See a Social Security Number? Say Something!
Report Privacy Problems to https://public.resource.org/privacy
Or call the IRS Identity Theft Hotline at 1-800-908-4490

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135064172

Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2010

Open to Public Inspection

A For the 2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30-2011

B Check if applicable
- [x] Address change
- [ ] Name change
- [ ] Initial return
- [ ] Terminated
- [ ] Amended return
- [ ] Application pending

C Name of organization
Memorial Hermann Hospital System

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 909 Frostwood

Room/suite

City or town, state or country, and ZIP + 4
Houston, TX 77024

D Employer identification number
74-1152597

E Telephone number
(713) 338-4175

G Gross receipts $ 2,974,263,823

F Name and address of principal officer
Dan Wolterman
929 Gessner Suite 2700
Houston, TX 77024

H(a) Is this a group return for affiliates? [ ] Yes [x] No

H(b) Are all affiliates included? [ ] Yes [ ] No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status [x] 501(c)(3) [ ] 501(c) ( ) ◀ (insert no) [ ] 4947(a)(1) or [ ] 527

J Website: ▶ www memorialhermann org

K Form of organization [x] Corporation [ ] Trust [ ] Association [ ] Other ▶

L Year of formation 1910

M State of legal domicile TX

Part I Summary

1 Briefly describe the organization's mission or most significant activities
Memorial Hermann Healthcare System is a not-for-profit,community-owned health care system with spriitual values, dedicated to providing high quailty health services

2 Check this box ▶ [ ] if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	62
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	29
5	Total number of individuals employed in calendar year 2010 (Part V, line 2a)	**5**	23,251
6	Total number of volunteers (estimate if necessary)	**6**	3,071
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	13,454,247
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	-92,822

		Prior Year	Current Year
8	Contributions and grants (Part VIII, line 1h)	18,821,365	10,306,054
9	Program service revenue (Part VIII, line 2g)	2,674,159,029	2,781,455,743
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	30,742,621	66,375,868
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	75,195,481	63,140,695
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,798,918,496	2,921,278,360
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,182,578	1,125,902
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	1,265,399,044	1,277,455,954
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24f)	1,362,350,639	1,414,306,844
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	2,628,932,261	2,692,888,700
19	Revenue less expenses Subtract line 18 from line 12	169,986,235	228,389,660

		Beginning of Current Year	End of Year
20	Total assets (Part X, line 16)	3,904,390,141	4,130,506,053
21	Total liabilities (Part X, line 26)	2,296,292,093	2,316,434,406
22	Net assets or fund balances Subtract line 21 from line 20	1,608,098,048	1,814,071,647

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2012-05-14

Dennis McVeigh Chief Accounting Officer
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check if self-employed ▶ [ ]	PTIN
Firm's name ▶				Firm's EIN ▶
Firm's address ▶				Phone no ▶

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

Part III 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

MISSION AND VALUES MISSION MEMORIAL HERMANN HEALTHCARE SYSTEM IS A NOT-FOR-PROFIT, COMMUNITY-OWNED, HEALTH CARE SYSTEM WITH SPIRITUAL VALUES, DEDICATED TO PROVIDING HIGH QUALITY HEALTH SERVICES IN ORDER TO IMPROVE THE HEALTH OF THE PEOPLE IN SOUTHEAST TEXAS VALUES IN COLLABORATION WITH OTHERS, WE ARE COMMITTED TO ASSESSING AND CREATING HEALTHCARE SOLUTIONS WHICH MEET THE NEEDS OF INDIVIDUALS IN OUR DIVERSE COMMUNITIES WE ARE STEWARDS OF COMMUNITY RESOURCES AND ARE COMMITTED TO BEING MEDICALLY, SOCIALLY, FINANCIALLY, LEGALLY, AND ENVIRONMENTALLY RESPONSIBLE WE ARE DEVOTED TO PROVIDING SUPERIOR QUALITY AND COST-EFFICIENT, INNOVATIVE, AND COMPASSIONATE CARE WE COLLABORATE WITH OUR PATIENTS, FAMILIES, PHYSICIANS, EMPLOYEES, VOLUNTEERS, VENDORS, AND COMMUNITIES TO ACHIEVE OUR MISSION WE SUPPORT TEACHING PROGRAMS THAT DEVELOP THE HEALTH CARE PROFESSIONALS OF TOMORROW WE SUPPORT BIOMEDICAL RESEARCH AND IMPLEMENTATION OF INNOVATIVE TECHNOLOGY TO EXPAND OUR KNOWLEDGE AND LEARN HOW TO PROV

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 2,355,825,637 including grants of $ 1,125,902) (Revenue $)

MEMORIAL HERMANN IS A NON-PROFIT COMMUNITY-OWNED, HEALTHCARE SYSTEM WITH SPIRITUAL VALUES, DEDICATED TO PROVIDING HIGH QUALITY HEALTHCARE SERVICES TO OUR COMMUNITIES ANNUAL DELIVERIES 24,174 ANNUAL INPATIENT ADMISSIONS 131,002 ANNUAL INPATIENT DAYS 650,441 ANNUAL EMERGENCY VISITS 433,191 ANNUAL OUTPATIENT SURGERIES 78,563 ANNUAL DIAGNOSTIC AND THERAPY 837,275

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 2,355,825,637

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete Schedule B, Schedule of Contributors (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*	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		No
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 I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in term, permanent,or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10	Yes	
11	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			
a	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	Yes	
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		No
e	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? *If "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? *If "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? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
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	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b–24d and complete Schedule K. If "No," go to line 25*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (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**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	**35**		No
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* ☐ **Yes** ☑ **No**			
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	**1a**	890		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	23,251			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**		
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?			**4a**	Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O			**13a**		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

Part VI **Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response to any question in this Part VI . . . . . ☑

Section 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	1a	62		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	29		
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	
b	Are any decisions of the governing body subject to approval by members, stockholders, or other persons? . .	7b		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request

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

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

DENNIS MCVEIGH
909 FROSTWOOD SUITE 2100
Houston, TX 77024
(713) 338-4179

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

Check if Schedule O contains a response to any question in this Part VII . . . . . ☑

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 organization nor any related organization compensated any current officer, director, or trustee

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								22,236,125	159,465	11,579,999

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 in reportable compensation from the organization ▶ 1,166

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Manhattan Construction 5601 S 122 E Ave TULSA, OK 74146	Construction	18,292,778
D E Harvey Builders 3630 Westchase HOUSTON, TX 77242	Construction	16,768,696
Universal Hospital Services PO Box 86 SDS 12-0940 MINNEAPOLIS, MN 55486	Equipment Rental	14,336,590
C A Walker Construction PO Box 19069 HOUSTON, TX 77224	Construction	11,008,609
Crothall Healthcare 13028 Collection Center Dr CHICAGE, IL 60693	Housekeeping	10,903,993

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 in compensation from the organization ▶ 78

Part VIII Statement of Revenue

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a Federated campaigns	1a				
	b Membership dues	1b				
	c Fundraising events	1c				
	d Related organizations	1d	7,843,500			
	e Government grants (contributions)	1e	2,427,248			
	f All other contributions, gifts, grants, and similar amounts not included above	1f	35,306			
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f		10,306,054			
Program Service Revenue		Business Code				
	2a PATIENT SERVICE REVENUE		2,781,455,743	2,781,455,743		
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f		2,781,455,743			
	3 Investment income (including dividends, interest and other similar amounts)		66,375,868			66,375,868
	4 Income from investment of tax-exempt bond proceeds		0			
	5 Royalties		293,255			293,255

		(i) Real	(ii) Personal				
	6a Gross Rents	40,244,852					
	b Less rental expenses	49,513,347					
	c Rental income or (loss)	-9,268,495					
	d Net rental income or (loss)			-9,268,495			-9,268,495

		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory						
	b Less cost or other basis and sales expenses						
	c Gain or (loss)						
	d Net gain or (loss)			0			
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 a						
	b Less direct expenses b						
	c Net income or (loss) from fundraising events			0			
	9a Gross income from gaming activities See Part IV, line 19 a						
	b Less direct expenses b						
	c Net income or (loss) from gaming activities			0			
	10a Gross sales of inventory, less returns and allowances a		7,477,632				
	b Less cost of goods sold b		3,472,116				
	c Net income or (loss) from sales of inventory			4,005,516			4,005,516
	Miscellaneous Revenue		Business Code				
	11a HOUSEKEEPING		561700	17,351		17,351	
	b LABORATORY SERVICES		621500	5,443		5,443	
	c LAUNDRY SERVICES		812300	6,183,457		6,183,457	
	d All other revenue			68,087,625	45,152,251	13,431,453	9,503,921
	e **Total.** Add lines 11a–11d			68,110,419			
	12 **Total revenue.** See Instructions			2,921,278,360	2,826,607,994	13,454,247	70,910,065

Part IX Statement of Functional Expenses

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

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the U S See Part IV, line 21	1,125,902	1,125,902		
2 Grants and other assistance to individuals in the U S See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the U S See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	19,133,030	10,501,676	8,631,354	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	1,013,975,835	888,107,367	125,868,468	
8 Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	55,961,106	47,104,085	8,857,021	
9 Other employee benefits	111,360,939	94,698,480	16,662,459	
10 Payroll taxes	77,025,044	65,889,302	11,135,742	
a Fees for services (non-employees) Management	0			
b Legal	7,941,228	3,509,481	4,431,747	
c Accounting	0			
d Lobbying	0			
e Professional fundraising services *See Part IV, line 17*	0			
f Investment management fees	0			
g Other	0			
12 Advertising and promotion	10,877,351	5,179,982	5,697,369	
13 Office expenses	467,975,016	459,650,014	8,325,002	
14 Information technology	0			
15 Royalties	0			
16 Occupancy	94,561,356	76,060,592	18,500,764	
17 Travel	2,650,338	1,778,478	871,860	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	1,585,836	1,113,537	472,299	
20 Interest	75,979,890	42,450,614	33,529,276	
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	188,402,024	159,672,774	28,729,250	
23 Insurance	40,131,434	38,825,238	1,306,196	
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 EQUIPMENT RENTAL & MAINTENANCE	104,677,636	85,606,513	19,071,123	
b PROFESSIONAL & CONTRACT FEES	367,417,903	330,241,387	37,176,516	
c MISCELLANEOUS & OTHER EXPENSE	31,219,952	30,824,481	395,471	
d PHYSICIAN INTERGRATION	16,829,005	10,506,236	6,322,769	
e PRINTING & PUBLICATIONS	4,057,875	2,979,498	1,078,377	
f All other expenses				
25 **Total functional expenses.** Add lines 1 through 24f	2,692,888,700	2,355,825,637	337,063,063	0
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				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		600,858,966	1	580,280,008
	2	Savings and temporary cash investments		62,991,261	2	30,906,172
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		389,664,491	4	414,697,676
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers, and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		12,188,622	8	14,482,765
	9	Prepaid expenses and deferred charges		25,469,141	9	27,905,964
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 4,090,103,699			
	b	Less accumulated depreciation	10b 1,922,397,766	2,134,558,068	10c	2,167,705,933
	11	Investments—publicly traded securities			11	
	12	Investments—other securities See Part IV, line 11		459,169,000	12	707,480,000
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		219,490,592	15	187,047,535
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		3,904,390,141	16	4,130,506,053
Liabilities	17	Accounts payable and accrued expenses		394,336,900	17	392,414,242
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		1,065,245,453	20	1,040,392,466
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties			23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities Complete Part X of Schedule D		836,709,740	25	883,627,698
	26	**Total liabilities.** Add lines 17 through 25		2,296,292,093	26	2,316,434,406
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		1,544,920,968	27	1,801,073,606
	28	Temporarily restricted net assets		63,177,080	28	12,998,041
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		1,608,098,048	33	1,814,071,647
	34	Total liabilities and net assets/fund balances		3,904,390,141	34	4,130,506,053

Part XI Reconcilliation of Net Assets

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	2,921,278,360
2	Total expenses (must equal Part IX, column (A), line 25)	2	2,692,888,700
3	Revenue less expenses Subtract line 2 from line 1	3	228,389,660
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,608,098,048
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-22,416,061
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	1,814,071,647

Part XII Financial Statements and Reporting

Check if Schedule O contains a response to any question in this Part XII . . . . . ☐

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

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135064172

SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in 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.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2010 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2009 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2010.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2009.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2009.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

Part III **Support Schedule for Organizations Described in 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 in) ▶	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	**(a)** 2006	**(b)** 2007	**(c)** 2008	**(d)** 2009	**(e)** 2010	**(f)** Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

14 **First Five Years** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	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

17	Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f))	**17**	
18	Investment income percentage from **2009** Schedule A, Part III, line 17	**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 organization ▶☐

b **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 ▶☐

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

Part IV **Supplemental Information.** Supplemental Information. Complete this part to provide the 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).

