
4	For any individual listed on line organization and related organiz	ations greater t		0,00	002	If "Y	es," co				4	Yes	
5	Did any person listed on line 1a							- unrel	lated organization o	r individual for	4	res	
	services rendered to the organiz										5		No

				_
Section	R Inda	nandant	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
CORPUS CHRISTI CARDIOVASCULAR CTR 613 Elizabeth St Suite 102 CORPUS CHRISTI, TX 78404	CATH LAB MGMT	6,316,907
SODEXO INC AFFILIATES PO Box 536922 ATLANTA, GA 30353	CAFETERIA MGMT	5,870,206
CLINICAL PARTNERS CORPUS PO Box 4502 LONGVIEW, TX 75606	ANESTHESIA SERVICE	3,174,979
GJERSET LORENZ LLP 2801 Via Fortuna Suite 500 AUSTIN, TX 78746	LEGAL SERVICES	3,100,140
GULF SHORE ANESTHESIA ASSOCIATES 1734 Santa Fe CORPUS CHRISTI, TX 78404	ANESTHESIA SERVICES	3,096,764
Total number of independent contractors (including but not limited to those listed above)	who received more than	

Part \		2010)				Pag	e 9
Part	////	Statement of Revenue		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	
Contributions, gifts, grants and other similar amounts	b c d e	Federated campaigns	5,333,650 1,444,988 2,067,524				
	h	Total. Add lines 1a-1f	D	8,846,162			
Program Serwce Revenue	2a b c d	Program Related Investment Income Correctional Health Pharmacy	622110 531120 523999 624310 446110	674,942,786 5,174,090 1,993,877 1,176,146 344,223	1,993,877 1,176,146	29,628	
rogra		All other program service revenue		648,635	648,635		
<u>-</u>	3	Total. Add lines 2a-2f		684,279,757 61,865 0			61,86
	b c	Gross Rents Less rental expenses Rental income or (loss) Net rental income or (loss)					
	b	Gross amount from sales of assets other than inventory Less cost or other basis and sales expenses Gain or (loss) Net gain or (loss)	(II) O ther 312,078 369,813 -57,735	-57,735			-57,73
Other Revenue	8a	Gross income from fundraising events (not including \$ of contributions reported on line 1c) See Part IV, line 18 a					
5		Less direct expenses b Net income or (loss) from fundraising events		0			
	b c	Gross income from gaming activities See Part IV, line 19 . a Less direct expenses		0			
		Less cost of goods sold b Net income or (loss) from sales of inventory		0			
	11a	Miscellaneous Revenue Food Services	Business Code 722320	3,694,187			3,694,18
		Volunteer Services	453220	483,795			483,79
		Childcare	624410	369,276			369,27
		I All other revenue		1,010,143		41,808	968,33
		Total revenue. See Instructions		5,557,401			
				698,687,450	684,250,129	71,436	5,519,72

	990 (2010)				Page 10
Par	t IX Statement of Functional Expenses				
Δ	Section 501(c)(3) and 501(c)(4) organizations mus Il other organizations must complete column (A) but are not required to c			(D)	
Do no	ot include amounts reported on lines 6b, b, 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	3,858,254	3,858,254		скрепаса
2	Grants and other assistance to individuals in the U.S. See Part IV, line 22	90,904	90,904		
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	4,219,668	3,842,147	377,521	
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	245,462,566	223,501,748	21,960,818	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	12,649,714	12,132,390	517,324	
9	Other employee benefits	26,064,832	23,358,738	2,724,904	-18,810
10	Payroll taxes	17,214,852	15,814,247	1,381,795	18,810
а	Fees for services (non-employees) Management	212,314		212,314	· · ·
ь	Legal	531,544		531,544	
c	Accounting	0			
d	Lobbying	0			
e	Professional fundraising services See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	59,076,944	41,464,370	17,612,574	
12	Advertising and promotion	826,863	2,297	824,566	
13	Office expenses	167,516,175	159,614,245		366
14	Information technology	24,562,160	24,562,160		
15	Royalties	0	, ,		
16	Occupancy	11,682,609	10,338,376	1,344,233	
17	Travel	1,492,519	1,239,245	†	225
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0	.,,		
19	Conferences, conventions, and meetings	1,683		1,683	
20	Interest	10,761,079	10,758,020	3,059	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	33,974,637	32,476,212	1,498,425	
23	Insurance	12,281,519	12,281,519		
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	PROV FOR UNCOLLECTIBLE ACCTS	46,250,805	46,217,139	33,666	
b	Recruitment/Placement Fees	2,422,729	557,784	1,864,945	
С	Sponsorship Fees	28,354		28,354	
d	Dues & Memberships	502,217	406,709	95,508	
е	O ther Tax	61,300		61,300	
f	All other expenses	855,226	328,463	526,572	191
25	Total functional expenses. Add lines 1 through 24f	682,601,467	622,844,967	59,755,718	782
26	Joint costs. Check here ► ☐ If following SOP 98-2 (ASC 958-720) Complete this line only if the	•			
	organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				000 (2010)

Pa	rt X	Balance Sheet					
					(A) Beginning of year		(B) End of year
	1	Cash—non-interest-bearing			455,415,744	1	446,732,404
	2	Savings and temporary cash investments				2	
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			64,170,737	4	78,804,316
	5	Receivables from current and former officers, directors, trustee highest compensated employees Complete Part II of	s, key	employees, and			
		Schedule L				5	
	6	Receivables from other disqualified persons (as defined under spersons described in section $4958(c)(3)(B)$, and contributing esponsoring organizations of section $501(c)(9)$ voluntary emploorganizations (see instructions)					
ste		Schedule L				6	
Assets	7	Notes and loans receivable, net			45,051,391	7	1,059,010
₹	8	Inventories for sale or use			19,168,323	8	20,001,132
	9	Prepaid expenses and deferred charges	expenses and deferred charges				336,565
	10a	Land, buildings, and equipment cost or other basis <i>Complete Part VI of Schedule D</i>	10a	718,737,691			
	b	Less accumulated depreciation	10b	444,930,428	263,576,300	10 c	273,807,263
	11	Investments—publicly traded securities	130,281	11	0		
	12	Investments—other securities See Part IV, line 11				12	
	13	Investments—program-related See Part IV, line 11			16,641,085	13	14,935,297
	14	Intangible assets			8,529,683	14	1,370,037
	15	Other assets See Part IV, line 11			5,300,190	15	44,692,511
	16	Total assets. Add lines 1 through 15 (must equal line 34) .			879,009,285	16	881,738,535
	17	Accounts payable and accrued expenses .			52,732,726	17	51,185,179
	18	Grants payable				18	
	19	Deferred revenue				19	130,625
	20	Tax-exempt bond liabilities				20	
eş.	21	Escrow or custodial account liability Complete Part IV of Schedu	le D			21	
bilities	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified					
Lial		persons Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties	s .			23	
	24	Unsecured notes and loans payable to unrelated third parties			58,597,856	24	56,491,631
	25	Other liabilities Complete Part X of Schedule D			170,793,970	25	170,189,967
	26	Total liabilities. Add lines 17 through 25			282,124,552	26	277,997,402
·^		Organizations that follow SFAS 117, check here ▶	plete	ines 27			_
<u> </u>		through 29, and lines 33 and 34.					
Balance	27	Unrestricted net assets			596,754,452	27	603,573,628
Ва	28	Temporarily restricted net assets			130,281	28	167,505
Fund	29	Permanently restricted net assets				29	
Fu		Organizations that do not follow SFAS 117, check here ▶	nd con	nplete			
oř		lines 30 through 34.					
	30	Capital stock or trust principal, or current funds				30	
Assets	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other f	unds			32	
Net	33	Total net assets or fund balances			596,884,733		603,741,133
	34	Total liabilities and net assets/fund balances			879,009,285	34	881,738,535

Pair	Check if Schedule O contains a response to any question in this Part XI				
1	Total revenue (must equal Part VIII, column (A), line 12)	1		698.6	587,450
2	Total expenses (must equal Part IX, column (A), line 25)	2			501,467
3	Revenue less expenses Subtract line 2 from line 1	3		16,0	85,983
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) \cdot .	4		596,8	384,733
5	Other changes in net assets or fund balances (explain in Schedule O)	5		-9,2	229,583
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6		603,7	41,133
Par	TXII Financial Statements and Reporting Check if Schedule O contains a response to any question in this Part XII			୮	
				Yes	No
1	Accounting method used to prepare the Form 990				
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? \cdot .		2a		No
b	Were the organization's financial statements audited by an independent accountant?	[2b	Yes	
c	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of 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 its chedule O		2c	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were on a separate basis, consolidated basis, or both	ssued			
	☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separated basis				
За	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?	e	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	equired	3b	Yes	

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As Filed Data -

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

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

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

DLN: 93493136000032

Employer identification number

OMB No 1545-0047

OMB No 1545-004

2040

Open to Public Inspection

SCHEDULE A

(Form 990 or 990EZ)

Name of the organization

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.

Christus Spohn Health System Corporation 74-1109836

2	Γ	A schoo	A school described in section 170(b)(1)(A)(ii). (Attach Schedule E)										
3	굣	A hospi	tal or a coo	perative hospital sei	vice organiz	atıon descr	ıbed ın sectio	n 170(b)(1	.)(A)(iii).				
4	Γ	A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). hospital's name, city, and state						iii). Ente	er the				
5	Γ			erated for the benefit		or universi	ty owned or o	perated by	a governmer	ntal unit	describ	ed in	
	_			A)(iv). (Complete Pa									
6	<u> </u>			local government or	_								
7	ı	An organization that normally receives a substantial part of its support from a governmental unit or from the described in section 170(b)(1)(A)(vi) (Complete Part II)						e genera	l public	:			
8	Г			described in section		A)(vi) (Cor	mplete Part II	[)					
9	Ė		•	at normally receives			•	•	ibutions, mer	nbershi	p fees, a	nd gro	ss
	·	_		ities related to its ex								_	
				oss investment incoi									
			=	janization after June				-		·			
10	Γ	An orga	nızatıon orç	ganized and operated	lexclusively	to test for	public safety	See sectio	n 509(a)(4).				
11	Γ	An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See sectite 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							(a)(3).	Check			
e f g	Γ	other th section If the or check tl Since A	an foundati 509(a)(2) ganization nis box ugust 17, 2	ox, I certify that the on managers and oth received a written de	etermination	or more pul	olicly support	ed organıza Type I, Tyl	ations describ	oed in s	ection 5	09(a)(1) or
			g persons?	rootly or indirectly o	antrole outh	aralono ort	rogathar with	narcana da	caribad in (ii)	`		V	l Na
				rectly or indirectly co governing body of th				persons de	scribed iii (ii	,	11g(i)	Yes	No
				er of a person describ		_	acion.				11g(ii)		
				led entity of a persor			ahove?				11g(iii)		
h				ng information about							119()		<u> </u>
Name suppo		ported EIN lines 1 - 9 above you		(iv) Is the organizati col (i) list your gove docume	e Ion In ted In rnIng	(v) Did you no organizat col (i) of suppor	ion in your	(vi Is t organiza col (i) or in the l	he ition in ganized	(vii) A mount suppor		unt of	
				(see instructions))	Yes	No	Yes	No	Yes	No			
											+		
Tota													

Support Schedule for Organizations Described in Sections 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 or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

S	ection A. Public Support		and to quanty t			Jaco complete	
	endar year (or fiscal year beginning						
Care	in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1	Gifts, grants, contributions, and						
	membership fees received (Do not						
	ınclude 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						
Ū	line 4						
S	ection B. Total Support		<u> </u>	I I.			
	endar year (or fiscal year beginning						
	ın) >	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7	A mounts from line 4						
8	Gross income from interest,						
Ū	dividends, payments received on						
	securities loans, rents, royalties						
	and income from similar						
	sources						
9	Net income from unrelated						
	business activities, whether or						
	not the business is regularly						
	carried on						
10	Other income Do not include gain						
	or loss from the sale of capital						
	assets (Explain in Part IV)						
11	Total support (Add lines 7						
	through 10)					<u> </u>	
12	Gross receipts from related activiti	es, etc (See inst	ructions)			12	
13	First Five Years If the Form 990 is t	for the organizati	on's first, second	, thırd, fourth, or	fifth tax year as a	501(c)(3) organı	
	check this box and stop here						►
	-tiC Ct-ti	L'a Carana at B					
<u> </u>	ection C. Computation of Pub Public Support Percentage for 2010			11 column (f))			
	· ·		•	II Column (1))		14	
15	Public Support Percentage for 2009	Schedule A, Pa	rt II, line 14			15	
16a	33 1/3% support test—2010. If the				line 14 is 33 1/3%	or more, check	
_	and stop here. The organization qua						▶ □
b	33 1/3% support test—2009. If the				5a, and line 15 is 3	33 1/3% or more,	- -
	box and stop here. The organization				45.46		►
1/a	10%-facts-and-circumstances test-						
	is 10% or more, and if the organization made						rt a d
	in Part IV how the organization mee	ts the "racts and	circumstances"	test ine organiz	ration qualifies as	a publicly suppo	
L	organization	_2000 If+ba a	anization did not	chack a hay an l	no 12 165 166 -	r 17a and line	► □
D	10%-facts-and-circumstances test- 15 is 10% or more, and if the organ						
	Explain in Part IV how the organization						v
	supported organization	aon meets the 10	acts and circuilis	tances test file	z organizacion qual	mes as a publici	y ▶[¯
18	Private Foundation If the organizati	on did not check	a box on line 13	. 16a. 16b. 17a o	r 17b, check this	box and see	- 1
	instructions	on ala not check	a box on fine 15	, 100, 100, 1700	I by check tills	SON GING SCC	▶ □

organization

Part III Support Schedule for Organizations Described in Section 509(a)(2) (Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.) Section A. Public Support Calendar year (or fiscal year beginning (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total ın) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") 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 Gross receipts from activities that are not an unrelated trade or business under section 513 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf The value of services or facilities furnished by a governmental unit to the organization without charge Total. Add lines 1 through 5 7a Amounts included on lines 1, 2, and 3 received from disqualified 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 Public Support (Subtract line 7c from line 6) Section B. Total Support Calendar year (or fiscal year beginning (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total in) 9 Amounts from line 6 Gross income from interest, 10a dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b C Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include 12 gain or loss from the sale of capital assets (Explain in Part IV) Total support (Add lines 9, 10c, 11 and 12) First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here Section C. Computation of Public Support Percentage Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f)) 15 16 Public support percentage from 2009 Schedule A, Part III, line 15 16 Section D. Computation of Investment Income Percentage Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f)) 17 **17** Investment income percentage from 2009 Schedule A, Part III, line 17 18 18 19a 33 1/3% support tests—2010. 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

33 1/3% support tests-2009. 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 **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 explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Schedule A (Form 990 or 990-EZ) 2010

DLN: 93493136000032

OMB No 1545-0047

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury

Political Campaign and Lobbying Activities

For Organizations Exempt From Income Tax Under section 501(c) and section 527 ► Complete if the organization is described below.

► Attach to Form 990 or Form 990-EZ. ► See separate instructions.

Interna	l Revenue Service				Inspe	ction
lf th ther	_	swered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46	(Political C	am pa	aign Activiti	es),
		anizations Complete Parts I-A and B Do not complete Part I-C				
		than section 501(c)(3)) organizations. Complete Parts I-A and C below. Do not com-	nolete Part LB	}		
	, , ,	ions Complete Part I-A only	pictoraitre	,		
		swered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47	7 (Lobbying	Activ	vities), ther	า
• Se	ction 501(c)(3) org	anizations that have filed Form 5768 (election under section 501(h)) Complete Part I	II-A Donot c	omple	te Part II-B	
Se	ction 501(c)(3) org	anizations that have NOT filed Form 5768 (election under section 501(h)) Complete	Part II-B Do	not co	omplete Part	II-A
		swered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, Pa	rt V, line 35	a (Pr	oxy Tax), th	en
		, or (6) organizations Complete Part III				
	me of the organiza istus Spohn Health Sys		Employer ide	ntific	atıon numbe	er
Cili	istas sporm ricatar sys	·	74-1109836	5		
Par	t I-A Comple	te if the organization is exempt under section 501(c) or is a s			ganizatio	n.
1	Provide a descrip	otion of the organization's direct and indirect political campaign activities in Part	. 1.\/			
2	·			_		
3	Political expendi	tures	_	\$ <u>_</u>		
3	Volunteer hours			_		
Par	t I-B Comple	te if the organization is exempt under section 501(c)(3).				
1	Enter the amount	of any excise tax incurred by the organization under section 4955	▶	\$_		
2	Enter the amount	of any excise tax incurred by organization managers under section 4955	>	\$_		
3	If the organization	n incurred a section 4955 tax, did it file Form 4720 for this year?			☐ Yes	┌ No
4a	Was a correction	made?			☐ Yes	┌ No
b	If "Yes," describ	e ın Part IV				
Par	t I-C Comple	te if the organization is exempt under section 501(c) except s	section 50	1(c)	(3).	
1	Enter the amount	directly expended by the filing organization for section 527 exempt function act	tivities 🕨	\$_		
2		of the filing organization's funds contributed to other organizations for section 5	27			
	exempt funtion a	ctivities	•	\$ <u>_</u>		
3	Total exempt fun	ction expenditures $$ Add lines $$ 1 and $$ 2 $$ Enter here and on Form $$ 1120-POL, line $$ 1	.7b ►	\$_		

Enter the names, addresses and employer identification number (EIN) of all section 527 political organizations to which the filing organization made payments. For each organization listed, enter the amount paid from the filing organization's funds. Also enter the amount of political contributions received that were promptly and directly delivered to a separate political organization, such as a separate segregated fund or a political action committee (PAC) If additional space is needed, provide information in Part IV

(a) Name	(b) Address	(c) EIN	(d) A mount paid from filing organization's funds If none, enter -0-	(e) Amount of political contributions received and promptly and directly delivered to a separate political organization If none, enter - 0-

Did the filing organization file Form 1120-POL for this year?

Р	art II-A Complete if the organization under section 501(h)).	is exempt under section 501(c)(3)	and filed Form 5768	(election
	Check If the filing organization belongs to a Check If the filing organization checked bo	n affiliated group x A and "limited control" provisions apply		
	Limits on Lobbying E (The term "expenditures" means ar		(a) Filing O rganization's Totals	(b) Affiliated Group Totals
1a	Total lobbying expenditures to influence public o	pınıon (grass roots lobbyıng)		
b	Total lobbying expenditures to influence a legisl	ative body (direct lobbying)		
C	Total lobbying expenditures (add lines 1a and 1	o)		
d	O ther exempt purpose expenditures			
е	Total exempt purpose expenditures (add lines 1	c and 1d)		
f	Lobbying nontaxable amount Enter the amount to columns			
	If the amount on line 1e, column (a) or (b) is:	The lobbying nontaxable amount is:		
	Not over \$500,000	20% of the amount on line 1e		
	Over \$500,000 but not over \$1,000,000	\$100,000 plus 15% of the excess over \$500,000		
	Over \$1,000,000 but not over \$1,500,000	\$175,000 plus 10% of the excess over \$1,000,000		
	Over \$1,500,000 but not over \$17,000,000	\$225,000 plus 5% of the excess over \$1,500,000		
	Over \$17,000,000	\$1,000,000		
	Grassroots nontaxable amount (enter 25% of lir	e 1f)		
h	Subtract line 1g from line 1a If zero or less, ent	er -0 -		
i	Subtract line 1f from line 1c If zero or less, ente	r-0-		
j	If there is an amount other than zero on either lii section 4911 tax for this year?	ne 1h or line 1i, did the organization file Form	4720 reporting	┌ Yes ┌ No

4-Year Averaging Period Under Section 501(h) (Some organizations that made a section 501(h) election do not have to complete all of the five columns below. See the instructions for lines 2a through 2f on page 4.)

	Lobbying Expenditures During 4-Year Averaging Period								
	Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) Total			
2a	Lobbying non-taxable amount								
b	Lobbying ceiling amount (150% of line 2a, column(e))								
c	Total lobbying expenditures								
d	Grassroots non-taxable amount								
e	Grassroots ceiling amount (150% of line 2d, column (e))								
f	Grassroots lobbying expenditures								

Part II-B	Complete if the organization is exempt under section 501(c)(3) and has N	OT filed Form 5768
	(election under section 501(h)).	

			~,	(-)
		Yes	No	Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
а	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		Νo	
d	Mailings to members, legislators, or the public?	Yes		499
e	Publications, or published or broadcast statements?		Νo	
f	Grants to other organizations for lobbying purposes?		Νo	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		9,159
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		Νo	
i	Other activities? If "Yes," describe in Part IV	Yes		18,193
j	Total lines 1c through 1i			27,851
2a	Did the activities in line 1 cause the organization to be not described in section $501(c)(3)$?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			
Par	t III-A Complete if the organization is exempt under section 501(c)(4), section	n 501(c)(5), o	r section

501(c)(6).

			Yes	No
1	Were substantially all (90% or more) dues received nondeductible by members?	1		
2	Did the organization make only in-house lobbying expenditures of \$2,000 or less?	2		
3	Did the organization agree to carryover lobbying and political expenditures from the prior year?	3		

Part III-B Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6) if BOTH Part III-A, lines 1 and 2 are answered "No" OR if Part III-A, line 3 is answered "Yes". Dues, assessments and similar amounts from members

2	Section 162(e) non-deductible lobbying and political expenditures (do not include amounts of political expenses for which the section 527(f) tax was paid).		
а	Current year	2a	
b	Carryover from last year	2b	
С	Total	2c	
3	Aggregate amount reported in section 6033(e)(1)(A) notices of nondeductible section 162(e) dues	3	
4	If notices were sent and the amount on line 2c exceeds the amount on line 3, what portion of the excess does the organization agree to carryover to the reasonable estimate of nondeductible lobbying and political expenditure next year?	4	
5	Taxable amount of lobbying and political expenditures (see instructions)	5	

Part IV Supplemental Information

Complete this part to provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, and Part II-B, line 1i

Identifier	Return Reference	Explanation
Lobbying Description	Form 990, Schedule C, Part II-B, LINES 1D AND 1G	HEALTHCARE POLICY IS CRITICAL TO ALL AMERICANS AND CHRISTUS SPOHN HEALTH SYSTEM CORPORATION BELIEVES THAT HEALTH CARE PROVIDERS MUST PARTICIPATE IN FORMING HEALTH CARE POLICY BY INTERACTING WITH NATIONAL, STATE AND LOCAL REPRESENTATIVES AND THEIR STAFF MEMBERS TO HELP THEM BETTER UNDERSTAND THE COMPLEXITIES AND RAMIFICATIONS OF KEY HEALTH CARE POLICIES CHRISTUS SPOHN HEALTH SYSTEM CORPORATION HAD DIRECT CONTACT WITH MEMBERS OF THE TEXAS STATE LEGISLATURE AND THEIR STAFF THROUGH EMAILS, TELEPHONE CALLS AND MEETINGS ON ISSUES SUCH AS HEALTHCARE FOR THE UNINSURED, HEALTHCARE REFORM, HEALTHCARE COSTS AND ACCESS, AND STATE BUDGET CHALLENGES THE REPORTED EXPENSES ASSOCIATED WITH THESE ACTIVITIES INCLUDE STAFF COMPENSATION AND RELATED ALLOCABLE OVERHEAD FORM 990, SCHEDULE C, PART II-B, LINE 11 "OTHER ACTIVITIES" REPORTS THE PORTION OF FY 2011 PROFESSIONAL AND MEMBERSHIP ASSOCIATION DUES ALLOCATED TO LOBBYING EFFORTS BY THE RESPECTIVE ASSOCIATIONS TOTALING \$18,193 CHRISTUS SPOHN HEALTH SYSTEM CORPORATION DID NOT SUBSTANTIALLY LOBBY DURING THE FISCAL YEAR ENDING 6-30-11

DLN: 93493136000032

OMB No 1545-0047

Open to Public

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.

ciriai i v	evenue service F- Attacil to FC	office separate instructions.	Inspection
	e of the organization us Spohn Health System Corporation		Employer identification number
CIIIISC	us sporiir freatiti system corporation		74-1109836
Par			unds or Accounts. Complete if the
	organization answered "Yes" to Form 99	(a) Donor advised funds	(b) Funds and other accounts
7	Total number at end of year	(4) 2 500 4 400 400	
	Aggregate contributions to (during year)		
	Aggregate grants from (during year)		
	Aggregate value at end of year		
	Did the organization inform all donors and donor advi funds are the organization's property, subject to the		or advised Yes No
	Did the organization inform all grantees, donors, and used only for charitable purposes and not for the ben conferring impermissible private benefit		•
art	Conservation Easements. Complete	ıf the organızatıon answered "Yes" t	o Form 990, Part IV, line 7.
 	Purpose(s) of conservation easements held by the oi Preservation of land for public use (e g , recreati Protection of natural habitat Preservation of open space Complete lines 2a-2d if the organization held a quali easement on the last day of the tax year	on or pleasure) Preservation of an Preservation of a c	historically importantly land area certified historic structure of a conservation
	easement on the last ady of the tax year]	Held at the End of the Year
a ·	Total number of conservation easements		2a
Ь	Total acreage restricted by conservation easements		2b
	Number of conservation easements on a certified his	toric structure included in (a)	2c
d	Number of conservation easements included in (c) a	equired after 8/17/06	2d
,	Number of conservation easements modified, transfe the taxable year • Number of states where property subject to conserva		
	Does the organization have a written policy regarding enforcement of the conservation easements it holds?	the periodic monitoring, inspection, hand	
	Staff and volunteer hours devoted to monitoring, insp	pecting and enforcing conservation easem	ents during the year 🗠
	Amount of expenses incurred in monitoring, inspecti	ng, and enforcing conservation easements	s during the year ► \$
	Does each conservation easement reported on line 2 170(h)(4)(B)(i) and 170(h)(4)(B)(ii)?	(d) above satisfy the requirements of sec	tion Yes No
	In Part XIV, describe how the organization reports co balance sheet, and include, if applicable, the text of t the organization's accounting for conservation easen	he footnote to the organization's financial	
art	Organizations Maintaining Collection Complete if the organization answered '		or Other Similar Assets.
	If the organization elected, as permitted under SFAS art, historical treasures, or other similar assets held provide, in Part XIV, the text of the footnote to its fin	for public exhibition, education or research	ch in furtherance of public service,
_	If the organization elected, as permitted under SFAS historical treasures, or other similar assets held for p provide the following amounts relating to these items	oublic exhibition, education, or research ii	
	(i) Revenues included in Form 990, Part VIII, line 1		► \$
	(ii) Assets included in Form 990, Part X		► \$
	If the organization received or held works of art, histofollowing amounts required to be reported under SFA		
a	Revenues included in Form 990, Part VIII, line 1		► \$
	-		

b Assets included in Form 990, Part X

Part	•••• Organizations Maintaining Co	llections of Art	t, His	tori	<u>cal T</u>	reas	ures, or O	<u>the</u>	<u>r Similar Asse</u>	≥ts (cc	ontinued)
3	Using the organization's accession and othe items (check all that apply)	r records, check an	y of th	ne fol	owing	that a	are a significa	nt u	ise of its collectio	n	
а	Public exhibition		d	Γ	Loar	norex	change progr	ams	;		
b	Scholarly research		e	Γ	Oth	er					
С	Preservation for future generations										
4	Provide a description of the organization's co	ollections and expla	ain ho	w the	y furth	ner the	organızatıon	's ex	xempt purpose in		
5	During the year, did the organization solicit of assets to be sold to raise funds rather than t									Yes	┌ No
Par	Escrow and Custodial Arrang Part IV, line 9, or reported an an	ements. Compl	ete ıf	the	orga	nızatıc			es" to Form 99	0,	
1a	Is the organization an agent, trustee, custod included on Form 990, Part X?	lian or other interm	edıary	forc	ontrib	outions	or other ass	ets	not	Yes	┌ No
b	If "Yes," explain the arrangement in Part XIV	/ and complete the	follov	ving t	able		_		T		
								_	Amo	<u>unt</u>	
C C	Beginning balance							1c			
d	Additions during the year						<u> </u>	1d			
e •	Distributions during the year						-	1e			
f	Ending balance							1f			
2a	Did the organization include an amount on Fo	•	e 21?	•					ı	Yes	│ No
	If "Yes," explain the arrangement in Part XIV				1 115						
Pa	rt V Endowment Funds. Complete	If the organizatio)Prior			Form 990, wo Years Back			NEgur V	ears Back
1a	Beginning of year balance	(a)Current rear	(0	J FIIOI	i Cai	1 (0)	WO TEATS DACK	(u)	Tillee reals back (e	<i>=</i> J r Our 1	ears back
b	Contributions										
c	Investment earnings or losses										
d	Grants or scholarships					-					
e	Other expenditures for facilities and programs										
f	Administrative expenses										
g	End of year balance										
2	Provide the estimated percentage of the yea	r end balance held	as			<u> </u>			<u>'</u>		
а	Board designated or quasi-endowment 🕨										
ь	Permanent endowment 🕨										
С	Term endowment ▶										
За	Are there endowment funds not in the posses organization by	ssion of the organiz	ation	that	are he	ld and	administered	l for	the	Yes	No
	(i) unrelated organizations								3a(i)		
	(ii) related organizations								3a(ii)		<u> </u>
	If "Yes" to 3a(II), are the related organizatio	•				?.		•	3b		<u> </u>
4	Describe in Part XIV the intended uses of th					000		10			
Par	t VI Investments—Land, Buildings	s, and Equipme	nt. S						Г		
	Description of investment					r other stment)	(b)Cost or oth basis (other		(c) Accumulated depreciation	(d) Bo	ok value
1 a	_and						23,592,	703		2	23,592,703
b I	Buildings						374,958,	056	209,517,760	16	5,440,296
c I	_easehold improvements						25,406,	355	9,480,387	1	5,925,968
d I	Equipment		•				292,498,	178	225,609,284	6	6,888,894
	Other	<u> </u>					2,282,	399	322,997		1,959,402
Tota	I. Add lines 1a-1e <i>(Column (d) should equal Fo</i>	orm 990, Part X, colu	mn (B), line	10(c)	.) .			►	27	73,807,263
						· · · · ·			Schedule D (Form 9	90) 2010

Part VII Investments—Other Securities. See	Form 990, Part X, line 13		
(a) Description of security or category (including name of security)	(b)Book value		od of valuation f-year market value
(1)Financial derivatives			•
(2)Closely-held equity interests			
Other			
Total. (Column (b) should equal Form 990, Part X, col (B) line 12)			
Part VIII Investments—Program Related. See] 13	
			od of valuation
(a) Description of investment type	(b) Book value		f-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, III	ne 15.	-	
(a) Descri	ption		(b) Book value
(1) Due from Related Organizations			44,608,763
(2) Collections Receivable			83,748
Total. (Column (b) should equal Form 990, Part X, col.(B) line 3	(5.)		44,692,511
Part X Other Liabilities. See Form 990, Part >			,
1 (a) Description of Liability	(b) A mount		
Federal Income Taxes	0		
Due to Christus Bond Fund	170,189,967		
Due to Christus Bond Fund	170,109,907		
Total. (Column (b) should equal Form 990, Part X, col (B) line 25) ▶	170,189,967		
, , , , , , , , , , , , , , , , , , , ,	1,0,109,907		

Pai	rt XI Reconciliation of Change in Net Assets from Form 990 to Financial Statemer	nts
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
Par	TXII Reconciliation of Revenue per Audited Financial Statements With Revenue p	er 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	
а	Net unrealized gains on investments	
b	Donated services and use of facilities	
C	Recoveries of prior year grants	
d	Other (Describe in Part XIV)	
е	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3
4	A mounts 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)	_
C -	Add lines 4a and 4b	4c
5 Dara	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5 Seturn
1	Total expenses and losses per audited financial	per Return
_	statements	1
2	Amounts included on line 1 but not on Form 990, Part IX, line 25	
а	Donated services and use of facilities	
b	Prior year adjustments	_
C	Other losses	
d	Other (Describe in Part XIV)	1
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:	
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a	-
Ь	Other (Describe in Part XIV)	1 .
_C _	Add lines 4a and 4b	4c
5 Par	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5
	rt XIV Supplemental Information nplete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Par	art IV lines 1 h and 2 h
C 01	npiete and part to provide the descriptions required for rait II, lines 3, 3, and 3, rait III, lines 1a and 4, ra	arciv, iiiies in aliu Zu,

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 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					
Cash - Non-Bearing Interest		Christus Health System maintains a centralized cash management system This cash management system (CMS) includes a concentration account wherein deposits and disbursements for related Christus exempt organizations flow through this account and over to the managed investment accounts Each participating organization reports a balance in the CMS reflective of its cumulative cash activity Cash Balances for each Christus organization are reported on Form 990 in accordance with financial statement reporting CMS ownership is maintained by Christus Health (EIN 76-0590551) and all associated investment income is properly reported on the Christus Health Form 990					
Uncertain Tax Positions Under ASC 740		Per footnote 3 in the Consolidated Financial Statements, there are no material unrecorded tax liabilities as of June 30, 2011 and 2010					

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

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

Hospitals

Name of the organization

Christus Spohn Health System Corporation

Employer identification number

1a		and o	a Otti	er Community Be	41 0031						
	Did the organization have a fi							Yes	No		
b	Dia the organization have a h	nnancial assi	stance policy	during the tax year? I	f "No," skip to questio	n 6a .	1a	Yes			
	b If "Yes," ıs ıt a wrıtten policy?										
2	If the organization has multiple hospitals, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year										
	Applied uniformly to all hospitals Generally tailored to individual hospitals										
3	Answer the following based o organization's patients during			nce eligibility criteria th	nat applied to the large	st number of the					
а	Does the organization use Fe income individuals? If "Yes,"						3a	Yes			
	Г _{100%} Г _{150%}	_	о% Г	Other	0/0		Ja	165			
b	Does the organization use FP "Yes," indicate which of the fo	G to determin	ne eligibility f	or providing <i>discounted</i>		dıvıduals? If					
		_	_	<u> </u>	_		3b	Yes			
	200% 250%	I 30	00%	350% 🔽 40	0% Other_	<u>%</u>					
С	If the organization does not u determining eligibility for free test or other threshold, regar	or discounte	d care Inclu	de in the description wh	hether the organization						
4	3					uring the tax year	4	Yes			
5a	provide for free or discounted Did the organization budget amount			-		(year?	5a	Yes			
ь	If "Yes," did the organization	's financial as	sistance exp	enses exceed the budg	geted amount?		5b	1.00	No		
С	If "Yes" to line 5b, as a resul care to a patient who was elig					or discounted	5c				
6a	Does the organization prepare a community benefit report during the tax										
6b	year?										
	Complete the following table worksheets with the Schedule	_	ksheets prov	ided in the Schedule H	instructions Do not s	ubmit these					
7	Financial Assistance and C	ertain Other	Community E	Benefits at Cost							
	Financial Assistance 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 b expense	enefit	(f) Perototal ex			
а	Financial Assistance at cost (from Worksheets 1 and 2)			44,411,275	0	44,41	1,275	6	980 %		
b	Unreimbursed Medicaid (from Worksheet 3, column a)			82,461,882	120,712,697	-38,25			010 %		
С	Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			38,663,691	31,686,805		6,886		100 %		
d	Total Financial Assistance and Means-Tested Government Programs			165,536,848	152,399,502	13,13			070 %		
e	Other Benefits Community health improvement services and community benefit operations (from (Worksheet 4)								380 %		
f	Health professions education	19	·		•				740 %		
g	(from Worksheet 5) Subsidized health services	19	2,665	7,079,341	2,386,740	4,69	2,601	U			
h	(from Worksheet 6) Research (from Worksheet 7)		0	0	0		0		0 %		
i	Cash and in-kind contributions to community groups (from Worksheet 8)	37	9,717	193,387	0		3,387		030 %		
-	Total Other Benefits Total. Add lines 7d and 7i	106 106	53,607 53,607	9,890,201 175,427,049	2,563,315 154,962,817	7,32 20,46	6,886		150 % 220 %		

Part II Community Building Activities during the tax year, and describe in Part VI how its community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

(a) Number of activities or programs (optional)

(b) Persons (c) Total community building expense (d) Direct offsetting revenue (e) Net community building expense (optional)

		activities or programs (optional)	served (optional)	building expense	revenu	e 	building expense		total expense
1	Physical improvements and housing		0		0	0		0	0 %
_2	Economic development	1	0	55	5	0		555	0 %
_3	Community support	1	0	50,03	4	0	50,0	034	0 010 %
4	Environmental improvements		0		0	0		0	0 %
5	Leadership development and training for community members		0		0	0		0	0 %
6	Coalition building		0		0	0		0	0 %
7	Community health improvement advocacy	6	0	66,11	4	0	66	114	0 010 %
8	Workforce development	0	0		0	0	00,	0	0 %
9	Other		0		0	0		0	0 %
10	Total **IIII Bad Debt, Medicar	8 Collect	l 0 tion Bractic	116,70	3	0	116,	703	0 020 %
Fal	Bad Debt, Medical	e, & conec	don Fractic	<u> </u>					
	ion A. Bad Debt Expense				M				Yes No
1	Did the organization report bac Statement No 15?		in accordance	with Heathcare Fir	nanciai Manage	ement As	ssociation · · · ·	1	Yes
2	Enter the amount of the organi			·	2		8,923,893		
3	Enter the estimated amount of attributable to patients eligible	-			olicy . 3		1,882,942		
	g		,						1 1
4	Provide in Part VI the text of t In addition, describe the costil								
	rationale for including a portion								
Sect	ion B. Medicare				ı	ı			
5	Enter total revenue received fr		_	•			157,024,090		
6 7	Enter Medicare allowable costs Subtract line 6 from line 5 Thi				· · · · · ·		172,488,581		
8	Describe in Part VI the extent	-	· · · · · · · · · · · · · · · · · · ·		· · · ·	<u>I</u> ommunit			
	Also describe in Part VI the co			e used to determine	the amount re	ported o	n line 6		
	Cost accounting system		st to charge ra	tio Γ	Other				
Sect	ion C. Collection Practices	,							
9a	Does the organization have a v	vritten debt co	llection policy?					9a	Yes
b	If "Yes," does the organization							9b	Yes
Pa	rt IV Management Comp				cribe in Part V	ı		90	1165
	(a) Name of entity) Description of pr activity of entit	rımary	(c) Organization's) Officers, directors, trustees, or key		e) Physicians' ofit % or stock
			activity of entit	y	profit % or stock ownership %	e	mployees' profit % stock ownership%		ownership %
1 Co	orpus CH Cardio Ctr	Cardiac Cath La	b		50 000		stock ownership%	+	46 360 %
2 Co	pastal Bend PET Sca	Diagnostic Testii	ng Facility		49 500	0/4		+	50 500 %
3 0	orpus Ch Surgicare	Ambulatory Sur				_		+	
	·	, -	,		30 022	%		_	20 680 %
4 Sr	noreline Surgery Ct	Ambulatory Surg	jery Center		26 010	%			44 500 %
5									
6									
7									
8									
9								+	
						_			
10									
11									
12									
13									
		1				1		1	

Part	V Facility Information									
Section A. Hospital Facilities (list in order of size, measured by total revenue per facility, from largest to smallest) How many hospital facilities did the organization operate during the tax year? 6			General medical & surgical	Children's hospital	Teaching hospital	Ortical access hospital	Research facility	ER-24 hours	ER-other	
Name	and address									Other (Describe)
1	CHRISTUS Spohn Hospital Shoreline 600 Elizabeth Street Corpus Christi,TX 78404	х	х					х		REHABILITATION CLINIC
2	Christus Spohn Hospital Memorial 2606 Hospital Blvd Corpus Christi,TX 78405	X	×				x	x		OP PHYSICIAN CLINICS ADOLESCENT PSYCHTRY UNIT
3	Christus Spohn Hospital South 5950 Saratoga Blvd Corpus Christi,TX 78414	x	х					x		
4	Christus Spohn Hospital Alice 2500 Main Street Alice,TX 78332	х	х					х		OP PHYSICIAN CLINICS REHAB CLINIC
5	Christus Spohn Hospital Kleberg 1311 EAST GENERAL CAVAZOS BLVD Kingsville,TX 78363	х	х					х		OUTPATIENT PHYSICAL THERAPY
6	CHRISTUS Spohn Hospital Beeville 1500 East Houston Highway Beeville,TX 78102	х	х					х		OP PHYSICIAN CLINICS
	I	1	1	1	1	1	ı	1	1	l

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

lame of Hospital Facility: CHRISTUS Spohn Hospital Shoreline			_
ine Number of Hospital Facility (from Schedule H, Part V, Section A): 1			_
		Yes	N
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1 During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a 🔽 A definition of the community served by the hospital facility			
b Demographics of the community			
c Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d			
e The health needs of the community			
f Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
The process for identifying and prioritizing community health needs and services to meet the community health needs			
h $lacksquare$ The process for consulting with persons representing the community's interests			
i 🔽 Information gaps that limit the hospital facility's ability to assess all of the community's health needs			
j 🔽 Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			

a Hospital facility's website
 b Available upon request from the hospital facility
 c Other (describe in Part VI)
 6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)
 a Adoption of an implementation strategy to address the health needs of the hospital facility's community

A doption of an implementation strategy to address the health needs of the hospital facility's community
 Execution of the implementation strategy

Participation in the development of a community-wide of

c Participation in the development of a community-wide community benefit plan

d Participation in the execution of a community-wide community benefit plan

Inclusion of a community benefit section in operational plans

f Adoption of a budget for provision of services that address the needs identified in the Needs Assessment

g | Prioritization of health needs in the community

h igcap Prioritization of services that the hospital facility will undertake to meet health needs in its community

7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs

Financial Assistance Policy

ancial Modistance i one,			
Did the hospital facility have	in place during the tax year	r a written financial	assistance policy that

8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?

9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . . If "Yes," indicate the FPG family income limit for eligibility for free care __%

7

8

9

2	Facility Information (continued)			
			Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals?	10		<u> </u>
	If "Yes," indicate the FPG family income limit for eligibility for discounted care%			l
11	Explained the basis for calculating amounts charged to patients?	11		<u> </u>
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a Income level			
	b Asset level			
	c Medical indigency			
	d Insurance status			
	e Uninsured discount			
	f Medicaid/Medicare			
	g			
	h Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12		
	Included measures to publicize the policy within the community served by the hospital facility?	13		
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	The policy was posted at all times on the hospital facility's web site			l
	b The policy was attached to all billing invoices			l
	The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d The policy was posted in the hospital facility's admissions offices			l
	e The policy was provided, in writing, to patients upon admission to the hospital facility			l
	f The policy was available upon request			
				l
	g Other (describe in Part VI) ling and Collections			
	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial			
	assistance policy that explained actions the hospital facility may take upon non-payment?	14		
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at			
	any time during the tax year			l
	a Reporting to credit agency			
	b Lawsuits			
	c Liens on residences			l
	d Body attachments			l
	e Other (describe in Part VI)			Į
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during	16		
	the tax year?	16		<u> </u>
	Reporting to credit agency			
	b Lawsuits			
	c Liens on residences			
	d Body attachments			
	e Cother (describe in Part VI)			
1/	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply)			
	Notified patients of the financial assistance policy upon admission			
	b Notified patients of the financial assistance policy prior to discharge			
	c Notified patients of the financial assistance policy in communications with the patients regarding the patients'			
	bills			
	d Documented its determination of whether a patient who applied for financial assistance under the financial			
	assistance policy qualified for financial assistance			
	e Other (describe in Part VI)			

If "Yes," explain in Part VI

If "Yes," explain in Part VI

Part V Facility Information (continued) Policy Relating to Emergency Medical Care Yes No 18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals 18 If "No," indicate the reasons why (check all that apply) a The hospital facility did not provide care for any emergency medical conditions **b** The hospital facility did not have a policy relating to emergency medical care c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI **d** Other (describe in Part VI) Charges for Medical Care 19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply) The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility **b** The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility c The hospital facility used the Medicare rate for those services d Other (describe in Part VI) 20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial

assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more

than the amounts generally billed to individuals who had insurance covering such care?

21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that

21

20

Part V Facility Information (continued) Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility:	Christus Spohn Ho	ospital Memorial	
Line Number of Hospital Facility (from Schedule H, Part V,	, Section A):	2	

			Yes	No
Cor	mmunity Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
	If "Yes," indicate what the Needs Assessment describes (check all that apply)			
	a A definition of the community served by the hospital facility			
	b Demographics of the community			
	Existing health care facilities and resources within the community that are available to respond to the health			
	needs of the community			
	d How data was obtained			
	e The health needs of the community			
	Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and			
	minority groups			
	The process for identifying and prioritizing community health needs and services to meet the community health needs			
	h The process for consulting with persons representing the community's interests			
	i 「 Information gaps that limit the hospital facility's ability to assess all of the community's health needs			
	j			
2	Indicate the tax year the hospital facility last conducted a Needs Assessment 20			
3	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who			
	represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4	Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the	_ _		
•	other hospital facilities in Part VI	4		
5	Did the hospital facility make its Needs Assessment widely available to the public?	5		
	If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
	a Hospital facility's website			
	b Available upon request from the hospital facility			
	c C Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
	a Adoption of an implementation strategy to address the health needs of the hospital facility's community			
	b Execution of the implementation strategy			
	c Participation in the development of a community-wide community benefit plan			
	d Participation in the execution of a community-wide community benefit plan			
	e Inclusion of a community benefit section in operational plans			
	f Adoption of a budget for provision of services that address the needs identified in the Needs Assessment			
	g Prioritization of health needs in the community			
	h Prioritization of services that the hospital facility will undertake to meet health needs in its community			
	i Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No,"			
	explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
in	ancial Assistance Policy			
	Did the hospital facility have in place during the tax year a written financial assistance policy that			
8	Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8		
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals?	9		
	If "Yes," indicate the FPG family income limit for eligibility for free care%			

2	Facility Information (continued)			
			Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals?	10		<u> </u>
	If "Yes," indicate the FPG family income limit for eligibility for discounted care%			l
11	Explained the basis for calculating amounts charged to patients?	11		<u> </u>
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a Income level			
	b Asset level			
	c Medical indigency			
	d Insurance status			
	e Uninsured discount			
	f Medicaid/Medicare			
	g			
	h Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12		
	Included measures to publicize the policy within the community served by the hospital facility?	13		
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	The policy was posted at all times on the hospital facility's web site			
	b The policy was attached to all billing invoices			
	The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d The policy was posted in the hospital facility's admissions offices			
	e The policy was provided, in writing, to patients upon admission to the hospital facility			
	f The policy was available upon request			
	g Other (describe in Part VI) ling and Collections			
	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial			
	assistance policy that explained actions the hospital facility may take upon non-payment?	14		
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies at			
	any time during the tax year			
	a Reporting to credit agency			
	b Lawsuits			
	c Liens on residences			
	d Body attachments			
	e Other (describe in Part VI)			Į
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during	16		
	the tax year?	16		<u> </u>
	Reporting to credit agency			
	b Lawsuits			
	c Liens on residences			
	d Body attachments			
	e Cother (describe in Part VI)			
1/	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16 (check all that apply)			
	Notified patients of the financial assistance policy upon admission			
	b Notified patients of the financial assistance policy prior to discharge			
	c Notified patients of the financial assistance policy in communications with the patients regarding the patients'			
	bills			
	d Documented its determination of whether a patient who applied for financial assistance under the financial			
	assistance policy qualified for financial assistance			
	e Other (describe in Part VI)			

If "Yes," explain in Part VI

If "Yes," explain in Part VI

Part V Facility Information (continued) Policy Relating to Emergency Medical Care Yes No 18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals 18 regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate the reasons why (check all that apply) a The hospital facility did not provide care for any emergency medical conditions **b** The hospital facility did not have a policy relating to emergency medical care c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI **d** Other (describe in Part VI) Charges for Medical Care 19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply) The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility **b** The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility c The hospital facility used the Medicare rate for those services **d** Other (describe in Part VI) 20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial

assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more

than the amounts generally billed to individuals who had insurance covering such care?

21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that

21

20

Part V Facility Information (continued) Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility:	Christus Spohn Hospital South	
Line Number of Hospital Facility (from Schedule H, Part V, Section	A):	3

			Yes	No
Col	mmunity Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
	If "Yes," indicate what the Needs Assessment describes (check all that apply)			
	a A definition of the community served by the hospital facility			
	b Demographics of the community			
	Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
	d How data was obtained			
	e The health needs of the community			
	Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and			
	minority groups			
	The process for identifying and prioritizing community health needs and services to meet the community health needs			
	h The process for consulting with persons representing the community's interests			
	i 「 Information gaps that limit the hospital facility's ability to assess all of the community's health needs			
	j			
2	Indicate the tax year the hospital facility last conducted a Needs Assessment 20			
3	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4	Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the			
	other hospital facilities in Part VI	4		
5	Did the hospital facility make its Needs Assessment widely available to the public?	5		
	If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
	a Hospital facility's website			
	b Available upon request from the hospital facility			
	c T Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
	a Adoption of an implementation strategy to address the health needs of the hospital facility's community			
	b Execution of the implementation strategy			
	c Participation in the development of a community-wide community benefit plan			
	d Participation in the execution of a community-wide community benefit plan			
	e 「 Inclusion of a community benefit section in operational plans			
	f Adoption of a budget for provision of services that address the needs identified in the Needs Assessment			
	g Prioritization of health needs in the community			
	h Prioritization of services that the hospital facility will undertake to meet health needs in its community			
	i Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No,"			
	explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
in	ancial Assistance Policy			
	Did the hospital facility have in place during the tax year a written financial assistance policy that			
	Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8		
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals?	9		
	If "Yes," indicate the EPG family income limit for eligibility for free care %			

Pa	rt V Facility Information (continued)	_		
			Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals?	10		
	If "Yes," indicate the FPG family income limit for eligibility for discounted care%			
11	Explained the basis for calculating amounts charged to patients?	11		
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a Income level			
	b Asset level			
	c Medical indigency			
	d Insurance status			
	e Uninsured discount			
	f Medicaid/Medicare			
	g State regulation			
	h Other (describe in Part VI)			
	Explained the method for applying for financial assistance?	12		
13	Included measures to publicize the policy within the community served by the hospital facility?	13		
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	The policy was posted at all times on the hospital facility's web site			
	b The policy was attached to all billing invoices			
	The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d The policy was posted in the hospital facility's admissions offices			
	e The policy was provided, in writing, to patients upon admission to the hospital facility			
	f The policy was available upon request			
	g Other (describe in Part VI)			
	ing and Collections		ı	
14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained actions the hospital facility may take upon non-payment?	14		
15	Check all of the following collection actions against a patient that were permitted under the hospital facility's policies a			
	any time during the tax year			
	a Reporting to credit agency			
	b Lawsuits			
	c Liens on residences			
	d Body attachments			
	e Other (describe in Part VI)			
16	Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during	16		
	If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)	10		
	a Reporting to credit agency			
	b Lawsuits			
	c Liens on residences			
	d Body attachments			
	e Other (describe in Part VI)			
17	Indicate which actions the hospital facility took before initiating any of the collection actions checked in question 16			
	(check all that apply)			
	a Notified patients of the financial assistance policy upon admission			
	b Notified patients of the financial assistance policy prior to discharge			
	c Notified patients of the financial assistance policy in communications with the patients regarding the patients'			
	bills			
	d Documented its determination of whether a patient who applied for financial assistance under the financial			
	assistance policy qualified for financial assistance			

If "Yes," explain in Part VI

If "Yes," explain in Part VI

Part V Facility Information (continued) Policy Relating to Emergency Medical Care Yes No 18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals 18 regardless of their eligibility under the hospital facility's financial assistance policy? If "No," indicate the reasons why (check all that apply) a The hospital facility did not provide care for any emergency medical conditions **b** The hospital facility did not have a policy relating to emergency medical care c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI **d** Other (describe in Part VI) Charges for Medical Care 19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply) The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility **b** The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility c The hospital facility used the Medicare rate for those services **d** Other (describe in Part VI) 20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial

assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more

than the amounts generally billed to individuals who had insurance covering such care?

21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that

21

20

Part V Facility Information (continued)

Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility: Christus Spo	hn Hospital Alice		_
ine Number of Hospital Facility (from Schedule H, Part V, Section A):	4		_
		Yes	N
Community Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1 During the tax year or any prior tax year, did the hospital facility conduct a ("Needs Assessment")? If "No," skip to question 8			
If "Yes," indicate what the Needs Assessment describes (check all that app	ly)		
a Γ A definition of the community served by the hospital facility			
b Demographics of the community			
c Existing health care facilities and resources within the community the needs of the community	at are available to respond to the health		
d			
e The health needs of the community			
f Primary and chronic disease needs and other health issues of uninsu minority groups	red persons, low-income persons, and		
g The process for identifying and prioritizing community health needs a needs	nd services to meet the community health		
h \prod The process for consulting with persons representing the community	s interests		
i	of the community's health needs		
j 🔽 O ther (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessm	ent 20		
3 In conducting its most recent Needs Assessment, did the hospital facility t represent the community served by the hospital facility? If "Yes," describe account input from persons who represent the community, and identify the process of the community of the process of the proc	n Part VI how the hospital facility took into		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities in Part VI	,		
5 Did the hospital facility make its Needs Assessment widely available to the	public 2	Т	

a Hospital facility's website
 b Available upon request from the hospital facility
 c Other (describe in Part VI)
 6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)
 a Adoption of an implementation strategy to address the health needs of the hospital facility's community

a Adoption of an implementation strategy to address the health needs of the hospital facility's community **b** Execution of the implementation strategy

Participation in the development of a community-wide community benefit plan

If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)

f f Participation in the execution of a community-wide community benefit plan

e 「 Inclusion of a community benefit section in operational plans

f 📘 Adoption of a budget for provision of services that address the needs identified in the Needs Assessment

g | Prioritization of health needs in the community

h igcap Prioritization of services that the hospital facility will undertake to meet health needs in its community

7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs

Financial Assistance Policy

Did the hospital facility	have in place during the	tax year a written financi	al assistance policy that
Did the hospital facility	nave in place during the	tax year a written imanci	ar assistance poncy that

8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals? . .

If "Yes," indicate the FPG family income limit for eligibility for free care __%

7

P	art V	Facility Information (continued)			
				Yes	No
10	Used F	FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? [10		
	If "Yes	," indicate the FPG family income limit for eligibility for discounted care%			
11	Explai	ned the basıs for calculatıng amounts charged to patıents?	11		
	If "Yes	," indicate the factors used in determining such amounts (check all that apply)			
	аГ	Income level			
	ьГ	Asset level			
	сΓ	Medical indigency			
	dГ	Insurance status			
	еГ	Uninsured discount			
	fГ	Medicaid/Medicare			
	a T	State regulation			
		Other (describe in Part VI)			
12		ned the method for applying for financial assistance?	12		
		ed measures to publicize the policy within the community served by the hospital facility?	13		
		," indicate how the hospital facility publicized the policy (check all that apply)			
		The policy was posted at all times on the hospital facility's web site			
	ьГ	The policy was attached to all billing invoices			
	c T	The policy was posted in the hospital facility's emergency rooms or waiting rooms			
		The policy was posted in the hospital facility's admissions offices			
		The policy was provided, in writing, to patients upon admission to the hospital facility			
		The policy was available upon request			
		Other (describe in Part VI)			
Bil		Collections			
		e hospital facility have in place during the tax year a separate billing and collections policy, or a written financial			
		ance policy that explained actions the hospital facility may take upon non-payment?	14		<u> </u>
15		all of the following collection actions against a patient that were permitted under the hospital facility's policies at			
	_	ne during the tax year Reporting to credit agency			
		Lawsuits			
		Liens on residences			
		Body attachments			
		Other (describe in Part VI)			
16	•	e hospital facility engage in or authorize a third party to engage in any of the following collection actions during			l
10		(year?	16		
		," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
	аГ	Reporting to credit agency			
	ьГ	Lawsuits			
	сГ	Liens on residences			
	dГ	Body attachments			
	еГ	Other (describe in Part VI)			
17	Indica	te which actions the hospital facility took before initiating any of the collection actions checked in question 16			
		call that apply)			
	_	Notified patients of the financial assistance policy upon admission			
	ь 🗀	Notified patients of the financial assistance policy prior to discharge			
	·-	Notified patients of the financial assistance policy in communications with the patients regarding the patients'			
	bills				
	· ·	Documented its determination of whether a patient who applied for financial assistance under the financial			
		stance policy qualified for financial assistance Other (describe in Part VI)			

If "Yes," explain in Part VI

If "Yes," explain in Part VI

Part V Facility Information (continued) Policy Relating to Emergency Medical Care Yes No 18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals 18 If "No," indicate the reasons why (check all that apply) a The hospital facility did not provide care for any emergency medical conditions **b** The hospital facility did not have a policy relating to emergency medical care c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI **d** Other (describe in Part VI) Charges for Medical Care 19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply) The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility **b** The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility c The hospital facility used the Medicare rate for those services d Other (describe in Part VI)

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more

than the amounts generally billed to individuals who had insurance covering such care?

21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that

21

Part V Facility Information (continued) Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility:	Christus Spohn Hospital Kleberg
Line Number of Hospital Facility (from Schedule H, Part V, Section	on A):

			Yes	No
Col	mmunity Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment ("Needs Assessment")? If "No," skip to question 8	1		
	If "Yes," indicate what the Needs Assessment describes (check all that apply)			
	a A definition of the community served by the hospital facility			
	b Demographics of the community			
	Existing health care facilities and resources within the community that are available to respond to the health			
	needs of the community			
	d How data was obtained			
	e The health needs of the community			
	f Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and			
	minority groups The process for identifying and prioritizing community health needs and convices to meet the community health			
	The process for identifying and prioritizing community health needs and services to meet the community health needs			
	h The process for consulting with persons representing the community's interests			
	i 「 Information gaps that limit the hospital facility's ability to assess all of the community's health needs			
	j			
2	Indicate the tax year the hospital facility last conducted a Needs Assessment 20			
3	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who			
	represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4	Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the			
	other hospital facilities in Part VI	4		
5	Did the hospital facility make its Needs Assessment widely available to the public?	5		
	If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
	a Hospital facility's website			
	b Available upon request from the hospital facility			
	c Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
	a 「 Adoption of an implementation strategy to address the health needs of the hospital facility's community			
	b Execution of the implementation strategy			
	c Participation in the development of a community-wide community benefit plan			
	d Participation in the execution of a community-wide community benefit plan			
	e 「 Inclusion of a community benefit section in operational plans			
	f Adoption of a budget for provision of services that address the needs identified in the Needs Assessment			
	g Prioritization of health needs in the community			
	h Prioritization of services that the hospital facility will undertake to meet health needs in its community			
	i Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No,"			
_	explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
in	nancial Assistance Policy			
_	Did the hospital facility have in place during the tax year a written financial assistance policy that			
	Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8		
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals?	9		
	If "Yes," indicate the FPG family income limit for eligibility for free care%			

P	art V	Facility Information (continued)			
				Yes	No
10	Used F	FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? [10		
	If "Yes	," indicate the FPG family income limit for eligibility for discounted care%			
11	Explai	ned the basıs for calculatıng amounts charged to patıents?	11		
	If "Yes	," indicate the factors used in determining such amounts (check all that apply)			
	аГ	Income level			
	ьГ	Asset level			
	сΓ	Medical indigency			
	dГ	Insurance status			
	еГ	Uninsured discount			
	fГ	Medicaid/Medicare			
	a T	State regulation			
		Other (describe in Part VI)			
12		ned the method for applying for financial assistance?	12		
		ed measures to publicize the policy within the community served by the hospital facility?	13		
		," indicate how the hospital facility publicized the policy (check all that apply)			
		The policy was posted at all times on the hospital facility's web site			
	ьГ	The policy was attached to all billing invoices			
	c T	The policy was posted in the hospital facility's emergency rooms or waiting rooms			
		The policy was posted in the hospital facility's admissions offices			
		The policy was provided, in writing, to patients upon admission to the hospital facility			
		The policy was available upon request			
		Other (describe in Part VI)			
Bil		Collections			
		e hospital facility have in place during the tax year a separate billing and collections policy, or a written financial			
		ance policy that explained actions the hospital facility may take upon non-payment?	14		<u> </u>
15		all of the following collection actions against a patient that were permitted under the hospital facility's policies at			
	_	ne during the tax year Reporting to credit agency			
		Lawsuits			
		Liens on residences			
		Body attachments			
		Other (describe in Part VI)			
16	•	e hospital facility engage in or authorize a third party to engage in any of the following collection actions during			l
10		(year?	16		
		," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
	аГ	Reporting to credit agency			
	ьГ	Lawsuits			
	сГ	Liens on residences			
	dГ	Body attachments			
	еГ	Other (describe in Part VI)			
17	Indica	te which actions the hospital facility took before initiating any of the collection actions checked in question 16			
		call that apply)			
	_	Notified patients of the financial assistance policy upon admission			
	ь 🗀	Notified patients of the financial assistance policy prior to discharge			
	·-	Notified patients of the financial assistance policy in communications with the patients regarding the patients'			
	bills				
	· ·	Documented its determination of whether a patient who applied for financial assistance under the financial			
		stance policy qualified for financial assistance Other (describe in Part VI)			

If "Yes," explain in Part VI

If "Yes," explain in Part VI

Part V Facility Information (continued) Policy Relating to Emergency Medical Care Yes No 18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals 18 If "No," indicate the reasons why (check all that apply) a The hospital facility did not provide care for any emergency medical conditions **b** The hospital facility did not have a policy relating to emergency medical care c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI **d** Other (describe in Part VI) Charges for Medical Care 19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply) The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility **b** The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility c The hospital facility used the Medicare rate for those services d Other (describe in Part VI)

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more

than the amounts generally billed to individuals who had insurance covering such care?

21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that

21

Part V Facility Information (continued) Section B. Facility Policies and Practices.