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Bradshaw David Chief Information Planning & M	50 0				X			755,520	0	490,921
Brown James B CEO Sugarland	50 0				X			370,041	0	210,146
Brownawell H Jeffrey Chief Revenue Officer	50 0				X			697,822	0	432,584
Flanagan Thomas J Chief Operating Officer TMC Ca	50 0				X			443,989	0	217,766
Gaston George H CEO Southeast Campus	50 0				X			599,677	0	449,281
Heins Marshall B Chief Facility Services Office	50 0				X			714,162	0	451,450
Jadlowski Susan L COO Northwest	50 0				X			338,494	0	184,634
Jones David L CEO Memorial City Campus	50 0				X			1,193,627	0	68,388
Polfreman James D Chief Executive Officer System	50 0				X			575,532	0	302,713
Sanders G Steven CEO Woodlands	50 0				X			748,731	0	433,157
Smith Louis G Jr CEO Northeast	50 0				X			385,852	0	241,251
Springhetti David Chief Counsel Business Affairs	50 0				X			372,879	0	148,467
Strickland Barrie CFO TMC Campus	50 0				X			417,394	0	21,258
Barbe Brian S CEO Katy Campus	50 0					X		575,735	0	290,777
Bartimmo Ernest Medical Director Medical Group	50 0					X		461,994	0	141,428
Cordola Craig A CEO Children's Hospital TMC Ca	50 0					X		542,516	0	484,100
Kerr Gary CEO Northwest Campus	50 0					X		464,514	0	278,909
Metzger Pat System Executive, Care Managem	50 0					X		336,020	0	140,938
Murphy Robert System Executive, Information	50 0					X		349,341	0	195,005
Parmer David N CEO Baptist Campus	50 0					X		372,975	0	16,205

Additional Data

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

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Adams Edward B Jr Member	1 0	X						0	0	0
Alexander Charlotte B MD Member	1 0	X						0	0	0
Baird Arthur L Member	1 0	X						0	0	0
Balasura Viren J Medical Staff President - WDL	1 0	X						0	0	0
Bennett R Gerald Member	1 0	X						0	0	0
Cannon Deborah M Chairman 2011	1 0	X						0	0	0
Colasurado Giuseppe N MD Member	1 0	X						0	0	0
Cross Mary A MD Medical Staff President - SE	1 0	X						0	159,465	25,060
Croyle Robert G Chairman 2010	1 0	X						0	0	0
Curling Susan Dobbs MD Medical Staff President - NE	1 0	X						0	0	0
Dara Anil A MD Medical Staff President - NE	1 0	X						0	0	0
Davis Joe R Member	1 0	X						0	0	0
Denman Carolyn Auxiliary Representative	1 0	X						0	0	0
Diaz-Gonzalez Irma Member	1 0	X						0	0	0
Easter William H Member	1 0	X						0	0	0
Edmonds James T Member	1 0	X						0	0	0
Elliott Don H Member	1 0	X						0	0	0
Ewing J Randolph Member	1 0	X						0	0	0
Farris George R Member	1 0	X						0	0	0
Felix Brian MD Medical Staff President - SL	1 0	X						0	0	0
Few Jason B Member	1 0	X						0	0	0
Giglio J Kevin MD Member	1 0	X						0	0	0
Graham David J Member	1 0	X						0	0	0
Guo James S Medical Staff President - WDL	1 0	X						0	0	0
Hearnsberger Roy G Member	1 0	X						0	0	0

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Jackson Grover G Member	1 0	X						0	0	0
James Argentina M Member	1 0	X						0	0	0
Kaiser Larry R MD Ex-Officio	1 0	X						0	0	0
King Brent Medical Staff President - TMC	1 0	X						0	0	0
Kochar Harmohinder MD Medical Staff President - NW	1 0	X						0	0	0
Lee Ethel Kaye Member	1 0	X						0	0	0
Manning Ramon Member	1 0	X						0	0	0
McClaren Robert S Member	1 0	X						0	0	0
McClelland Scott B Member	1 0	X						0	0	0
McCord Frederick R Member	1 0	X						0	0	0
McLean Scott J Member	1 0	X						0	0	0
Morfey Daryl Member	1 0	X						0	0	0
Noor Sohail I MD Medical Staff President - KT	1 0	X						0	0	0
Odhav Anil C MD Medical Staff President - KT	1 0	X						0	0	0
Pensland William E Jr Member	1 0	X						0	0	0
Perez Sonia A Member	1 0	X						0	0	0
Postl James J Member	1 0	X						0	0	0
Peterkin George A III MD Medical Staff President - SW	1 0	X						0	0	0
Pouns Stephen H Member	1 0	X						0	0	0
Raspino Louis A Member	1 0	X						0	0	0
Ray Anita Lacy Auxiliary Representative	1 0	X						0	0	0
Reddick Max E MD Member	1 0	X						0	0	0
Rensinger Edward R MD Medical Staff President - MC	1 0	X						0	0	0
Rosales Oscar R MD Medical Staff President - TMC	1 0	X						0	0	0
Sheppard Gary J MD Medical Staff President - SW	1 0	X						0	0	0

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Simon Caralisa Member	1 0	X						0	0	0
Smith James R Member	1 0	X						0	0	0
Snider Stephen A Member	1 0	X						0	0	0
Strake Stephen D Member	1 0	X						0	0	0
Tang J B Jr MD Member	1 0	X						0	0	0
Tinsley Emily G Member	1 0	X						0	0	0
Vaduganathan Periyanan MD Medical Staff President - SE	1 0	X						0	0	0
Villarreal Masey Member	1 0	X						0	0	0
Vitenas Paul Jr MD Member	1 0	X						0	0	0
Wolterman Daniel J Member, President & CEO	50 0	X		X				2,188,310	0	1,638,525
Woo Donald M Member	1 0	X						0	0	0
Ytterberg Alan V Member	1 0	X						0	0	0
Ardoin Charles D MD Physician in Chief	50 0			X				608,003	0	75,347
Aulbaugh Carrol E Chief Financial Officer & Trea	50 0			X				1,195,590	0	693,073
Duco Bernard A Jr Chief Legal Officer & Secretar	50 0			X				717,411	0	448,875
McVeigh Dennis P Chief Accounting Officer	50 0			X				558,449	0	266,724
Reimer P Renee Chief Risk & Insurance Officer	50 0			X				315,710	0	194,583
Romans Juanita F CEO TMC Campuses	50 0			X				1,015,449	0	79,042
Shabot M Michael MD Chief Medical Officer	50 0			X				823,951	0	517,909
Stokes Charles D Chief Operating Officer	50 0			X				1,108,530	0	796,264
Alexander Keith COO Memorial City Campus	50 0				X			651,915	0	399,033
Asprec Erin S CEO Southeast Campus	50 0				X			346,775	0	239,421
Baldwin Joe G COO Southwest	50 0				X			366,863	0	22,122
Beckstett Douglas G Chief Human Resources Officer	50 0				X			843,423	0	484,283
Brace Rodney Chief Regional Operating Offic	50 0				X			778,931	0	500,360

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493135064172

TY 2010 Earnings and Profits Other Adjustments Statement

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Amount
Investment Income	3,888,364
Physician Premium Income	3,951,406

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135064172

SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a)Current Year	(b)Prior Year	(c)Two Years Back	(d)Three Years Back	(e)Four Years Back
1a	Beginning of year balance	3,677,951	3,543,498	3,498,448		
b	Contributions					
c	Investment earnings or losses	172,286	148,951	65,990		
d	Grants or scholarships					
e	Other expenditures for facilities and programs	38,574	7,116	14,460		
f	Administrative expenses	5,078	7,382	6,480		
g	End of year balance	3,806,585	3,677,951	3,543,498		

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

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶ 100 000 %
- c Term endowment ▶

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

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

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

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

Description of investment	(a) Cost or other basis (investment)	(b)Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land	80,690,317			80,690,317
b Buildings	2,312,082,326		861,867,307	1,450,215,019
c Leasehold improvements	294,815,305		87,106,820	207,708,485
d Equipment	1,227,151,060		953,909,774	273,241,286
e Other	175,364,691		19,513,865	155,850,826
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				2,167,705,933

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) U S GOVERNMENT SECURITIES	14,706,000	F
(B) POOLED FUNDS	580,822,000	F
(C) MORTGAGE-BACKED SECURITIES	1,325,000	F
(D) CORPORATE OBLIGATIONS	87,030,000	F
(E) CORPORATE EQUITIES	23,597,000	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	707,480,000	

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

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

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

(a) Description	(b) Book value
Total. *(Column (b) should equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
ACCRUED LIABILITIES TO 3RD PAR	183,489,698
CAPITALIZED LEASES	700,138,000
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	883,627,698

2. Fin 48 (ASC 740) Footnote In Part XIV, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC740)

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Intended Uses of the Organization's Endowment Funds	Supplemental Information for Schedule D, Part V Line 4	The endowment funds of Memorial Hermann Hospital System consist of permanent endowment funds obtained from donor initiatives for charitable contributions through last will and testament bequests The permanent funds consist of donations and investment income for which the donor's stipulations restrict the Foundation to using only the income resulting from the investment of the donation on a total return basis The assets of the permanent funds income may only be used to support the charitable exempt operations, programs and purposes of Memorial Hermann Hospital System through the purchase of supplies, equipment, and other expenditures necessary for the performance of those operations and programs
FIN 48 Audit Financial Statement Footnote Disclosure	Form 990, Schedule D, Part X as disclosed in Part XIV	Memorial Hermann Hospital System does not have an annual financial audit conducted The financial accounts of the Hospital System are included in the financial statements that are audited by an independent public accounting firm of the consolidated Memorial Hermann Healthcare System entities and its related affiliates The paragraph included in the last issued audited financial statements of the Healthcare System was Taxes The System, MHHS, and certain other affiliates are Texas not-for-profit corporations exempt from federal income tax The System owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and, therefore, subject to tax Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the accompanying combined balance sheets

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135064172

SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community 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 benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheets 1 and 2)			104,745,138		104,745,138	3 900 %
b Unreimbursed Medicaid (from Worksheet 3, column a)			443,773,558	263,158,800	180,614,758	3 000 %
c Unreimbursed costs—other means-tested government programs (from Worksheet 3, column b)			33,493,975	26,043,848	7,450,127	0 300 %
d **Total** Financial Assistance and Means-Tested Government Programs			582,012,671	289,202,648	292,810,023	1 200 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			111,334,237		111,334,237	4 100 %
f Health professions education (from Worksheet 5)			43,536,152	9,543,000	33,993,152	1 300 %
g Subsidized health services (from Worksheet 6)			218,527,457	195,105,604	23,421,583	0 100 %
h Research (from Worksheet 7)			2,174,552	1,119,499	1,055,053	
i Cash and in-kind contributions to community groups (from Worksheet 8)			1,349,661		1,349,661	0 100 %
j **Total** Other Benefits			376,922,059	205,768,103	171,153,686	5 600 %
k **Total.** Add lines 7d and 7j			958,934,730	494,970,751	463,963,709	6 800 %

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

Part III **Bad Debt, Medicare, & Collection Practices**

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No 15?	1			No
2	Enter the amount of the organization's bad debt expense (at cost)	2	143,238,724		
3	Enter the estimated amount of the organization's bad debt expense (at cost) attributable to patients eligible under the organization's financial assistance policy	3			
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	729,480,821
6	Enter Medicare allowable costs of care relating to payments on line 5	6	1,010,325,095
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-280,844,274
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used		

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV **Management Companies and Joint Ventures**

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

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? **10**

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	Memorial Hermann Katy Hospital 23900 Katy Freeway Katy, TX 77494	X	X					X		
2	Memorial Hermann Northeast Hospital 18951 Memorial North Humble, TX 77338	X	X					X		
3	Memorial Hermann Northwest Hospital 1635 North Loop West Houston, TX 77008	X	X					X		
4	Memorial Hermann Southeast Hospital 11800 Astoria Blvd Houston, TX 77089	X	X					X		
5	Memorial Hermann Southwest Hospital 7600 Beechnut Houston, TX 77074	X	X		X			X		
6	Memorial Hermann Sugar Land Hosptial 17500 West Grand Parkway South Sugar Land, TX 77479	X	X					X		
7	Memorial Hermann Texas Medical Center 6411 Fannin Houston, TX 77030	X	X		X			X		
8	Memorial Hermann Woodlands Hospital 9250 Pinecroft The Woodlands, TX 77381	X	X					X		
9	Memorial Hermann Memorial City Hospital 921 Gessner Houston, TX 77024	X	X					X		
10	Memorial Hermann Rehab Hospital Katy 909 Frostwood Suite 2100 Houston, TX 77024	X								

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: Memorial Hermann Katy Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 1

		Yes	No
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 ☐ 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			
g ☐ 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 ___			
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		
Financial 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 __%			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* 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)			
12 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)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ 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)			

Billing and Collections

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 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)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
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			
e ☐ Other (describe 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 regardless of their eligibility under the hospital facility's financial assistance policy?	**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)			
a ☐ 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?	**20**		
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient?	**21**		
If "Yes," explain in Part VI			

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: Memorial Hermann Northeast Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 2

		Yes	No
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 ☐ 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			
g ☐ 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 ___			
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		
Financial 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 __%			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* 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)			
12 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)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ 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)			