(Complete a separate Section B for each of the hospital facilities listed in Part V, Section A)

Name of Hospital Facility:	CHRISTUS Spohr	n Hospital Beeville	
Line Number of Hospital Facility (from Schedule H, Part V	V, Section A):	6	_

			Yes	No
Cor	mmunity Health Needs Assessment (Lines 1 through 7 are optional for 2010)			
1	During the tax year or any prior tax year, did the hospital facility conduct a community health needs assessment			
	("Needs Assessment")? If "No," skip to question 8	1		
	If "Yes," indicate what the Needs Assessment describes (check all that apply)			
	a A definition of the community served by the hospital facility			
	b Demographics of the community			
	Existing health care facilities and resources within the community that are available to respond to the health			
	needs of the community			
	d How data was obtained			
	e The health needs of the community			
	f Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
	The process for identifying and prioritizing community health needs and services to meet the community health needs			
	h The process for consulting with persons representing the community's interests			
	i 「 Information gaps that limit the hospital facility's ability to assess all of the community's health needs			
	j Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a Needs Assessment 20			
	In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who			
	represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into	_		
,	account input from persons who represent the community, and identify the persons the hospital facility consulted Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the	3		
4	other hospital facilities in Part VI	4		
5	Did the hospital facility make its Needs Assessment widely available to the public?	5		
	If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
	a Hospital facility's website			
	b Available upon request from the hospital facility			
	c Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how			
_	(check all that apply)			
	a 🔽 Adoption of an implementation strategy to address the health needs of the hospital facility's community			
	b Execution of the implementation strategy			
	c Participation in the development of a community-wide community benefit plan			
	d Participation in the execution of a community-wide community benefit plan			
	e Inclusion of a community benefit section in operational plans			
	f Adoption of a budget for provision of services that address the needs identified in the Needs Assessment			
	g Prioritization of health needs in the community			
	h Prioritization of services that the hospital facility will undertake to meet health needs in its community			
	i Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No,"			
_	explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
in	ancial Assistance Policy			
	Did the hospital facility have in place during the tax year a written financial assistance policy that			
8	Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8		
9	Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals?	9		
	If "Yes," indicate the FPG family income limit for eligibility for free care%			

P	art V	Facility Information (continued)			
				Yes	No
10	Used F	FPG to determine eligibility for providing <i>discounted</i> care to low income individuals? [10		
	If "Yes	," indicate the FPG family income limit for eligibility for discounted care%			
11	Explai	ned the basıs for calculatıng amounts charged to patıents?	11		
	If "Yes	," indicate the factors used in determining such amounts (check all that apply)			
	аГ	Income level			
	ьГ	Asset level			
	сΓ	Medical indigency			
	dГ	Insurance status			
	еГ	Uninsured discount			
	fГ	Medicaid/Medicare			
	a T	State regulation			
		Other (describe in Part VI)			
12		ned the method for applying for financial assistance?	12		
		ed measures to publicize the policy within the community served by the hospital facility?	13		
		," indicate how the hospital facility publicized the policy (check all that apply)			
		The policy was posted at all times on the hospital facility's web site			
	ьГ	The policy was attached to all billing invoices			
	c T	The policy was posted in the hospital facility's emergency rooms or waiting rooms			
		The policy was posted in the hospital facility's admissions offices			
		The policy was provided, in writing, to patients upon admission to the hospital facility			
		The policy was available upon request			
		Other (describe in Part VI)			
Bil		Collections			
		e hospital facility have in place during the tax year a separate billing and collections policy, or a written financial			
		ance policy that explained actions the hospital facility may take upon non-payment?	14		<u> </u>
15		all of the following collection actions against a patient that were permitted under the hospital facility's policies at			
	_	ne during the tax year Reporting to credit agency			
		Lawsuits			
		Liens on residences			
		Body attachments			
		Other (describe in Part VI)			
16	•	e hospital facility engage in or authorize a third party to engage in any of the following collection actions during			l
10		(year?	16		
		," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
	аГ	Reporting to credit agency			
	ьГ	Lawsuits			
	сГ	Liens on residences			
	dГ	Body attachments			
	еГ	Other (describe in Part VI)			
17	Indica	te which actions the hospital facility took before initiating any of the collection actions checked in question 16			
		call that apply)			
	_	Notified patients of the financial assistance policy upon admission			
	ь 🗀	Notified patients of the financial assistance policy prior to discharge			
	·-	Notified patients of the financial assistance policy in communications with the patients regarding the patients'			
	bills				
	· ·	Documented its determination of whether a patient who applied for financial assistance under the financial			
		stance policy qualified for financial assistance Other (describe in Part VI)			

If "Yes," explain in Part VI

If "Yes," explain in Part VI

Part V Facility Information (continued) Policy Relating to Emergency Medical Care Yes No 18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals 18 If "No," indicate the reasons why (check all that apply) a The hospital facility did not provide care for any emergency medical conditions **b** The hospital facility did not have a policy relating to emergency medical care c The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI **d** Other (describe in Part VI) Charges for Medical Care 19 Indicate how the hospital facility determined the amounts billed to individuals who did not have insurance covering emergency or other medically necessary care (check all that apply) The hospital facility used the lowest negotiated commercial insurance rate for those services at the hospital facility **b** The hospital facility used the average of the three lowest negotiated commercial insurance rates for those services at the hospital facility c The hospital facility used the Medicare rate for those services d Other (describe in Part VI)

20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more

than the amounts generally billed to individuals who had insurance covering such care?

21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that

21

Schedule H	(Form	aan'	201	Λ
Schedule II	(1 01111	220	, , , ,	v

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size, measured by total revenue per facility, from largest to smallest)

Hov	How many non-hospital facilities did the organization operate during the tax year?				
Nar	me and address	Type of Facility (Describe)			
1	CORPUS CHRISTI SURGICARE LTD 15305 DALLAS PARKWAY SUITE 1600 LB ADDISON,TX 75001	OUTPATIENT SURGERY CENTER			
2	CORPUS CHRISTI SURGICARE LTD 15305 DALLAS PARKWAY SUITE 1600 LB ADDISON,TX 75001	OUTPATIENT SURGERY CENTER			
3	CORPUS CHRISTI SURGICARE LTD 15305 DALLAS PARKWAY SUITE 1600 LB ADDISON,TX 75001	OUTPATIENT SURGERY CENTER			
4	CORPUS CHRISTI SURGICARE LTD 15305 DALLAS PARKWAY SUITE 1600 LB ADDISON,TX 75001	OUTPATIENT SURGERY CENTER			
5	CORPUS CHRISTI SURGICARE LTD 15305 DALLAS PARKWAY SUITE 1600 LB ADDISON,TX 75001	OUTPATIENT SURGERY CENTER			
6					
7					
8					
9					
10					

Schedule H (Form 990) 2010 Page 8

Part VI Supplemental Information

Complete this part to provide the following information

Required descriptions. Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

- 2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 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 financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- Promotion of community health. Provide any other information important to describing how the organization's hospital facilities 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.)
- Affiliated health care system. 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 communities served
- 7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
PART I, LINE 5	BUDGETED CHARITY CARE	THE ORGANIZATION BUDGETS CHARITY CARE FOR
		INTERNAL FINANCIAL REVIEW PURPOSES ONLY THE PROVISION OF CHARITY CARE IS NOT LIMITED TO AMOUNTS
		ESTABLISHED FOR BUDGETARY PURPOSES PART I, LINE 6A ANNUAL COMMUNITY BENEFIT REPORT A REPORT OF
		COMMUNITY BENEFIT IS INCLUDED IN A WRITTEN ANNUAL REPORT FOR CHRISTUS HEALTH, THE
		ORGANIZATION'S PARENT COMPANY CHRISTUS HEA LTH IS AN INTERNATIONAL, CATHOLIC, FAITH BASED,
		NONPROFIT HEALTH SYSTEM FORMED IN 1999 WIT HA
		MISSION "TO EXTEND THE HEALING MINISTRY OF JESUS CHRIST " THE ANNUAL COMMUNITY BENEFIT REPORT
		SUMMARIZES ACTIVITIES AND PROGRAMS CONDUCTED DURING THE PAST YEAR TO IMPROVE HEALT H
		INCLUDING PROACTIVE COMMUNITY HEALTH SERVICES HOWEVER, THE ANNUAL REPORT IS ONLY A SNAP SHOT
		OF HOW THE ORGANIZATION DISTINGUISHES ITSELF IN ITS VISION TO BE A LEADER, A PARTNER, AND AN
		ADVOCATE IN CREATING INNOVATIVE HEALTH AND WELLNESS SOLUTIONS THAT IMPROVE THE LIV ES OF
		INDIVIDUALS AND COMMUNITIES PART I, LINE 7B UNREIMBURSED MEDICAID CHRISTUS SPOHN HE ALTH
		SYSTEM CORPORATION REINVESTS ALL SURPLUS FUNDS BACK IN TO THE COMMUNITIES WE SERVE TH ROUGH
		EXPANDED HEALTH SERVICES, NEW TECHNOLOGIES, AND
		BETTER FACILITIES PART I, LINE 7, C OLUMN (F) PERCENT OF TOTAL EXPENSE TOTAL EXPENSE FROM
		FORM 990, PART IX, LINE 25, COLUMN (A) IS \$682,601,467 THE BAD DEBT EXPENSE INCLUDED IN
		THIS AMOUNT IS \$46,237,790 THIS LEAV ES A TOTAL EXPENSE OF \$636,363,677 FOR PURPOSES OF
		CALCULATING LINE 7, COLUMN (F) PART I, LINE 7, COLUMN (F) DESCRIPTION OF GROSS CHARITY CARE AS
		PERCENTAGE OF TOTAL COSTS THE ORG ANIZATION'S TOTAL COMMUNITY BENEFIT EXPENSE AS REPORTED ON
		PART I, LINE 7K, COLUMN (C) AS A PERCENTAGE OF TOTAL EXPENSE IS 27 57% WHICH EXCEEDS THE
		AMOUNT REPORTED ON PART I, LINE 7K COLUMN (F) WHICH IS COMPUTED USING NET COMMUNITY BENEFIT
		EXPENSE PART I, LINE 7I CASH AND IN-KIND
		CONTRIBUTIONS TO COMMUNITY GROUPS CHRISTUS SPOHN HEALTH SYSTEM CORPORATION MAD E OVER
		\$193,000 IN CASH AND IN KIND CONTRIBUTIONS DURING FISCAL YEAR 2011 THE AFOREMENTIO NED AMOUNT IS
		DETERMINED IN ACCORDANCE WITH REPORTING RULES FOR SCHEDULE H, WORKSHEET 8 A S SUCH THIS AMOUNT
		DIFFERS FROM GRANTS REPORTED AT FORM 990, SCHEDULE I, GRANTS AND OTHER ASSISTANCE TO
		ORGANIZATIONS, GOVERNMENTS, AND INDIVIDUALS AND PART IX, LINES 1 THROUGH 3 G RANTS AND OTHER
		ASSISTANCE CHRISTUS HEALTH ESTABLISHED THE CHRISTUS FUND, A GRANT FUND TO PROVIDE RESOURCES
		TO NONPROFIT AGENCIES AND GROUPS WHOSE VISION, MISSION, AND GOALS ARE C ONSISTENT WITH CHRISTUS
		HEALTH'S MISSION, VALUES AND PHILOSOPHY OF A
		HEALTHY COMMUNITY CH RISTUS FUND GRANTS TOTALING \$409,554 WERE DONATED BY CHRISTUS
		HEALTH TO NONPROFIT ORGANIZA TIONS LOCATED IN THE COMMUNITY SERVED BY CHRISTUS SPOHN HEALTH
		SYSTEM CORPORATION THE GRA NT DOLLARS WERE USED TO SUPPORT PROGRAMS THAT PROMOTE THE
		HEALTH OF THE COMMUNITY THAT CHR ISTUS SPOHN HEALTH SYSTEM CORPORATION SERVES THE CHRISTUS
		FUND GRANTS WERE USED TO INTROD UCE COMMUNITY HEALTH WORKERS AND A CARE MANAGEMENT PROGRAM
		CALLED "CARE PARTNERS," AIMED A T CHRONIC DISEASE MANAGEMENT FOR UNDERSERVED PATIENTS IN
		CHRISTUS SPOHN FAMILY HEALTH CENT ERS AND CLINICS THIS PROGRAM HAS PROVEN TO BE
		INSTRUMENTAL IN REDUCING THE NUMBER OF PREVENTABLE HOSPITALIZATIONS FOR OUR PATIENTS. THE
		CHRISTUS FUND GRANTS ALSO SUPPORT OTHER EQU ALLY WORTHY CAUSES ALL GRANTS MADE TO OUTSIDE
		ORGANIZATIONS THROUGH THE CHRISTUS FUND ARE
		MADE TO NONPROFIT ORGANIZATIONS THAT SUPPORT THE HEALTH OF THE COMMUNITY CHRISTUS HEALTH HAS
		ALSO ESTABLISHED AN EDUCATION AND RESEARCH FUND CHRISTUS SPOHN HEALTH SYSTEM CORPORA TION
		RECEIVED \$25,961 FROM THE FUND AND USED SUCH RESOURCES TO BENEFIT THE COMMUNITY BY PR
		OVIDING RESEARCH AND EDUCATIONAL PROJECTS SPONSORED BY THE CHRISTUS SPOHN REGION PART I,
		LINE 7 LINE 7A RATIO OF PATIENT CARE COST TO CHARGES BASED ON SCHEDULE H, WORKSHEET 2 LIN E
		7B RATIO OF PATIENT CARE COST TO CHARGES BASED ON SCHEDULE H, WORKSHEET 2 LINE 7E ACTU AL
		EXPENSES LESS ANY DIRECT OFFSETTING REVENUE LINE 7F ACTUAL EXPENSES LESS ANY DIRECT OF FSETTING
		REVENUE LINE 71 ACTUAL EXPENSE OF THE
		CONTRIBUTIONS PART II, COMMUNITY BUILDING ACTIVITIES THE CHRISTUS HEALTH BOARD OF
		DIRECTORS APPROVED FUNDING OF A COMMUNITY DIRECT I NVESTMENT (CDI) LOAN PROGRAM TO ENSURE
		THAT THE WORK OF SOCIAL ACCOUNTABILITY AND MORAL AN D ETHICAL STEWARDSHIP CONTINUES IN
		SPITE OF CHALLENGING FISCAL CONDITIONS FACED BY LOCAL O PERATING ENTITIES THE PURPOSE OF THE CDI
		PROGRAM IS TO SUPPORT COMMUNITY DRIVEN INITIATIV ES, PRIMARILY FOR AFFORDABLE HOUSING
		AND ECONOMIC DEVELOPMENT BY PROVIDING FINANCING AT BE LOW MARKET INTEREST RATES TO
		NONPROFIT ORGANIZATIONS AT TERMS NOT EXCEEDING MORE THAN FIVE YEARS THERE WAS NO OUTSTANDING
		LOAN BALANCE AT THE END OF FISCAL YEAR 2011 THE
		INCOME E ARNED AT THE MARKET RATE LESS OUR LOAN RATE (FOREGONE INCOME) IS CONSIDERED A
		COMMUNITY BE NEFIT FOR REPORTING PURPOSES THE FOREGONE INTEREST FOR CHRISTUS SPOHN HEALTH
		SYSTEM CORPO RATION IN FISCAL YEAR ENDING JUNE 30, 2011 WAS \$50,589 CHRISTUS SPOHN HEALTH
		SYSTEM CORPO RATION HAS PARTNERED WITH VARIOUS LOCAL AGENCIES I
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Identifier	ReturnReference	Explanation
PART I, LINE 5	BUDGETED CHARITY CARE	NCLUDING ACCION OF TEXAS AND NUECES COUNTY
		COMMUNITY ACTION AGENCY THE NUECES COUNTY COMM UNITY ACTION AGENCY IS A NONPROFIT
		ORGANIZATION THAT PROVIDES LOW INCOME HOUSING
		THEREBY I MPROVING THE QUALITY OF LIFE FOR THOSE UNDERSERVICED POPULATIONS THAT HAVE CHRONIC
		CONDITI ONS THE NUECES COUNTY COMMUNITY
		ACTION AGENCY ALSO PROVIDES PROGRAMS RELATED TO EDUCATION , HEALTH, DISABILITIES, MENTAL
		HEALTH, NUTRITION, AND FAMILY SERVICES WHICH
		WERE ALL IDENT IFIED AS COMMUNITY NEEDS FOR VULNERABLE POPULATIONS THE CHRISTUS HEALTH
		ADVOCACY DEPARTMENT IS WORKING IN PARTNERSHIP
		WITH LOCAL, STATE AND FEDERAL POLICY MAKERS TO ENSURE ACTIVIT IES AND PROGRAMS ARE IN PLACE
		THAT WILL ENHANCE PUBLIC HEALTH AND ADVANCE
		GENERAL KNOWLEDG E DURING FY 2011, CHRISTUS HEALTH ADVOCATED FOR IMPROVING PUBLIC POLICIES.
		WORKING TO EST ABLISH, AND IN SOME INSTANCES
		AUGMENT, GRASSROOTS ADVOCACY AND GREATER
		ACCESS TO HEALTHCARE SERVICES FOR THE CONSTITUENTS WE SERVE SOME OF THE MAIN
		COMMUNITY BUILDING ACTIVITIES A RE IMPROVING
		ACCESS TO HEALTH SERVICES, ENHANCING PUBLIC HEALTH, AND ADVANCING KNOWLEDGE T O INCLUDE
		EXPANDING THE CURRENT ENROLLMENT PROGRAM FOR
		INDIGENT AND MEDICAID RECIPIENTS TO OFFER LOW INSURANCE PRODUCTS FOR THOSE INELIGIBLE FOR
		MEDICAID/CHIP PART III, SECTION A, LINE 1 BAD DEBT
		REPORTING IN ACCORDANCE WITH HFMA STATEMENT 15 CHRISTUS HEALTH FOLLOWS IN PRINCIPLE HEALTHCARE
		FINANCIAL MANAGEMENT ASSOCIATION STATEMENT
		NO 15 THE SYSTEM HAS AD OPTED AN UNCOMPENSATED CARE POLICY WHERE REVENUE FROM
		SERVICES PROVIDED TO THE UNINSURED I S
		RECOGNIZED AT THE TIME OF PAYMENT, RATHER THAN AT THE TIME OF SERVICE THIS POLICY IS THE RESULT
		OF A LACK OF REASONABLE ASSURANCE OF COLLECTION
		FOR SERVICES PROVIDED TO THE UNIN SURED DUE TO THE SYSTEM'S HISTORICALLY LOW COLLECTION RATE
		MANAGEMENT HAS ESTIMATED THAT THE DIFFERENCE
		BETWEEN RECORDING REVENUE FROM THE UNINSURED ON A CASH BASIS, RATHER THAN THE ACCRUAL BASIS,
		IS IMMATERIAL ACCORDINGLY, ALL ACCOUNTS
		RECEIVABLE FROM THE UNINSURED H AVE BEEN FULLY RESERVED IN THE ALLOWANCE FOR UNCOMPENSATED
		CARE PART III, SECTION A, LINE 2 BAD DEBT EXPENSE
		(AT COST)THE ORGANIZATION USES FORM 990, SCHEDULE H, WORKSHEET A TO D ETERMINE THE BAD
		DEBT EXPENSE AT COST REPORTED AT SCHEDULE H,
		PART III, SECTION A, LINE 2 USING THE COST-TO- CHARGE RATIO CALCULATED AT FORM 990, SCHEDULE H,
		WORKSHEET 2, LINE 11 THE ORGANIZATION'S TOTAL
		BAD DEBT EXPENSE (TOTAL OF ALL HOSPITAL FACILITIES) IS IN ACCORDAN CE WITH THE
		ORGANIZATION'S FINANCIAL STATEMENTS, WHICH IS
		COMPUTED AS BAD DEBT NET OF CONT RACTUAL ALLOWANCE, PAYMENTS RECEIVED AND RECOVERIES OF
		BAD DEBT PREVIOUSLY WRITTEN OFF PART III, SECTION
		A, LINE 3 ESTIMATE OF BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE U ND
		ORGANIZATION'S CHARITY CARE POLICY CHRISTUS
		SPOHN HEALTH SYSTEM CORPORATION RECOGNIZES
		THAT SOME PATIENTS ARE UNABLE OR UNWILLING TO ASK FOR FINANCIAL ASSISTANCE DUE TO BARRIERS TO
		APPLYING FOR ASSISTANCE SUCH AS EDUCATIONAL
		LEVEL AND LITERACY, DOCUMENTATION LIMITATI ONS AND FEAR OF THE APPLICATION PROCESS IN ORDER TO
		ESTIMATE THE AMOUNT OF THE ORGANIZATI ON'S BAD
		DEBT EXPENSE (AT COST) ATTRIBUTABLE TO PATIENTS WHO ARE ELIGIBLE UNDER THE ORGANI ZATION'S
		CHARITY CARE POLICY BUT HAVE NOT QUALIFIED, THE
		ORGANIZATION ENGAGED PARO DECISIO N SUPPORT, LLC PARO CHARITY SCORE IS DESIGNED TO IDENTIFY
		PATIENTS THAT LIKELY QUALIFY FO R FINANCIAL
		ASSISTANCE BASED ON A PREDICTIVE MODEL AND OTHER FINANCIAL AND ASSET ESTIMATES FOR THE
		PATIENT DERIVED FROM PUBLIC RECORD SOURCES IN
		ORDER TO CLASSIFY PATIENT BAD DEBT ACCOUNTS AS ACCOUNTS THAT WOULD QUALIFY FOR CHARITY CARE,
		THE FOLLOWING CRITERIA WERE EST ABLISHED BASED
		ON AN ANALYSIS OF HISTORICAL DATA OF CHRISTUS HEALTH AND ITS RELATED ORGANI ZATIONS 1 PARO
		SCORE OF LESS THAN OR EQUAL TO 586, WHICH IS A
		PREDICTOR DEFINING THE LIK ELY SOCIOECONOMIC
		CONDITIONS OF THE PATIENT, 2 ESTIMATED FEDERAL POVERTY LEVEL OF LESS TH AN OR EQUAL TO 226%,
		WHICH IS BASED ON ESTIMATED HOUSEHOLD SIZE AND
		ESTIMATED HOUSEHOLD IN COME, AND 3 THIRD PARTY DATA AVAILABLE
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Identifier	ReturnReference	Explanation
PART III, SECTION A, LINE 4	BAD DEBT EXPENSE FOOTNOTE	THE FOOTNOTE TO THE CHRISTUS HEALTH
		CONSOLIDATED FINANCIAL STATEMENTS SAYS, "THE PREPARATI ON OF THE ACCOMPANYING CONSOLIDATED
		FINANCIAL STATEMENTS IN CONFORMITY WITH ACCOUNTING PRI NCIPLES GENERALLY ACCEPTED IN THE
		UNITED STATES REQUIRES MANAGEMENT OF THE SYSTEM TO MAKE ASSUMPTIONS, ESTIMATES, AND JUDGMENTS
		THAT AFFECT THE AMOUNTS REPORTED IN THE FINANCIAL ST ATEMENTS, INCLUDING THE NOTES
		THERETO, AND RELATED DISCLOSURES OF COMMITMENTS AND CONTINGE NCIES, IF ANY THE
		SYSTEM CONSIDERS CRITICAL ACCOUNTING POLICIES TO BE THOSE THAT REQUIRE MORE SIGNIFICANT
		JUDGMENTS AND ESTIMATES IN THE PREPARATION OF
		ITS FINANCIAL STATEMENTS, I NCLUDING THE FOLLOWING RECOGNITION OF NET PATIENT REVENUES,
		WHICH INCLUDE CONTRACTUAL ALL OWANCES, PROVISIONS FOR BAD DEBT, RESERVES FOR LOSSES AND
		EXPENSES RELATED TO HEALTH CARE PROFESSIONAL AND GENERAL LIABILITIES, DETERMINATION OF FAIR
		VALUES OF CERTAIN FINANCIAL IN STRUMENTS, DETERMINATION OF FAIR VALUE OF CERTAIN GOODWILL
		AND LONG-LIVED ASSETS, AND RISK S AND ASSUMPTIONS FOR MEASUREMENT OF PENSION AND
		RETIREE MEDICAL LIABILITIES MANAGEMENT R ELIES ON HISTORICAL EXPERIENCE AND ON OTHER
		ASSUMPTIONS BELIEVED TO BE REASONABLE UNDER THE CIRCUMSTANCES IN MAKING ITS JUDGMENT AND
		ESTIMATES ACTUAL RESULTS COULD DIFFER MATERIAL
		LY FROM THESE ESTIMATES "IN ORDER TO DETERMINE THE BAD DEBT EXPENSE AT COST (SCHEDULE H, PART III,
		SECTION A, LINE 2), THE ORGANIZATION'S TOTAL BAD DEBT EXPENSE (TOTAL OF ALL HOSP ITAL FACILITIES) IN
		ACCORDANCE WITH THE ORGANIZATION'S FINANCIAL STATEMENTS WAS MULTIPLIED BY THE COST-TO-CHARGE
		RATIO PART III, SECTION B, LINE 8 EXTENT TO WHICH SHORTFALL SHOULD BE TREATED AS COMMUNITY
		BENEFIT COSTING METHODOLOGY THE SHORTFALL ON PART III, LINE 7 IS NOT COUNTED AS A COMMUNITY
		BENEFIT THE AMOUNT ON SCHEDULE H, PART III, LINE 6 IS DETERMINED BY CALCULATING MEDICARE
		ALLOWABLE COSTS USING WORKSHEET A OF THE MEDICARE COST REPORT WORKSHEET A OF THE
		MEDICARE COST REPORT REQUIRES THE ORGANIZATION TO REMOVE NON-ALLOWABLE EXPENSES FROM TOTAL
		EXPENSES VIA THE ADJUSTMENTS TO EXPENSE
		WORKSHEETS WITHIN THE MEDICARE COST REPORT THE AMOUNT REPORTED ON SCHEDULE H, PART III, LINE 6
		DOES NOT TAKE INTO ACCOU NT ALL COSTS INCURRED BY THE FILING ORGANIZATION ASSOCIATED WITH THE
		FILING ORGANIZATION'S PROVISION OF SERVICES TO MEDICARE PATIENTS SCHEDULE H, PART III, LINE 7
		WOULD EQUAL A SH ORTFALL OF (\$45,829,839) IF TOTAL EXPENSES ALLOCABLE TO MEDICARE SERVICES WERE
		SUBSTITUTED ON SCHEDULE H, PART III, LINE 6 PART III, SECTION B, LINE 9B COLLECTION POLICY COLLECTIO
		N ACTIVITY OCCURS FOR A MINIMUM OF 60 DAYS ON SELF-PAY ACCOUNTS BEFORE THE PRESUMPTIVE CHA
		RITY PROCESS IS COMPLETED IF NO CONTACT WITH THE PATIENT/GUARANTOR IS MADE IF THE 60-DAY PERIOD
		EXPIRES AND NO CONTACT WITH THE PATIENT/GUARANTOR IS MADE OR THERE IS
		INSUFFICIENT INFORMATION TO DOCUMENT ELIGIBILITY FOR CHARITY CARE, A PRESUMPTION OF ELIGIBILITY
		MAY BE MADE BASED ON STATISTICAL DATA AND OTHER RELIABLE ASSUMPTIONS ACCOUNTS WITH A BALANCE
		OF LESS THAN \$2,000 ARE SCREENED FOR CHARITY CARE
		QUALIFICATION BASED ON SYSTEMATIC SCREENING CRITERIA UNLESS PATIENT CONTACT IS MADE
		ACCOUNTS WITH A BALANCE OF \$2,000 OR GREATER ARE MANUALLY REVIEWED TO DETERMINE IF ANY POTENTIAL
		ELIGIBILITY PROGRAMS ARE APPLICABLE BASED UPON FRONT-END SCREENING TOOL DOCUMENTATION AND A
		REVIEW OF DIAGNOSES AND SERVICES PROVID ED IF A PATIENT COMPLETES A FINANCIAL AID APPLICATION
		AND QUALIFIES FOR CHARITY CARE OR FALLS UNDER A CHARITY CARE ACCOUNT BASED ON THE PRESUMPTIVE
		CHARITY TEST, ALL DEBT COLLECTI ON ACTIVITIES CEASE ACCOUNTS THAT ARE NOT DEEMED ELIGIBLE FOR
		CHARITY CARE OR MEDICAL IND IGENCE WILL CONTINUE THE COLLECTION CYCLE UNTIL THEY ARE WRITTEN OFF
		AS BAD DEBT PART VI, LINE 2 NEEDS ASSESSMENT IN 2011, CHRISTUS SPOHN HEALTH SYSTEM CORPORATION
		PARTICIPATED IN A COMMUNITY NEEDS ASSESSMENT OF
		THE 15- COUNTY SERVICE AREA KNOWN AS THE COASTAL BEND THE PARTICIPANTS INCLUDED
		CHRISTUS SPOHN HEALTH SYSTEM CORPORATION, DRISCOLL CHILDREN'S HOSP ITAL, DRISCOLL CHILDREN'S
		HEALTH PLAN, CORPUS CHRISTI MEDICAL CENTER, NUECES COUNTY MEDICA L SOCIETY, UNITED WAY OF
		THE COASTAL BEND, AND TEXAS A&M UNIVERSITY AT CORPUS CHRISTI AN ONGOING COASTAL BEND
		COMMUNITY HEALTH TASK FORCE WAS FORMED BY THE PARTICIPANTS OF THE 201 1 COMMUNITY NEEDS
		ASSESSMENT TO ADDRESS THE ONGOING HEALTH NEEDS OF THE REGION THE "TASK FORCE" IS COMPRISED OF
		THE ORIGINAL GROUP WHO CONDUCTED THE 2011 NEEDS ASSESSMENT AS WELL AS THE FOLLOWING
		ORGANIZATIONS THE NUECES COUNTY MEDICAL
		SOCIETY, NUECES COUNTY/CORPUS CH RISTI HEALTH DEPARTMENT, SAN PATRICIO HEALTH DEPARTMENT,
		DELMAR COLLEGE, CORPUS CHRISTI IN DEPENDENT SCHOOL DISTRICT, NUECES COUNTY SOCIAL WORKERS
		ASSOCIATION, THE SIX FEDERALLY QUA LIFIED HEALTH CENTERS IN THE REGION, COASTAL BEND RURAL HEALTH
		PARTNERSHIP, AND THE MISSIO N OF MERCY THIS TASK FORCE ENSURES THAT THE CHRISTUS SPOHN
		COMMUNITY BENEFIT PLAN ACCURAT ELY REFLECTS THE NEEDS OF THE COMMUNITY, DEVELOPS ACTION PLANS
		TO ADDRESS THOSE NEEDS, AND IS COMMUNITY OWNED CHRISTUS SPOHN HEALTH SYSTEM
	<u> </u>	CHV73103 SLOUN LEWFIL SISIEM

Identifier	ReturnReference	Explanation
Identifier PART III, SECTION A, LINE 4	ReturnReference BAD DEBT EXPENSE FOOTNOTE	CORPORATION BOARD MEMBERS REVIEWED AND APPROVED THE ACTION PLANS DEVELOPED BY THE TASK FOR CE THE TASK FORCE IS COMMITTED TO CONTINUED WORK RELATED TO THE COMMUNITY HEALTH NEEDS OF THE COASTAL BEND REGION FOR THE LONG-TERM PART VI, LINE 3 PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE DESCRIPTION CHRISTUS SPOHN HEALTH SYSTEM CORPORATION MAKES EVERY EFFORT TO EDUCATE PATIENTS ON ITS CHARITY AND DISCOUNT POLICY AND ABOUT THEIR ELIGIBILITY FOR ASS ISTANCE UNDER FEDERAL, STATE, OR LOCAL GOVERNMENT PROGRAMS DURING REGISTRATION, PRE REGIST RATION (FOR SCHEDULED TESTS AND SURGERIES), POST REGISTRATION (DURING THEIR HOSPITALIZATIO N) AND FOLLOWING DISCHARGE (TELEPHONE OR WRITTEN INQUIRY) IN LANGUAGES APPROPRIATE FOR THE POPULATION BEING SERVED PATIENTS ARE GIVEN INFORMATION AND FORMS BY A FINANCIAL COUNSELO R WHO HELPS THEM COMPLETE THE FORMS DURING THEIR INPATIENT AND OUTPATIENT VISITS PATIENTS ARE ASKED TO BRING OR MAIL SUPPORTING DO CUMENTATION TO DETERMINE INCOME, ASSETS AND HOUSE HOLD EXPENSES THE BUSINESS OFFICE REVIEWS THE APPLICATION BASED ON THE INFORMATION PROVIDED BY THE PATIENT IF THE PATIENT QUALIFIES FOR CHARITY CARE OR A DISCOUNT, A NEW BILL IS GENERATED PATIENTS WHO DO NOT PROVIDE THE REQUIRED DOCUMENTATION ARE CONSIDERED INELIGIBLE AND ARE BILLED ACCORDINGLY IF THE DOCUMENTATION IS PROVIDED AT A LATER TIME, THE PATIEN T MAY THEN BE DETERMINED TO BE ELIGIBLE FOR CHARITY CARE OR A DISCOUNT, ROMINENT PLACES THROUGHOUT THE HOSPITALS, INCLUDING BUT NOT LIMITED TO THE EMERGENCY ROOM WAITING AREAS AND THE ADMISSIONS OFFICE WAITING AREAS, AS REQUIRED BY DOTH THE STATE OF TEXAS COMMUNITY BENEFIT STANDARD (WHICH ADDRESSES THE DUTIES AND RESPON SIBILITIES OF NONPROFIT HOSPITALS) AND CHRISTUS HEALTH COMMUNITY BENEFIT GUIDELINES #5050 IN ADDITION, A PUBLIC NOTICE REGARDING THE CHARITY CARE POLICY AND INFORMATION ON FINANCIAL ASSISTANCE ARE ALSO POSTED ON THE CHRISTUS HEALTH WEBSITE THE INFORMATION ON FINANCIAL ASSISTANCE INCLUDES EXPLANATIONS ON THE AVAILABILITY OF FINANCIAL
		ASSISTANCE, WHO QUALIFIE S, AND HOW TO APPLY FOR FINANCIAL ASSISTANCE

Identifier	ReturnReference	Explanation
PART VI, LINE 4	COMMUNITY INFORMATION	CHRISTUS SPOHN HEALTH SYSTEM CORPORATION IS LOCATED ALONG THE LOWER TEXAS COASTAL AREA
		(OFTEN CALLED THE COASTAL BEND), AND ITS SERVICE
		AREA INCLUDES A 15-COUNTY AREA WITH A POPULATION OF MORE THAN 586,000 INDIVIDUALS
		OVERALL, POPULATION GROWTH IS FLAT IN THE REGION WITH THE EXCEPTION OF ARANSAS COUNTY AND THE
		78414 ZIP CODE, WHERE CHRISTUS SPOHN HOSPITAL CORPUS CHRISTI -SOUTH IS LOCATED THE POPULATION
		BY AGE IS ALLOCATED AS FOLLOWS 0-14 (21 7%), 15-17
		(4 6%), 18-24 (10 8%), 25-34 (13 2%), 35-54 (26 1%), 55-64 (10 8%), 65+(12 8%) POPULATION DECLINES ARE
		EXPECTED TO CONTINUE IN THE RURAL AREAS FLAT GROWTH IS EXPECTED IN THE PEDIATRIC AGE RANGE
		AND THE POPULATION UNDER 45 YEARS OF AGE, WITH THE LARGEST GROWTH IN THE POPULATION OF 65 YEARS
		OF AGE OR OLDER THE REGION IS COMPRISED OF 60 PERCENT HISPANICS, 35 PERCENT CAUCASIAN, 4
		PERCENT AFRICAN AMERICAN, AND 1 PERCENT ASIAN
		PACIFIC ISLANDERS APPROXIMATELY 55 PERCENT OF HOUSEHOLDS LIVE AT OR BELOWTHE FEDERAL POVERTY
		LEVEL, WITH THE MEDIAN HOUSEHOLD INCOME IN THE REGION BEING \$45,000 NEARLY 50 PERCENT OF THE
		POPULATION IS ON MEDICAID OR UNINSURED LOOKING AT THE REGION'S DEMOGRAPHICS AND THE "HEALTHY
		PEOPLE 2011 HEALTH STATUS INDICATORS" RELATIVE
		TO OTHER COUNTIES ACROSS THE COUNTRY, THE FOLLOWING HEALTH INDICATORS APPEAR
		"UNFAVORABLE" RELATIVE TO PEER COUNTIES PREMATURE BIRTH WEIGHTS, BIRTHS BY UNMARRIED
		TEENS, HISPANIC INFANT MORTALITY IN RURAL AREAS, OBESITY, DIABETES, STROKE, CORONARY HEART
		DISEASE, COLON CANCER, AND BREAST CANCER IN ADDITION TO THE SIX FACILITIES THAT COMPRISE
		CHRISTUS SPOHN HEALTH SYSTEM CORPORATION,
		THERE ARE FIVE OTHER HOSPITALS IN THE REGION CORPUS CHRISTI MEDICAL CENTER'S THREE CAMPUSES
		(BAY AREA HOSPITAL, HEART HOSPITAL AND DOCTOR'S REGIONAL HOSPITAL) WHICH ARE FOR-PROFIT ENTITIES
		O WNED BY HCA, DRISCOLL CHILDREN'S HOSPITAL, A NONPROFIT HOSPITAL, AND COASTAL BEND SURGICAL
		HOSPITAL, A FOR-PROFIT SURGICAL HOSPITAL THAT OPENED IN CORPUS CHRISTI IN DECEMBER OF 2009
		PART VI, LINE 5 PROMOTING OF COMMUNITY HEALTH
		CHRISTUS SPOHN HEALTH SYSTEM CORPORATION INCLUDES CHRISTUS SPOHN HOSPITAL-CORPUS CHRISTI
		WITH THREE CAMPUSES THE 557-BED SHORELINE CAMPUS, THE 341-BED MEMORIAL CAMPUS, AND THE
		158-BED SOUTH CAMPUS ADDITIONALLY, WE SERVE OUR COMMUNITIES THROUGH CHRISTUS SPOHN HOSPITAL
		KLEBERG WITH 100 BEDS IN KINGSVILLE, CHRISTUS SPOHN HOSPITAL ALICE WITH 148 BEDS IN ALICE, AND
		CHRISTUS SPOHN HOSPITAL BEEVILLE IN BEEVILLE WITH 69 BEDS CHRISTUS SPOHN COLLABORATES WITH
		COMMUNITIES, CHURCHES, BUSINESSES, AND OTHER
		HEALTH CARE ORGANIZATIONS TO FACILITATE AND STRENGTHEN ACCESSIBILITY OF QUALITY
		COMPREHENSIVE HEALTH CARE SERVICES FOR ALL, INCLUDING THOSE AMONG VULNERABLE AND
		UNDERSERVED POPULATIONS CHRISTUS SPOHN HEALTH SYSTEM CORPORATION'S OTHER HEALTH CARE
		FACILITIES INCLUDE INVESTMENTS IN TWO
		AMBULATORY SURGERY CENTERS- CORPUS CHRISTI SURGICARE, LTD AND SHORELINE SURGERY CENTER,
		L L P AS WELL AS INVESTMENTS IN TWO IMAGING CENTERS- PORTLAND IMAGING CENTER, LTD AND
		COASTAL BEND P E T SCAN, LTD CHRISTUS SPOHN HEALTH SYSTEM CORPORATION ALSO PARTIALLY OWNS
		CORPUS CHRISTI CARDIOVASCULAR CENTER, LLC CHRISTUS SPOHN HEALTH SYSTEM CORPORATION
		PROVIDES A FULL RANGE OF INPATIENT AND OUTPATIENT SERVICES TO THE PEOPLE FROM THE
		COMMUNITIES IT SERVES IT CONDUCTS ITS ACTIVITIES
		AND SERVES ITS HEALTHCARE PURPOSE WITHOUT REGARD TO RACE, COLOR, CREED, RELIGION, GENDER,
		ORIENTATION, DISABILITY, AGE OR NATIONAL ORIGIN EACH OF THE SIX HOSPITALS OF CHRISTUS SPOHN
		HEALTH SYSTEM CORPORATION PROVIDES A 24 HOUR EMERGENCY ROOM THAT IS OPEN TO SERVE ALL THOSE
		IN NEED OF EMERGENT CARE, REGARDLESS OF THEIR ABILITY TO PAY IN FY2011, CHRISTUS SPOHN WAS
		PRIVILEGED TO SERVE HUNDREDS OF THOUSANDS OF INDIVIDUALS IN VARIOUS WAYS, INCLUDING 177,183
		VISITS TO ITS EMERGENCY DEPARTMENTS, 11,683
		SURGERY PROCEDURES WITHIN ITS HOSPITALS, 12,929 OUTPATIENT SURGERY PROCEDURES, 44,604 PATIENTS
		WHO WERE ADMITTED TO ITS HOSPITALS FOR CARE, AND 470,270 PATIENTS WHO RECEIVE OUTPATIENT CARE AT
		ITS FACILITIES CHRISTUS SPOHN HEALTH SYSTEM CORPORATION ALSO SUPPORTS MANY LOCAL
		COMMUNITY HEALTH SERVICES, OFFERING CONVENIENT LOCATIONS FOR PRIMARY CARE THROUGH THE
		CHRISTUS SPOHN FAMILY HEALTH CENTERS AND A
		MOBILE OUTREACH CLINIC IN ADDITION, CHRISTUS SPOHN COLLABORATES WITH THE FOUR FEDERALLY
		QUALIFIED HEALTH CENTERS (FQHC'S) IN ITS REGION, AS WELL AS OTHER NONPROFIT HEALTH CLINICS IN THE
		AREA THAT ARE COMMITTED TO CREATING GREATER ACCESS TO PRIMARY CARE
	1	F. COLOG TO TRAINING CARE

Identifier	ReturnReference	Explanation
ACTIVITIES UNDERTAKEN BY	Recumented	IMPROVE ACCESS TO HEALTH SERVICES, ENHANCE
CHRISTUS SPOHN HEALTH SYSTEM CORPORATION TO		PUBLIC HEALTH AND ADVANCE KNOWLEDGE INCLUDE (1) AGREEMENTS WITH FIVE PRIMARY CARE PHYSICIANS
		AND FOUR MID-LEVEL PROVIDERS IN THE FOUR CH RISTUS SPOHN FAMILY HEALTH CENTERS CHRISTUS
		SPOHN AIDS IN THE RECRUITING OF PHYSICIANS WHO ULTIMATELY CONTRACT WITH CHRISTUS PROVIDER
		NETWORK, WHICH IN TURN CONTRACTS WITH CHRISTU S
		SPOHN TO PROVIDE THE PHYSICIAN SERVICES IN THE CHRISTUS SPOHN FAMILY HEALTH CENTERS MOST OF
		THE CLIENTS WHO RECEIVE PRIMARY CARE AND CHRONIC DISEASE MANAGEMENT ARE UNINSURED OR ON
		MEDICAID/CHIP/NUECES COUNTY HEALTH DISTRICT (NCHD), (2) IMPLEMENTATION OF THE COMMUNITY
		HEALTH WORKER (CHW) AND CARE MANAGEMENT CONCEPT AT ALL SPOHN FAMILY HEALTH CENTERS TO
		HEL P PATIENTS WITH CHRONIC ILLNESS PREVENTS
		OVER-UTILIZATION OF THE EMERGENCY DEPARTMENT AND AVOID PREVENTABLE HOSPITALIZATIONS (3) THE
		MOBILE UNIT DELIVERS OB/GYN CARE TO THE REGION 'S UNINSURED WOMEN INCLUDING MAMMOGRAMS AND PRE-
		NATAL CARE IN FY2011, 1,232 PATIENTS WERE SERVED AT AN UNREIMBURSED EXPENSE OF \$1,033,018 TO THE
		CHRISTUS SPOHN HEALTH SYSTEM CORPO RATION THIS PREVENTATIVE AND WELLNESS CARE HELPS WITH EARLY
		DETECTION OF CONDITIONS THAT OTHERWISE MIGHT
		RESULT IN MORE SERIOUS HEALTH ISSUES THAT COULD REQUIRE LENGTHIER HOSPITAL IZATIONS IN THE
		FUTURE (4) THE HECTOR P GARCIA AND THE CHRISTUS MEDICAL GROUP FACULTY PRACTICE CLINICS ARE
		LOCATED ONSITE AT CHRISTUS SPOHN HOSPITAL CORPUS CHRISTI MEMORIAL AN A VERAGE OF 125 TO
		150 PATIENTS ARE SEEN THERE ON A DAILY BASIS MOST
		OF THESE PATIENTS HAVE MEDICAID COVERAGE OR LACK INSURANCE (5) SPECIALTY CLINICS ARE LOCATED
		ON THE SEVENTH FLO OR AT CHRISTUS SPOHN HOSPITAL CORPUS CHRISTI MEMORIAL THESE CLINICS EXIST FOR
		FOLLOW UP C ARE AND SPECIALTY CARE PHYSICIANS/PROVIDERS OFFER A CENTRALIZED AREA
		FOR EASY ACCESS TO C ARE FOR THOSE WHO WOULD NOT NORMALLY BE ABLE TO ACCESS SPECIALTY CARE
		OUTSIDE OF THIS TYPE OF CONTROLLED SETTING (6)
		THE REVAMPING OF THE NUECES COUNTY HEALTH DEPARTMENT'S (NCHD) INDIGENT CARE PROGRAM HAS
		PROVIDED A REORGANIZATION OF SERVICES, ONE KEY GOAL OF WHICH IS TO ROUTE ELIGIBLE PARTICIPANTS
		TO THE APPROPRIATE SETTINGS THE FOLLOWING PROGRAMS ARE INC LUDED (A) UM/CM PLAN, (B) PRE-
		APPROVAL OF SERVICES WITH VERIFICATION OF MEDICAL NECESSITY AND A TIE-IN INTO THE CARE
		MANAGEMENT PROGRAM, (C) AN EMPANELMENT OF
		CLIENTS INTO A MEDIC AL HOME CONCEPT, (D) TARGET OF POPULATIONS, I E , DIABETIC PATIENTS WITH A1C'S
		GREATER THA N 10, INTO FULL SERVICE TRACK, (E) WEEKLY MULTIDISCIPLINARY DIABETIC CLINIC TO MEET
		TARGET POPULATION'S NEED, (F) PHARMACEUTICAL CASE MANAGEMENT, (G) PREFERRED PROVIDER LIST
		WITH C M/UM MANAGEMENT, AND (H) MEDICAL DIRECTOR FOR INDIGENT CARE PLAN (7) CHRISTUS SPOHN HOSPI
		TAL CORPUS CHRISTI MEMORIAL IS THE DESIGNATED
		CONTRACT PROVIDER WITH NUECES COUNTY MHMR IT PROVIDES PSYCHIATRIC ONSITE TRIAGE AS PART OF ITS
		CONTRACTUAL RELATIONSHIPS WITH MHMR T HIS PREVENTS PATIENTS FROM VISITING THE EMERGENCY
		DEPARTMENT AS A FIRST RESORT (8) CHRIST US SPOHN HEALTH SYSTEM CORPORATION HAS RURAL CLINICS IN
		BEEVILLE AND FREER THE CHRISTUS S POHN WOMEN'S CLINIC- BEEVILLE PROVIDES OB/GYN SERVICES TO THE
		COMMUNITY WITH AN EMPHASIS ON THE UNINSURED AND UNDER INSURED POPULATION OF THE AREA THE
		CHRISTUS SPOHN FAMILY HEALTH CENTER-FREER
		PROVIDES PRIMARY CARE TO THIS UNDERSERVED AND RURAL COMMUNITY THE NURSE PRA CTITIONERS,
		NURSES, AND OFFICE STAFF IN THESE CLINICS ARE EMPLOYED BY CHRISTUS SPOHN HEALT H SYSTEM
		CORPORATION (9) CHRISTUS SPOHN HEALTH SYSTEM CORPORATION HOSPITALS IN ALICE, BEE VILLE, AND
		KLEBERG COLLABORATE WITH THE COMMUNITY ACTION CORPORATION OF SOUTH TEXAS' FOHC IN THEIR
		RESPECTIVE AREAS THESE CLINICS PROVIDE PRIMARY CARE TO UNINSURED AND UNDER INSUR ED PATIENTS
		THIS PREVENTS PATIENTS FROM UTILIZING THE
		HOSPITAL EMERGENCY DEPARTMENTS AS T HEIR MEDICAL HOME (10) ACTIVELY PARTICIPATES IN JAIL
		DIVERSION PROGRAM WITH NUECES COUNTY THROUGH BEHAVIORAL MEDICINE SERVICES (11) CONTINUES
		INITIATIVES WITH THE COASTAL BEND RU RAL HEALTH PARTNERSHIP AND MENTAL HEALTH PROVIDERS TO HELP
		KEEP PSYCHIATRIC PATIENTS OUT O F THE EMERGENCY
		DEPARTMENT (12) IN CONJUNCTION WITH MISSION OF MERCY, A NATIONAL NONPROFIT ORGANIZATION,
		CHRISTUS SPOHN HEALTH SYSTEM CORPORATION PROVIDES FREE PRIMARY CARE TO UNI NSURED
		PATIENTS THEIR FIVE LOCATIONS (CORPUS CHRISTI AND RURAL AREAS) ARE OPEN ONE DAY A WEEK,
		ALTERNATING WEEKS, AND ARE STAFFED BY VOLUNTEER PHYSICIANS AND NURSES CHRISTUS SPOH N HEALTH
		SYSTEM CORPORATION PROVIDES ALL THE LAB WORK,
		DIABETES EDUCATION, AND FLU VACCINA TIONS TO PATIENTS AT NO CHARGE IN ADDITION, ITS OB MOBILE
		CLINIC REFERS UNINSURED PATIENT S WHO NEED PRIMARY CARE TO MISSION OF MERCY LIKEWISE,
		MISSION OF MERCY REFERS WOMEN NEEDI NG A MAMMOGRAM OR PRE-NATAL CARE TO THE CSHS MOBILE
		UNIT (13) DIABETES EDUCATION IS PROVI DED THROUGH DIABETES SELF MANAGEMENT TRAINING
		(DSMT) CLASSES THESE CLASSES ARE OFFERED AT THE
		THREE RURAL HOSPITALS (CHRISTUS SPOHN HOSPITAL ALICE, KLEBERG AND BEEVILLE) AND THE C HRISTUS
		SPOHN ROBSTOWN FAMILY HEALTH CENTER DIABE

Identifier	ReturnReference	Explanation
Identifier ACTIVITIES UNDERTAKEN BY CHRISTUS SPOHN HEALTH SYSTEM CORPORATION TO		TES SUPPORT GROUPS CURRENTLY MEET AT THESE THREE CHRISTUS SPOHN HOSPITALS AND THE ROBSTOWN FHC REGIONAL EDUCATION IS COORDINATED THROUGH THE COASTAL BEND DIABETES COMMUNITY COALIT ION AND DIABETES HEALTH FAIRS THE THREE CHRISTUS SPOHN CORPUS CHRISTI HOSPITALS CONTRACT WITH COASTAL BEND HEALTH EDUCATION CENTER (GBHEC) TO PROVIDE OUTPATIENT EDUCATION FOR DIAB ETIC PATIENTS INCLUDING COOKING AND NUTRITION CLASSES ALL SIX CHRISTUS SPOHN CAMPUSES NOW HOLD THE AMERICAN DIABETES ASSOCIATION ACCREDITATION FOR DIABETES EDUCATION (14) THROUGH THE FIRST FRIDAY PROGRAM, CHRISTUS SPOHN HEALTH SYSTEM CORPORATION PERFORMED OVER 1,500 F REE MAMMOGRAMS IN FISCAL YEAR 2011 TO ASSIST PERSONS WHO WOULD NOT ORDINARILY HAVE ACCESS TO MAMMOGRAMS FOR EARLY DIAGNOSIS OF BREAST CANCER FY2011 SAW THE INTRODUCTION OF THE NEW CHRISTUS SPOHN CAREVAN, A MOBILE VAN DESIGNED TO PROVIDE PUBLIC HEALTH EDUCATION AND MEDI CAL SCREENINGS TO THE UNDERSERVED AND BROADER COMMUNITY THE CAREVAN PLACES A SPECIAL EMPH ASIS ON RURAL TOWNS IN THE REGION THAT HAVE LIMITED ACCESS TO HEALTH RESOURCES IN FY2011, THE CAREVAN SERVED OVER 1,600 CLIENTS WITH OVER 500 CHOLESTEROL SCREENINGS AND 100 SCREEN INGS FOR DIABETES THE CAREVAN ALSO SERVES AS A REFERRAL SOURCE TO THE HEALTH CENTERS "COMMUNITY" SERVICES FOR A BROADER COMMUNITY" IS ALSO A PART OF CHRISTUS SPOHN HEALTH SYSTEM CORPORATION'S OVERALL COMMUNITY BENEFIT THE GREATEST SHARE OF THESE EXPENSES IS FOR EDUCATION, NURSING STUDENTS, ALLIED HEALTH PROFESSIONALS, PHARMACISTS, ETC.) HELPING TO PREPARE FUTURE HEALTH CARE AND CONSTITUTES A SIGNIFICANT COMMUNITY SERVICES FOR A BROADER COMMUNITY" IS ALSO A PART OF CHRISTUS SPOHN HEALTH SYSTEM CORPORATION'S OVERALL COMMUNITY BENEFIT CHEACH THE MEDICAL EDUCATION, NURSING STUDENTS, ALLIED HEALTH PROFESSIONALS, PHARMACISTS, ETC.) HELPING TO PREPARE FUTURE HEALTH CARE PROFESSIONALS IS A DISTINGUISHING CHARACTERISTIC OF NONPROFIT HEALTH CARE AND CONSTITUTES A SIGNIFICANT COMMUNITY BENEFIT OF PROVIDED MORE THAN \$84,691,000 IN HEALTH PROFESSIONS EDUCATION DURING FY2011, IN
		TO SERVE WITH US IN OUR HOSPITALS MUST UNDERGO A THOROUGH AND COMPREHENSIVE CREDE NTIALING AND ORIENTATION PROCESS ALL PERSONS EMPLOYED AND AFFILIATED WITH CHRISTUS SPOHN HEALTH SYSTEM
		CORPORATION ARE REQUIRED TO COMPLETE ANNUAL CONFLICT OF INTEREST STATEMENTS

Identifier	ReturnReference	Explanation			
PART VI, LINE 6		CHRISTUS Spohn Health System Corporation is part of CHRISTUS Health, an international, Catholic, faith based, nonprofit health system comprised of almost 350 services and facilities including more than 50 hospitals and long term care facilities, 175 clinics and outpatient centers, and other community health ministries and community development ventures CHRISTUS services can be found in Arkansas, Georgia, Iowa, Louisiana, Missouri, New Mexico, Texas, and six provinces of Mexico. A common mission, core values, and vision unite the health system Each region, including CHRISTUS Spohn Health System Corporation, develops five-year and ten-year strategic plans that help set the yearly operational plans and budgets. Regional strategic goals are set in collaboration with CHRISTUS Health and include metrics that will be used to measure community benefit, clinical outcomes, patient satisfaction, and Associate engagement. CHRISTUS Health provides updated market, demographics, and health indicator data on an annual basis. The data supplied from CHRISTUS Health along with the system wide strategic initiatives are consistent with the community needs assessment of the region. CHRISTUS Spohn Health System. Corporation, in turn, partners with other nonprofit groups (churches, health care providers, and government agencies) to create collaborations where health needs can be addressed and the general health of individuals and the community is improved. Part VI, Line 7 Community Benefit Report. A community benefit report is filed for the State of Texas in the form of the Annual Statement of Community Benefits Standard (ASCBS) form as required by the Health and Safety Code, Sections 311 045 and 311 046. The Code requires nonprofit hospitals to file the ASCBS form and annual report of the Community Benefits Plan with the Texas Department of State. Health Services (DSHS). The 2011 ASCBS form is expanded to collect the information on charity care policies and community benefit entities including facilities located in states that do not			

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Schedule I (Form 990)

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

DLN: 93493136000032

Department of the Treasury Internal Revenue Service

Name of the organization

Employer identification number

nristus Sponn Health System	Corporation					74-1109836	
Part I General Inform	mation on Grants	and Assistance				•	
 Does the organization ma the selection criteria use Describe in Part IV the o 	d to award the grants	orassistance?					, ΓYes Γι
Form 990, Part 1	IV, line 21 for any	Governments and recipient that receive eded	d more than \$5,000	. Check this box if n	o one recipient re	ceived more than \$5,	
1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) A mount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) American Heart Association500 N Shoreline Blvd Suite 203 Corpus Christi, TX 78471	13-5613797	501(C)(3)	19,000				FIGHT CARDIOVASCULAR DISEASE AND STROKES
(2) Roman Catholic Diocese of Corpus Christi620 Lipan Corpus Christi, TX 78401	74-6089686	501(C)(3)	10,000				SERVICES TO PEOPLE IN NEED AND ADDRESS SOCIAL ILLS
(3) CHRISTUS Spohn Health System Development Fdn600 Elizabeth Street Suite 600 Corpus Christi, TX 78404	74-1906005	501(C)(3)	2,191,475				PROGRAM SUPPORT & PURCHASE CAPITAL ITEMS
(4) American Cancer Society250 Williams Street NW Atlanta, GA 30303	13-1788491	501(C)(3)	10,500				SUPPORT CANCER RESEARCH
(5) Bexar County Clinical Services Inc2801 Via Fortuna Ste 500 Austin,TX 78746	87-0781228		1,585,942				Indigent Funding for Bexar County
2 Enter total number of sec	tion 501(c)(3) and go	overnment organizations					> 4

Enter total number of other organizations

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)A mount of cash grant	(d)A mount of	(e)Method of valuation	(f) Description of non-cash assistance
		Cash grant	non-cash assistance	(book, FMV, appraisal, other)	(1) Description of non-cash assistance
(1) Assistance to Individuals/Indigent Assistance	315		90,904	FM∨	MED DEVICE/EQUIP, RX

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
Description of	FORM 990, SCHEDULE I	THE ORGANIZATION FOLLOWS CHRISTUS HEALTH MANAGEMENT DIRECTIVE NO 0006,
Organization's		"CONTRIBUTIONS/DONATIONS TO OTHER ORGANIZATIONS" BEFORE ANY DONATION IS MADE, TWO CRITERIA
Procedures for Monitoring		ARE ADDRESSED (1)ORGANIZATION TEST AND (2)IRS TEST THE ORGANIZATION TEST ENSURES THAT
the Use of Grants		DONATIONS ARE EXCLUSIVELY FOR CHARITABLE, SCIENTIFIC, EDUCATIONAL, AND RELIGIOUS PURPOSES, AND
		IN FURTHERANCE OF OUR PURPOSE OF SUPPORTING THE HEALING MINISTRY OF JESUS CHRIST AND
		ADVANCING, PROMOTING, AND SUPPORTING THE HEALTHCARE MINISTRIES OF THE SPONSORING
		CONGREGATIONS CONTRIBUTIONS CAN BE MADE TO SUPPORT CHRISTUS SYSTEM MEMBERS AND TO OTHER
		QUALIFYING TAX-EXEMPT ORGANIZATIONS, PARTICULARLY THOSE DESIGNED TO SUPPORT AND BENEFIT THE
		POOR AND UNDERSERVED THE ORGANIZATION CONSIDERED FOR DONATIONS MUST BE AN IRS SECTION 501(C)
		(3) ORGANIZATION AND DOCUMENTATION TO THAT EFFECT OBTAINED TO SATISFY THE IRS TEST
		CONTRIBUTIONS GIVEN MUST BE DEDICATED TO ACHIEVING CHARITABLE PURPOSES NOT FOR PERSONAL
		BENEFIT BUT FOR PUBLIC BENEFIT CONTRIBUTIONS ARE PROHIBITED TO ORGANIZATIONS THAT CONTRIBUTE
		TO POLITICAL CAMPAIGNS, CANDIDATES FOR OFFICE, OR CONDUCT MORE THAN INCIDENTAL LOBBYING
		DOCUMENTATION MUST SUPPORT HOW THE DONATION MEETS ORGANIZATIONAL PURPOSES AND
		FURTHERANCE OF MISSION DONATIONS SHOULD BE MODEST IN SCOPE THE FILING ORGANIZATION PROVIDES
		INDIGENT FUNDING GRANTS TO THE COUNTIES IN WHICH CHRISTUS HEALTH SYSTEM AFFILIATES SERVE VIA
		GRANTS PAID TO OTHER HOSPITALS AND HEALTHCARE ORGANIZATIONS LOCATED WITHIN SUCH COUNTIES
		THIS CHARITABLE DONATION HELPS RELIEVE THE ADDITIONAL EXPENSE OF HEALTHCARE FOR THE INDIGENT
		POPULATION WITHIN OUR COMMUNITIES THAT THE FILING ORGANIZATION MAY NOT DIRECTLY SERVE IN ONE
		OF ITS HOSPITALS THIS IS A RESULT OF OUR MISSION TO EXTEND THE HEALING MINISTRY OF JESUS CHRIST,
		ESPECIALLY TO THE POOR AND UNDERSERVED

Compensation Information

DLN: 93493136000032

OMB No 1545-0047

Schedule J (Form 990)

Department of the Treasury Internal Revenue Service

Name of the organization

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.