Billing and Collections

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 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)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
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			
e ☐ Other (describe 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 regardless of their eligibility under the hospital facility's financial assistance policy?	**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)			
a ☐ 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?	**20**		
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient?	**21**		
If "Yes," explain in Part VI			

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: Memorial Hermann Northwest Hospital

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

		Yes	No
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 ☐ 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			
g ☐ 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 ___			
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		
Financial 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 __%			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* 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)			
12 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)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ 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)			

Billing and Collections

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 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)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
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			
e ☐ Other (describe 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 regardless of their eligibility under the hospital facility's financial assistance policy?	**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)			
a ☐ 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?	**20**		
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient?	**21**		
If "Yes," explain in Part VI			

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: Memorial Hermann Southeast Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 4

		Yes	No
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 ☐ 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			
g ☐ 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 ___			
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		
Financial 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 __%			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* 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)			
12 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)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ 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)			

Billing and Collections

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 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)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
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			
e ☐ Other (describe 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 regardless of their eligibility under the hospital facility's financial assistance policy?	**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)			
a ☐ 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?	**20**		
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient?	**21**		
If "Yes," explain in Part VI			

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: Memorial Hermann Southwest Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 5

		Yes	No
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 ☐ 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			
g ☐ 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 ___			
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		
Financial 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 __%			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* 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)			
12 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)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ 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)			

Billing and Collections

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 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)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
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			
e ☐ Other (describe 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 regardless of their eligibility under the hospital facility's financial assistance policy?	**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)			
a ☐ 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?	**20**		
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient?	**21**		
If "Yes," explain in Part VI			

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: Memorial Hermann Sugar Land Hosptial

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 6

		Yes	No
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 ☐ 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			
g ☐ 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 ___			
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		
Financial 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 __%			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* 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)			
12 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)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ 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)			

Billing and Collections

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 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)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
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			
e ☐ Other (describe 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 regardless of their eligibility under the hospital facility's financial assistance policy?	**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)			
a ☐ 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?	**20**		
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient?	**21**		
If "Yes," explain in Part VI			

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: Memorial Hermann Texas Medical Center

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 7

		Yes	No
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 ☐ 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			
g ☐ 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 ___			
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		
Financial 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 __%			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* 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)			
12 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)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ 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)			

Billing and Collections

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 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)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
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			
e ☐ Other (describe 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 regardless of their eligibility under the hospital facility's financial assistance policy?	**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)			
a ☐ 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?	**20**		
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient?	**21**		
If "Yes," explain in Part VI			

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: Memorial Hermann Woodlands Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 8

		Yes	No
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 ☐ 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			
g ☐ 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 ___			
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		
Financial 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 __%			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* 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)			
12 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)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ 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)			

Billing and Collections

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 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)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
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			
e ☐ Other (describe 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 regardless of their eligibility under the hospital facility's financial assistance policy?	**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)			
a ☐ 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?	**20**		
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient?	**21**		
If "Yes," explain in Part VI			

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: Memorial Hermann Memorial City Hospital

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 9

		Yes	No
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 ☐ 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			
g ☐ 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 ___			
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		
Financial 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 __%			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* 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)			
12 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)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ 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)			

Billing and Collections

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 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)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
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			
e ☐ Other (describe 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 regardless of their eligibility under the hospital facility's financial assistance policy?	**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)			
a ☐ 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?	**20**		
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient?	**21**		
If "Yes," explain in Part VI			

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: Memorial Hermann Rehab Hospital Katy

Line Number of Hospital Facility (from Schedule H, Part V, Section A): 10

		Yes	No
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 ☐ 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			
g ☐ 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 ___			
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		
Financial 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 __%			

Part V Facility Information *(continued)*

		Yes	No
10 Used FPG to determine eligibility for providing *discounted* 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)			
12 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)			
a ☐ The policy was posted at all times on the hospital facility's web site			
b ☐ The policy was attached to all billing invoices			
c ☐ 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)			

Billing and Collections

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 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)			
16 Did the hospital facility engage in or authorize a third party to engage in any of the following collection actions during the tax year?	16		
If "Yes," check all collection actions in which the hospital facility or a third party engaged (check all that apply)			
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			
e ☐ Other (describe 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 regardless of their eligibility under the hospital facility's financial assistance policy?	**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)			
a ☐ 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?	**20**		
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its patients an amount equal to the gross charge for services provided to that patient?	**21**		
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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)

How many non-hospital facilities did the organization operate during the tax year? **89**

	Name and address	Type of Facility (Describe)
1	See Additional Data Table	
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **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

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

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

5 **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)

6 **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
Community Benefit Report	Schedule H Part I Line 6 a	Memorial Hermann Healthcare System produces a single community benefit report that highlights all of our corporation's activities As a hospital system with multiple facilities in a major metropolitan area, our efforts are focused on meeting the needs of the greater community versus individual efforts associated with individual facilities By focusing on fewer, larger endeavors, the long term impact on the Houston community's health status is greater than would be on an individual basis

Identifier	ReturnReference	Explanation
Bad Debt Footnote	Schedule H Part III Section A, Line 4	Patient accounts receivable are reported net of estimated allowances for contractual allowances, bad debt, charity care, and other discounts The Systems recorded allowances for bad debt and charity care are 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 At June 30, 2011 and 2010, the allowance for bad debt was $534,358,000 and $465,426,000, respectively, and the allowance for charity care was $40,113,000 and $40,269,000, respectively Unpaid accounts are written off as bad debts upon reaching delinquent status Charity care accounts are written off as identified or qualified under the Systems charity care policy Bad Debt Cost Reported on Line 2, is based on Bad Debt Charges written off during the reporting period, less any Bad Debt recoveries in the period Net amount was extended by RCC from Wks 2- Line 11 to impute cost Line 3 is zero since anyone in Bad Debt status that quailfies for CHARITY is treated as a recover of Bad Debt and said dollars are moved to the Charity line in Wks 1

Identifier	ReturnReference	Explanation
Section B Shortfall costing methodology	Schedule H Part III Section B, Line 8	Memorial Hermann Hospital System operates 9 licensed Hospitals within this EIN, of which 6 are 340-B facilities and 3 are not When looking at the Medicare Revenue split between the 340-B and non-340-B facilities, we find that 77% of the patient revenues are generated in these low income facilities Therefore, please recognize 77% of the Medicare Loss as a community benefit

Identifier	ReturnReference	Explanation
Collection Policy	Schedule H Part III Section C, Line 9 b	If there is no coverage by a third party and the responsible party cannot pay any or part of the balance due or make acceptable financial arrangements, assistance is provided to the responsible party to complete financial assistance application forms, including application for Medicaid, Crime Victims Compensation, Harris County Hospital District or County Indigent Programs where appropriate The application process must be complete and account resolved within 60 days If the patient meets predetermined financial criteria, assistance is provided to the responsible party to complete charity application for a full or partial charity care write-off

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

Identifier	ReturnReference	Explanation
Community Information	Schedule H Part VI, Line 4	Houston is home to the world's largest medical center People come from all over the world to obtain the highest quality care, based on the latest research Unfortunately, a large portion of Houston's own residents face barriers to accessing these world class services In Houston's Harris County, 1 1 million of the 3 5 million residents have no health insura nce Twelve percent (12%) of the nation is uninsured, 26% of Texas is uninsured, and 32% o f Houston's population is insured There are eleven Memorial Hermann acute care hospitals in the Houston metropolitan area, and with 25% of the market share and some of the city's busiest emergency rooms (including one of only two level 1 trauma centers), a more than si gnificant percent of any area healthcare crisis cannot help but fall to Memorial Hermann With 103 years of service, Memorial Hermann remains dedicated to respond to the needs of t he community regardless of the magnitude Houston's Harris County, the County in which eig ht of Memorial Hermann's acute care hospitals reside, is the third most populated county i n the nation The population is an ethnic melting pot of 42% Anglo, 34% Hispanic, 17% Afri can American, and 6% Asian Over the next five years, the Hispanic population will increas e to 37% This has an additional significant public health impact as residents of Hispanic descent have lower rates of health insurance coverage than other sectors of the populatio n Forty-nine percent of Houston's Hispanic community is presently uninsured The unemploy ment rate has remained fairly steady at 5 5%, as the Houston economy has been somewhat res ilient during these months of economic uncertainty due to our diversity The single larges t private employer is Wal-Mart Other large private employers include our own Memorial Her mann, Continental Airlines, and Exxon Mobil The overall largest employer is the Houston I ndependent School District (HISD), the seventh largest school district in the nation Memo rial Hermann has been named into HISD's Hall of Fame, an award which recognizes a forged v iable partnership Seventy-two percent (72%) of the uninsured are actually working individ uals and families The reasons are complex but include the fact that only 53% of Texas emp loyers offer health benefits to their employees - seven percentage points below the nation al average Additionally, the Texas Medicaid program, the statewide system of coverage for the very poor and predominantly for poor children, is quite limited in comparison to othe r states' programs Imagine serving a community in which one in every three people is unin sured and remaining financially viable The course chosen by Memorial Hermann is to system atically work through a variety of evidence based community initiatives that work to close the gap for children and families Other Information Through our fifteen-year history wit h school-based health care (a program in which we place full-time primary care clinics on the school campuses of the community's most at-risk children), we have learned to quantita tively show the improved health status of providing a medical, mental health, and dental h ome to at-risk children The annual budget of $1 5 million for this program is the best in dicator of Memorial Hermann's commitment and the documented outcomes are the best indicato r that the right program in the right setting can make a difference O ver the years this a pproach has been applied to additional key initiatives that address the issue of healthcar e access for the underserved From the provision and support of accessible primary and spe cialty care services to the educational programs to support the infrastructure of each, we are committed to finding ways to serve the uninsured Following are some of the core prog rams, all of which center around access to care, and specifically access in which all popu lations have a medical home on which they can call for their preventive, acute care, and l ong term needs Memorial Hermann's Health Centers for Schools program, established in 1996 , operate as medical, mental health, and dental homes to underserved children at 33 school s in the greater Houston area, making access to free healthcare services available to 25,5 00 youth Eighty-four percent of the children seen at the clinics are on the free/reduced lunch program, a national indicator for poverty O utcome data validates the impact the pro gram is having reductions in ER visits, absenteeism, cholesterol, asthma exacerbations, a nd dental caries are just a sample of the measurable outcomes realized by bringing a medic al, mental health and dental home to children Memorial Hermann's Neighborhood Health Cent ers are strategically located near three of Houston's busiest ERs and provide care to work ing families without access to insurance and who do not qualify for other programs The go al is to provide these citizens with a medical home for routine care, and prevent these ca ses from escalating to ERs At $48/visit, with low

Identifier	ReturnReference	Explanation
Community Information	Schedule H Part VI, Line 4	cost labs and prescriptions, seven day a week access, and the provision of preventive, ac ute, as well as chronic care, they are an affordable medical home for newborns to the elde rly Decreased hypertension, management of diabetes, and a place where women feel comforta ble returning for their annual well-woman exams are examples of the continuity of care and improved health resulting Memorial Hermann supports the operating costs of each center p rior to break-even Patient Navigators (also known as Community Health Workers) meet unins ured persons where they are in the healthcare continuum and help them to move forward to a chieve mutually agreed upon goals, which includes finding and obtaining a Primary Care Phy sician or Medical Home They help clients understand their qualification for public benefi ts, understand how to utilize public benefits, and tackle the barriers that keep them from accessing their safety-net options Patient Navigators are used in a variety of settings, including emergency rooms to connect and guide uninsured persons through the healthcare s ystem Memorial Hermann has played numerous and critical roles with a grass-roots Houston collaborative, Gateway to Care and its Provider Health Network (PHN) to recruit physicians , hospitals, and ancillary providers to provide specialty care to uninsured patients with incomes below 150% of poverty With one in every four primary care visits requiring a refe rral to a specialist, the Provider Health Network serves as a bridge, connecting uninsured people to the specialty care they desperately need to get well Recruiting is through num erous avenues-societies, insurance companies, etc -to rally the resulting city-wide effort The PHN has provided significant opportunities for our own medical staffs to participate in caring for the uninsured The provision of an organized effort with a designated staff for monitoring referrals is welcomed by the medical community as they desperately want to be a part of a solution, but fear being overwhelmed In the PHN, everyone plays a part A djacent to Harris County is Montgomery County, where one of our hospitals resides The col laborative, the Montgomery County Healthcare Alliance is emulating the successful Harris C ounty Provider Health Network, and Memorial Hermann has been a strong financial supporter Federally Qualified Health Centers (FQHC's) and not-for-profit private clinics struggle w ith the payer distribution challenges required to be successful They are essential to the city's existing safety-net infrastructure, yet struggle more in Houston than other commun ities because of the area's high uninsured rate Memorial Hermann annually supports severa l area clinics with monetary donations to help this essential primary medical, mental heal th, and dental clinics remain in operation