Open to Public Inspection **Employer identification number**

CIII	istus Sporin ricaturi System Corporation		74-1109836			
Pa	rt I Questions Regarding Compensation	n				
					Yes	Νo
1a	Check the appropriate box(es) if the organization pro 990, Part VII, Section A, line 1a Complete Part III					
	First-class or charter travel	\vdash	Housing allowance or residence for personal use			
	Travel for companions	Γ	Payments for business use of personal residence			
	▼ Tax idemnification and gross-up payments	\vdash	Health or social club dues or initiation fees			
	Discretionary spending account	Γ	Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the or reimbursement orprovision of all the expenses desc			1b	Yes	
2	Did the organization require substantiation prior to rofficers, directors, trustees, and the CEO/Executive			2	Yes	
3	Indicate which, if any, of the following the organization organization's CEO/Executive Director Check all the		у			
	Compensation committee	<u> </u>	Written employment contract			
	Independent compensation consultant	<u> </u>	Compensation survey or study			
	Form 990 of other organizations	1	Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, lor a related organization	Part VII	I , Section A , line $1 a$ with respect to the filing organization			
а	Receive a severance payment or change-of-control	paymen	nt from the organization or a related organization?	4a	Yes	
ь	Participate in, or receive payment from, a supplement	Participate in, or receive payment from, a supplemental nonqualified retirement plan?		4b	Yes	
С	Participate in, or receive payment from, an equity-ba			4c		Νο
	If "Yes" to any of lines 4a-c, list the persons and pr					
	Only 501(c)(3) and 501(c)(4) organizations only mu	ıst com	plete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, compensation contingent on the revenues of					
а	The organization?			5a		No
b	Any related organization?			5b		Νo
	If "Yes," to line 5a or 5b, describe in Part III					
6	For persons listed in form 990, Part VII, Section A, compensation contingent on the net earnings of	line 1a,	, did the organization pay or accrue any			
а	The organization?			6a		No
b	Any related organization?			6b		Νo
	If "Yes," to line 6a or 6b, describe in Part III					
7	For persons listed in Form 990, Part VII, Section A, payments not described in lines 5 and 6? If "Yes," of			7		No
8	Were any amounts reported in Form 990, Part VII, p subject to the initial contract exception described in		·			
	ın Part III			8		No
9	If "Yes" to line 8, did the organization also follow the section 53 4958-6(c)?	e rebutt	able presumption procedure described in Regulations	9		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is 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-MIS	SC compensation	(C) Retirement and	(D) Nontaxable	(E) Total of columns	(F) Compensation
		(i) Base compensation	(ii) Bonus & ıncentive compensation	(iii) Other reportable compensation	other deferred compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ
(1) Pamela S Robertson	(I) (II)	340,527 0	43,223 0	8,444 0	97,634 0	5,385 0	495,213 0	
(2) Bruce Holstein	(ı) (ıı)	534,142 0	86,520 0	91,230 0	193,822	19,699 0	925,413 0	
(3) Marıa E Chapa	(1) (11)	230,912 0	30,430 0	17,287 0	65,883 0	12,168 0	356,680 0	
(4) Francis A Pommett Jr	(ı) (ıı)	288,703 0	19,596 0	83,587 0	37,900 0	18,301 0	448,087 0	
(5) Norman McBride	(1) (11)	168,273 0	20,560 0	3,564 0	46,746 0	10,494 0	249,637 0	
(6) Geronimo M Rodriguez	(ı) (ıı)	0 193,478	0 22,766	0 50,762	0 54,123	0 7,389	0 328,518	
(7) Steven Daniel	(I) (II)	221,275 0	29,882 0	20,958 0	64,640 0	24,588 0	361,343 0	
(8) Scott Merryman	(I) (II)	274,706 0	34,631 0	73,851 0	82,334 0	9,770 0	475,292 0	
(9) Richard Davis	(I) (II)	279,635 0	34,582 0	95,337 0	131,133 0	12,075 0	552,762 0	
(10) William W McDonald	(ı) (ıı)	0 0	0 0	161,395 0	12,390 0	0	173,785 0	
(11) Paul Gaden	(I) (II)	194,945 0	15,330 0	0 0	38,009 0	20,843 0	269,127 0	
(12) Mary Sylvia Roberts	(ı) (ıı)	148,887 0	19,098 0	33,104 0	31,661 0	5,004 0	237,754 0	
(13) Margot Rios	(ı) (ıı)	154,134 0	17,266 0	40,841 0	58,692 0	8,066 0	278,999 0	
(14) Frederick Day	(ı) (ıı)	178,671 0	20,340 0	5,815 0	45,969 0	18,786 0	269,581 0	
(15) Mary LaFrancois	(ı) (ıı)	180,231 0	20,104 0	18,132 0	43,211 0	20,892 0	282,570 0	
(16) Lorraine Arline Antoni	(1) (11)	199,675 0	0	0	17,036 0	19,860 0	236,571 0	

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
Identifier Supplemental Compensation Information	FORM 990, PART VII, LINE 1A AND SCHEDULE J, PART II	DIRECTORS AND EX-OFFICIO DIRECTORS PROVIDE THEIR SERVICES AS MEMBERS OF THE BOARD WITHOUT COMPENSATION OR BENEFITS ANY COMPENSATION AND BENEFITS DISCLOSED FOR SUCH PERSONS IS EARNED IN THE RESPECTIVE INDIVIDUAL'S ROLE AS AN OFFICER OR EMPLOYEE OF THE ORGANIZATION, NOT FOR THE INDIVIDUAL'S ROLE AS A BOARD MEMBER OR DIRECTOR OF INCIDENCE AND HIGHEST PAID EMPLOYEES ARE FULL-TIME EMPLOYEES BOARD MEMBERS SPEND TIME AS NEEDED FOR BOARD MEETINGS AND FUNCTIONS NESTOR HY PRADERIO, M. D. RECEIVED A 1099 ISSUED TO PSYCHIATRIC CONSULTING SERVICES FOR DIRECTOR OF \$142,225 THIS PARMENT IS FOR SERVICES AS A MEDICAL DIRECTOR AS WELL AS CONSULTING SERVICES PROVIDED TO THE FILLING ORGANIZATION HE RECEIVED NO COMPENSATION FOR SERVICES AS MEDICAL DIRECTOR AS WELL AS CONSULTING SERVICES PROVIDED TO THE FILLING ORGANIZATION HE RECEIVED NO COMPENSATION FOR HER SERVICES AS EXECUTIVE ASSISTANT TO THE CHIEF OPERATING OFFICER AT CHRISTUS SPOHH HEALTH SYSTEM CORPORATION A LURA SERVED IN THIS ROLE BEFOR BEECOMING CORPAT SECRETARY OF THE FILLING ORGANIZATION EFFECTIVE 3/18/11 TAX INDEMNIFICATION & GROSS UP PAYMENTS FORM 990, SCHEDULE J, PART I, LINE 1-2 FRANCES A POMMETT, IR, RECEIVED \$5,56/21 IN TAX ASSISTANCE FOR RELOCATION NORMAN MCERICE RECEIVED \$594 IN TAX ASSISTANCE FOR RELOCATION NORMAN MCERICE RECEIVED \$594 IN TAX ASSISTANCE FOR RELOCATION SCHOLAGE CONTROL OF A CONTROL
		PLAN AND PENSION RESTORATION PLAN SUPPLEMENTAL COMPENSATION INFORMATION FORM 990, SCHEDULE J, PART II, COLUMN B(II) BONUS AND INCENTIVE COMPENSATION MAY INCLUDE AMOUNTS THAT WERE DEFERRED IN A PRIOR YEAR BUT PAID OUT IN CALENDAR YEAR 2010 DEFERRED COMPENSATION FORM 990, SCHEDULE J, PART II, COLUMN C DEFERRED COMPENSATION INCLUDES EXECUTIVE DEFERRED INCOME ACCOUNT, SUPPLEMENTAL EXECUTIVE RETIREMENT AND RETENTION PLAN, EMPLOYER CONTRIBUTION TO 403(B) MATCHED SAVINGS
		PLAN, PENSION RESTORATION PLAN AND ESTIMATED PENSION BENEFITS UNDER CHRISTUS HEALTH CASH BALANCE PLAN ESTIMATED PENSION BENEFITS WERE CALCULATED BASED ON THE PROVISIONS OF THE CURRENT CASH BALANCE PLAN AT 6% OF PENSIONABLE EARNINGS SOME ASSOCIATES ARE GRANDFATHERED UNDER AN EARLIER PENSION PLAN THESE GRANDFATHERED PARTICIPANTS, BASED ON COMPUTATION AT THE TIME OF THEIR RETIREMENT, WILL RECEIVE THE LARGER OF THE RETIREMENT BENEFIT COMPUTED UNDER THE CASH BALANCE PLAN COMPARED TO THE PREVIOUS PENSION PLAN DUE TO THE COMPLEXITY OF CALCULATING AN ACCURATE BENEFIT COST FOR
		GRANDFATHERED PARTICIPANTS, THE FORM 990 REPORTS AS PENSION BENEFITS THEIR ANNUAL ESTIMATED CASH BALANCE PLAN ACCRUAL

Software ID: Software Version:

EIN: 74-1109836

Name: Christus Spohn Health System Corporation

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees								
(A) Name		(B) Breakdown o	f W-2 and/or 1099-MI	SC compensation	(C) Deferred	(D) Nontaxable	(E) Total of columns	(F) Compensation reported in prior Form
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation	compensation	benefits	(B)(ı)-(D)	990 or Form 990-EZ
Pamela S Robertson	(ı) (ıı)	340,527 0	43,223 0	8,444 0	97,634 0	5,385 0	495,213 0	0 0
Bruce Holstein	(I)		86,520 0	91,230 0	193,822 0	19,699 0	925,413	0
Maria E Chapa	(ı)		30,430 0	17,287 0	65,883 0	12,168 0	356,680 0	0
Francis A Pommett Jr	(ı) (ıı)		19,596 0	83,587 0	37,900 0	18,301 0	448,087 0	0
Norman McBride	(ı) (ıı)		20,560	3,564 0	46,746 0	10,494 0	249,637 0	0
Geronimo M Rodriguez	(ı) (ıı)		0 22,766	0 50,762	0 54,123	0 7,389	0 328,518	0
Steven Daniel	(ı) (ıı)		29,882	20,958 0	64,640 0	24,588 0	361,343 0	0
Scott Merryman	(ı) (ıı)		34,631 0	73,851 0	82,334 0	9,770 0	475,292 0	0
Richard Davis	(ı) (ıı)		34,582 0	95,337 0	131,133 0	12,075 0	552,762 0	0
William W McDonald	(ı) (ıı)		0	161,395 0	12,390 0	0	173,785 0	0
Paul Gaden	(ı) (ıı)		15,330 0	0	38,009 0	20,843	269,127 0	0
Mary Sylvia Roberts	(ı) (ıı)		19,098 0	33,104 0	31,661 0	5,004 0	237,754 0	0
Margot Rios	(ı) (ıı)		17,266 0	40,841	58,692 0	8,066 0	278,999 0	0
Frederick Day	(ı) (ıı)		20,340	5,815 0	4 5,969 0	18,786 0	269,581 0	0
Mary LaFrancois	(ı) (ıı)		20,104	18,132 0	43,211	20,892	282,570	0
Lorraine Arline Antoni	(I) (II)		0	0	17,036 0	19,860 0	236,571 0	0

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As Filed Data -

DLN: 93493136000032

Schedule L

(Form 990 or 990-EZ)

101111 000 01 000-122)

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.

2010

Open to Public Inspection

OMB No 1545-0047

Name of the organization Christus Spohn Health System Corporation							E	Employer identification number			
							7	4-11098	36		
Part I Excess Benefit Trai	nsacti	i ons (s	ection 501	(c)(3) a	and section 501	(c)(4)	organ	zations	only).		
Complete if the organizat	ion ans	wered "	Yes" on Forn	m 990, F	art IV, line 25a c	r 25b,	or Form	990-EZ,	Part V, I	ne 40b	
1 (a) Name of disq	person			(b) Desc	ription	of trans	action		Cor	(c) rected?	
	•				(-,					Yes	No
2 Enter the amount of tax impos section 4958								ear unde	r · s		
3 Enter the amount of tax, if any									• \$		
2 Enter the amount of tax, it any	, 011 1111	c L , abo	ve, reimbars	- C	e organization i				⁺ —		
Part II Loans to and/or I	From	Intere	sted Pers	ons.							
Complete if the organiz	<u>zation a</u>	nswere	d "Yes" on F	orm 990	, Part IV , line 26	, or For	m 990-l	Z, Part V	, line 38	a	
	(b) L	oan to				, ,	_	(f)			
(a) Name of interested person and		m the	(c)0 rig	jinal	(d)Dalamaa dua	(e) defai		Approv		(g)Writ	
purpose	organı	ızatıon?	principal a		(d)Balance due	uelai	uic.	by board or committee?		agreeme	:110.
	То	From	1			Yes	No	Yes	No	Yes	No
	+ • •	1 10111					110	1.00	+	1.00	110
	1										
	+						+		+		1
	1										
	+						+		+		
	+						+				
				▶ \$							
Part III Grants or Assistar					20,4000						
Complete if the orga	inizatio	on ansv	vered "Yes	" on Fo	rm 990, Part IV	, line	27.				
(a) Name of interested pers	on	(en interested per	son	(c) An	nount of a	rant or ty	pe of assı	stance
(,			an	d the or	ganızatıon		(-,,				

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

Complete if the organization	ili alisweleu Tes Oli	TOTTI 990, Part IV, III	ie zoa, zob, oi zoc.		
(a) Name of interested person	(b) Relationship between interested person and the	(c) A mount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
	organization			Yes	No
(1) NESTOR H PRADERIO MD	BOARD MEMBER	140,600	SEE SUPPLEMENTAL INFORMATION		No

Part V Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule L (see instructions)

Identifier	Return Reference	Explanation
BUSINESS TRANSACTIONS WITH INTERESTED PERSONS		FEES OF \$58,100 PAID TO PSYCHIATRIC CONSULTING SERVICES FOR PHYSICIAN SERVICES FEES OF \$82,500 PAID TO PSYCHIATRIC CONSULTING SERVICES FOR PHYSICIAN ON CALL SERVICES PROVIDED BY DR PRADERIO DR PRADERIO IS OWNER OF PSYCHIATRIC CONSULTING SERVICES

Schedule L (Form 990 or 990-EZ) 2010

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As Filed Data -

DLN: 93493136000032

OMB No 1545-0047

2010

Department of the Treasury
Internal Revenue Service

SCHEDULE 0

(Form 990 or 990-EZ)

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on

Form 990 or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

Open to Public Inspection

	Employer identification number
Christus Spohn Health System Corporation	
	74-1109836

DOING BUSINESS PAGE 1, ITBMC CHRISTUS SPOINH HEALTH SYSTEM CORPORATION OPERATES UNDER THE FOLLOWING NAMES CHRISTUS SID PARITY HEART Center Bishop CHRISTUS Spoin Family Health Center Brooks Country CHRISTUS Spoin Family Health Center Northside CHRISTUS Spoin Family Health Center Roysland CHRISTUS Spoin Health Center Padre Island CHRISTUS Spoin Health Center Westade CHRISTUS Spoin Hospital Alice La viana Raza CHRISTUS Spoin Hospital Spoin Hospital Padre CHRISTUS Spoin Hospital Alice CHRISTUS Spoin Hospital Corpus Christis Spoin Hospital Corpus Christis Spoin Hospital Alice CHRISTUS Spoin Hospital Alice CHRISTUS Spoin Hospital Alice CHRISTUS Spoin Hospital Corpus Christis Spoin Hospital Christis Spoin Hospital Corpus Christis Spoin Hospital Christis Christis Spoin Hospital Christis Spoin Hospital Christis Spoin Hospital Christis	Identifier	Return	Explanation
New ork CHRSTUS Spohn HealthGroup CHRSTUS Spohn Heart institute CHRSTUS Spohn Home Care Service CHRSTUS Spohn Home Health Service CHRSTUS Spohn Hospital Aloce La viana Raza CHRSTUS Spohn Hospital Repetit Christin Spohn Hospital Corpus Christin CHRSTUS Spohn Hospital Corpus Christin Spohn Hospital Corpus Christin CHRSTUS Spohn Hospital Corpus Christin Spohn Hospital Shoreline CHRSTUS Spohn Care Christin Spohn Hospital Shoreline CHRSTUS Spohn Care Christin Spohn Hospital Shoreline Christin Shore	BUSINESS	PAGE 1,	
SERVICES FROM COMMUNITY C LINICS TO IMMUNIZATIONS FOR CHILDREN AND SENIORS, MEALS TO THE			center, kingsville CHRISTUS Spohn Health Center Robtsown CHRISTUS Spohn Health Center Padre sland CHRISTUS Spohn Health Center Robtsown CHRISTUS Spohn Health Center Westside CHRISTUS Spohn Health Network CHRISTUS Spohn Health Center Robtsown CHRISTUS Spohn Health Center Westside CHRISTUS Spohn Health Services CHRISTUS Spohn Health Center CHRISTUS Spohn Health CHRISTUS Spohn Health CHRISTUS Spohn Health COPINS CHRISTUS Spohn Lynnig Weil Center DESCRIPTION OF OTHER PROGRAM SERVICES FORM 1990, PART III, LINE 4D COMMUNITY SERVICES FOR A BROADER COMMUNITY THE CREAT EST SHARE OF THESE EXPENSES IS FOR EDUCATING HEALTH PROFESSIONALS HEIPING TO PREPARE FUTURE HEALTH CARE PROFESSIONALS IS A DISTINGUISHING CHARACTERISTIC OF NOT-FOR-PROFIT HEALTH CARE AND CONSTITUTES A SIGNIFICANT COMMUNITY BENEFIT FY2011 SAW THE INTRODUCTION OF THE NEW CHRISTUS SPOHN CAREVAN, A MOBILE VAN DESIGNED TO PROVIDE PUBLIC HEALTH EUROCOTION AND SC REPNINGS TO THE BROADER COMMUNITY THE CAREVAN HACES A SPECIAL FOCUS ON SMALLER TOWNS IN THE REGION THAT HAVE LIMITED ACCESS TO CHARLET RESOURCE TO RIMARY PHY SICIANS AND CLINICS IN THE REGION THAT HAVE LIMITED ACCESS TO CHOLESTEROL SCREENINGS AND NEARLY 100 SCREENINGS S FOR DIABETES THE CAREVAN ALSO SERVES AS A REFERRAL RESOURCE TO RIMARY PHY SICIANS AND CLINICS IN THE REGION CHRISTUS HEALTH ALSO USED CASH DONATIONS TO HELP OUR COMMUNITIES WE MADE CASH DONATIONS. TO HELP OUR COMMUNITIES WE MADE CASH DONATIONS, TO HELP OUR COMPUNITIES WE MADE CASH DONATIONS. TO HELP OUR COMPUNITIES WE MADE CASH DONATIONS TO HELP OUR COMPUNITIES WE MADE CASH DONATIONS. TO HEAD THE PROVISION OF A CONTINUUM OF CAREFOR OUR ELECTLY, HIV/AIDS, AND F
OTHER EXAMPLES OF CHRISTUS HEALTH COMMUNITY BENEFITS ACCOUNTED FOR UNDER COMMUNITY			SERVICES FROM COMMUNITY C LINICS TO IMMUNIZATIONS FOR CHILDREN AND SENIORS, MEALS TO THE HOMELESS SHELTERS, TRANSPOR TATION SERVICES, AND A VARIETY OF OTHER SOCIAL SERVICES SOME OTHER EXAMPLES OF CHRISTUS H EALTH COMMUNITY BENEFITS ACCOUNTED FOR UNDER COMMUNITY SERVICES FOR THE UNDERSERVED INCLUDE THE CHRISTUS COMMUNITY DIRECT INVESTMENT PROGRAM (CDI) AND THE CHRISTUS FUND THE CHRIST US BOARD OF DIRECTORS APPROVED THE FUNDING OF A CDI LOAN

Identifier Return Reference	Explanation
DOING BUSINESS AS FORM 990, PAGE 1, ITEM C	ARDSHIP CONTINUES IN SPITE OF CHALLENGING FISCAL CONDITIONS FACED BY LOCAL OPERATING ENTIT IES THE PURPOSE OF THE CDI PROGRAM IS TO SUPPORT COMMUNITY-DRIVEN INITIATIVES, PRIMARILY FOR AFFORDABLE HOUSING AND ECONOMIC DEVELOPMENT BY PROVIDING FINANCING AT BELOW-MARKET INT EREST RATES TO NOT-FOR-PROFIT ORGANIZATIONS AT TERMS NOT EXCEEDING MORE THAN FIVE YEARS THE INCOME EARNED AT THE MARKET RATE LESS OUR LOAN RATE (FOREGONE INCOME) IS CONSIDERED A COMMUNITY BENEFIT FOR REPORTING PURPOSES THE COST OF THE INVESTMENTS IS NOT INCLUDED IN THE PROGRAM SERVICE EXPENSES FOR CHRISTUS SPOHN HEALTH SYSTEM THOUGH OUTSTANDING LOAN BALAN CES VARY THROUGHOUT THE YEAR, THE OUTSTANDING LOAN BALANCE AT THE END OF FISCAL YEAR 2011 WAS \$0 THE FOREGONE INTEREST OF CHRISTUS SPOHN IN FY2011 WAS \$50,589 CHRISTUS HEALTH HAS ESTABLISHED THE CHRISTUS FUND TO PROVIDE RESOURCES TO NOT-FOR-PROFIT AGENCIES AND GROUPS WHOSE VISION, MISSION AND GOALS ARE CONSISTENT WITH CHRISTUS HEALTH'S MISSION, VALUES AND PHILOSOPHY OF A HEALTHY COMMUNITY WE BELIEVE THAT BY WORKING TOGETHER, WE CAN MAKE A PROFOUND DIFFERENCE IN THE QUALITY OF PEOPLES' LIVES AND CREATE SUSTAINABLE HEALTH IN OUR COMMUNITIES DURING FY2011, THE TOTAL GRANT MONEY DISTRIBUTED TO THE SPOHN REGION WAS \$409,554 THE COST OF THESE GRANTS IS NOT INCLUDED IN THE PROGRAM SERVICE EXPENSES FOR CHRISTUS SPOHN HEALTH SYSTEM A LARGE PERCENTAGE OF THE GRANTS WERE USED FOR COMMUNITY HEALTH WORKERS AND A CARE MANAGEMENT PROGRAM (CARE PARTNERS) AIMED AT CHRONIC DISEASE MANAGEMENT FOR UND ERSERVED PATIENTS IN OUR FAMILY HEALTH CENTERS AND CLINICS EARLY RESULTS ARE PROMISING, S HOWING FEWER VISITS TO THE EMERGENCY DEPARTMENT AND A DECREASE IN PREVENTABLE HOSPITALIZAT IONS FOR THESE PATIENTS THIS MODEL IS HELPING CREATE A "MEDICAL HOME" FOR PATIENTS THAT T RADITIONALLY HAVE RELIED ON THE EMERGENCY DEPARTMENT FOR PRIMARY AND ROUTINE CARE TOTAL O THER PROGRAM EXPENSES - \$8,984,180 GRANTS AND ALLOCATIONS - \$3,858,254 REVENUE - \$0

ldentifier	Return	Explanation
	Reference	·
DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, LINE 6	CHRISTUS HEALTH IS THE SOLE CORPORATE MEMBER OF THE FILING ORGANIZATION DESCRIPTION OF CLASSES OF FERSONS AND THE NATURE OF THEIR RIGHTS FORM 990, PART VI, LINE 7.4 CHRISTUS HEALTH, THE SOLE CORPORATE MEMBER OF THE FILING ORGANIZATIONS GOVERNING BODY CLASSES OF FERSONS, DECISIONS REQUIRING APP R 8 TYPE OF VOTINO RIGHTS FORM 990, PART VI, LINE 7.6 CHRISTUS HEALTH, SORAD OF DRECTORS HAS THE FOLLOWING POWERS A PROVE CHANGE AND/OR INTERRET THE FILING ORGANIZATIONS PRILE SORAD OF DIRECTORS HAS THE FOLLOWING POWERS A PROVE CHANGE AND/OR INTERRET THE FILING ORGANIZATIONS PHIL COSCHY, MISSION AND VISION, APPROVE THE ADDPTION OR MEMBERS OF THE FILING ORGANIZATIONS PHIL COSCHY, MISSION AND VISION, APPROVE THE ADDPTION OR MEMBERS OF THE FILING ORGANIZATIONS OR THE BOARD OF DIRECTORS AND VICE CHARGE PROVIDE THE RIGHT OR GRANIZATION SORTH BEOARD OF DIRECTORS AND VICE CHARGE PROVIDE OR SORTH FILING ORGANIZATION SORTH BEOARD OF DIRECTORS AND VICE CHARGE PROVIDE OR SORTH BELLING ORGANIZATION ORGANIZATION APPROVE THE IMPLEMENT TATION OF SYSTEM-WIDE OR SOLUTION OR LIQUIDATION BY THE FILING ORGANIZATION, APPROVE THE IMPLEMENT TATION OF SYSTEM-WIDE OLDICAT AND PERFORMANCE INDICATORS FOR THE FILING ORGANIZATION, APPROVE THE IMPLEMENT TATION OF SYSTEM-WIDE OF DIRECTORS ORGANIZATION, APPROVE THE IMPLEMENT TATION OF SYSTEM-WIDE OF DIRECTORS ORGANIZATION, APPROVE AND SYSTEM-WIDE ORGANIZATION, APPROVE AND APPROVE CHARGE SYSTEM-WIDE ORGANIZATION, APPROVE AND APPROVE CANDIDATED AND APPROVE CANDIDA

ldentifier	Return Reference	Explanation
DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS	FORM 990, PART VI, LINE 6	D THAT NO POTENTIAL OR IDENTIFIED CONFLICT IS DISCLOSED OR EXISTS THE ORGANIZATIONS BOAR D OF DIRECTORS IS RESPONSIBLE FOR ENFORCEMENT OF THE CONFLICT OF INTEREST POLICY OF THE OR GANIZATION COMPENSATION DETERMINATION PROCESS FORM 990, PART YI, LINES 15 A 8 158 THE EXECUTIVE COMPENSATION COMMITTEE OF CHRISTUS HEALTH DETERMINES THE COMPENSATION OF THE CEO (OR EXECUTIVE DIRECTOR, AS APPLICABLE), OFFICERS AND KEY EMPLOYEES OF CHRISTUS HEALTH AND CER TAIN OTHER OFFICERS AND KEY EMPLOYEES OF RELATED ORGANIZATIONS, INCLUDING CHRISTUS SPONN HEALTH SYSTEM CORPORATION THE EXECUTIVE COMPENSATION COMMITTEE IS COMPOSED OF INDIVIDUALS WHO HAVE NO CONFLICT OF INTEREST WITH THE COMPENSATION COMMITTEE IS COMPOSED OF INDIVIDUALS WHO HAVE NO CONFLICT OF INTEREST WITH THE COMPENSATION COMMITTEE IS COMPOSED OF INDIVIDUALS WHO HAVE NO CONFLICT OF INTEREST WITH THE COMPENSATION REVIEW, TO BNSURE THAT ALL COMPENSATION IS REASONAB LE AND COMPARABLE TO OTHER SIMILARLY SITUATED ORGANIZATIONS, FOR SIMILARLY QUALIFIED PERSONS IN FUNCTIONALLY COMPARABLE POSTITIONS, AND TO PROVIDE SUPPORTING INFORMATION OF COMPENSATION DECISIONS ON AN ANNUAL BASIS THE EXTERNAL CONSULTANT 1 DEVELOPS THE MERTI INCREASE RECOMMENDATIONS FOR ALL DESIGNATED SYSTEM EXECUTIVES BASED ON MARKET COMPARABILITY 2 RECOMMENDATIONS FOR ALL DESIGNATED SYSTEM EXECUTIVES BASED ON MARKET COMPARABLITY. 2 RECOMMENDED THE ACEM BY TO THE COMMITTEE FOR ITS DISCUSSION AND APPROVAL ON A BENANUAL BASIS, THE EXTERNAL CONSULTANT 1 DEVELOPS THE MERTI INCREASE RECOMMENDATIONS FOR ALL DESIGNATED SYSTEM EXECUTIVES BASED ON MARKET COMPARABILITY 2 RECOMMENDED THE ACEM BY TO THE COMMITTEE FOR ITS DISCUSSION AND APPROVAL ON A BENANUAL BASIS, THE EXTERNAL CONSULTANT OF NEWLY CREATED POSITIONS TO RECOMMEND A GRADE FLACEM BY TO THE COMMITTEE FOR ITS DISCUSSION AND APPROVAL ON A BENANUAL BASIS, THE EXTERNAL CONSULTANT OF NEWLY CREATED POSITIONS TO RECOMMEND A GRADE FLACEM BY TO THE COMMITTEE FOR ITS DISCUSSION AND APPROVAL ON A BENANUAL BASIS, THE EXTERNAL COMPENSATION OF THE COMMITTEE AND A COMPEN

ldentifier	Return Reference	Explanation
AVAIL OF GOV DOCS, CONFLICT OF INTEREST POLICY, & FIN STMTS TO GEN PUBLIC	FORM 990, PART VI, LINE 19	THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF CHRISTUS HEALTH ARE MADE AVAILABLE TO THE PUBLIC VIA THE CHRISTUS HEALTH WEBSITE. THE ORGANIZATIONS GOVERNING DOCUMENTS AND CONFLICT OF INTEREST POLICY ARE NOT MADE AVAILABLE TO THE PUBLIC. HOURS WORKED FOR RELATED ORGANIZATION FORM 990, PART VII, SECTION A AVERAGE HOURS PER WEBK USTED ON FORM 990, PART VII, SECTION A ARE THE AVERAGE HOURS DEVOTED TO THE RESPECTIVE PERSONS POSITION WHILE SERVING THE ORGANIZATION EFFECTIVE 11/29/10, GERONIMO M RODRIGUEZ DEVOTES AN AVERAGE OF 40 HOURS PER WEBK TO CHRISTUS SANTA ROSA HEALTH CARE CORPORATION, A RELATED ORGANIZATION OF THE FILING ENTITY EFFECTIVE 11/29/11, GERONIMO BECAME THE CHIEF NURSE EXECUTIVE/CHIEF OPERATING OFFICER OF CHRISTUS SANTA ROSA HEALTH CARE CORPORATION SISTER ROSANNE POPP, MD DEVOTES AN AVERAGE OF 1 HOUR PER WEBK TO CHRISTUS STEHLIN FOUNDATION FOR CANCER RESEARCH, A RELATED ORGANIZATION OF THE FILING ENTITY SISTER ROSANNE BY DEVOTES AN AVERAGE OF 1 HOUR PER WEBK TO CHRISTUS STEHLIN FOUNDATION FOR CANCER RESEARCH, A RELATED ORGANIZATION OF THE FILING ENTITY SISTER ROSANNE DEVOTED AN AVERAGE OF 1 HOUR PER WEBK TO CHRISTUS HEALTH UTAH, A RELATED ORGANIZATION OF THE FILING ENTITY SISTER ROSANNE DEVOTED AN AVERAGE OF 38 HOURS PER WEBK TO CHRISTUS HEALTH UTAH, A RELATED ORGANIZATION OF THE FILING ENTITY SISTER ROSANNE DEVOTES AN AVERAGE OF 38 HOURS PER WEBK TO CHRISTUS HEALTH UTAH, A RELATED ORGANIZATION OF THE FILING ENTITY SISTER ROSANNE DEVOTES AN AVERAGE OF 38 HOURS PER WEBK TO CHRISTUS HEALTH PLAN, A RELATED ORGANIZATION OF THE FILING ENTITY SISTER ROSANNE DEVOTES AN AVERAGE OF 1 HOUR PER WEBK TO CHRISTUS HEALTH PLAN, A RELATED ORGANIZATION OF THE FILING ENTITY SISTER ROSANNE DEVOTES AN AVERAGE OF 1 HOUR PER WEBK TO CHRISTUS HEALTH PLAN, A RELATED ORGANIZATION OF THE FILING ENTITY SISTER FORM MEMBER OF CHRISTUS HEALTH PLAN, A RELATED ORGANIZATION OF THE FILING ENTITY SEN IS A DIRECTOR OF CHRISTUS HEALTH PLAN, A RELATED ORGANIZATION OF THE FILING ENTITY SEN IS A DIRECTOR OF CHRISTUS HEALTH PLAN, A RELATED

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OMB No 1545-0047

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SCHEDULE R (Form 990)

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

Related Organizations and Unrelated Partnerships

Department of the Treasury Internal Revenue Service

	e organization I Health System Corporation	Employer iden 74-1109836	tification number													
Part I	Identification of Disregarded Entities (Compl	lete if the organizati	on answered "Yes	" on Form 990, Pa			trolling									
	(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (stat or foreign country)	(d) e Total income	(e) End-of-year assets	(f) Direct controlling entity										
Part II	Identification of Related Tax-Exempt Organi or more related tax-exempt organizations during t	zations (Complete the tax year.)	ıf the organızatıor	n answered "Yes"	on Form 990, Part	IV, line 34 becau	ise it had	one								
	(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	(g) Section 512(b)(1: controlled organization									
See Additional	Data Table						Yes	No								
See Facilional	Buta Table															
							+									
							1									
For Privacy	Act and Panerwork Reduction Act Notice see the Instruction	ons for Form 990	Cat No. 50	0135Y	ı	Schedule R (Form 990	2010								

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.)

(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	Disprop	rtionate	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	Gene mana	ral or aging	(k) Percentage ownership
						Yes	No		Yes	No	
	Primary activity	Primary activity Regal domicile (state or foreign country)	(b) Legal (d) Primary activity domicile Direct controlling (state or entity foreign	Primary activity Comparison Comparison	Primary activity Legal domicile (state or foreign country) Country (b) Legal domicile (state or foreign country) Predominant income (related, unrelated, excluded from tax under sections 512-	Primary activity Legal domicile domicile (state or foreign country) country count	Primary activity Primary activity Primary activity Primary activity Primary activity Predominant income (related, unrelated, excluded from tax under sections 512-514) (d) Predominant income (related, unrelated, excluded from tax under sections 512-514) (f) Share of total income assets Observed Amount of the controlling allocated assets Observed Amount of the controlling allocated assets	Primary activity Primary activity Primary activity Primary activity Predominant income (related, unrelated, excluded from tax under sections 512-514) (f) Share of total income Share of end-of-year assets Occurrence (state or foreign country)	Primary activity Predominant income (related, unrelated, excluded from tax under sections 512-514) (b) Predominant income (related, unrelated, excluded from tax under sections 512-514) (c) (f) Share of total income assets (g) Share of end-of-year assets Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	Primary activity Predominant income (related, unrelated, excluded from tax under sections 512-514) (b) Predominant income (related, unrelated, excluded from tax under sections 512-514) (f) Share of total income allocations? Share of end-of-year assets Disproprtionate allocations? Schedule K-1 (Form 1065)	Primary activity Predominant income (related, unrelated, excluded from tax under sections 512-514) (b) Predominant income (related, unrelated, excluded from tax under sections 512-514) (c) (f) Share of total income assets (g) Share of end-of-year assets Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) General or managing partner?

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
74-2616328	HLTH PLAN ADM	TX	NA	C corp	336,090	1,211,893	100 000 %
74-2322574	Rentals	ТХ	NA	C CORP	1,028,932	16,305,313	100 000 %
(3) CHRISTUS Muguerza SAPI de CV HIDALGO PTE 2525 COL OBISPADO, MONTERREY, N L 64060 MX	HLTHCARE SVC	мх	СН	С согр			
(4) EMERALD ASSURANCE CAYMAN LTD 98-0407545	INSURANCE	CJ	СН	C CORP			

(6)

Fe	LV	Transactions with Related Organizations (Complete in the organization answered Te	S Oll Follin 330, Pai	civ, line 34 , 33 , 3	JA, 01 JU.)				
	Note.	Complete line 1 if any entity is listed in Parts II, III or IV				Yes	No No		
1 Du	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	a Receipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity								
b	Gıft, g	rant, or capital contribution to other organization(s)			11	Yes	6		
c	Gıft, g	rant, or capital contribution from other organization(s)			10	Yes	6		
d	Loans	or loan guarantees to or for other organization(s)			10	1	No		
е	Loans	or loan guarantees by other organization(s)			16	<u> </u>	No		
f	Sale o	fassets to other organization(s)			11		No		
g	Purch	ase of assets from other organization(s)			19		No		
h	Excha	nge of assets			11	_	No		
i I	Lease	of facilities, equipment, or other assets to other organization(s)			1	i Yes	•		
j	Lease	of facilities, equipment, or other assets from other organization(s)			15				
k	Perfor	mance of services or membership or fundraising solicitations for other organization(s)			11				
1 1	Perfori	nance of services or membership or fundraising solicitations by other organization(s)			1				
m	Sharır	g of facilities, equipment, mailing lists, or other assets			11		No		
n	Sharır	g of paid employees			11	1 Yes	;		
						\bot			
		ursement paid to other organization for expenses			10	_			
р	Reimb	ursement paid by other organization for expenses			11	Yes	;		
					_	$oldsymbol{oldsymbol{oldsymbol{eta}}}$			
		transfer of cash or property to other organization(s)			10	_	-		
r	r Other transfer of cash or property from other organization(s)						<u> </u>		
_2	Ifthe	answer to any of the above is "Yes," see the instructions for information on who must complete this line, in		onships and transact					
	(a) (b) (c) Method of de						(d) termining amount		
		Name of other organization	type(a-r)	Amount involved	ınvolve				
(1)									
See Add	litional	Data Table							
(2)									
(3)									
(3)									
(4)									
(-)									
(5)									

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 partr sect 501(d organiz	all ners non c)(3) ations?	(e) Share of end-of-year assets		r) ortionate tions?	(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	mana part	
			Yes	No		Yes	No		Yes	No
									+	
									+	
										-
										1

Part VII Supplemental Information

Complete this part to provide additional information for responses to questions on Schedule R (see instructions)

Identifier	Return Reference	Explanation
------------	------------------	-------------

Schedule R (Form 990) 2010

Software ID: Software Version:

EIN: 74-1109836

Name: Christus Spohn Health System Corporation

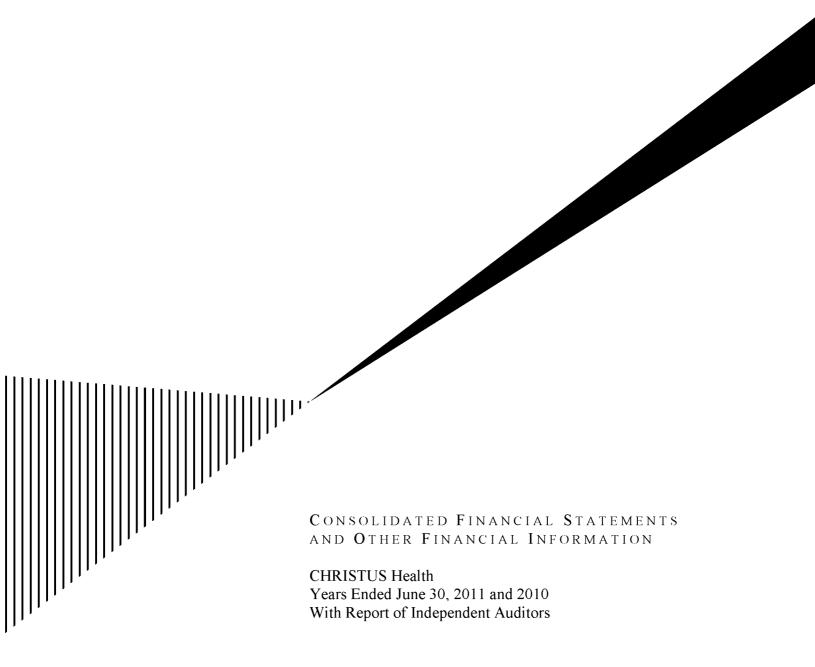
Form 990, Schedule R, Part II - Identification of Re	lated Tax-Exempt O	rganizations					
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	charity (f) atus Direct controlling entity		n 512 13) olled zation
						Yes	No
CHRISTUS HEALTH ARK-LA-TEX							
2600 ST MICHAEL DRIVE TEXARKANA, TX75503 75-2796815	HLTHCARE SVCS	ТХ	501(C)(3)	3	СН		
CHRISTUS HEALTH CENTRAL LOUISIANA							
3330 MASONIC DRIVE ALEXANDRIA, LA71301 72-0408984	HLTHCARE SVCS	LA	501(C)(3)	3	СН		
CHRISTUS HEALTH GULF COAST							
PO BOX 922037 HOUSTON, TX77292 76-0591592	HLTHCARE SVCS	ТХ	501(C)(3)	3	СН		
CHRISTUS HEALTH NORTHERN LOUISIANA							
ONE SAINT MARY PLACE SHREVEPORT, LA71101 72-0408982	HLTHCARE SVCS	LA	501(C)(3)	3	СН		
CHRISTUS Health							
2707 NORTH LOOP WEST HOUSTON, TX77008 76-0590551	SUPT HLTH SVC	тх	501(C)(3)	11 - TYPE I	NA		
CHRISTUS HEALTH SOUTHEAST TEXAS							
2830 CALDER STREET BEAUMONT, TX77726 76-0591590	HLTHCARE SVCS	ТХ	501(C)(3)	3	СН		
CHRISTUS HEALTH SOUTHWESTERN LOUISIANA							
524 DR MICHAEL DEBAKEY DR LAKE CHARLES, LA70601 72-0411322	HLTHCARE SVCS	LA	501(C)(3)	3	СН		
CHRISTUS SANTA ROSA HEALTH CARE CORP							
333 N SANTA ROSA STREET SAN ANTONIO, TX78207 74-1109665	HLTHCARE SVCS	тх	501(C)(3)	3	СН		
CHRISTUS HEALTH UTAH							
2707 NORTH LOOP WEST HOUSTON, TX77008 87-0231682	HLTHCARE SVCS	UT	501(C)(3)	9	СН		
CHRISTUS CONTINUING CARE							
1700 WEST LOOP SOUTH STE 1100 HOUSTON, TX77027 74-2898615	HLTHCARE SVCS	ТХ	501(C)(3)	3	СН		
CH WILKINSON PHYSICIAN NETWORK							
1700 WEST LOOP SOUTH STE 400B HOUSTON, TX77027 76-0422435	HLTHCARE SVCS	ТХ	501(C)(3)	11 - Type I	СН		
ST JOSEPH COMMUNITY FOUNDATION							
2800 LAMAR AVE CAPITAL ONE 2ND F PARIS, TX75460 42-1619230	SUPT HLTH SVC	ТХ	501(C)(3)	11 - Type I	СН		

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 section 501(c) (3))	(f) Direct controlling entity	(g Section (b)(1 contro organiz	n 512 13) olled
						Yes	No
CHRISTUS STEHLIN FDN FOR CANCER RESEARCH 10301 STELLA LINK SUITE A HOUSTON, TX77025 74-1622404	CANCER RSCH	ТХ	501(C)(3)	9	СН		
DUBUIS HEALTH SYSTEM INC							
1700 W LOOP SOUTH STE 1100A HOUSTON, TX77027 72-1270964	HLTHCARE SVCS	ТХ	501(C)(3)	3	сн		
CHRISTUS HEALTH FOUNDATION							
2707 NORTH LOOP WEST HOUSTON, TX77008 61-1500100	SUPT HLTH SVC	тх	501(C)(3)	11 - Type I	СН		
CHRISTUS SPOHN HLTH SYSTEM DEVELOP FDTN							
600 ELIZABETH STREET CORPUS CHRISTI, TX78404 74-1906005	SUPT HLTH SVC	ТХ	501(C)(3)	7	Spohn HS Crp		
Christus Health Liability Retention Trst							
2707 North Loop West Houston, TX77008 76-0259623	Self Ins Trst	ТХ	501(C)(3)	11 - Type I	СН		
CHRISTUS HEALTH PLAN							
600 ELIZABTH ST CORPUS CHRISTI, TX78404 45-2106295	MEDICAID HMO	TX	501(C)(3)	9	SPOHN HS CRP		

Form 990, Schedule R, Part V - Transactions With Related Organizations

	(a) Name of other organization	(b) Transaction type(a-r)	(c) A mount Involved (\$)	(d) Method of determining amount involved
(1)	CHRISTUS SPOHN HEALTH SYSTEM DEVELOPMENT FDN	В	2,191,475	1
(2)	CHRISTUS SPOHN HEALTH SYSTEM DEVELOPMENT FDN	С	5,118,582	1
(3)	DUBUIS HEALTH SYSTEM INC	К	1,277,630	1
(4)	CHRISTUS SPOHN HEALTH SYSTEM DEVELOPMENT FDN	N	294,085	1
(5)	SPOHN HEALTH NETWORK	N	194,526	1
(6)	CH WILKINSON PHYSICIAN NETWORK	L	2,172,083	1
(7)	CH WILKINSON PHYSICIAN NETWORK	А	365,123	1
(8)	SPOHN INVESTMENT CORPORATION	А	24,000	1
(9)	DUBUIS HEALTH SYSTEM INC	А	919,133	1
(10)	CHRISTUS HEALTH LIABILITY RETENTION TRUST	Р	437,486	1
(11)	CH WILKINSON PHYSICIAN NETWORK	Р	96,475	
(12)	CHRISTUS SPOHN HEALTH SYSTEM DEVELOPMENT FDN	P	1,012,943	1
(13)	SPOHN HEALTH NETWORK	Р	337,575	1
(14)	SPOHN INVESTMENT CORPORATION	P	407,189	1
(15)	CHRISTUS HEALTH LIABILITY RETENTION TRUST	0	496,524	1
(16)	CHRISTUS SANTA ROSA HEALTH CARE CORPORATION	Q	1,591,475	1
(17)	CHRISTUS SPOHN HEALTH SYSTEM DEVELOPMENT FDN	R	258,663	1



Ernst & Young LLP



Consolidated Financial Statements and Other Financial Information

Years Ended June 30, 2011 and 2010

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Independent Auditors' Report

The Board of Directors CHRISTUS Health

We have audited the consolidated balance sheets of CHRISTUS Health as of June 30, 2011 and 2010, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended These consolidated financial statements are the responsibility of CHRISTUS Health's management Our responsibility is to express an opinion on these consolidated financial statements based on our audits

We conducted our audits in accordance with auditing standards generally accepted in the United States Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of CHRISTUS Health's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of CHRISTUS Health's internal control over financial reporting Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion

As discussed in Note 3 to the consolidated financial statements, CHRISTUS Health changed its method of accounting for goodwill and noncontrolling interest

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CHRISTUS Health at June 30, 2011 and 2010, and the results of its consolidated operations and changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States

October 12, 2011

1107-1277199

Ernst + Young LLP

Consolidated Balance Sheets

		June 30			
		2011		2010	
		(In The	ousa	ands)	
Assets					
Current assets					
Cash and cash equivalents	\$	418,376	\$	524,263	
Short-term investments		444,893		368,566	
Equity investments in managed funds		100,721		114,095	
Assets whose use is limited or restricted, required for current					
liabilities		71,367		67,383	
Patient accounts receivable, net of allowance for uncompensated care of \$171,310 and \$163,715 at June 30, 2011 and June 30,	1				
2010, respectively		313,652		306,119	
Estimated third-party payor settlements		943		10,826	
Notes and other receivables		125,705		89,485	
Inventories		88,432		89,427	
Assets held for sale		2,150		28,308	
Securities pledged to creditors		40,211		48,656	
Security lending collateral		39,155		49,137	
Other current assets		38,690		43,847	
Total current assets		1,684,295		1,740,112	
Assets whose use is limited or restricted, less current portion		812,963		487,210	
Property, plant, and equipment, net of accumulated depreciation		1,786,833		1,816,814	
Other assets					
Investments in unconsolidated organizations		188,550		174,580	
Derivative financial instruments		12,375		4,824	
Goodwill		91,569		125,754	
Other assets		81,074		93,897	
Other restricted assets		13,453		21,378	
Total other assets		387,021		420,433	
Total	\$	4,671,112	\$	4,464,569	

	June 30				
		2011		2010	
		(In The	ous	ands)	
Liabilities and net assets					
Current liabilities					
Accounts payable and accrued expenses	\$	365,852	\$	303,921	
Accrued employee compensation and benefits		163,645		154,047	
Accrued benefits, current portion		6,927		5,713	
Estimated third-party settlements		43,024		25,308	
Current portion of long-term debt		57,904		57,483	
Payable under security lending agreement		39,462		49,566	
Long-term debt subject to remarketing agreements		_		194,695	
Total current liabilities		676,814		790,733	
Long-term debt, less current portion		1,175,036		1,001,098	
Accrued pension benefits, long-term portion		116,446		217,148	
Derivative financial instruments		72,348		94,600	
Other long-term obligations – primarily related to self-funded					
liabilities, less current portion		180,428		174,211	
Total liabilities		2,221,072		2,277,790	
Net assets Unrestricted					
Attributable to CHRISTUS Health		2,261,844		2,012,039	
Attributable to noncontrolling interest		113,249		103,714	
Total unrestricted		2,375,093		2,115,753	
Temporarily restricted		61,396		57,906	
Permanently restricted		13,551		13,120	
Total net assets		2,450,040		2,186,779	
Total	•	4,671,112	\$	4 464 560	
1 Otal	<u> </u>	7,0/1,112	Ф	7,707,303	

See accompanying notes.

Consolidated Statements of Operations and Changes in Net Assets

	For the Years Ended June 30					
	2011	2010				
	(In Thousands)					
Unrestricted revenues						
Net patient service revenue	\$ 3,410,683	\$ 3,266,011				
Premium revenue	164,735	154,581				
Other revenue	172,118	191,107				
Equity in income of unconsolidated organizations	33,417	22,824				
Total revenues	3,780,953	3,634,523				
Expenses						
Employee compensation and benefits	1,629,067	1,583,294				
Services and other	984,578	938,918				
Supplies	631,169	615,335				
Depreciation and amortization	220,933	237,945				
Provision for uncollectible accounts	172,703	162,765				
Interest	42,803	37,766				
Total expenses	3,681,253	3,576,023				
Operating gain	99,700	58,500				
Nonoperating investment gain	114,785	26,663				
Other nonoperating loss	(18,435)					
Revenues in excess of expenses	196,050	78,012				
Less revenues in excess of expenses attributable to						
noncontrolling interest	18,717	14,829				
Revenues in excess of expenses attributable to CHRISTUS Health	177,333	63,183				

(Continued)

Consolidated Statements of Operations and Changes in Net Assets (continued)

	For the Yea	
	 2011	2010
	(In Thoi	usands)
Changes in unrestricted net assets		
Revenues in excess of expenses attributable to		
CHRISTUS Health	\$ 177,333	\$ 63,183
Net change in unrealized gain on investments	5,823	6,893
Change in pension liabilities	100,462	10,843
Change in noncontrolling interest	9,535	11,923
Other	939	(23,110)
Changes in unrestricted net assets before effect of change in		
accounting principle	294,092	69,732
Effect of change in accounting principle (Note 3)	(34,752)	· –
Changes in unrestricted net assets	259,340	69,732
Tomporarily restricted not assets		
Temporarily restricted net assets Contributions	11 022	2 600
	11,823	3,680
Net change in unrealized gain on investments	1,943	2,730
Net assets released from restrictions and other	 (10,276)	(8,377)
Changes in temporarily restricted net assets	 3,490	(1,967)
Changes in permanently restricted net assets	431	(93)
Changes in net assets	263,261	67,672
Net assets – beginning of period	 2,186,779	2,119,107
Net assets – end of period	\$ 2,450,040	\$ 2,186,779

See accompanying notes.

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Consolidated Statements of Cash Flows

		For the Years Ended June 30, 2011			
		2011	2010		
		nds)			
Operating activities:	•	0.00.001 (1)	(7 (7)		
Changes in net assets	\$	263,261 \$	67,672		
Adjustments to reconcile changes in net assets to net cash					
provided by operating activities		(100.702)	3,476		
Change in pension liabilities		(100,702)			
Contributions of temporarily restricted net assets		(11,823)	(3.680)		
Equity in income of unconsolidated organizations		(33,417)	(22.824)		
Equity earnings on investments in managed funds		(10,591)	(18,160)		
Depreciation and amortization		220,933	237.945		
Provision for uncollectible accounts		172,703	162,765		
Change in derivative fair value		(29,803)	18,953		
Loss on early extinguishment of debt		508	4.399		
Gain on disposal of property, plant, and equipment		(3,779)	_		
Impairment of goodwill		34,752	_		
Impairment of long-lived assets		7,041	_		
Changes in operating assets and liabilities, net of acquisitions		(100.326)	(110.005)		
Increase in net patient accounts receivable		(180,236)	(110,995)		
Increase in trading securities		(387,208)	(93,732)		
(Increase) decrease in notes and other receivables		(36,220)	110,308		
Decrease (increase) in inventories		995	(5.497)		
Decrease (increase) in other current assets		6,342	(10,411)		
Increase in accounts payable, accrued expenses, and accrued		((221	1.7.10		
employee compensation and benefits		66,221	1.748		
Increase in net third-party payor settlements		27,599 14.773	342		
Increase in liability for self-funded liabilities	_	14,773	13,244		
Net cash provided by operating activities	_	21,349	355,553		
Investing activities:					
Purchases of property, plant, and equipment		(143,707)	(161,356)		
Proceeds from sale or disposal of property, plant, and equipment		24,119	16,528		
Decrease (increase) in equity investments in managed funds		5,110	(8,716)		
Decrease in investments in unconsolidated organizations		19,447	7,745		
Decrease in securities pledged to creditors		8,445	4,398		
Decrease (increase) in other assets		10,650	(9,519)		
Decrease in security lending collateral		9,982	4,228		
Acquisitions of health care entities, net of cash acquired		, <u> </u>	(19,037)		
Net investing cash flows pertaining to assets held for sale		_	2,777		
Net cash used in investing activities		(65,954)	(162,952)		
Č		` , ,	<u>, , , , , , , , , , , , , , , , , , , </u>		

(Continued)

Consolidated Statements of Cash Flows (continued)

For the Years Ended June 30, 2011				
	2011		2010	
(In Thousands)				
\$	11,823	\$	3,680	
	(1,295)		(6.046)	
	99,617		331,201	
	(161,323)		(355,867)	
	(10,104)		(4,672)	
	(61,282)		(31,704)	
	(105,887)		160,897	
	524,263		363,366	
\$	418,376	\$	524,263	
\$	15,022	\$	3,034	
\$	43,736	\$	35,842	
	<u>\$</u>	June 30 2011 (In Those \$ 11,823 (1,295) 99,617 (161,323) (10,104) (61,282) (105,887) 524,263 \$ 418,376 \$ 15,022	June 30, 20 2011 (In Thousan \$ 11,823 \$ (1,295) 99,617 (161,323) (10,104) (61,282) (105,887) 524,263 \$ 418,376 \$ \$ 15,022 \$	

See accompanying notes.

Notes to Consolidated Financial Statements

June 30, 2011

1. Mission, Vision, and Organization of CHRISTUS Health

CHRISTUS Health was incorporated as a Texas nonprofit corporation on December 15, 1998 CHRISTUS Health (CHRISTUS or the System) is sponsored by the Congregation of the Sisters of Charity of the Incarnate Word of Houston, Texas, and the Congregation of the Sisters of the Incarnate Word of San Antonio, Texas The Congregation of the Sisters of Charity of the Incarnate Word of Houston, Texas sponsors the Sisters of Charity Health Care System (SCH), and the Congregation of the Sisters of Charity of the Incarnate Word of San Antonio, Texas sponsors the Incarnate Word Health System (IWHS) SCH and IWHS continue to exist and carry out their ministries

The mission of CHRISTUS Health is to extend the healing ministry of Jesus Christ The Gospel values underlying the mission statement challenge CHRISTUS Health to make choices that respond to the economically disadvantaged and the underserved with health care needs. The growth and development of CHRISTUS Health are determined by the health care needs of the communities that CHRISTUS Health serves, its available resources, and the interrelationship of those serving and those being served. Responsible stewardship mandates that CHRISTUS searches out new, effective means to deliver quality health care and to promote wholeness in the human person.

The vision of CHRISTUS Health is to be a leader, a partner, and an advocate in the creation of innovative health and wellness solutions that improve the lives of individuals and communities so that all may experience God's healing presence and love

The consolidated financial statements of CHRISTUS Health include activities of its affiliated market-based organizations and other related entities, all of which are wholly or majority-owned and commonly referred to as regions or entities For purposes of these consolidated financial statements, the "System" is defined as CHRISTUS Health's affiliated market-based organizations and other related entities The other related entities include, but are not limited to, hospital foundations, professional office buildings, management services organizations, physician groups, a collection agency, self-insurance trusts, an offshore captive insurance company, health plans, integrated community health networks, and diagnostic imaging companies

CHRISTUS Health controls or owns, directly or indirectly, or manages various nonprofit and for-profit corporations and other organizations that currently operate in the states of Texas, Arkansas, Georgia, Louisiana, Missouri, New Mexico, Iowa, and in the Republic of Mexico

Notes to Consolidated Financial Statements (continued)

1. Mission, Vision, and Organization of CHRISTUS Health (continued)

CHRISTUS Health and certain affiliated nonprofit corporations are generally exempt from federal income taxes under Section 501(a) of the Internal Revenue Code, as organizations described in Section 501(c)(3)

2. Community Health

In accordance with its mission and philosophy, the System commits significant resources to improving the health of the communities it serves In support of its mission, the System provides programs and services for entire communities, with a special consideration for those who are poor and underserved

Programs and Services for the Poor and Underserved – represent the financial commitment to serve those who have inadequate resources and/or are uninsured or underinsured Services are offered with the conviction that health care is a basic human right and all deserve access The categories included as programs and services for the poor and the underserved are as follows

- Charity Care in accordance with the Catholic Health Association (CHA) guidelines, charity care represents the unpaid costs of free or discounted health services provided to persons who cannot afford to pay and who meet the organization's criteria for financial assistance Traditional charity care is defined by the state of Texas as the unreimbursed costs of providing, funding, or otherwise financially supporting the health care services provided to a person with income at or below 200% of the federal poverty level Charity care services provided to these patients are not reported as revenue in the consolidated statements of operations and changes in net assets as there is minimal or no expectation of payment
- Unpaid Costs of Medicaid and Other Public Programs for the Indigent represent the cost of providing services to beneficiaries of public programs, including state Medicaid and indigent care programs, in excess of any payments received from all sources

Community Services for the Poor and Underserved – represent the unpaid cost of services provided for which a patient is not billed, or for which a fee has been assessed that recovers only a portion of the cost of the rendered service. This category includes services to those in need through community health programs. The programs cover a broad spectrum of services, from community health centers to immunizations for children and seniors, meals on wheels,

Notes to Consolidated Financial Statements (continued)

2. Community Health (continued)

transportation services, home repair projects, and a variety of other social services. These programs may also seek justice for the vulnerable and work to bring about changes in political and economic systems

Examples of CHRISTUS Health Community Benefits accounted for under Community Services for the Poor and Underserved include:

- The CHRISTUS Community Direct Investment (CDI) Program was established to support community-driven initiatives primarily for affordable housing and economic development by providing financing at below-market interest rates. The majority of the support is provided to programs in the CHRISTUS operating regions. The amount the System would have earned on these monies is the forgone income that is considered a community benefit.
- The CHRISTUS Fund was established for the purpose of providing grants to support community planning, healthy community initiatives, and community-based programs, with a focus on the poor and underserved areas where CHRISTUS Health ministries and sponsoring congregations are involved

Community Services Provided for the Broader Community – represent the unpaid cost of services provided for the benefit of the entire community. The majority of these expenditures are for graduate medical education programs, either through CHRISTUS-sponsored or affiliated programs. Other benefits for the broader community include health promotion and wellness programs, health screenings, newsletters, and radio or television programs intended for health education. These programs are not intended to be financially self-supporting.

Education and Research – represents the direct costs associated with medical education and other health professional educational programs in excess of governmental payments

Other Community Services – represent leadership activities, community planning, and advocacy

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies

Basis of Consolidation

The consolidated financial statements include the accounts of all entities of the System (see Note 1) All significant inter-entity transactions and accounts have been eliminated in consolidation

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management of the System to make assumptions, estimates, and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any The System considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements, including the following recognition of net patient revenues, which include contractual allowances, provisions for bad debt, reserves for losses and expenses related to health care professional and general liabilities, determination of fair values of certain financial instruments, determination of fair value of certain goodwill and long-lived assets, and risks and assumptions for measurement of pension and retiree medical liabilities Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates Actual results could differ materially from these estimates

Cash and Cash Equivalents

Cash equivalents include short-term, highly liquid investments with original maturities of three months or less

Investments

The System's investment portfolio is classified as trading, with unrealized gains and losses included in revenues in excess of expenses Investments in equity securities and funds with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets Investments also include equity investments in managed funds structured as limited liability corporations or partnerships. These investments are accounted for under the equity method

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

Investment income or loss (including equity investment earnings on managed funds, realized and unrealized gains and losses, computed on the average-cost basis of the security at the time of sale, and interest and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law

Investment income earned on assets held by trustees under bond indenture agreements, assets held by foundations, assets deposited in trust funds for self-insurance purposes, and funds held by insurance subsidiaries in accordance with industry practices is included in other revenue in the consolidated statements of operations and changes in net assets

Derivative Financial Instruments

The System utilizes interest rate swaps to hedge interest rate exposures. Changes in the fair value of the System's interest rate swaps are recorded as a component of nonoperating investment gain in the consolidated statements of operations and changes in net assets. The expense representing the net of the payments made and received under the swap agreements is also recorded as a component of nonoperating investment gain.

Inventories

The System values inventories, which consist principally of medical supplies and pharmaceuticals, at the lower of cost (first-in, first-out, or weighted-average cost valuation method) or market basis

Property, Plant, and Equipment

Property, plant, and equipment acquisitions are recorded at cost or, if donated, at fair value at the time of donation Expenditures that materially increase values, change capacities, or extend useful lives are capitalized Routine maintenance, repairs, and minor equipment replacement costs are charged against operations

Depreciation is calculated and recorded over the estimated useful life of each class of depreciable assets using the straight-line method. The *American Hospital Association – Estimated Useful Lives of Depreciable Hospital Assets* is used as a general guide in establishing depreciable lives. Amortization of capital leases is included in depreciation expense.

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

Assets Held for Sale

A long-lived asset or disposal group of assets and liabilities that is expected to be sold, and for which it is probable that the sale will be completed within one year, is classified as held for sale For long-lived assets held for sale, an impairment charge is recorded if the carrying amount of the asset exceeds its fair value less costs to sell Such valuations include estimates of fair values generally based upon discounted cash flows less incremental direct costs to transact a sale

Asset Impairment

The System periodically evaluates the carrying value of its operating long-lived assets and assets held for sale for impairment when indicators of impairment are identified. These evaluations are primarily based on the estimated recoverability of the assets' carrying value. Impairment writedowns are recognized as a reduction in operating gain for the operating long-lived assets and as a reduction in nonoperating gain for the assets held for sale at the time the impairment is identified.

In March 2011, management determined that the Bossier Medical Center asset group held for sale in the Northern Louisiana Region had a valuation lower than its recorded book value and that there was no reasonable expectation of recovery. An impairment adjustment of \$6,400,000 was recorded to adjust the carrying value to the estimated fair value less costs to sell, which is included in other nonoperating loss in the consolidated statement of operations and changes in net assets

Investments in Unconsolidated Organizations

The System has investments in certain organizations for which it does not have a majority ownership interest or significant control, and therefore these organizations do not require consolidation Generally, these investments are recorded using the equity method of accounting for those organizations in which the System owns greater than 20% The cost method of accounting is used for organizations in which the System owns 20% or less

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

Securities Lending

The System participates in securities lending transactions facilitated by the lending agent Such loans are secured by collateral of 102% of the market value of domestic securities and 105% of the market value of foreign securities at the time of the loan Per the securities lending agreement, such collateral will typically be cash or debt securities issued by the US Government or any of its agencies Cash collateral received in connection with these loans is currently invested in a pooled fund of securities that mature in no more than 13 months, and is maintained by the lending agent The securities on loan and invested collateral are marked to market throughout the duration of the loan

Goodwill

The System records goodwill arising from a business combination as the excess of purchase price over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed At June 30, 2011 and 2010, the System had goodwill of \$91,600,000 and \$125,800,000, respectively Beginning in fiscal year 2011, with the adoption of ASU 2010-07 as described below, the amortization of goodwill ceased and goodwill is tested at least annually for impairment at the reporting unit level Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value. The System has determined that its reporting units are the various geographic Regions of the System. The first step in the impairment process is to determine the fair value of the reporting unit and then compare it to the carrying value, including goodwill. If the fair value exceeds the carrying value, no further action is required and no impairment loss is recognized.

The System determined that the use of the income and market approaches were the most appropriate methods of measuring fair value of the reporting units. These are considered Level 3 valuations in the valuation hierarchy described in Note 6. Under the income approach, fair value is estimated using a discounted cash flow analysis. Under the market approach, fair value is estimated using a guideline company method and a comparable transaction method. Both the income approach and the market approach require significant assumptions to determine the fair value of each reporting unit. The significant assumptions used in the income approach include estimates of future revenues, profits, capital expenditures, working capital requirements, operating plans, industry data, and an appropriate discount rate for each reporting unit. The significant assumptions utilized in the market approach include the determination of appropriate market comparables and estimated multiples of net revenue and earnings before interest, taxes, depreciation, and amortization

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

Additional impairment assessments may be performed on an interim basis if the System encounters events or changes in circumstances that would indicate that it is more likely than not that the carrying value of goodwill has been impaired. The System performed a transitional impairment test as of July 1, 2010, upon adoption of the guidance in Accounting Standards Update (ASU) 2010-07, Not-for-Profit Entities: Mergers and Acquisitions. As a result of the transitional impairment test, goodwill at the Northern Louisiana, Central Louisiana, and Spohn Regions totaling \$34,752,000 was written off, which is recorded as the effect of a change in accounting principle in the consolidated statement of operations and changes in net assets

Deferred Financing Costs

Deferred financing costs, net of accumulated amortization, included in other assets at June 30, 2011 and 2010, are \$20,019,000 and \$20,689,000, respectively, which are being amortized using the interest method, over the terms of the indebtedness to which they relate

Temporary and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the System has been limited by donors to a specific time period or purpose Permanently restricted net assets have been restricted by donors to be maintained by the System in perpetuity

Patient Accounts Receivable, Estimated Payables to Third-Party Payors, and Net Patient Service Revenue

The System has agreements with third-party payors that provide for payments to the System at amounts different from established rates. Patient accounts receivable and net patient service revenue are reported at the estimated net realizable amounts from third-party payors and others for services rendered. Estimated retroactive adjustments under reimbursement agreements with third-party payors are included in net patient service revenue and estimated third-party payor settlements. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

The System has adopted an uncompensated care policy whereby revenue from services provided to the uninsured is recognized at the time of payment, rather than at the time of service. This policy is a result of the lack of reasonable assurance of collection for services provided to the uninsured due to the System's historically low collection rate. Management has estimated that

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

the difference between recording this revenue on the cash basis versus the accrual basis is immaterial to net patient service revenue for fiscal years 2011 and 2010 Accordingly, all accounts receivable from the uninsured have been fully reserved in the allowance for uncompensated care. The resulting adjustment is recorded as revenue deductions from gross charges to arrive at net patient service revenue.