Identifier	ReturnReference	Explanation
Affiliated Health Care System	Schedule H Part VI, Line 6	As the business of healthcare gets more difficult and the pressure on operational performance intensifies, staying true to our mission and values takes dedicated focus and resources To devote to this area the time and focus required, Memorial Hermann Healthcare System has been divided into two components-one focusing on internal operations and the other focusing on our external environment and strategy The external components include a Community Benefits Corporation, led by a Chief Community Benefits Officer The separation and focus was supported by the governing board which desired increased definition and structure for the expanding scope and nature of our community efforts The Chief Community Benefits Officer reports directly to Memorial Hermann's president and is responsible for the development, implementation, and success of a formalized community benefit program that guides the system expenditures and quantifies the resulting community values This position is responsible for a 3-year strategic plan The eleven Memorial Hermann Hospitals contribute five million dollars annually to the Community Benefits Corporation (CBC) and, in turn, the CBC is charged with the creation, implementation, and sustenance of solutions The CBC is focused on eliminating the roadblocks that prevent access to healthcare--lack of education, accessibility, insurance status, and capacity--and partners with numerous sectors of the community to sustain this focus All of the programs described in #6 above, fall within the scope of the CBC

Identifier	ReturnReference	Explanation
Needs assessment	Schedule H Part VI, Line 2	Each decision made by MHCBC to invest its people, resources, and talents in community bene fit efforts is data driven Given that 31% of the Houston area is uninsured, numerous comm unity needs analyses center around the University of Texas School of Public Health's HOUST ON AREA HOSPITALS EMERGENCY DEPARTMENT USE STUDY, which Memorial Hermann has participated in since 2003 The study monitors hospital emergency department use in Houston hospitals a nd is a data source for numerous assessments to understand primary care-related ER use inc luding the characteristics of these patients, particularly those who are children, who are uninsured, and who have Medicaid The study conducted in 2011 shows that 41% of all ER vi sits and 48% of all treated and released ER visits are primary care related With the desi re to change emergency room use comes the need to identify available capacity of our exist ing safety-net clinics, and what is needed by each entity to increase its capacity to be a ble to respond to changes in ER usage our community efforts achieve This study, the GREAT ER HOUSTON CLINIC CAPACITY ANALYSIS, performed in early 2012 by Project Safety-Net and Uni versity of Texas School of Public Health, indicates that the community clinics are current ly meeting about 30 percent of the demand for primary care visits by the low-income popula tion and the rest is either met by private practice physicians or is left unmet Further, the study anticipates that safety net providers will only be able to meet 25 percent of th e demand under the Affordable Care Act (ACA) It is important to be concerned because a sh ortage of primary care leads to more people experiencing serious illness requiring expensi ve specialty care, emergency services and hospitalization It is the MHCBC's mission to im plement programs to work with other healthcare providers, government agencies, business le aders and community stakeholders to ensure that all residents of the greater Houston area have access to the care they need to improve their quality of life and the overall health of the community MHCBC's programs are designed to provide care for uninsured and underins ured children, to reach those Houstonians needing low cost care, to support the existing i nfrastructure of non-profit clinics and FQHCs, and to educate individuals and their famili es on how to access the healthcare available to them THE HEALTH OF HOUSTON STUDY, a recen t comprehensive study conducted by the Institute for Health Policy of The University of Te xas School of Public Health through stakeholder input and neighborhood surveying will be a continuing source to MHCBC in continued program planning efforts by biennially assessing the health of Houstonians and tracking emerging health issues and health improvements Com mitted to making the greater Houston area a healthier and more vital place to live, MHCBC supports the following initiatives Memorial Hermann Health Centers for Schools, establish ed in 1995, offers access to primary medical and mental health services to more than 38,30 0 underserved children at 49 schools in the Greater Houston area In 2011, asthma exacerba tions, emergency room visits and hospitalizations were reduced by 83% The Memorial Herman n Mobile Dental Clinic, established in 2000, has two dental vans and provides access to pr eventative and restorative dental services at all six Health Centers for Schools' sites an d is accessible as a "dental home" for 38,300 uninsured and underinsured students from 49 schools In 2011, no more than 25% of patients at recall of both age groups experienced ca ries These outcomes are significant given 80% of initial patients are diagnosed with cari es, 33% are diagnosed with five or more caries A dietitian is available through the Healt h Eating and Lifestyles Program (HELP) designed to educate Health Centers for Schools chil dren and their families on the importance of proper nutrition and exercise In 2011, 77% o f enrolled students reduced their BMI, 67% reduced their cholesterol levels Serving the c ommunity since 2008, the Memorial Hermann ER Navigation program places certified Community Health Workers who have the training, cultural understanding and linguistic capacity to h elp the uninsured, who disproportionately use emergency rooms for healthcare, 'navigate' t he complex health system, obtain a medical home, schedule appointments, secure needed soci al services and cope with future healthcare concerns Since its inception, the ER Navigati on Program has navigated 18,270 patients The Memorial Hermann Neighborhood Health Centers are strategically located near three of Houston's busiest ERs and provide care to working families without access to insurance and who do not qualify for other programs The goal is to provide this population with a medical home for routine care, and prevent these case s from escalating to emergencies At $48/visit, with low cost labs and prescriptions, seve n day a week access, and the provision of preventi

Identifier	ReturnReference	Explanation
Needs assessment	Schedule H Part VI, Line 2	ve, acute, as well as chronic care, they are an affordable medical home for newborns to th e elderly Decreased hypertension, management of diabetes, and a place where women feel co mfortable returning for their annual well-woman exams are examples of the continuity of ca re and improved health resulting MHCBC has played numerous and critical roles with a gras s-roots Houston collaborative, Gateway to Care and its Provider Health Network (PHN) to re cruit physicians, hospitals, and ancillary providers to provide specialty care to uninsure d patients with incomes below 150% of poverty With one in every four primary care visits requiring a referral to a specialist, the Provider Health Network serves as a bridge, conn ecting uninsured people to the specialty care they desperately need to get well Recruitin g is through numerous avenues-societies, insurance companies, etc -to rally the resulting city-wide effort The PHN has provided significant opportunities for our own medical staff s to participate in caring for the uninsured The provision of an organized effort with a designated staff for monitoring referrals is welcomed by the medical community as they des perately want to be a part of a solution, but fear being overwhelmed Community Clinic (pr ivate-not-for-profit and FQHC) Initiatives receive MHCBC funding and support to fill targe t population gaps by providing primary healthcare and chronic illness care to uninsured ch ildren and adults Children at Risk MHCBC supports a Policy Coordinator for a Food in Sch ools initiative with the goal of increasing participation in the Universal Free Breakfast program by connecting an additional 3,610 students to 649,728 meals Patient Education of Eligibility for Assistance Assistance for patients to take advantage of all appropriate h ealth improvement programs available within the community are through MHCBC's navigation s ervices In 2008, MHCBC launched the ER Navigation program at Memorial Hermann as a natura l response to the community need of educating patients on how to navigate through their ex isting resources, increasing access and using healthcare resources appropriately to reduce healthcare costs Today, the ER Navigation program places a Community Health Worker (CHW) or "navigator" on-site in Memorial Hermann's three busiest emergency rooms to educate pat ients on the importance of identifying and using a consistent health home rather than rely ing on emergency rooms for their primary care Patients eligible for the program are 18 mo nths to age 65 who frequently use the ER for primary care and are uninsured or Medicaid C ertified CHW training is offered by Memorial Hermann partner, Gateway to Care CHWs gain t he trust of patients by being familiar with the community's culture, language and values a nd by sharing their knowledge about local healthcare services and programs CHWs identify clinics that are the best fit for an individual's location, income, language, work hours, bus routes and address issues that may push health care down the priority list--the need f or food stamps, rental support and assistance with utilities They provide patients with c linic referrals, make appointments, arrange transportation, share information and referral s to community and safety net programs, educate about qualifying for and using public bene fits and other payment resources, serve as a liaison between the patient and providers and tackle other challenges to appropriate care CHW's stress the importance of having a heal th home and provide support and guidance in making and keeping future health appointments While navigators initially meet with patients during the ER visit, much of their work is done in follow-up, ensuring that a clinic appointment was made, was successful and assisti ng with the paperwork required for qualification for Medicaid, CHIP or county indigent pro grams The primary goal of the ER Navigation program is to find an appropriate health home for patients and provide them with the

Additional Data

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

Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility

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)

How many non-hospital facilites did the organization operate during the tax year? **89**

Name and address	Type of Facilty (Describe)
Bellaire 6700 West Loop South Suite 100 Bellaire, TX 77401	OUTPATIENT IMAGING
Clear Lake 16915 El Camino Real Webster, TX 77058	OUTPATIENT IMAGING
Cy-Fair Medical Plaza 1 13114 FM 1960 W Houston, TX 77065	OUTPATIENT IMAGING
East Houston 13529 East Fwy Houston, TX 77015	OUTPATIENT IMAGING
Friendswood 1505 East Winding Way Drive Suite Friendswood, TX 77546	OUTPATIENT IMAGING
Hedwig Village 9418 Gaylord Drive Houston, TX 77024	OUTPATIENT IMAGING
Katy Medical Plaza I 23920 Katy Fwy Su Katy, TX 77494	OUTPATIENT IMAGING
Katy Rehab 21720 Kingsland Blvd Suite 102 Katy, TX 77450	OUTPATIENT IMAGING
Kingsland 21222 Kingsland Blvd Katy, TX 77450	OUTPATIENT IMAGING
Memorial City Medical Center Medical Plaza 4 925 Gessner Suite Houston, TX 77024	OUTPATIENT IMAGING
Northeast Medical Plaza I 18955 North Memori Humble, TX 77338	OUTPATIENT IMAGING
Northwest 1635 North Loop West Houston, TX 77008	OUTPATIENT IMAGING
Pasadena 3620 Spencer Highway Pasadena, TX 77504	OUTPATIENT IMAGING
Pearland Med Plaza 1 10905 Memorial Hermann Pearland, TX 77584	OUTPATIENT IMAGING
Richmond 1517 Thompson Rd FM 762 Richmond, TX 77469	OUTPATIENT IMAGING
Southeast 11800 Astona Boulevard Houston, TX 77089	OUTPATIENT IMAGING
Southwest Medical Plaza 4 7789 Southwest Fre Houston, TX 77074	OUTPATIENT IMAGING
Sugar Land Medical Plaza 1 17510 W Grand Pkwy Sugar Land, TX 77479	OUTPATIENT IMAGING
Sugarcreek 15035 Southwest Fwy Sugar Land, TX 77478	OUTPATIENT IMAGING
Texas Medical Center MH Medical Plaza 6400 Fannin 16th Houston, TX 77030	OUTPATIENT IMAGING
The Woodlands Medical Plaza 3 9200 Pinecroft Dri The Woodlands, TX 77380	OUTPATIENT IMAGING
Upper Kirby 2900 Richmond Avenue Houston, TX 77098	OUTPATIENT IMAGING
Willowbrook 7520 Cypress Creek Parkway FM 1960 Houston, TX 77070	OUTPATIENT IMAGING
Conroe 2956 Interstate 45 N Suite 500 Conroe, TX 77303	SPORTS MEDICINE & REHABILITATI
Humble 9767 Farm to Market 1960 Bypass Ro Humble, TX 77338	SPORTS MEDICINE & REHABILITATI
Willowbrook 19760 Texas 249 Houston, TX 77070	SPORTS MEDICINE & REHABILITATI
Branch Crossing YMCA - The Woodlands 8100 Ashlane Way The Woodlands, TX 77382	SPORTS MEDICINE & REHABILITATI
The Woodlands Hospital 920 Medical Plaza Dr Suite 270 The Woodlands, TX 77385	SPORTS MEDICINE & REHABILITATI
Woodlands Parkway 1441 Woodstead Ct Suite 200 The Woodlands, TX 77380	SPORTS MEDICINE & REHABILITATI
Greenway Plaza 3651 Weslayan St Suite 110 Houston, TX 77027	SPORTS MEDICINE & REHABILITATI
Northwest Hospital 1635 North Loop West Freeway Houston, TX 77008	SPORTS MEDICINE & REHABILITATI
Ironman Sports Medicine Inst 6400 Fannin Street Suite 1620 Houston, TX 77030	SPORTS MEDICINE & REHABILITATI
Shepherd Square 2085 Westheimer Rd Houston, TX 77098	SPORTS MEDICINE & REHABILITATI
East Houston 10907 East Fwy Houston, TX 77029	SPORTS MEDICINE & REHABILITATI
Mid County - Jefferson 3512 Hwy 365 Nederland, TX 77627	SPORTS MEDICINE & REHABILITATI
Baseball USA 2626 West Sam Houston Pkwy N Houston, TX 77043	SPORTS MEDICINE & REHABILITATI
Katy Hospital 23920 Katy Fwy Suite 100 Katy, TX 77493	SPORTS MEDICINE & REHABILITATI
Memorial City Hospital 925 N Gessner Rd Suite 108 Houston, TX 77024	SPORTS MEDICINE & REHABILITATI
Town & Country 700 Town Country Blvd Suite 2490 Houston, TX 77024	SPORTS MEDICINE & REHABILITATI
Richmond 1517 Thompson Rd Richmond, TX 77469	SPORTS MEDICINE & REHABILITATI
Sienna Plantation 8790 Texas 6 Suite 140 Missouri City, TX 77459	SPORTS MEDICINE & REHABILITATI
Southwest Hospital 7500 Beechnut St Suite 110 Houston, TX 77074	SPORTS MEDICINE & REHABILITATI
Sugarcreek 15035 Southwest Fwy Sugar Land, TX 77478	SPORTS MEDICINE & REHABILITATI
Sugar Land Hospital 17510 W Grand Pkwy Suite 100 Sugar Land, TX 77479	SPORTS MEDICINE & REHABILITATI
Sugar Land -Wiliams Trace 14857 Southwest Fwy Suite C-303 Sugar Land, TX 77478	SPORTS MEDICINE & REHABILITATI
The Wellness Center 7731 Southwest Fwy Houston, TX 77074	SPORTS MEDICINE & REHABILITATI
Alvin - Thelma Ley Anderson YMCA 3201 Texas 35 Alvin, TX 77511	SPORTS MEDICINE & REHABILITATI
Clear Lake 16915 El Camino Real Houston, TX 77058	SPORTS MEDICINE & REHABILITATI
Pasadena 4804 E Sam Houston Pkwy S Suite 20 Pasadena, TX 77505	SPORTS MEDICINE & REHABILITATI
Pearland East 5032 Broadway St Pearland, TX 77581	SPORTS MEDICINE & REHABILITATI
Pearland West-Silverlake Village 3149 Silverlake Village Dr Suite 1 Pearland, TX 77584	SPORTS MEDICINE & REHABILITATI
Southeast Hospital 11914 Astona Blvd Suite 620 Houston, TX 77089	SPORTS MEDICINE & REHABILITATI
Webster-EA Smith YMCA 14650 Texas 3 Webster, TX 77598	SPORTS MEDICINE & REHABILITATI
Bellaire 6700 W Loop Suite 320 Houston, TX 77401	DIAGNOSTIC LABORATORIES
Friendswood (Inside Imaging Center) 1505 Winding Way Suit 178 Houston, TX 77546	DIAGNOSTIC LABORATORIES
Katy (Inside Imaging Center) Medical Plaza I 23920 Katy Freeway Houston, TX 77024	DIAGNOSTIC LABORATORIES
Memorial City Memorial Hermann Tower 929 Gessner Suite 2210 Houston, TX 77024	DIAGNOSTIC LABORATORIES
Memorial City Medical Plaza 3 915 Gessner Suite 175 Houston, TX 77024	DIAGNOSTIC LABORATORIES
Northeast (Inside Imaging Center) 18951 Memorial North Humble, TX 77338	DIAGNOSTIC LABORATORIES
Northwest Hospital Medical Plaza 1 23920 Katy Freeway Suite 112 Houston, TX 77008	DIAGNOSTIC LABORATORIES
Northwest Hospital Medical Plaza 3 1801 N Loop W Suite 15 Houston, TX 77008	DIAGNOSTIC LABORATORIES
Pearland (Inside Imaging Center) Medical Plaza 1 10905 Memorial Hem Pearland, TX 77584	DIAGNOSTIC LABORATORIES
Physicians at Sugar Creek 14023 SW Freeway Sugar Land, TX 77479	DIAGNOSTIC LABORATORIES
Southeast Hospital Medical Plaza 11914 Astona Blvd Suie 110 Houston, TX 77074	DIAGNOSTIC LABORATORIES
Southwest Hospital Medical Plaza 1 7777 SW Freeway Suite 756 Houston, TX 77074	DIAGNOSTIC LABORATORIES
Southwest Hospital Medical Plaza 2 7737 SW Freeway Suite 940 Houston, TX 77074	DIAGNOSTIC LABORATORIES
Southwest Hospital Medical Plaza 4 7789 SW Freeway Suite 150 Houston, TX 77074	DIAGNOSTIC LABORATORIES
Sugar Land Hospital Medical Plaza 1 17510 W Grand Parkway S Suite 110 Sugar Land, TX 77479	DIAGNOSTIC LABORATORIES
Sugar Land Surgical Center 1211 Highway 6 Suite 70 Sugar Land, TX 77479	DIAGNOSTIC LABORATORIES
TMC Medical Plaza (Inside Imaging Center 6400 Fannn 16th Floor Houston, TX 77030	DIAGNOSTIC LABORATORIES
TMC UT Professional Building 6410 Fannn Suite 143 Houston, TX 77030	DIAGNOSTIC LABORATORIES
Westside Campus 1140 Business Center Dr Suite 310 Houston, TX 77043	DIAGNOSTIC LABORATORIES
The Woodlands Medical Plaza 2 920 Medical Plaza Suite 160 The Woodlands, TX 77380	DIAGNOSTIC LABORATORIES
The Woodlands Medical Plaza 3 9200 Pinecroft Suite 100 The Woodlands, TX 77380	DIAGNOSTIC LABORATORIES
MH Endoscopy Center North Freeway 7333 N Freeway Suite 400 Houston, TX 77076	AMBULATORY SURGICAL CENTER
MH Endoscopy &Surg Ctr North Houston 275 Lantern Bend Suite 400 Houston, TX 77090	AMBULATORY SURGICAL CENTER
MH Surgery Center Katy 23920 Katy Freeway Suite 200 Katy, TX 77494	AMBULATORY SURGICAL CENTER
MH Surgery Center Kingsland 21720 Kingsland Blvd Suite 101 Katy, TX 77450	AMBULATORY SURGICAL CENTER
MH Surgery Center Memorial Village 12727 Kimberley Lane Suite 100 Houston, TX 77024	AMBULATORY SURGICAL CENTER
MH Surgery Center Northwest 1631 North Loop West Suite 300 Houston, TX 77008	AMBULATORY SURGICAL CENTER
MH Surgery Center Richmond 1517 Thompson Rd 100 Richmond, TX 77469	AMBULATORY SURGICAL CENTER
MH Surgery Center Southwest 7789 Southwest Freeway Ste 200 Houston, TX 77074	AMBULATORY SURGICAL CENTER
MH Surgery Center Sugar Land 17510 West Grand Parkway Suite 200 Sugar Land, TX 77479	AMBULATORY SURGICAL CENTER
MH Surgery Center-Texas Med Center 6400 Fannn Suite 1500 Houston, TX 77030	AMBULATORY SURGICAL CENTER
MH Surgery Center-Woodlands Parkway 1441 Woodstead Court 100 The Woodlands, TX 77380	AMBULATORY SURGICAL CENTER
MH Surgery Center The Woodlands 9200 Pinecroft Suite 200 The Woodlands, TX 77380	AMBULATORY SURGICAL CENTER
MH Surgery Hospital Kingwood 300 Kingwood Medical Drive Kingwood, TX 77339	AMBULATORY SURGICAL CENTER
West Houston Ambulatory Surgical Assoc 970 Campbell Rd Houston, TX 77024	AMBULATORY SURGICAL CENTER
Memorial Hermann 24-Hour Freestanding ER 9950 Woodlands Parkway Spring, TX 77382	FREESTANDING ER

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135064172

Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21 for any recipient that received more than $5,000. Check this box if no one recipient received more than $5,000. Part II can be duplicated if additional space is needed. . . . ▶ ☐

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

2 Enter total number of section 501(c)(3) and government organizations . . . ▶ 193

3 Enter total number of other organizations . . . ▶ 21

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

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

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

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

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Heart Association PO Box 15186 Austin, TX 78761	13-5613797	501 c(3)	130,320				General support Sponsorship of fundraising event
LONE STAR COLLEGE FOUNDATION5000 RESEARCH FOREST DRIVE THE WOODLANDS, TX 773814399	76-0336902	501 c(3)	62,752				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GOOD SAMARITAN FOUNDATIONPO Box 271108 Houston,TX 772771108	74-1235398	501 c(3)	38,000				General support Sponsorship of fundraising event
American Cancer SocietyP O BOX 572915 HOUSTON,TX 772572915	74-1185665	501 c(3)	38,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
TEXAS A & M UNIVERSITY 2nd Floor Rudder Tower College Station, TX 778431232	74-1185725	501 c(3)	33,000				General support Sponsorship of fundraising event
TEXAS RUSH SOCCER CLUB2204 Timberloch Place THE WOODLANDS, TX 77380		501 c(3)	32,500				General support Sponsorship of fundraising events

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Cristo Rey Jesuit6700 Mount Carmel St Houston,TX 77030	26-3159838	501 c(3)	27,500				General support Sponsorship of fundraising event
OPPORTUNITY HOUSTON PO BOX 297653 HOUSTON,TX 77297	20-8179135		25,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CHILDREN AT RISK2900 WESLAYAN STE 400 HOUSTON,TX 770275132	76-0360533	501 c(3)	25,000				General support Sponsorship of fundraising event
Houston Baptist University 7502 Fondren Road Houston,TX 77074	74-1400699	501 c(3)	22,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
First Colony Mall16535 Southwest Freeway Suite 1 Sugar Land,TX 77479			20,000				General support Sponsorship of fundraising event
UT-AUSTINSchool of Social Work 1 Univeristy AUSTIN,TX 787120358	74-1761309	501 c(3)	19,041				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
FORT BEND CARES14823 SOUTHWEST FREEWAY SUGAR LAND,TX 77478	33-1112246	501 c(3)	16,000				General support Sponsorship of fundraising event
The Living BankPO Box 6725 Houston,TX 772656725	74-1607315	501 c(3)	15,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
UNIVERSITY OF HOUSTON 4800 Calhoun Houston,TX 772046390	74-6041411	501 c(3)	15,000				General support Sponsorship of fundraising event
MARCH OF DIMES3000 Weslayan Suite 100 Houston,TX 77027	13-1846366	501 c(3)	15,000				General support Sponsonship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Museum Of Fine Arts Houston1406 Kirby Drive Houston,TX 77019	74-1109655	501 c(3)	15,000				General support Sponsorship of fundraising event
Economic Development Partnership1400 Woodloch Forest Dr THE WOODLANDS,TX 77380			15,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Fort Bend Junior Service LeaguePO Box 17387 Sugar Land,TX 77496	76-0664152	501 c(3)	15,000				General support Sponsorship of fundraising event
NATIONAL FUSION SOCCER CLUB5826 New Territory Blvd 301 Sugar Land,TX 77469	76-0641089	501 c(3)	15,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GREATER HOUSTON PARTNERSHIP1200 SMITH SUITE 700 HOUSTON,TX 77002	76-0267896		14,250				General support Sponsorship of fundraising event
LEGACY COMMUNITY HEALTHPO Box 66308 Houston,TX 772666308	76-0009637	501 c(3)	12,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
houston community college 3100 Main street Houston,TX 77002	74-1885205	501 c(3)	12,000				General support Sponsorship of fundraising event
Finish Line Sports13895 Southwest Frwy Sugarland,TX 77478	76-0134642		11,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Volunteer Service921 Gessner Houston,TX 77024		501 c(3)	11,000				General support Sponsorship of fundraising event
The Men's Center Inc3809 Main Street Houston,TX 77002	74-1326185	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Fort Bend Youth Football League1306 Ashwood Sugarland,TX 77478	26-2714233	501 c(3)	10,000				General support Sponsorship of fundraising event
Junior League Of Houston Inc1811 Briar Oaks Lane Houston,TX 77027	74-1185659	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Star of Hope6897 Ardmore St Houston,TX 77054	74-1152599	501 c(3)	10,000				General support Sponsorship of fundraising event
MEMORIAL PARK CONSERVANCY INCPO Box 131024 Houston,TX 77219	76-0655841	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Boy Scouts of America1911 Bagby Houston,TX 770522786	74-1109732	501 c(3)	10,000				General support Sponsorship of fundraising event
HERMANN PARK CONSERVANCY6201-A Golf Course Dr Houston,TX 77030	76-0327389	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Rice University6100 Main Street Houston,TX 770051892	74-1109620	501 c(3)	8,000				General support Sponsorship of fundraising event
CanCare of Houston Inc 9575 Katy Freeway Suite 428 Houston,TX 77024	76-0305357	501 c(3)	8,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HOUSTON FOOD BANK525 Portwall St Houston,TX 77029	74-2181456	501 c(3)	8,000				General support Sponsorship of fundraising event
Ronald McDonald House 1907 Holcombe Blvd Houston,TX 77030	74-1984499	501 c(3)	7,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Houston Hospice8811 Gaylord 100 Houston,TX 770242923	74-2092951	501 c(3)	7,500				General support Sponsorship of fundraising event
INTERFAITH CAREPARTNERS701 N Post Oak Blvd Houston,TX 77024	76-0253480	501 c(3)	7,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Humble ISDPO Box 2000 Humble,TX 77347	76-0608461	501 c(3)	7,350				General support Sponsorship of fundraising event
YMCA of Greater Houston 1600 Louisiana Houston,TX 77002	74-1109737	501 c(3)	7,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Houston Area Women's Center1010 Waugh Dr Houston,TX 77019	74-2029166	501 c(3)	7,000				General support Sponsorship of fundraising event
Interfaith Ministries for Greater Houston3217 Montrose Blvd Houston,TX 770063980	74-1488102	501 c(3)	6,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
TEXAS WOMEN'S UNIVERSITYPO Box 425408 Denton,TX 762045408	58-1932459	501 c(3)	6,000				General support Sponsorship of fundraising event
Woman's Club of Houston 5444 Westheimer Rd Houston,TX 770565306	74-1574945	501 c(3)	5,750				General support Sponsorship of fundraising event