Accounts Receivable Allowance

The System's recorded allowance for uncompensated care is based on expected net collections, after contractual adjustments, primarily from patients Management routinely assesses these recorded allowances relative to changes in payor mix, cash collections, write-offs, recoveries, and market dynamics

Premium Revenue and Associated Costs

Premium revenue represents revenues derived under capitated arrangements with third parties In return for these premiums, the contracting entity is responsible for providing essentially all health care services to enrolled participants. Costs for providing these services, including services provided by other health care providers, are included as operating expenses in the consolidated financial statements. At June 30, 2011 and 2010, the respective contracting entities have accrued expenses for incurred but not reported claims based upon claims experience. The contracting entities maintain stop-loss insurance coverage to limit exposure for certain catastrophic claims.

Other Revenue

Other revenue is derived from services other than providing health care services or coverage to patients, residents, or enrollees. This revenue typically includes investment income from all funds held by a trustee, malpractice funds, or other miscellaneous investment activities, rental of health care facility space, sales of medical and pharmaceutical supplies to employees, physicians, and others, proceeds from sales of cafeteria meals and guest trays to employees, medical staff, and visitors, and proceeds from sales at gift shops, snack bars, newsstands, parking lots, vending machines, or other service facilities operated by the health care organization

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements

International Operations

The System owns a 59 6% interest in CHRISTUS Muguerza, S A de C V (CHRISTUS Muguerza), headquartered in Monterrey, Mexico CHRISTUS Muguerza is a private health care system and is subject to taxes in accordance with the regulations of the Republic of Mexico The financial statements of CHRISTUS Muguerza are presented in accordance with accounting principles generally accepted in the United States and are consolidated in the CHRISTUS Health consolidated financial statements

Effective September 13, 2010, CHRISTUS Health increased its ownership interest in CHRISTUS Muguerza from 55 9% to 59 6% by purchasing 5,132,048 additional shares for cash consideration in the amount of \$5,000,000

Minimum Revenue Guarantees

CHRISTUS enters into agreements with non-employed physicians that include minimum revenue guarantees. These guarantees primarily arise through physician recruiting efforts and vary by physician specialty. Generally, the term of these guarantees ranges from one to two years, with the majority including a forgiveness period that begins during the second year of the guarantees. The estimated amount of the liability for CHRISTUS' obligation under these guarantees was \$6,798,000 and \$7,043,000 at June 30, 2011 and 2010, respectively, and is included in accrued expenses and other long-term obligations in the accompanying consolidated balance sheets.

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

The maximum amount of future payments that the System could be required to make under all existing guarantees is approximately \$12,405,000

Asset Retirement Obligations

CHRISTUS estimates the conditional asset retirement obligation primarily associated with asbestos abatement to be \$7,430,000 and \$7,524,000 as of June 30, 2011 and 2010, respectively

Uncertainty in Income Taxes

The authoritative guidance in Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, creates a single model to address uncertainty in tax positions and clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. Under the requirements of this guidance, tax-exempt organizations could be required to record an obligation as the result of a tax position they have historically taken on various tax exposure items. There are no material unrecorded tax liabilities as of June 30, 2011 and 2010.

New Accounting Pronouncements

In April 2009, the Financial Accounting Standards Board (FASB) issued a new accounting pronouncement regarding mergers and acquisitions for not-for-profit entities, ASU 2010-07, Notfor-Profit Entities: Mergers and Acquisitions The pronouncement establishes principles and requirements for how a not-for-profit entity accounts for mergers and acquisitions The pronouncement also makes FASB Statement No 142, Goodwill and Other Intangible Assets, found under ASC Topic 350, and FASB Statement No 160, Noncontrolling Interests in Consolidated Financial Statements, found under ASC Topic 810, fully applicable to not-forprofit entities These pronouncements were effective for CHRISTUS on July 1, 2010 The System's adoption of the guidance in ASC Topic 350 resulted in the cessation of amortizing goodwill effective July 1, 2010 The transitional impairment analysis performed as of July 1, 2010, resulted in the impairment of \$34,752,000 of goodwill, which is reflected as the effect of a change in accounting principle in the accompanying consolidated statement of operations and changes in net assets The System's adoption of the guidance in ASC Topic 810 on July 1, 2010, did not materially affect its financial position or results of operations, other than reclassifying its noncontrolling interest (previously shown as minority interest) in various entities to a component of net assets on the consolidated balance sheet Additionally, noncontrolling interest expense is

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

no longer reported as a reduction in revenues in excess of expenses on the consolidated statement of operations and changes in net assets, but instead is shown below revenues in excess of expenses under the heading "revenues in excess of expenses attributable to noncontrolling interest" on the statement of operations and changes in net assets for all periods presented

In January 2010, the FASB issued ASU 2010-06, which clarifies certain existing fair value measurement disclosure requirements of ASC Topic 820 (formerly SFAS No 157, Fair Value Measurements) and also requires additional fair value measurement disclosures Specifically, ASU 2010-06 clarifies that assets and liabilities must be categorized by major class, or level, of asset or liability, and provides guidance regarding the identification of such major classes Additionally, disclosures are required about valuation techniques and the inputs to those techniques for those assets or liabilities designated as Level 2 or Level 3 instruments Disclosures regarding transfers between Level 1 and Level 2 assets and liabilities are required, as well as a deeper level of disaggregation of activity within existing rollforwards of the fair value of Level 3 assets and liabilities

In August 2010, the FASB issued ASU 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure* ASU 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care ASU 2010-23 requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care, and requires disclosure of the method used to identify or determine such costs. This ASU is effective for CHRISTUS on July 1, 2011 CHRISTUS is currently evaluating the impact on its disclosures from the adoption of this pronouncement.

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries* The amendments in the ASU clarify that a health care entity may not net insurance recoveries against related claim liabilities. In addition, the amount of the claim liability must be determined without consideration of insurance recoveries. This ASU is effective for CHRISTUS on July 1, 2011. CHRISTUS is currently evaluating the impact on its consolidated financial position and results of operations from the adoption of this pronouncement.

In July 2011, the FASB issued ASU 2011-07, Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities The amendments in the ASU require

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

CHRISTUS to change the presentation of its consolidated statement of operations and changes in net assets by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts) Additionally, the ASU requires enhanced disclosure about CHRISTUS' policies for recognizing revenue and assessing bad debts, patient service revenue (net of contractual allowances and discounts), and qualitative and quantitative information about changes in the allowance for doubtful accounts This ASU is effective for CHRISTUS on July 1, 2012, with early adoption permitted CHRISTUS is currently evaluating the impact on its consolidated financial position and results of operations from the adoption of this pronouncement

Reclassifications

Certain amounts have been reclassified in the prior year's financial statements to conform to the classifications used in the current year

4. Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Amounts subject to retroactive adjustments are estimated and recorded in the period the related services are rendered and adjusted in future periods as final settlements are determined. The estimated settlements recorded at June 30, 2011 and 2010 could differ from actual settlements. Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient diagnosis related group classification system that is based on clinical, diagnostic, and other factors

Inpatient and outpatient services rendered to Medicaid program beneficiaries are paid under cost reimbursement methodologies, prospectively determined rates per discharge, and prospectively determined or negotiated rates

Revenue from the Medicare and Medicaid programs accounted for approximately 26 6% and 3 5%, respectively, of the System's net patient revenue for the fiscal year ended 2011 and 27 4% and 5 0%, respectively, of the System's net patient revenue for the fiscal year ended 2010 Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term

Notes to Consolidated Financial Statements (continued)

4. Net Patient Service Revenue (continued)

The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The basis for payment to the System under these agreements includes prospectively determined rates per discharge, discounts from established charges, and negotiated daily rates

In July 1991, the Texas Legislature passed a bill authorizing a state program (Medicaid Dispro), whereby all hospitals in the state of Texas that qualified as a disproportionate share health care provider would receive Medicaid Dispro funds. This program, with certain revisions, was extended through September 30, 2011, and is administered by the Texas Department of Health In 1993, the Texas Legislature expanded the number of hospitals qualifying to receive Medicaid Dispro funds to include rural facilities. The source of these funds is assessments from qualifying hospitals that are matched at a specific percentage by the federal government

Additionally, the federal Medicaid rules allow for hospitals to be reimbursed for some of the uncompensated cost of treating Medicaid and uninsured patients up to an Upper Payment Limit (UPL) UPL programs act as mechanisms to draw federal Medicaid dollars into local communities The Texas Medicaid program has chosen a county-specific UPL strategy to receive supplemental federal matching funds Under these programs, various hospital participants in the respective counties have elected to provide health care services to the indigent population in the county as charity services and, as such, no third party has an obligation to pay for these services Separately, and with no legal obligation or link to the hospitals' provision of charity services, the tax-supported governmental entity may choose, entirely at its discretion, to contribute a portion of its tax revenues into the state's Medicaid program. The amounts transferred by the governmental entity to the state Medicaid program are then matched at the federal level, and the total amount (the amount transferred to the state Medicaid program by the governmental entity and the related federal match) is then paid to the hospital participants based upon each hospital's individual applicable funding entitlement In addition to the allocations received by the Medicaid program, hospital participants in some communities may make charity community benefit transfers to each other throughout the year to reach a previously agreed-upon sharing ratio

Medicaid supplemental payments, which include Medicaid Dispro and UPL payments, net of settlements and amounts transferred between program participants, of approximately \$334,267,000 and \$265,311,000 were recorded in 2011 and 2010, respectively Net patient service revenue in the accompanying consolidated statements of operations and changes in net assets includes all Medicaid supplemental funds

Notes to Consolidated Financial Statements (continued)

4. Net Patient Service Revenue (continued)

The Texas Health and Human Services Commission (HHSC) has filed an application with the Centers for Medicare and Medicaid Services (CMS) to approve an 1115(b) demonstration waiver from traditional Medicaid financial and eligibility rules. The approval of such waiver could impact the revenue the System receives under the Medicaid supplemental payments. The amounts of future reimbursements under these programs cannot be assured beyond August 31, 2011. For fiscal years 2011 and 2010, net patient service revenue increased approximately \$16,403,000 and \$19,643,000, respectively, related to changes in estimates for cost report reopenings, appeals, and tentative and final cost report settlements on filed cost reports, of which some are still subject to audit, additional re-opening, and/or appeal

The health care industry is subject to numerous laws and regulations of federal, state, and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, participation requirements of government health care programs, reimbursement for patient services, and Medicare and Medicaid fraud and abuse. Government activity has continued with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by health care providers. Violations of these laws and regulations could result in expulsion from government health care programs, together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. There are matters currently under audit and/or review by regulatory and government officials. These reviews and audits may or may not result in revisions to cost reports, resubmitted billings, unasserted possible claims that are probable of assertion, or loss contingencies. Compliance with such laws and regulations may be subject to future government review and interpretation, as well as regulatory actions.

Notes to Consolidated Financial Statements (continued)

5. Cash and Investments

Total cash and investments for the System at June 30, 2011 and 2010, including assets whose use is limited, are (in thousands)

	 2011	2010
Cash and cash equivalents	\$ 615,867	\$ 797,594
Certificates of deposit Domestic equities and equity funds	25,465 283,297	20,403 174,722
Preferred stocks	1,712	2,868
Fixed income securities and fixed income funds	547,914	270,915
International equities	110,466	97,779
U S Government securities	158,907	66,309
Equity in managed funds	144,806	149,916
Other investments	\$ 97 1,888,531	\$ 29,666 1,610,172

Cash and cash equivalents include cash, money market bank accounts, interest-bearing bank accounts, and debt securities with original maturities of less than three months. United States Government securities include debt securities issued by the U.S. Government or a U.S. Government agency. Fixed income securities include corporate debt securities, common collective trusts, and certificates of deposit greater than three months. Marketable equity securities include domestic and foreign stocks, as well as mutual funds and common collective trusts. Equity in managed funds includes investments in limited liability partnerships or corporations and other alternative investments. Other investments include municipal and foreign fixed income instruments and restricted investments held by the System's philanthropic foundations.

The System's equity investments in managed funds are recorded based on the System's share of the underlying value of marketable securities held by these funds, as reported to the System Equity method investments include reported changes in value as reported to the System by the fund custodians These investments are recorded at amounts confirmed by fund custodians These amounts cannot be validated by the management of the System, and there can be no assurance such reported amounts will be ultimately realized

The System's investments are subject to various types of risks, as explained below

Notes to Consolidated Financial Statements (continued)

5. Cash and Investments (continued)

Fixed Income

This investment class includes investments in various fixed income instruments that include investment-grade and high-yield domestic and international bonds, preferred stocks, mortgage pools, master limited partnership units, and bonds issued by U S Government agencies. This investment class also includes investments in common trust funds, mutual funds, and exchange-traded funds that hold investments in fixed income securities. The fixed income investments are exposed to various kinds and levels of risk, including interest rate risk, credit risk, foreign exchange risk, and liquidity risk.

Equities

This investment class consists primarily of common equity securities of domestic and foreign companies. These securities trade through the major public domestic and international exchanges. This investment class also includes investments in common trust funds, mutual funds, and exchange-traded funds that hold investments in equity securities. The equity securities investments are exposed to various risks, including market risk, individual security risk, foreign exchange risk, and, for common equity of companies with a small market capitalization, liquidity risk.

Equity Investments in Managed Funds

These funds are invested with external investment managers who invest primarily in various alternative categories, including long and short equity positions, managed futures, emerging markets, distressed enterprises, and arbitrage positions. These investments are domestic and international in nature, are illiquid, and may not be realized for a period of several years after the investments are made. The risks associated with these investments are numerous, resulting in a greater likelihood of losing invested capital. The risks include the following.

Nonregulation Risk – These funds are not required to register with the Securities and Exchange Commission (SEC) and are not subject to regulatory controls

Managerial Risk – Fund managers may fail to produce the intended returns and are not subject to oversight

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Notes to Consolidated Financial Statements (continued)

5. Cash and Investments (continued)

Minimal Liquidity – Many funds impose lock-up periods that prevent investors from redeeming their shares or impose penalties to redeem

Limited Transparency – As unregistered investment vehicles, funds are not required to disclose the holdings in their portfolios to investors

Investment Strategy Risk – The funds often employ sophisticated, risky investment strategies, are speculative, and may use leverage, which could result in volatile returns

The System has no commitments for funding to equity investments in managed funds as of June 30, 2011 Assets whose use is limited or restricted consisted of the following at June 30, 2011 and 2010 (in thousands)

	2011	2010
Assets whose use is limited or restricted, required for current bond indenture and self-insurance liabilities	\$ 71,367 \$	67,383
Other investments, internally designated for capital expansion and other purposes Under bond indenture agreement – held by trustee	499,205 81,475	213,917 92,147
Under liability retention and self-insurance funding arrangement – held by trustee Under Emerald Assurance funding arrangements Restricted cash and investments	10,968 158,930 62,385	8,938 120,288 51,920
Total assets whose use is limited or restricted	\$ 884,330 \$	554,593

Notes to Consolidated Financial Statements (continued)

5. Cash and Investments (continued)

Investment return and gains for assets limited as to use, cash equivalents, and other unrestricted investments consisted of the following for the years ended June 30, 2011 and 2010 (in thousands)

	 2011	2010
Operating interest and dividend income	\$ 5,103 \$	4,691
Operating gain, realized and unrealized	17,413	9,881
Equity investment earnings on managed funds	741	1,864
Total operating investment income	 23,257	16,436
Nonoperating interest and dividend income	12,555	11,094
Nonoperating gain, realized and unrealized	80,170	43,247
Equity investment earnings on managed funds	9,850	9,159
Net swap agreement activity	 12,210	(36,837)
Total nonoperating investment gain	 114,785	26,663
Total investment gain	\$ 138,042 \$	43,099

6. Fair Value Measurements

The three-level valuation hierarchy for disclosure of fair value measurements is based on the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows

- Level 1 Inputs to the valuation methodology are quoted prices for similar assets and liabilities in active markets
- Level 2 Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument
- Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement

A financial instrument's categorization within the valuation hierarchy is based on the lowest level of input that is significant to the fair value measurement

Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

The following tables present the financial instruments carried at fair value as of June 30, 2011 and 2010 (in thousands) by the valuation hierarchy (as described above)

		20	11		
	Level 1	Level 2		Level 3	Total
Assets					
Investments					
Cash and cash equivalents	\$ 615,867	\$ _	\$	- \$	615,867
Certificates of deposit	25,465	_		_	25,465
Domestic equities and equity					
funds	201,054	82,243		_	283,297
Preferred stocks	1,712	_		_	1,712
Fixed income securities and fixed					
income funds	_	547,914		_	547,914
International equities	110,466	_		_	110,466
U S Government securities	_	158,907		_	158,907
Other investments	 _	97		_	97
Total investments	954,564	789,161		_	1,743,725
Interest rate swap asset	_	12,375		_	12,375
Total assets at fair value	\$ 954,564	\$ 801,536	\$	- \$	1,756,100
Liabilities					
Interest rate swap agreements	\$ _	\$ 72,348	\$	- \$	72,348
Total liabilities at fair value	\$ _	\$ 72,348	\$	- \$	72,348

Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

	2010						
		Level 1		Level 2		Level 3	Total
Assets							
Investments							
Cash and cash equivalents	\$	797,594	\$	_	\$	- \$	797,594
Certificates of deposit		20,403				_	20,403
Domestic equities		174,722		_		_	174,722
Preferred stocks		2,868		_		_	2,868
Fixed income securities and fixed							
income funds		_		270,915		_	270,915
International equities		97,779		_		_	97,779
U S Government securities		_		66,309		_	66,309
Other investments		_		29,666		_	29,666
Total investments		1,093,366		366,890		_	1,460,256
Interest rate swap asset		_		4,824		_	4,824
Total assets at fair value	\$	1,093,366	\$	371,714	\$	- \$	1,465,080
Liabilities							
Interest rate swap agreements	\$	_	\$	94,600	\$	- \$	94,600
Total liabilities at fair value	\$		\$	94,600	\$	- \$	94,600

The valuation methodologies used for instruments measured at fair value as presented in the tables above are as follows

• Investments – Investments are valued at quoted prices available in an active market and are classified within Level 1 of the valuation hierarchy

Investments valued based on evaluated bid prices provided by third-party pricing services where quoted market prices are not available are classified within Level 2 of the valuation hierarchy

• Interest rate swap agreements – Interest rate swap agreements are valued using thirdparty models that use observable market conditions as their input and are classified within Level 2 of the valuation hierarchy

Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

At June 30, 2011 and 2010, the System's financial instruments included cash and cash equivalents, accounts receivable, assets limited as to use, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt. The carrying amounts reported in the consolidated balance sheets for these financial instruments, except for long-term debt, approximate their fair value

The System's fixed rate debt is enhanced with bond insurance. The estimated fair value of the fixed rate debt, if it were not enhanced by insurance, approximates \$632,290,000 at June 30, 2011, as compared to its carrying value of \$592,506,000

At June 30, 2011, the System has several issues of variable rate demand and auction-rate bonds outstanding. The System's continued participation in these debt programs depends on its ability to extend or replace the existing credit facilities supporting the respective standby purchase agreements. If these credit facilities are not available, the System will likely refund these outstanding series with available funds or funds derived from fixed rate series proceeds. It is not practicable to estimate the fair value of the variable rate demand and auction-rate bonds separate from the value supported by the credit facilities.

7. Property, Plant, and Equipment

Property, plant, and equipment at June 30, 2011 and 2010, consisted of the following (in thousands)

	2011	2010
v 1	6 41 30 7	.
Land	\$ 217,307	\$ 204,160
Land improvements	73,391	70,231
Buildings and fixed equipment	2,330,211	2,293,778
Major movable equipment	1,822,097	1,772,988
Less accumulated depreciation	(2,710,751)	(2,549,701)
	1,732,255	1,791,456
Construction-in-progress (estimated cost to complete		
is \$75 million and \$68 million at June 30, 2011		
and 2010, respectively)	54,578	25,358
Total	\$ 1,786,833	\$ 1,816,814

Notes to Consolidated Financial Statements (continued)

7. Property, Plant, and Equipment (continued)

Depreciation expense for the System for fiscal years 2011 and 2010 totaled \$210,668,000 and \$220,889,000, respectively

8. Investments in Unconsolidated Organizations

The System has unrestricted investments in unconsolidated organizations of \$188,550,000 and \$174,580,000 at June 30, 2011 and 2010, respectively The following investments account for 95% and 94% of the System's total investments in unconsolidated organizations in 2011 and 2010, respectively

Baptist St. Anthony's Health System

CHRISTUS Health has a 50% membership interest in Baptist St Anthony's Health System (BSAHS), a Texas nonprofit corporation BSAHS is a market leader in the Amarillo area CHRISTUS Health's recorded investment in BSAHS, accounted for under the equity method, was \$162,488,000 and \$138,148,000 at June 30, 2011 and 2010, respectively. The 2011 and 2010 balance includes \$8,648,000 and \$8,513,000, respectively, of restricted net assets that are included in other restricted assets CHRISTUS Health recorded its share of BSAHS's gains from operations of \$24,707,000 and \$15,263,000 in 2011 and 2010, respectively. The System also recorded its share of the change in unrealized gains on investments of \$249,000 and \$197,000 at June 30, 2011 and 2010, respectively, as changes in unrestricted net assets. Additionally, the System had a note receivable from BSAHS resulting from the formation of the joint venture that was paid off in the first quarter of fiscal year 2011. At June 30, 2010, the principal amount of the note receivable was \$7,950,000, and is included in notes and other receivables in the consolidated balance sheets.

Preferred Professional Insurance Company

CHRISTUS Health has a 12 1% ownership interest in Preferred Providers Insurance Company (PPIC), a taxable Nebraska corporation This corporation, formed in 1988, was established to provide excess professional and general liability insurance CHRISTUS Health's recorded investment in PPIC, accounted for under the cost method, was \$17,059,000 at both June 30, 2011 and 2010 The System recorded income from its investment in PPIC in fiscal years 2011 and 2010 of \$789,000 and \$222,000, respectively

Notes to Consolidated Financial Statements (continued)

8. Investments in Unconsolidated Organizations (continued)

CS USP Surgery Centers, L.P.

CHRISTUS Spohn Health System Corporation has a 50% ownership interest in a Texas limited liability partnership with United Surgical Partners International, Inc. for the purpose of owning and operating ambulatory surgery centers in Corpus Christi, Texas. The venture consists of two surgery centers near the campus of Spohn Shoreline, specifically Corpus Christi Outpatient Surgery and SurgiCare CHRISTUS Health's recorded investment, accounted for under the equity method, was \$5,762,000 and \$5,947,000 at June 30, 2011 and 2010, respectively. The System recorded its share of income from operations in fiscal years 2011 and 2010 of \$645,000 and \$666,000, respectively.

Omega Lab Joint Venture

CHRISTUS Health has a 40% ownership interest in Omega Lab Joint Venture At June 30, 2011 and 2010, the System's recorded investment in Omega Lab Joint Venture, accounted for under the equity method, was \$3,152,000 and \$3,079,000, respectively The System recorded its share of Omega Lab Joint Venture income from operations in fiscal years 2011 and 2010 of \$520,000 and \$678,000, respectively

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt

Long-term debt at June 30, 2011 and 2010, consisted of the following (in thousands)

		2011	2010
Revenue bonds, in variable rate demand mode, with weighted-average trading rates of 25% and 0 40% in	C	240.250	260.605
fiscal 2011 and 2010, respectively, due in 2047 Revenue bonds, in auction mode, with weighted-average interest rates of 1 17% and 1 22% in fiscal 2011 and	\$	269,250	\$ 269,695
2010, respectively, due in 2031 Revenue bonds, in fixed rate mode, bearing interest from		219,125	322,575
3 00% to 6 50%		592,506	517,083
Capital lease payable to Nueces County Hospital District, bearing interest at a fixed rate of 6 9%, with annual principal payments through 2026, secured by the assets of CHRISTUS Spohn Hospital Memorial Capital lease payable to Bee County, bearing interest at a fixed rate of 6 0%, with annual principal payments through 2030, secured by the assets of CHRISTUS		46,907	48,649
Spohn Hospital Beeville		9,367	9,732
Nonobligated bank notes and capital leases related to			
CHRISTUS Muguerza investment		55,263	55,764
Other note and capital lease note obligations	_	40,522	29,778
		1,232,940	1,253,276
Less current maturities on long-term debt			
Long-term debt subject to remarketing agreements		_	(194,695)
Less current portion		(57,904)	(57,483)
Total	\$	1,175,036	1,001,098

According to the terms of the CHRISTUS Health Master Trust Indenture, the Obligated Group consists of eight CHRISTUS Health regions as follows CHRISTUS Spohn Health System, CHRISTUS Health Gulf Coast, CHRISTUS Health Southeast Texas, CHRISTUS Santa Rosa Health Care Corporation, CHRISTUS Health Ark-La-Tex, CHRISTUS Health Northern Louisiana, CHRISTUS Health Central Louisiana, and CHRISTUS Health Southwestern Louisiana CHRISTUS Health is the Obligated Group Agent

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

Certain entities of CHRISTUS Health that are otherwise included in the consolidated financial statements of CHRISTUS Health are excluded from the CHRISTUS Health Obligated Group These entities include, but are not limited to, the CHRISTUS Health Liability Retention Trust, Emerald Assurance, CHRISTUS St Vincent Regional Medical Center, CHRISTUS Health Utah, CHRISTUS Provider Network, CHRISTUS Continuing Care, CHRISTUS Muguerza, S A de C V , and various philanthropic foundations

Under the provisions of the Master Trust Indenture, the obligations of CHRISTUS Health and the other members of the Obligated Group are secured by a pledge of gross revenues Additionally, each member of the Obligated Group has undertaken certain covenants, including the following to ensure the payment of debt service, to ensure the payment of taxes and other claims, to deliver compliance statement(s), to preserve corporate existence, to maintain books and records subject to inspection by the Master Trustee, to maintain insurance, to conform to defined lien limitations, to establish adequate service rates, to maintain a sufficient debt service coverage and indebtedness ratio, to maintain a required aggregate amount of unrestricted cash and investments, and to adhere to certain defined conditions with respect to consolidation, merger, conveyance or transfer, and admission or withdrawal of Obligated Group members pursuant to the Master Trust Indenture, insurer, and letter of credit bank agreements

In August 2009, CHRISTUS Health issued debt in the amount of \$231,005,000, which consisted of \$156,005,000 in fixed rate bonds (Series 2009A) and \$75,000,000 in variable rate demand bonds (VRDBs) (Series 2009B) The issues were used to refund the outstanding Series 2007C and Series 2008D bonds and to fund a debt service reserve fund for the Series 2009A bonds The Series 2007C bonds were supported by a standby bond purchase agreement provided by Landesbank Hessen-Thuringen Girozentrale, acting through its New York branch, which was terminated as part of the transaction The Series 2009B VRDBs were initially supported by a letter of credit issued by The Bank of New York Mellon that would have expired on February 28, 2012 Subsequent to June 30, 2011, the letter of credit was amended to expire on July 31, 2014

In December 2009, CHRISTUS Health issued \$72,695,000 of fixed rate bonds (Series 2009C) The issue refinanced the outstanding 2008 C-5 VRDBs As a result of this transaction, the letter of credit supporting the Series 2005 C-5 bonds with Compass Bank was terminated CHRISTUS Health also converted \$54,260,000 of auction rate securities to fixed rate bonds through a reoffering of the Series 2005 C-3 bonds The fixed rate bonds are insured by FSA (currently Assured Guaranty)

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

The outstanding Series 2008C VRDBs are supported by letters of credit issued by Bank of America that expire on December 17, 2015

In June 2010, the System redeemed the remaining portion of the Series 1998A fixed rate bonds before the final maturity In December 2010, CHRISTUS Health converted \$93,380,000 of auction rate securities to fixed rate bonds through a reoffering of the Series 2005 A-5 and 2005 A-6 bonds The fixed rate bonds are insured by Assured Guaranty Municipal Corp (AGMC)

The System recorded a loss on the early extinguishment of debt of \$508,000 and \$4,399,000 in fiscal years 2011 and 2010, respectively, which is recorded in other nonoperating loss

In addition, the CHRISTUS Health System was obligated on approximately \$152,059,000 and \$143,923,000 of additional long-term debt, which included capitalized leases and notes payable to others as of June 30, 2011 and 2010, respectively

Principal payments for all long-term debt for the next five years and thereafter are as follows (in thousands)

2012	\$ 57,904
2013	56,107
2014	53,519
2015	56,173
2016	58,908
Thereafter	 950,329
Total debt	\$ 1,232,940

10. Derivative Financial Instruments

Interest rate swap contracts between the System and third parties (counterparties) provide for the periodic exchange of payments between the parties based on changes in a defined index and a fixed rate and expose the System to market risk and credit risk Credit risk is the risk that contractual obligations of the counterparties will not be fulfilled Concentrations of credit risk relate to groups of counterparties that have similar economic or industry characteristics that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions Counterparty credit risk is managed by requiring high credit standards for the System's counterparties The counterparties to these contracts are financial

Notes to Consolidated Financial Statements (continued)

10. Derivative Financial Instruments (continued)

institutions that carry investment-grade credit ratings. The interest rate swap contracts contain certain collateral provisions applicable to both parties to mitigate credit risk. CHRISTUS has complied with these provisions as required. No collateral was posted at June 30, 2011. The System does not anticipate nonperformance by its counterparties. Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken. Management also mitigates risk through periodic reviews of their derivative positions in the context of their blended cost of capital. As of June 2011, CHRISTUS Health has interest rate swap agreements to manage interest rate risk exposure, not designated as hedging instruments, with a total notional amount of \$1,221,065,000.

At June 30, 2011, the fair value of these swap agreements was a net liability of \$59,973,000, with \$72,348,000 recorded as a liability and \$12,375,000 recorded as an asset on the consolidated balance sheet At June 30, 2010, the fair value of these swap agreements was a net liability of \$89,776,000, with \$94,600,000 recorded as a liability and \$4,824,000 recorded as an asset on the consolidated balance sheet The change in fair value of \$29,803,000 and \$18,953,000 for the years ended June 30, 2011 and 2010, respectively, is combined with the payments, net of receipts made under the agreements, of \$17,592,000 and \$17,884,000 for the years ended June 30, 2011 and 2010, respectively This total is included in nonoperating investment gain in the statements of operations and changes in net assets

The following tables summarize the fair value at June 30, 2011 and 2010, and the income (loss) recorded related to the interest rate swap agreements as of and for the years ended June 30, 2011 and 2010, in thousands

		Termination	Interest Rate	N	otional		Fair Va	lue		Change in	Fair	r Value		Paid/(R	ecei	ved)
Counterparty	Description	Date	Agreements	A	mount	6/	/30/2011	6/30/2010	_	6/30/2011	6/	/30/2010	6,	/30/2011	6/	/30/2010
Merrill Lynch	Variable basis	2021–2023 2022 and	6	\$	470,000	\$	(7,093) \$	(14.410)	\$	7,317	\$	917	\$	248	\$	354
*Citigroup	Fixed payor Constant	2031	2		271,805		(23,084)	(27.511)		4,427		(9.541)		8,264		8,465
Citigroup	maturity	2022	1		200,000		12,375	4.824		7,551		4.941		_		_
Citigroup	Fixed payor	2047	2		166,100		(25,414)	(31,656)		6,242		(9,078)		5,423		5,414
Citigroup	Fixed payor	2047	1		113,160		(16,757)	(21.023)		4,266		(6.192)		3,657		3.651
			12	\$	1,221,065	\$	(59,973) \$	(89,776)	\$	29,803	\$	(18,953)	\$	17,592	\$	17,884

^{*}In FY 2010 the notional amount was \$279.075 and it was adjusted to decrease by \$7.270 on July 7, 2010

Notes to Consolidated Financial Statements (continued)

10. Derivative Financial Instruments (continued)

On August 26, 2011, CHRISTUS terminated two swaps with counterparty Citigroup CHRISTUS terminated one of the 2005 Fixed Payor Swaps with an original notional amount of \$54,075,000 and a termination date of July 1, 2022, and the Constant Maturity Swap with a notional amount of \$200,000,000 and a termination date of June 1, 2022 CHRISTUS received net proceeds of \$5,785,000 as a result of the terminations

11. Cash Balance Plan and Postretirement Health Care Benefits

Cash Balance Plan

The System has established a noncontributory, defined-benefit retirement plan that operates as a cash balance plan and covers substantially all CHRISTUS Health employees who meet age and service requirements. The plan benefits are calculated based on a cash balance formula wherein participants earn an annual accrual of 6% of compensation and participant account balances accrue interest at a rate that tracks ten-year treasury notes, the maximum rate is 8% and the minimum rate is 2%

Postretirement Health Care Benefits

Comprehensive medical benefits are provided to eligible active employees who, immediately upon retirement and attainment of age 55, will receive a pension under the CHRISTUS Health retirement plan Postretirement benefits are also provided to former employees who are currently receiving pension benefits. The comprehensive medical program, which is self-insured, provides reimbursement benefits until the participant attains age 65. The program also covers dependents of retirees, in addition to former employees. Contributions are required. Retirees may choose one of two self-insured indemnity plan options. Effective February 1, 1999, the CHRISTUS Health postretirement benefit plan was curtailed prospectively. As of the effective date, new employees or employees that had not vested as of that date are not eligible for the postretirement health care benefits. The liability associated with the postretirement plan will be reduced as employee participation decreases.