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135064172

Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items ☐ First-class or charter travel ☐ Housing allowance or residence for personal use ☐ Travel for companions ☐ Payments for business use of personal residence ☑ Tax idemnification and gross-up payments ☐ Health or social club dues or initiation fees ☐ Discretionary spending account ☐ Personal services (e g , maid, chauffeur, chef)			
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement orprovision of all the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all officers, directors, trustees, and the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
3	Indicate which, if any, of the following the organization uses to establish the compensation of the organization's CEO/Executive Director Check all that apply ☑ Compensation committee ☐ Written employment contract ☑ Independent compensation consultant ☑ Compensation survey or study ☑ Form 990 of other organizations ☑ Approval by the board or compensation committee			
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment from the organization or a related organization?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							
(2)							
(3)							
(4)							
(5)							
(6)							
(7)							
(8)							
(9)							
(10)							
(11)							
(12)							
(13)							
(14)							
(15)							
(16)							

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Non-Fixed Payments	Form 990, Schedule J, Line 7	Memorial Hermann Healthcare System (of which this filer is a part) sponsors an executive compensation philosophy that is based on competitive market and pay-for-performance principles The Compensation Committee of the System implements this philosophy by, generally, setting base salaries at the median of the organization's talent market and using an annual incentive plan and long-term incentive plan that make incentive payments based on the achievement of performance goals determined by the Committee at the beginning of the year for the annual plan or at the beginning of the three year cycle for the long-term performance plan In all cases, the incentive targets are set so that all payments will be reasonable
Participate in a supplemental non-qualified retirement plan	Form 990, Schedule J, Line 4-b	During the year did any person listed in Form 990, Part VII, Section A, line 1a participate in a supplemental non-qualified retirement plan Memorial Hermann Healthcare System (of which this filer is a part) sponsors two nonqualified retirement plans for certain executives who are part of a select group of highly compensated or management employees The first plan is a make-up plan and provides for an annual payment (upon achieving full vesting in the qualified retirement plan) equivalent to the amount of contribution from the employer that is lost to the employee due to the limits on compensation and benefits in the Internal Revenue Code The second plan is called the Deferred Compensation Plan, and it provides for a payment (upon full vesting in the plan) In this plan, certain executives who are part of a select group of highly compensated or management employees are provided with a payment such that the total retirement contribution for the participant is based on a percentage of the participant's base salary For example, someone earning a base salary in the range of $200,000 to $350,000 will receive a payment such that the total amount of retirement contributions from the qualified cash balance pension plan, the make-up plan and this plan equal 20% Base salary range >$600,000 Total Contributions @ 27 5% of base salary, $350,000 to $600,000 @ 24%, $200,000 to $350,000 @ 20%, < $200,000 @ 17 9% ALEXANDER, KEITH 16,820 ARDOIN, CHARLES 11,311 AULBAUGH, CARROL 164,395 BARBE, BRIAN 58,601 BALDWIN, JOE 28,672 BECKSTETT, DOUGLAS 114,499 BRACE, RODNEY 22,300 BRADSHAW, DAVID 30,075 BROWN, JAMES 3,112 BROWNAWELL, JEFFREY 30,208 CORDOLA, CRAIG 7,649 DUCO, BERNARD A JR 15,391 FLANAGIN, TOM 7,806 GASTON, GEORGE 9,264 HEINS, MARSHALL 23,605 JONES, DAVID 114,481 KERR, GARY 28,163 McVEIGH, DENNIS 63,086 METZGER, PAT 35,594 POLFREMAN, JAMES 7,789 ROMANS, JUANITA 133,142 SANDERS, STEVE 132,709 SMITH, LOUIS 2,724 STRICKLAND, BARRIE 16,558 WOLTERMAN, DAN 113,192
Gross-up Payments	Form 990, Schedule J, Line 1a	Memorial Hermann provides certain cash payments to employees for non-wage purposes that are grossed up for tax indemnification These could include moving related expenses, special recognition rewards, and holiday awards The payments are included in each employee's W-2 as taxable income on a grossed-up basis

Additional Data

Return to Form

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Cross Mary A MD	(I)	0	0	0	0	0	0	0
	(II)	152,502	0	6,963	14,924	10,136	184,525	0
Wolterman Daniel J	(I)	964,272	1,061,898	162,140	1,619,336	19,189	3,826,835	495,195
	(II)	0	0	0	0	0	0	0
Ardoin Charles D MD	(I)	334,528	210,961	62,514	61,892	13,455	683,350	51,101
	(II)	0	0	0	0	0	0	0
Aulbaugh Carrol E	(I)	537,071	413,468	245,051	678,631	14,442	1,888,663	299,420
	(II)	0	0	0	0	0	0	0
Duco Bernard A Jr	(I)	401,138	267,022	49,251	435,798	13,077	1,166,286	95,117
	(II)	0	0	0	0	0	0	0
McVeigh Dennis P	(I)	265,507	169,192	123,750	259,644	7,080	825,173	105,458
	(II)	0	0	0	0	0	0	0
Reimer P Renee	(I)	227,611	82,694	5,405	188,257	6,326	510,293	0
	(II)	0	0	0	0	0	0	0
Romans Juanita F	(I)	495,498	329,352	190,599	65,587	13,455	1,094,491	227,894
	(II)	0	0	0	0	0	0	0
Shabot M Michael MD	(I)	437,362	286,518	100,071	498,740	19,169	1,341,860	138,275
	(II)	0	0	0	0	0	0	0
Stokes Charles D	(I)	619,002	436,378	53,150	781,752	14,512	1,904,794	108,334
	(II)	0	0	0	0	0	0	0
Alexander Keith	(I)	338,571	259,182	54,162	381,779	17,254	1,050,948	58,695
	(II)	0	0	0	0	0	0	0
Asprec Erin S	(I)	265,055	64,834	16,886	217,881	21,540	586,196	0
	(II)	0	0	0	0	0	0	0
Baldwin Joe G	(I)	111,286	141,344	114,233	12,289	9,833	388,985	0
	(II)	0	0	0	0	0	0	0
Beckstett Douglas G	(I)	406,353	275,708	161,362	471,138	13,145	1,327,706	198,319
	(II)	0	0	0	0	0	0	0
Brace Rodney	(I)	457,462	267,307	54,162	481,809	18,551	1,279,291	99,329
	(II)	0	0	0	0	0	0	0
Bradshaw David	(I)	408,798	273,531	73,191	471,795	19,126	1,246,441	113,319
	(II)	0	0	0	0	0	0	0
Brown James B	(I)	216,244	131,241	22,556	192,510	17,636	580,187	0
	(II)	0	0	0	0	0	0	0
Brownawell H Jeffrey	(I)	374,973	266,709	56,140	426,123	6,461	1,130,406	115,732
	(II)	0	0	0	0	0	0	0
Flanagan Thomas J	(I)	256,949	137,142	49,898	211,221	6,545	661,755	44,735
	(II)	0	0	0	0	0	0	0
Gaston George H	(I)	363,353	198,718	37,606	430,243	19,038	1,048,958	46,427
	(II)	0	0	0	0	0	0	0
Heins Marshall B	(I)	361,114	276,115	76,933	432,377	19,073	1,165,612	90,322
	(II)	0	0	0	0	0	0	0
Jadlowski Susan L	(I)	230,304	77,266	30,924	172,572	12,062	523,128	0
	(II)	0	0	0	0	0	0	0
Jones David L	(I)	186,480	837,132	170,015	51,283	17,105	1,262,015	192,638
	(II)	0	0	0	0	0	0	0
Polfreman James D	(I)	347,663	187,651	40,218	289,258	13,455	878,245	7,789
	(II)	0	0	0	0	0	0	0
Sanders G Steven	(I)	350,917	215,435	182,379	419,003	14,154	1,181,888	212,858
	(II)	0	0	0	0	0	0	0
Smith Louis G Jr	(I)	261,170	104,833	19,849	222,967	18,284	627,103	0
	(II)	0	0	0	0	0	0	0
Springhetti David	(I)	201,997	137,952	32,930	135,012	13,455	521,346	0
	(II)	0	0	0	0	0	0	0
Strickland Barrie	(I)	205,219	164,491	47,684	11,943	9,315	438,652	16,558
	(II)	0	0	0	0	0	0	0
Barbe Brian S	(I)	295,138	193,529	87,068	276,699	14,078	866,512	103,607
	(II)	0	0	0	0	0	0	0
Bartimmo Ernest	(I)	261,468	101,365	99,161	131,432	9,996	603,422	47,757
	(II)	0	0	0	0	0	0	0
Cordola Craig A	(I)	305,240	182,267	55,009	468,409	15,691	1,026,616	64,095
	(II)	0	0	0	0	0	0	0
Kerr Gary	(I)	282,795	142,306	39,413	268,226	10,683	743,423	28,163
	(II)	0	0	0	0	0	0	0
Metzger Pat	(I)	207,130	64,800	64,090	127,730	13,208	476,958	0
	(II)	0	0	0	0	0	0	0
Murphy Robert	(I)	230,400	78,140	40,801	180,989	14,016	544,346	0
	(II)	0	0	0	0	0	0	0
Parmer David N	(I)	265,833	0	107,142	11,623	4,582	389,180	55,721
	(II)	0	0	0	0	0	0	0

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135064172

Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Harris County Health Facilities Development Corp	56-1284201	414152QU5	04-08-2004	107,652,499	Purchase Land and Equipment		X		X		
B	Harris County Heath Facilities Development Corp	76-0337885	414152SRO	11-13-2008	225,979,281	Refund Issue 04/29/2004		X		X		
C	Harris County Heath Facilities Development Corp	76-0337885	414152RT7	11-25-2008	184,800,000	Refund Issue 3/11/1998		X		X		
D	Harris County Heath Facilities Development Corp	76-0337885	414009BB5	12-11-2008	121,400,000	Refund Issue 3/20/2007		X		X		

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0	0	0
2	Amount of bonds legally defeased	0	0	0	0
3	Total proceeds of issue	107,652,499	225,979,281	184,800,000	121,400,000
4	Gross proceeds in reserve funds	8,807,655	22,700,000	0	0
5	Capitalized interest from proceeds	0	0	0	0
6	Proceeds in refunding escrow	0	200,000,000	0	0
7	Issuance costs from proceeds	925,250	3,279,281	4,475,909	1,400,000
8	Credit enhancement from proceeds	0	0	0	0
9	Working capital expenditures from proceeds	0	0	0	0
10	Capital expenditures from proceeds	97,919,148	0	0	0
11	Other spent proceeds	0	0	0	0
12	Other unspent proceeds	446	0	0	0
13	Year of substantial completion	2005	2008	2008	2008

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use?		X		X		X		X
b	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
c	Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?		X		X		X		X
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 %		0 %		0 %		0 %	
7	Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X			X	X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X	X			X
2	Is the bond issue a variable rate issue?		X		X	X		X	
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X	X		X	
b	Name of provider	Bear Stearns				Bear Stearns			
c	Term of hedge		19 2				19 2		17 2
d	Was the hedge superintegrated?		X		X		X		X
e	Was a hedge terminated?		X		X		X		X
4a	Were gross proceeds invested in a GIC?		X		X		X		X
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6	Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135064172

Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Excess Benefit Transactions (section 501(c)(3) and section 501 (c)(4) organizations only).
Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

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

Part III Grants or Assistance Benefitting Interested Persons.
Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV **Business Transactions Involving Interested Persons.**

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

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

Part V **Supplemental Information**

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

Identifier	Return Reference	Explanation

Additional Data

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction $	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
Mary A Cross MD	Medical Staff Pres Se	5,555	chief of staff fees		No
James Edmonds	Consultant	99,996	retainer fees		No
Angela Bell	family member	55,700	employment		No
Kevin J Giglio MD	Consultant MHMD	19,655	Consulting agreement		No
Mike Allen	family member	14,249	employment		No
Adrienne Pouns	family member	28,293	employment		No
Oscar R Rosales MD	Medical Staff Pres TMC	36,553	chief of staff fees		No
Gary J Sheppard MD	Medical Staff Pres NW	42,663	chief of staff fees		No
Kerry Moble	Family Member	49,981	employment		No
Bruce Meyers	Family Member	28,971	Employment		No
Todd Aulbaugh	Family Member	60,302	Employment		No
Ashley McVeigh	Family Member	75,984	Employment		No

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

(a) Name of interested person	**(b)** Relationship between interested person and the organization	**(c)** Amount of transaction $	**(d)** Description of transaction	**(e)** Sharing of organization's revenues?	
				Yes	**No**
Melissa Paschal	Family Member	299,528	employment		No
Mark Gilgen	Family Member	75,110	Employment		No
David Bauer	Family Member	255,229	Employment		No

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493135064172

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

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

Identifier	Return Reference	Explanation
Compensation Determination	Form 990, Part VI, Section C, Line 15a and 15b	Describe the process for determining compensation for the corporate officers and key employees of the organization The process for determining compensation for the Organization's CEO and other top management is modeled after the requirements in Internal Revenue Code Section 4958 to establish the presumption of reasonable compensation Compensation was reviewed and approved by a Compensation Committee (the "Committee") of the Board of Memorial Hermann Healthcare System, which is comprised of independent persons By engaging an independent compensation consultant, the Committee considered comparable market data from published surveys and Form 990 of comparable organizations in evaluating the compensation for each individual The Committee conducted a review of this comparability data and documented its deliberation and discussion in minutes that are retained with the other governance materials of the Organization The Committee followed the process to establish the presumption that compensation paid to the Organization's CEO and other top management for purposes of Section 4958 by relying on professional advice in the written opinion of reasonableness from the independent compensation consultant ALL EMPLOYEES ARE PAID BY CORPORATION OR AFFILIATE HEALTHCARE SYSTEM ENTITY AND NO TIME OR SALARY IS ALLOCATED CORPORATE OFFICERS PERFORM ADMINISTRATIVE ACTIVITIES FOR MULTIPLE RELATED ENTITIES FOR WHICH NO INTERUNIT ALLOCATION OF TIME OR SALARY IS MADE DIRECTORS ARE VOLUNTARY CITIZENS OF COMMUNITY WHO PERFORM THEIR DUTIES WITHOUT COMPENSATION FOR HOURS DEVOTED TO BOARD WORK

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

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

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

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

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

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

Identifier	Return Reference	Explanation
Whistleblower Policy	Form 990, Part VI, Section B, Line 13	Memorial Hermann Healthcare System (MHHCS) is committed to complying with all applicable laws and regulations We support the efforts of federal and state authorities in identifying incidents of fraud and/or abuse and we have the necessary policies and procedures in place to prevent, detect, report and correct incidents of fraud and/or abuse in accordance with contractual, regulatory and statutory requirements Recognizing the complexity of the various federal, state, and local laws regulating health care, MHHCS has adopted a voluntary Corporate Compliance Program This Program is designed to assist the Board, the System and its employees, medical staff members, and independent contractors to maintain compliance through responsive educational programs, internal monitoring and reporting mechanisms, and compliance Standards of Conduct Corporate Compliance is "Doing the Right Thing by following government regulations and the law " The MHHCS Compliance Program includes these 7 elements A Compliance Officer and Committee to oversee and advise the Compliance Program Compliance Policies and Procedures to provide written guidance to help you do your job and demonstrate our commitment to compliance Compliance Training and Education to ensure appropriate education on areas of legal and regulatory compliance Auditing and Monitoring to conduct periodic and ongoing auditing and monitoring of high-risk areas and adherence to policies and procedures Corrective Action to develop plans to resolve identified issues, prevent them from happening again and avoid the risk of the same or similar issues occurring in other areas, departments or facilities Disciplinary Guidelines may be necessary to encourage prompt reporting of Compliance concerns, to ensure non-retaliation for reporting concerns and to encourage cooperation with compliance investigations Open Lines of Communication to establish an open environment for reporting compliance concerns - a hotline is available to all employees to call to report compliance concerns and non-retaliation for reporting a compliance concern in good faith Available 24 hours a day, 7 days a week Anonymous and Confidential Callers making reports in good faith are protected from any form of retaliation or adverse action

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

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

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

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balance	990 Part XI Reconciliation of Net Assets Line 4	DESCRIPTION TOTAL RECLASS OF FUND BALANCES OF AFFILIATED COMPANIES (69,700,061) CHANGE IN UNFUNDED PENSION LOSSES 30,889,000 RECLASS OF CONTRIBUTIONS 14,413,000 CHANGE IN NONCONTROLLING INTERESTS 1,982,000 TOTAL CHANGES IN FUND BALANCES (22,416,061)

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493135064172

SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2010

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Memorial Hermann Healthcare System 909 Frostwood Suite 2100 Houston, TX 77024 76-0025117	Healthcare	TX	501(c)3	11a I			
(2) Memorial Hermann Community Benefits 909 Frostwood Suite 2100 Houston, TX 77024 68-0511504	Healthcare	TX	501(c)3	11			
(3) The Institute for Rehab and Research 909 Frostwood Suite 2100 Houston, TX 77024 74-1334678	Healthcare	TX	501(c)3	3			
(4) Memorial Hermann Medical Group 909 Frostwood Suite 2100 Houston, TX 77024 20-4923281	Healthcare	TX	501(c)3	3			
(5) MHS Physicians of Texas 909 Frostwood Suite 2100 Houston, TX 77024 76-0385980	Healthcare	TX	501(c)3	3			
(6) Memorial Hermann Foundation 909 Frostwood Suite 2100 Houston, TX 77024 74-1653640	Fundraising	TX	501(c)3	11a			

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) The Woodlands POB III LP 909 Frostwood Suite 2100 Houston, TX77024 20-2184543	Manages Med Build	TX	na	Related or Exempt	44,236	14,056,700			29,284			89 000 %
(2) Memorial HermannUSP Surgery Ctr III LP 15305 Dallas Parkway Suite 1600 L Addison, TX75001 20-0707543	Surgery Center	TX	na	Related or Exempt	8,316,313	16,830,141			101,085			82 000 %
(3) Memorial Hermann Surgery Center Katy LLP 15305 Dallas Parkway Suite 1600 L Addison, TX75001 20-3360737	Surgery Center	TX	na	Related or Exempt	203,925	1,162,382			538			34 000 %
(4) Memorial Hermann Rehabilitaion Hospital 909 Frostwood Suite 2100 Houston, TX77024 26-3896170	Medical Services	TX	NA	Related or Exempt	-807,825	12,472,722			-2,551			51 000 %

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
(1) Memorial Hermann Health Network Provider 909 Frostwood Suite 2100 Houston, TX77024 76-0074819	Healthcare	TX	na	C corp			
(2) Memorial Health Ventures 909 Frostwood Suite 2100 Houston, TX77024 74-2211474	Healthcare	TX	na	C corp			
(3) The Health Professionals Ins Company LTD Barclays House 3rd Floor Grand Cayman CJ	Insurance	CJ	na	Foreign	2,975,774	58,561,131	100 000 %

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

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

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

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) NA			
(2)			
(3)			
(4)			
(5)			
(6)			

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Are all partners section 501(c)(3) organizations?		(e) Share of end-of-year assets	(f) Disproprtionate allocations?		(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(h) General or managing partner?	
			Yes	No		Yes	No		Yes	No

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
Memorial Hermann Healthcare System 909 Frostwood Suite 2100 Houston, TX77024 76-0025117	Healthcare	TX	501(c)3	11a I			
Memorial Hermann Community Benefits 909 Frostwood Suite 2100 Houston, TX77024 68-0511504	Healthcare	TX	501(c)3	11			
The Institute for Rehab and Research 909 Frostwood Suite 2100 Houston, TX77024 74-1334678	Healthcare	TX	501(c)3	3			
Memorial Hermann Medical Group 909 Frostwood Suite 2100 Houston, TX77024 20-4923281	Healthcare	TX	501(c)3	3			
MHS Physicians of Texas 909 Frostwood Suite 2100 Houston, TX77024 76-0385980	Healthcare	TX	501(c)3	3			
Memorial Hermann Foundation 909 Frostwood Suite 2100 Houston, TX77024 74-1653640	Fundraising	TX	501(c)3	11a			

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493135064172

TY 2010 Earnings and Profits Other Adjustments Statement

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Amount
Physician Insurance Losses	3,361,810
Fees and Commissions	330,122
General & Admin Expenses	1,172,064

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493135064172

TY 2010 Itemized Other Current Liabilities Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Description	Beginning Amount	Ending Amount
		Accrued Expenses	46,850	31,996

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493135064172

TY 2010 Itemized Other Current Assets Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
		Inerest Receivable and Prepaid Exp	25,853	28,933

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493135064172

TY 2010 Other Deductions Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
Genral & Administration		1,172,064

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493135064172

TY 2010 Itemized Other Investments Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Investments Description	Beginning Amount	Ending Amount
		Fixed Maturity Securities	309,040	
		Equity Securities	39,721,146	44,145,724

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493135064172

TY 2010 Itemized Other Liabilities Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
		Losses Recoverable from Reinsurers	-5,463,764	-15,210,377
		Reserve for Losses	41,358,787	58,782,358
		Reserve for Retro Premium Adjustmnt	6,013,060	12,933,293
		Amounts Payable to Parent Corp	3,336,083	144,692
		Accumulated Other Comprehensive Inc	1,759,169	1,759,169

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493135064172

TY 2010 Other Income Statement

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Foreign Amount	Amount
General & Administration		1,172,064

Note: To capture the full content of this document, please select landscape mode (11" x 8.5") when printing.

TY 2010 ShareholdersStockOwnershipStmt

Name: Memorial Hermann Hospital System

EIN: 74-1152597

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

SCHEDULE K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax-Exempt Bonds

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

▶ Attach to Form 990. ▶ See separate instructions.

OMB No. 1545-0047

2010

Open to Public Inspection

Name of the organization
MEMORIAL HERMANN HOSPITAL SYSTEM

Employer identification number
74-1152597

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pooled Financing	
							Yes	No	Yes	No	Yes	No
A	HARRIS COUNTY HEALTH FACILITIES DEVELOPMENT CORP	76-0337885	414009DB1	11/25/2008	133,200,000.	REFUND ISSUE 11/1/2005		X		X		
B	HARRIS COUNTY CULTURAL FACILITIES FINANCE CORP	76-0337885	414009EM8	11/30/2010	72,206,221.	REFUND ISSUE 3/12/1997		X		X		
C	HARRIS COUNTY CULTURAL FACILITIES FINANCE CORP	76-0337885	414009ER7	01/05/2011	162,400,000.	REFUND ISSUE 5/17/2001		X		X		
D												

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0.	0.	0.	
2	Amount of bonds legally defeased	0.	0.	0.	
3	Total proceeds of issue	121,400,000.	72,206,221.	162,400,000.	
4	Gross proceeds in reserve funds	0.	0.	0.	
5	Capitalized interest from proceeds	0.	0.	0.	
6	Proceeds in refunding escrows	0.	71,000,000.	161,600,000.	
7	Issuance costs from proceeds	1,400,000.	1,206,221.	800,000.	
8	Credit enhancement from proceeds	0.	0.	0.	
9	Working capital expenditures from proceeds	0.	0.	0.	
10	Capital expenditures from proceeds	0.	0.	0.	
11	Other spent proceeds	0.	0.	0.	
12	Other unspent proceeds	0.	0.	0.	
13	Year of substantial completion	2008	2010	2011	

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

Part III Private Business Use

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

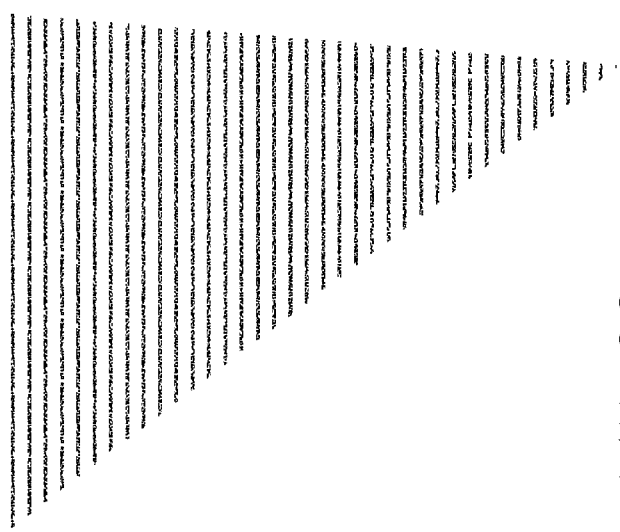
Part III Private Business Use *(Continued)*

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
3a Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		
b Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
c Does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts or research agreements relating to the financed property?		X		X		X		
4 Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0.0000 %		0.0000 %		0.0000 %			%
5 Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0.0000 %		0.0000 %		0.0000 %			%
6 Total of lines 4 and 5	0.0000 %		0.0000 %		0.0000 %			%
7 Has the organization adopted management practices and procedures to ensure the post-issuance compliance of its tax-exempt bond liabilities?	X		X		X			

Part IV Arbitrage

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
1 Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		
2 Is the bond issue a variable rate issue?	X			X	X			
3a Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X			X	X			
b Name of provider	BEARS STEARNS				BEAR STEARNS			
c Term of hedge	20.600				28.400			
d Was the hedge superintegrated?		X		X		X		
e Was the hedge terminated?		X		X		X		
4a Were gross proceeds invested in a GIC?		X		X		X		
b Name of provider								
c Term of GIC								
d Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5 Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6 Did the bond issue qualify for an exception to rebate?		X		X		X		

Part V Supplemental Information. Complete this part to provide additional information for responses to questions on Schedule K (see instructions).