Simplified Early Retirement Plan (SERP)

Prior to the formation of CHRISTUS, a plan for executives was curtailed prospectively Under this plan, eligible participants receive a cash benefit payment until death and participate in the System's retiree health, dental, and group term life program Fewer than two dozen participating

Notes to Consolidated Financial Statements (continued)

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

retirees currently maintain benefit payment status Benefits are recalculated when participants attain age 65 and remain constant thereafter At June 30, 2011 and 2010, the total liability recorded pertaining to this SERP was \$5,175,000 and \$5,481,000, respectively

Restoration Plan

The restoration plan, a nonqualified, deferred compensation plan, was designed to restore benefits that are lost under the cash balance plan due to the statutory limit on recognizable compensation Eligibility is limited to designated executives. The plan provides benefits upon termination of employment to qualifying participants. Plan benefits are calculated using the same methodology for the cash balance plan, vesting requirements are also the same. The restoration plan is unfunded

The measurement date for all plans is June 30 Components of net periodic benefit cost, recorded as a component of employee compensation and benefits, for the years ended June 30, 2011 and 2010, consisted of the following (in thousands)

	Cash Bala	Balance Plan			Postretirement				SE	RP		Restoration Plan		
	 2011		2010		2011		2010		2011		2010	2011	2010	
Service cost	\$ 43,135	\$	42,660	\$	578	\$	607	\$	_	\$	_	\$ 203 \$	255	
Interest cost	37,887		40,830		1,056		1.310		_		_	103	191	
Expected return on														
assets	(44,720)		(39.514)		_		_		_		_			
Amortization of prior service cost	(775)		(850)		_		_		_		_	103	103	
Recognized net actuarial loss (gain)	19,589		20,201		_		_		(306)		231	(67)	11_	
Net benefit cost	\$ 55,116	\$	63,327	\$	1,634	\$	1,917	\$	(306)	\$	231	\$ 342 \$	560	

At June 30, 2011 and 2010, unrestricted net assets include \$133,519,000 and \$233,574,000, respectively, of amounts arising from defined-benefit plans that have not yet been recognized in net periodic benefit cost Amounts recognized in unrestricted net assets expected to be recognized in net periodic benefit cost during fiscal 2012 are \$7,356,000

Notes to Consolidated Financial Statements (continued)

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

The following table sets forth the changes in benefit obligations, changes in plan assets, and funded status of the plans measured as of June 30 (in thousands)

		Cash Bal	anc	e Plan	Postretire	ment	SERP		Restoration	Plan
	_	2011		2010	2011	2010	2011	2010	2011	2010
Changes in benefit obligation Benefit obligations – beginning of year Service cost Interest cost Actuarial loss (gain) Benefits paid	\$	800,271 43,135 37,887 (45,342) (33,268)	\$	732.237 42.660 40.830 20.481 (35.937)	\$ 21,987 \$ 578 1,056 (1,567) (547)	21.698 607 1.310 168 (1.796)	\$ 5,481 \$ - - (306)	5.250 \$ - 231	2,374 \$ 203 103 407 (210)	3.378 255 192 (1.121) (330)
Benefit obligation – end of vear	\$	802,683	\$	800,271	\$ 21,507 \$	21.987	\$ 5,175 \$	5,481 \$	2,8 77 \$	2,374
Change in plan assets Fair value of plan assets – beginning of veat Actual return on plan assets Employer contributions Benefits paid Fair value of plan assets –	\$	585,018 80,991 55,865 (33,268)	\$	521.749 50.207 49.000 (35.937)	\$ - \$ - 547 (547)	- 1.796 (1.796)	\$ - \$ - - -	- \$ - - -	- \$ - 210 (210)	- - 330 (330)
end of year	\$	688,606	\$	585,019	\$ - \$	_	\$ - \$	- \$	- \$	_
Funded status of the plans Underfunded Unrecognized net actuarial loss (gain) Unrecognized prior	\$	(114,078) 135,538	\$	(215.253) 236.740	\$ (21,506) \$ (2,181)	(21.988) (614)	\$ (5,175) \$	(5.481) \$	(2,878) \$ (234)	(2.374)
service cost Prepaid (accrued) benefit cost	<u> </u>	19,213	\$	(3.022)	\$ (23,687) \$	(22.602)	\$ (5,175) \$	(5.481) \$	(2,649) \$	(2.518)

Notes to Consolidated Financial Statements (continued)

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

As of June 30, 2011 and 2010, the CHRISTUS cash balance plan had accumulated benefit obligations of \$767,586,000 and \$747,206,000, respectively Assumptions used to determine benefit obligations and net periodic benefit cost for the fiscal years were as follows

	Cash Balaı	nce Plan	Postretir	ement	SER	P.	Restoration Plan		
<u>-</u>	2011	2010	2011	2010	2011	2010	2011	2010	
Benefit obligations Discount rate Rate of compensation	5 15° o	4 830 0	4 96° o	4 92° o	5 15° o	4 83° o	5 15° o	4 83° o	
increase	4 09	4 61	N A	N A	4 09	4 61	4 09	4 61	
Net periodic benefit cost	1.02	5.04	100	4.02	1.03	5.04	1.03	5.04	
Discount rate	4 83	5 84	4 96	4 92	4 83	5 84	4 83	5 84	
Expected long-term return on plan assets Rate of compensation	7 50	7 50	N A	N A	N A	NA	N A	N A	
increase	4 61	4 61	N A	N A	4 61	4 61	4 61	4 61	

The investment objective with regard to the plan assets is one of long-term capital appreciation and generation of a stream of current income. This balanced approach is expected to earn long-term total returns, consisting of capital appreciation and current income, that are commensurate with the expected rate of return used by the plans

The following information pertains only to the CHRISTUS Health postretirement plan The first table details information pertaining to assumed health care cost trend rates The second table depicts the effect of a 1% point change in assumed health care cost trend rates

Dootustinomant

					Postre	uren	ient
					Point		∕o Point
_	Postreti	irement		Inc	rease	D	ecrease
	2011	2010			(In Th	ousar	ids)
Assumed health care cost trend rates							
at June 30	9 ()° o	8 ()° o					
Health care cost trend rate assumed			Effect on total of service cost				
for next year	8 ()	7 ()	and interest cost components	\$	160	\$	(141)
Ratio to which the cost trend rate is							
assumed to decline (the ultimate							
trend rate)	5 5	5 ()					
Year that the rate reaches the ultimate			Effect on postretirement benefit				
trend rate	2015	2014	obligation		1.783		(1.599)
							(/

Notes to Consolidated Financial Statements (continued)

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

Investment Policy and Asset Allocations

The investment policies and strategies for the assets of the cash balance plan incorporate a well-diversified approach that is expected to generate long-term returns from capital appreciation and a growing stream of current income. This approach recognizes that assets are exposed to risk and the market value of the plan assets may fluctuate from year to year. Risk tolerance is determined based on the plan's financial stability and the ability to withstand return volatility. In developing the expected return on plan assets, the System evaluates the historical performance of total plan assets, the relative weighting of plan assets, interest rates, economic indicators, and industry forecasts. In line with the investment return objective and risk parameters, the mix of assets includes a diversified portfolio of equity, fixed income, and alternative investments. Equity investments include international stocks and a blend of domestic growth and value stocks of various sizes of capitalization. The aggregate asset allocation is rebalanced as needed, but not less than on an annual basis.

The asset allocations for the cash balance plan at June 30, 2011 and 2010, by asset category, are detailed below (in thousands) The postretirement plan, SERP, and restoration plan are unfunded

	 2011	2010
Cash and cash equivalents	\$ 98,516	\$ 95,839
Domestic common stocks	165,710	106,773
Preferred stocks	_	291
Fixed income securities	203,298	138,436
International equities	39,217	86,826
Equity investments in managed funds	179,676	156,564
Total	\$ 686,417	\$ 584,729

Notes to Consolidated Financial Statements (continued)

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

The allocation of plan assets by asset category for the cash balance plan, as of June 30, is as follows

	2011	2010
Allocation of plan assets by asset category		
Cash and cash equivalents	14.0%	16 0%
Equity investments in managed funds (as discussed in		
Note 5)	27.0	27 0
Fixed income securities	29.0	24 0
Equity securities	30.0	33 0
Total	100.0%	100 0%

The value of the plan assets measured at fair value on a recurring basis was determined using the following inputs, as described in Note 6, at June 30, 2011 (in thousands)

	Level 1	Level 2	Level 3	Total
Assets				
Investments				
Cash and cash equivalents	\$ 308	\$ 98,208	\$ - \$	98,516
Domestic common stocks	165,710	_	_	165,710
Fixed income securities	_	203,298	_	203,298
International equities	39,217	_	_	39,217
Equity investments in managed				
funds	_	_	179,676	179,676
Total investments	205,235	301,506	179,676	686,417
Total assets at fair value	\$ 205,235	\$ 301,506	\$ 179,676 \$	686,417

Notes to Consolidated Financial Statements (continued)

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

The following table is a rollforward of the pension plan assets classified within Level 3 of the valuation hierarchy (in thousands)

			Private				Natural
	Hee	dge Funds	Equity	R	eal Estate	F	Resources
Fair value at July 1, 2010 Purchases, issuances, and	\$	91,165	\$ 50,542	\$	10,925	\$	3,931
settlements		7,753	12,158		350		1,481
Actual return on plan assets		1,842	(1,360)		1,178		(289)
Fair value at June 30, 2011	\$	100,760	\$ 61,340	\$	12,453	\$	5,123

The cash balance plan has \$58,858,000 of funding commitments to equity investments in managed funds as of June 30, 2011

Contributions

In fiscal year 2012, CHRISTUS expects to contribute \$56,400,000 to the cash balance plan based on asset values for the plan year beginning January 1, 2011 Contributions to the cash balance plan of \$55,865,000, and \$49,000,000 were made for plan years beginning January 1, 2010 and 2009, respectively Since the postretirement plan, SERP, and restoration plan are unfunded, no cash contributions are expected

Notes to Consolidated Financial Statements (continued)

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

Benefit Payments

The following benefit payments, which reflect expected future service relative to the cash balance plan and expected benefit payments for services previously rendered relative to the postretirement plan and the SERP, are expected to be paid as follows (in thousands)

	Cas	sh Balance Plan	Post- etirement	SERP	Re	estoration Plan
2012	\$	35,673	\$ 1,122	\$ 598	\$	523
2013		39,486	1,318	581		273
2014		42,391	1,491	562		284
2015		44,915	1,665	541		293
2016		48,307	1,788	518		308
Years 2017–2020		297,103	10,381	2,195		1,480

Defined-Contribution Plans

The System has a defined-contribution plan (the Matched Savings Plan) covering substantially all CHRISTUS Health employees Annual employee contributions are limited to 50% of compensation, up to the Internal Revenue Service dollar limits. The System will match 50% of employee contributions, not to exceed 4% of annual compensation. Employer contributions vest to the employee over a five-year period. For the years ended June 30, 2011 and 2010, expenses attributable to the Matched Savings Plan amounted to \$8,173,381 and \$9,632,255, respectively.

CHRISTUS St Vincent Regional Medical Center (St Vincent) has two 403(b) defined-contribution plans for union and nonunion employees St Vincent makes a set lump-sum contribution per year for nurse union employees and a contribution of 3 5% of gross salaries for nonunion employees, as defined by the plans' agreements For fiscal years 2011 and 2010, St Vincent has incurred approximately \$3,960,000 and \$3,781,000 in expenses related to the plans, respectively

Notes to Consolidated Financial Statements (continued)

11. Cash Balance Plan and Postretirement Health Care Benefits (continued)

ExecuFLEX Benefit Plan

The System established an ExecuFLEX plan (ExecuFLEX), which is limited to designated executives Plan participants receive an ExecuFLEX allowance to be allocated among four different components CHRISTUS Health ExecuFLEX Individual Long-Term Disability Plan, CHRISTUS Health ExecuFLEX Supplemental Survivor Plan, CHRISTUS Health ExecuFLEX Spouse Survivor Plan, and CHRISTUS Health ExecuFLEX Deferred Income Account (DIA) Plan

CHRISTUS Health maintains a collateral interest in the individual life insurance policies under the supplemental survivor plan and the spouse survivor plan to the extent of the cumulative advanced premiums paid on behalf of the participant(s) Upon termination of employment, a participant is required to surrender any policy with a cash surrender value less than the advanced premiums

The DIA Plan is a nonqualified, deferred compensation plan, eligibility is limited to designated executives. Benefits vest based on certain qualifying events and are paid to participants when fully vested. The funds contributed by participants to this component of the ExecuFLEX Plan are held in a Rabbi Trust until vesting requirements have been satisfied. The System has an asset recorded for the investments in the Rabbi Trust with a corresponding liability. As of June 30, 2011 and 2010, the total asset and the corresponding liability were \$9,044,000 and \$7,411,000, respectively.

12. Self-Funded Liabilities

The System self-funds and insures for primary professional and general liability, workers' compensation, and employee medical benefits A wholly owned, captive insurance company, Emerald Assurance Cayman Ltd (Emerald), is used to fund primary professional and general liability Additionally, the System internally sets aside funds for workers' compensation and employee medical benefits Funding amounts are based on actuarial recommendations

The assets of the captive insurance company, internally designated funds, and the estimated liability for losses are reported in the consolidated balance sheets. Investment income from the assets and the provision for estimated self-funded losses and administrative costs are reported in the consolidated statements of operations and changes in net assets. The estimated self-funded

Notes to Consolidated Financial Statements (continued)

12. Self-Funded Liabilities (continued)

losses include expected claim payments, including settlement costs for reported claims and an actuarial determination of expected losses related to claims that have been incurred but not reported

Emerald was incorporated in the Cayman Islands on June 27, 2003, and operates subject to the provisions of the Companies Law (2003 Revision) of the Cayman Islands Emerald was granted an Unrestricted Class "B" Insurer's license on June 30, 2003, which it holds subject to the provisions of the Insurance Law (2003 Revision) of the Cayman Islands Emerald has received an undertaking from the Cayman Islands government exempting it from local income, profits, and capital gains taxes until July 29, 2023 No such taxes are currently levied in the Cayman Islands

13. Concentrations of Credit Risk

The System grants credit without collateral to its patients, most of whom are local residents of the geographies of the various System health care centers and are insured under third-party payor agreements. The mix of gross accounts receivables from patients and third-party payors at June 30, 2011 and 2010, was as follows

	2011	2010
3.6 th	• 4 504	- 4 0 /
Medicare	24.6%	24 7%
Medicaid	5.3	8 8
Managed care organizations	36.6	37 4
Commercial insurance	4.6	6 5
Self-pay	15.9	11 5
Others	13.0	11 1
	100.0%	100 0%

14. Commitments and Contingencies

Operating Leases

The System leases various equipment and facilities under noncancelable operating leases expiring at various dates through May 19, 2045 Total rental expense in 2011 and 2010 for all operating leases was approximately \$46,948,000 and \$43,857,000, respectively

Notes to Consolidated Financial Statements (continued)

14. Commitments and Contingencies (continued)

The System's leases have varying terms, which may include renewal or purchase options and escalation clauses, that are factored into determining minimum lease payments. The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2011, that have initial or remaining lease terms in excess of one year (in thousands)

2012	\$ 31,459
2013	27,389
2014	23,338
2015	19,240
2016	15,562
Thereafter	32,306
Total	\$ 149,294

From time to time, the System is subject to litigation in the ordinary course of operations In management's opinion, any future settlements or judgments on asserted or unasserted claims will not have a material effect on the System's consolidated financial statements

CHRISTUS Spohn Health System Corporation (CHRISTUS Spohn) has received a request and subpoena from the Health and Human Services Office of the Inspector General (OIG) for one-day stay information, and CHRISTUS Spohn has worked with the OIG and the US Attorney's office in the Southern District of Texas to comply with this request While maximum penalties could have a material impact on CHRISTUS Health's financial condition, management anticipates that any final settlement will not have a material adverse impact on its financial condition

CHRISTUS Health has received notification that several regions have been identified as part of the nationwide Department of Justice (DOJ) investigation to determine whether, in certain cases, implantable cardioverter defibrillators (ICDs) were provided to certain Medicare beneficiaries in accordance with national coverage criteria. Through October 12, 2011, the DOJ has not asserted any claims against the System. The System continues to fully cooperate with the DOJ in its investigation. While maximum penalties could have a material impact on CHRISTUS Health's financial condition, management anticipates that any final settlement will not have a material adverse impact on its financial condition.

Notes to Consolidated Financial Statements (continued)

14. Commitments and Contingencies (continued)

Because the government's enforcement efforts presently are widespread within the industry and may vary from region to region, there can be no assurance that the compliance program will significantly reduce or eliminate the exposure of the System to civil or criminal sanctions or adverse administrative determinations

15. Functional Expenses

The System provides general health care services to residents throughout various geographic locations Expenses related to providing these services at June 30, 2011 and 2010, are as follows (in thousands)

	2011	2010
Health care services Physician services General and administrative	\$ 2,721,502 188,017 771,734	\$ 2,633,422 158,133 784,468
Total	\$ 3,681,253	\$ 3,576,023

16. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, 2011 and 2010, are available for the following purposes or periods (in thousands)

	 2011	2010
Purchase of equipment/capital improvement	\$ 13,263 \$	20,380
Indigent care	2,744	2,034
Health education	1,985	1,671
Health care services	7,076	9,704
Community outreach	13,281	11,504
Other	 23,047	12,613
Total	\$ 61,396 \$	57,906

Notes to Consolidated Financial Statements (continued)

16. Temporarily and Permanently Restricted Net Assets

Permanently restricted net assets at June 30, 2011 and 2010, are restricted as follows (in thousands)

	2011	2010
Investments to be held in perpetuity, the income from		
which is expendable to support health care services		
(reported as operating income)	\$ 7,699	\$ 7,550
Endowment requiring income to be added to original gift	3,922	3,174
Other	1,930	2,396
Total	\$ 13,551	\$ 13,120

17. Assets Held for Sale

During fiscal year 2009, the System implemented a plan to monetize nonoperational assets where appropriate As a result, several properties were identified and marketing plans were developed. The System classified certain long-lived assets as held for sale in fiscal years 2011 and 2010. The System has classified \$2,150,000 and \$28,308,000 as assets held for sale at June 30, 2011 and 2010, respectively. During fiscal year 2011, land of approximately \$16,100,000 that was classified as held for sale at June 30, 2010 was reclassified as property, plant, and equipment at June 30, 2011.

Approximately \$1,147,000 of the assets held for sale balance at June 30, 2011 is land The remaining \$1,003,000 represents nonoperational buildings in several Regions Approximately \$2,150,000 of the assets held for sale at June 30, 2010 continue to be classified as held for sale at June 30, 2011 This classification is considered appropriate due to market conditions and length of time required to execute sale transactions. The assets are recorded at the lower of the book or estimated fair value at June 30, 2011

Notes to Consolidated Financial Statements (continued)

18. Changes in Consolidated Unrestricted Net Assets

Changes in consolidated unrestricted net assets that are attributable to the System and the noncontrolling interests in subsidiaries are as follows

		olling erest	No	ncontrolling Interest	3	Total
		icst		Titter est		1 Otai
Balance, July 1, 2009 Unrestricted revenues, gains, and other	\$ 1,95	54,230	\$	91,791	\$	2,046,021
support in excess of expenses	(53,183		14,829		78,012
Distributions		_		(597)		(597)
Other activities		(5,374)		(2,309)		(7,683)
Balance, June 30, 2010	2,0	12,039		103,714		2,115,753
Unrestricted revenues, gains, and other						
support in excess of expenses	17	77,333		18,717		196,050
Distributions		_		(11,592)		(11,592)
Other activities		72,472		2,410		74,882
Balance, June 30, 2011	\$ 2,20	61,844	\$	113,249	\$	2,375,093

19. Significant Events

Expansion of Healthcare Operations – Santa Rosa

In July 2009, the CHRISTUS Santa Rosa Region bought a 38% ownership interest in the Foundation Surgery Affiliates of New Braunfels, LLC (FSA) for cash consideration of \$2,417,000 In addition to the cash purchase price, CHRISTUS Santa Rosa paid cash consideration of \$558,000 to FSA to terminate the management agreement of the facility The FSA facility is located in New Braunfels, Texas Subsequent to the acquisition, FSA merged with CHRISTUS Santa Rosa Outpatient Surgery – New Braunfels, LP CHRISTUS Santa Rosa has an ownership interest of 55 95% in the merged entity The transactions were accounted for under the pooling method of accounting CHRISTUS Santa Rosa and CHRISTUS Santa Rosa Outpatient Surgery – New Braunfels, LP executed a management services agreement whereby CHRISTUS Santa Rosa will perform certain management services for the combined entity

Notes to Consolidated Financial Statements (continued)

19. Significant Events (continued)

In September 2009, CHRISTUS Santa Rosa purchased a 51% ownership interest in the Foundation Surgery Center of San Antonio for an estimated cash consideration of \$14,400,000 and the assumption of \$23,500,000 in debt Foundation Surgery Center has total assets of \$19,500,000, including \$4,600,000 in current assets, and total liabilities of \$27,400,000 after acquisition Foundation Surgery Center of San Antonio has four locations in San Antonio and performs approximately 25,000 procedures annually CHRISTUS Santa Rosa also paid cash consideration of approximately \$4,600,000 to assume the management agreement The transaction resulted in approximately \$19,000,000 in goodwill

Effective July 1, 2010, the System reorganized its post-acute operations Certain long-term acute care facilities operated by Dubuis Health System were transferred to CHRISTUS Continuing Care, which resulted in approximately \$24,400,000 recorded in other changes in unrestricted net assets at June 30, 2010 Subsequently, the System ceased to consolidate Dubuis Health System

On February 4, 2011, substantially all the operating assets of CHRISTUS St Joseph Villa in Salt Lake City, Utah, were sold to The Ensign Group for a sale price of \$16,500,000 CHRISTUS St Joseph Villa is a continuing care retirement facility with 327 beds/units offering independent and assisted living, long-term care, post-acute care and geri psych services The gain from operations for the year ended June 30, 2011 was \$647,000, which is included in other nonoperating loss on the consolidated statement of operations and changes in net assets The transaction resulted in a gain from the sale of \$4,300,000, which is included in other nonoperating activity in the consolidated statement of operations and changes in net assets

20. Subsequent Events

The System evaluated events and transactions occurring subsequent to June 30, 2011 through October 12 2011, the date of issuance of the accompanying consolidated financial statements During this period, there were no subsequent events requiring recognition in the consolidated financial statements

Other Financial Information



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Ernst + Young LLP

Independent Auditors' Report on Other Financial Information

The Board of Directors CHRISTUS Health

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated financial statements of CHRISTUS Health as of June 30, 2011, and for the year then ended, and have issued our unqualified opinion thereon dated October 12, 2011. The accompanying community benefit information, on which we express no opinion, is presented for purposes of additional analysis and is not a required part of the basic financial statements taken as a whole

October 12, 2011

Community Benefit (Unaudited)

CHRISTUS complies with the Catholic Health Association's (CHA), *A Guide for Planning and Reporting Community Benefits*, ⁶2008, and the state of Texas reporting requirements CHA guidelines have adopted the instructions for IRS Form 990, Schedule H

Following is a summary of the System's quantifiable costs of community benefits provided for the years ended June 30, 2011 and 2010 (in thousands)

	 2011	2010
	 (Unaud	ited)
Programs and services for the poor and underserved		
Charity care at unpaid cost	\$ 172,473 \$	168,553
Unpaid cost of Medicaid and other public programs	(146,355)	(133,446)
Community services for the poor and underserved	124,732	132,616
Total for the poor and underserved	150,850	167,723
Community services for the broader community		
Education and research	11,152	16,473
Other community services	 6,463	6,536
Total for the broader community	17,615	23,009
Total community benefits	\$ 168,465 \$	190,732

The totals are calculated following CHA guidelines and adhere to IRS Form 990, Schedule H methodology CHRISTUS Health has multiple reporting requirements of charity care and community benefit, which vary based on the definitional and timing requirements of each requesting organization

In addition to the community benefits reported above, the state of Texas requires that the unpaid costs of Medicare and other government-sponsored programs be reported. For the fiscal years ended 2011 and 2010, the unpaid costs of these programs were \$169,292,000 and \$158,404,000, respectively. The unpaid costs of the Medicare program represent the cost of providing services to primarily elderly beneficiaries of the Medicare program, in excess of governmental and managed care contract payments. The unpaid costs of other government-sponsored programs represent the cost for providing health care services to the beneficiaries of the Department of Defense (DOD) civilian care, included as per the state of Texas guidelines.

Community Benefit (Unaudited) (continued)

As noted, the CHRISTUS Community Direct Investment (CDI) Program was established to support community-driven initiatives, primarily for affordable housing and economic development, by providing financing at below-market interest rates. At June 30, 2011 and 2010, the CDI Program had \$6,104,117 and \$8,147,000, respectively, in outstanding loans, approximately 75% and 82%, respectively, of these loans relate to projects in CHRISTUS Health regions. The difference between the interest rates charged on the loans and the amount that the System would have earned on these monies is the forgone interest that is considered a community benefit. In fiscal years 2011 and 2010, the amount recognized as a community benefit related to this program was \$203,001 and \$234,816, respectively

As noted, the CHRISTUS Fund was established for the purpose of providing grants to support community planning, healthy community initiatives, and community-based programs, with a focus on the poor and underserved areas where CHRISTUS Health ministries and sponsoring congregations are involved During fiscal years 2011 and 2010, the CHRISTUS Fund provided grants of \$1,679,159 and \$1,603,133, respectively, approximately 96% and 94% of the grants relate to programs in CHRISTUS regions in 2011 and 2010, respectively

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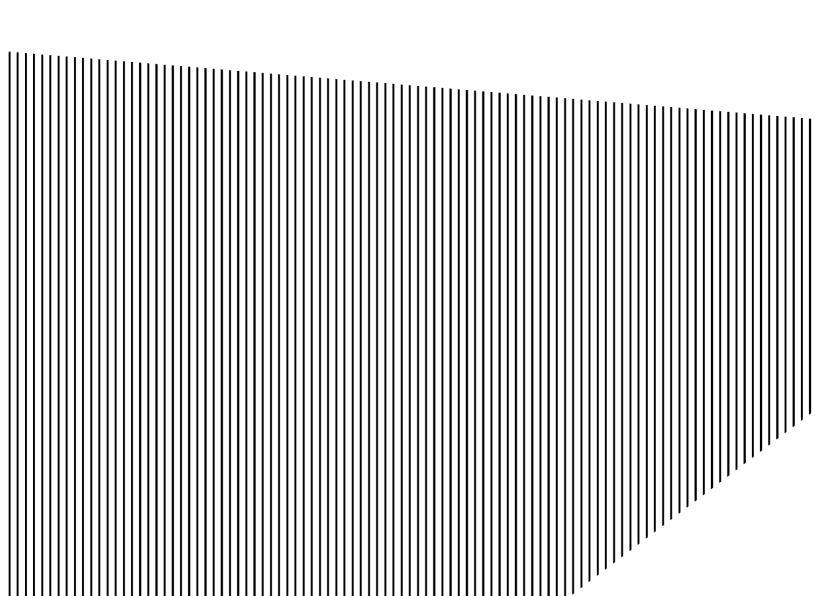
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Software ID: Software Version:

EIN: 74-1109836

Name: Christus Spohn Health System Corporation

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

(A) Name and Title	(B) Average hours	erage Position (check all ours that apply)				(E) Reportable compensation	(F) Estimated amount of other			
	per week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations
Dr Rosalında Sosa-Bonılla EDD Board Member	1 0	Х						0	0	0
Robert Bosquez II R PH Board Member	1 0	Х						0	0	0
Sr Mary Margaret Bright Board Member	10	Х						0	0	0
Martin C Davis Board Member	1 0	Х						0	0	0
Ben A Donnell Vice Chairperson	1 0	Х		Х				0	0	0
Rosie Garcia RN PHD Board Member	1 0	Х						0	0	0
A I B Jones Chairperson	10	Х		х				0	0	0
Chandra Katragadda MD Board Member	1 0	Х						0	0	0
Anthony LaMantia Board Member (Eff 2/23/11)	1 0	Х						0	0	0
Leon S Loeb Board Member	10	Х						0	0	0
Joe A McComb Board Member	10	Х						0	0	0
Sr Rosanne Popp MD Board Member	10	Х						0	34,782	909
Nestor H Praderio MD Board Member (Eff 1/1/11)	1 0	Х						142,225	0	0
Elizabeth Chu Richter Board Member	1 0	Х						0	0	0
Pamela S Robertson see schedule o	400	Х		х				392,194	0	103,019
Anna Marie Silvas Board Member	1 0	Х						0	0	0
Josefina Torres MD Board Member (Term 3/20/11)	10	Х						0	0	0
Karen Urban Board Member	1 0	Х						0	0	0
Bruce Holstein President & CEO (Term 1/1/11)	400	Х		х				711,892	0	213,521
Sandra Salınas Corp Secretary (Term 3/18/11)	400			х				59,733	0	6,180
Laura E Martinez Corp Secretary (Eff 3/18/11)	400			Х				43,684	0	10,441
Scott Merryman Chief Financial Officer	39 0			Х				383,188	0	92,104
Maria E Chapa Mem COO (5/11) Reg COO (5/11)	39 0				х			278,629	0	78,051
Francis A Pommett Jr Shoreline COO	400				х			391,886	0	56,201
Norman McBride Kleberg COO	400				х			192,397	0	57,240

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

Compensated Employees, and	Independ	ient c	Ond	acı	UIS	,				
(A) Name and Title	(B) Average hours	(C) Position (check all that apply)						(D) Reportable compensation	(E) Reportable compensation	(F) Estimated amount of other
	per week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	from the organization (W- 2/1099-MISC)	from related organizations (W- 2/1099- MISC)	compensation from the organization and related organizations
Geronimo M Rodriguez Term Chf Nurse Ex/COO Beevll 11/10)	400				х			0	267,006	61,512
Steven Daniel South COO (Term 9/17/10)	400				х			272,115	0	89,228
Richard Davis Reg CMO/VP MEDICAL AFFAIRS	400				х			409,554	0	143,208
Paul Gaden South COO 9/10, MEM COO 5/11	400				Х			210,275	0	58,852
Mary Sylvia Roberts Chief Nursing Officer	400					Х		201,089	0	36,665
Margot Rios Chief Nursing Officer	40 0					Х		212,241	0	66,758
Frederick Day VP Development	39 0					Х		204,826	0	64,755
Mary LaFrancois VP Human Resources	400					Х		218,467	0	64,103
Lorraine Arline Antoni Nurse Practitioner	520					Х		199,675	0	36,896
William W McDonald Former Shoreline COO	0 0						x	161,395	0	12,390