Combined Financial Statements and Other Financial Information

Memorial Hermann Healthcare System
Years Ended June 30, 2011 and 2010
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Memorial Hermann Healthcare System

Combined Financial Statements and Other Financial Information

Years Ended June 30, 2011 and 2010

Contents

Ernst & Young LLP
5 Houston Center
Suite 1200
1401 McKinney Street
Houston, TX 77010
Tel: +1 713 750 1500
Fax: +1 713 750 1501
www.ey.com

Report of Independent Auditors

The Board of Directors
Memorial Hermann Healthcare System

We have audited the accompanying combined statements of financial position of Memorial Hermann Healthcare System (the System) as of June 30, 2011 and 2010, and the related combined statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 combined financial statements are free of material misstatement. We were not engaged to perform an audit of the System'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 the System'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 and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying other financial information is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in our audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements.

Ernst & Young LLP

September 27, 2011

Memorial Hermann Healthcare System

Combined Balance Sheets

	June 30 2011	2010
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 623,842**	$ 636,257
Investments	**707,480**	459,169
Patient accounts receivable, net of allowances (2011 – $574,471; 2010 – $505,695)	**402,064**	382,154
Other current assets	**90,733**	88,911
Total current assets	**1,824,119**	1,566,491
Assets limited as to use, less current portion	**194,036**	167,157
Property, plant, and equipment, net	**2,323,264**	2,305,223
Other assets	**69,983**	76,962
Total assets	**$ 4,411,402**	$ 4,115,833
Liabilities and net assets		
Current liabilities:		
Accounts payable	**$ 178,453**	$ 135,684
Accrued payroll and related expenses	**163,415**	163,975
Other accrued expenses	**101,340**	86,637
Current portion of long-term debt, including capital lease obligations	**46,465**	44,516
Long-term debt subject to remarketing agreement or other	**27,410**	189,010
Total current liabilities	**517,083**	619,822
Long-term debt, including capital lease obligations	**1,719,815**	1,536,576
Other long-term obligations	**250,258**	288,813
Total liabilities	**2,487,156**	2,445,211
Net assets, including noncontrolling interest of $9,164 and $7,182	**1,924,246**	1,670,622
Total liabilities and net assets	**$ 4,411,402**	$ 4,115,833

See accompanying notes

Memorial Hermann Healthcare System

Combined Statements of Operations and Changes in Net Assets

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Revenues, gains, and other support:		
Net patient service revenue	**$ 3,437,242**	$ 3,234,923
Other revenue	**124,436**	110,186
Total revenues, gains, and other support	**3,561,678**	3,345,109
Expenses:		
Salaries, benefits, and related personnel costs	**1,379,480**	1,346,129
Services and other	**791,308**	697,974
Supplies and medicines	**517,826**	513,302
Provision for bad debts	**435,444**	375,288
Depreciation and amortization	**217,298**	223,385
Interest	**80,391**	79,650
Total expenses	**3,421,747**	3,235,728
Operating income before loss attributable to hurricane	**139,931**	109,381
Recoveries attributable to hurricane	**10,622**	26,485
Operating income	**150,553**	135,866
Nonoperating activities:		
Investment gains, net	**71,324**	29,652
Loss on bond refundings	**(4,995)**	–
Other income (losses), net	**9,163**	(2,852)
Revenues in excess of expenses	**226,045**	162,666
Revenues in excess of expenses attributable to noncontrolling interest	**(19,705)**	(14,542)
Revenues in excess of expenses attributable to the System	**206,340**	148,124
Other changes in net assets:		
Change in unfunded pension obligation	**30,889**	(2,227)
Contributions and grants received and other changes in net assets, net	**14,413**	8,128
Changes in noncontrolling interests	**1,982**	(3,178)
Change in net assets	**253,624**	150,847
Net assets at beginning of year	**1,670,622**	1,519,775
Net assets at end of year	**$ 1,924,246**	$ 1,670,622

See accompanying notes

Memorial Hermann Healthcare System

Combined Statements of Cash Flows

	Year Ended June 30 2011	2010
	(In Thousands)	
Operating activities		
Cash received for patient services	**$ 2,981,888**	$ 2,870,655
Cash paid to or on behalf of employees	**(1,402,497)**	(1,350,831)
Cash paid for supplies and services	**(1,252,687)**	(1,210,731)
Other receipts from operations	**127,946**	124,146
Investment gains realized	**64,390**	16,334
Interest paid	**(80,818)**	(82,762)
Net cash provided by operating activities	**438,222**	366,811
Investing activities		
Capital expenditures, net	**(230,152)**	(153,880)
Change in assets limited as to use	**(42,121)**	9,146
Change in investments	**(220,666)**	(3,313)
Other	**(134)**	(194)
Net cash used in investing activities	**(493,073)**	(148,241)
Financing activities		
Proceeds of issuance of long-term debt and note payable	**310,364**	13,383
Payments on long-term debt and note payable	**(285,362)**	(50,731)
Restricted contributions	**37,163**	30,865
Deferred financing costs	**(2,006)**	–
Noncontrolling interest	**(17,723)**	(17,720)
Net cash provided by (used in) financing activities	**42,436**	(24,203)
Net (decrease) increase in cash and cash equivalents	**(12,415)**	194,367
Cash and cash equivalents at beginning of year	**636,257**	441,890
Cash and cash equivalents at end of year	**$ 623,842**	$ 636,257
Supplemental information – reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	**$ 253,624**	$ 150,847
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**217,298**	223,385
Unrealized net gain on investments	**(33,154)**	(38,494)
(Gain) loss on sale of assets	**(5,187)**	216
Change in unfunded pension losses	**(30,889)**	2,227
Loss on bond refunding	**4,995**	–
Other changes in net assets	**1,311**	12,898
Change in patient accounts receivable	**(19,910)**	11,020
Change in other assets	**7,297**	21,706
Change in accounts payable, accrued payroll, and other accrued expenses	**51,917**	(1,301)
Change in other long-term obligations	**(9,080)**	(15,693)
	184,598	215,964
Net cash provided by operating activities	**$ 438,222**	$ 366,811
Supplemental information for noncash activities		
Additions to property, plant, and equipment obtained through capital leases	**$ 57,649**	$ –

See accompanying notes

Memorial Hermann Healthcare System

Notes to Combined Financial Statements

June 30, 2011

1. Mission and Organization

The Memorial Hermann Healthcare System (the System) is a Texas not-for-profit, community-owned health system with spiritual values dedicated to improving the health of the community. The System was incorporated for the benefit of Memorial Hermann Hospital System (MHHS) and other direct affiliates, is legally designated as the "sole member" of its direct affiliates, has the right to elect the Board of Directors, and must approve any amendments to the articles of incorporation or bylaws, major expenditures, and long-term borrowings of its direct affiliates.

The System operates nine general acute care hospitals, heart and vascular institutes, a children's hospital, two rehabilitation hospitals, a nursing home, outpatient imaging centers, ambulatory surgical centers, various medical office buildings, a captive insurance company, a retirement center, providers of home health and other healthcare-related services, and providers of physician services to the public, principally in the Houston, Texas metropolitan area. Additionally, the System is supported by a foundation. The combined financial statements include the accounts of the System and its controlled affiliates. All significant intercompany accounts and transactions have been eliminated.

2. Significant Accounting Policies

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and disclosure of contingent assets and liabilities at the date of the financial statements. Because of the subjectivity inherent in this process, actual results may differ from those estimates.

Subsequent Events

The System evaluates the impact of subsequent events, events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date or disclosure in the notes to the consolidated financial statements. The System evaluated events occurring subsequent to June 30, 2011 through September 27, 2011, the date on which the accompanying combined financial statements were issued.

2. Significant Accounting Policies (continued)

Net Assets and Contributions

To ensure compliance with restrictions placed on the resources available to the System, the System's accounts are maintained in accordance with the principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting into funds established according to their nature and purposes. In the financial statements, funds that have similar characteristics have been combined into three net asset categories: permanently restricted, temporarily restricted, and unrestricted.

- Permanently restricted net assets contain donor-imposed restrictions that stipulate the resources be maintained permanently but permit the System to use the income derived from the donated assets for donor-specified purposes.

- Temporarily restricted net assets contain donor-imposed restrictions that permit the Foundation to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or by actions of the System.

- Unrestricted net assets are not restricted by donors, or the donor-imposed restrictions have expired or been met. When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statements of operations and changes in net assets as net assets released from restrictions.

At June 30, 2011 and 2010, the System had $74,935,000 and $68,446,000 in temporarily restricted net assets and $9,060,000 and $9,076,000, respectively in permanently restricted net assets, respectively. For the years ended June 30, 2011 and 2010, the System received $37,163,000 and $30,865,000, respectively, in restricted contributions and income. During 2011 and 2010, $30,692,000 and $27,755,000, respectively, in net assets were used for their restricted purpose.

Unrestricted and restricted donations are recognized when received. Unrestricted and restricted pledges are reported as revenue in the period the pledge is made at the present value of estimated future cash flows. Amortization of the discount is included in contribution income. Pledges are recorded net of an allowance for uncollectibles. This allowance is determined based upon historical collection and write-off experience. Donor-restricted pledges and donations are recorded in the appropriate donor-restricted fund until restrictions are met, at which time they are contributed to the affiliate beneficiary. Gifts of property other than cash are recorded at fair market value at the dates the gifts are received.

2. Significant Accounting Policies (continued)

The System holds donor-restricted endowment funds established primarily to fund specified activities for and within the System and the medical community as a whole. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Contributions are recorded as revenue at the present value of estimated future cash flows when an unconditional promise is received. At June 30, 2011 and 2010, the System had $20,056,000 and $16,425,000, respectively, in pledges receivable, net of discount and allowance for uncollectibles of $7,546,000 and $6,047,000, respectively. Pledges receivable are recorded as assets limited as to use in the accompanying combined balance sheets and are due, based on gross pledges, as follows: $9,815,000 in 2011, $15,090,000 in total for 2012–2015, and $4,675,000 thereafter.

Grant proceeds are recorded in the combined statements of operations and changes in net assets in the period the grant is received.

Net Patient Service Revenue and Patient Accounts Receivable

Net patient service revenue is reported at the estimated net realizable amounts from patients or third-party payors for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Patient accounts receivable are reported net of estimated allowances for contractual allowances, bad debt, charity care, and other discounts. The System's recorded allowances for bad debt and charity care are 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. At June 30, 2011 and 2010, the allowance for bad debt was $534,358,000 and $465,426,000, respectively, and the allowance for charity care was $40,113,000 and $40,269,000, respectively. Unpaid accounts are written off as bad debts upon reaching delinquent status. Charity care accounts are written off as identified or qualified under the System's charity care policy. The System's concentration of credit risk with respect to patient accounts receivable is limited due to the variety of customers and payors. A significant portion of patient accounts receivable is due from the Medicare and Medicaid programs.

2. Significant Accounting Policies (continued)

For participants in the Medicare and Medicaid programs and certain managed care programs, the System ultimately collects amounts that are generally less than standard charges. Medicare and Medicaid are federal and state programs generally designed to provide services to elderly and indigent patients. Medicare and Medicaid together constituted 50% of the System's standard charges in 2011 and 2010.

While laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation, the System intends to be in compliance with all applicable laws and regulations and, to that end, has implemented a comprehensive organization-wide corporate compliance policy. The System is not aware of any significant pending or threatened investigations involving allegations of potential wrongdoing.

Certain payments for services provided under the Medicare and Medicaid programs and other organizations are subject to review of the medical necessity of admission and propriety of discharge, diagnosis, and coding. As part of the Tax Relief and Health Care Act of 2006, Congress directed the expansion of the Recovery Audit Contractors (RAC) reviews. Management believes adequate allowance has been provided for possible adjustments that might result from reviews, including the ongoing or future RAC reviews.

Annual retroactive settlements with the Medicare and Medicaid programs are subject to review by appropriate governmental authorities or their agents. Settlements are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Accruals for possible settlements are calculated based on historical experience. The System's Medicare and Medicaid cost reports have been audited by the applicable fiscal intermediary generally through June 30, 2007. However, certain prior cost reports have been reopened by the fiscal intermediary for further review. Additionally, from time to time, the System appeals decisions of the fiscal intermediary in order to recover funds it believes are appropriately due to the System for services rendered to Medicare and/or Medicaid beneficiaries. Processes related to recovering these funds are often long and complex. The System's policy is to record any funds received from appeals as income in the year in which the notice of cost report settlement is received.

At June 30, 2011 and 2010, aggregate accruals and allowances for possible settlements, and pending reviews, as discussed above, of $65,883,000 and $53,800,000, respectively, are included in the accompanying combined balance sheets in other accrued expenses (2011: $7,434,000;

2. Significant Accounting Policies (continued)

2010: $6,703,000) and other long-term obligations (2011: $58,449,000; 2010: $47,097,000). It is reasonably possible that these estimates could differ from actual settlements and, thus, change in the near term by material amounts.

During 2011 and 2010, the System recognized $17,264,000 and $14,647,000, respectively, in net patient service revenue from differences between estimated and actual cost report settlements and appeals.

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. Medicaid supplemental payments, which include Medicaid Disproportionate Share and UPL payments, net of assessments, of approximately $153,767,000 and $118,796,000 were recorded in 2011 and 2010, respectively. These funds are received as a result of an increasing indigent patient population that is served by the System. Net patient service revenue in the accompanying combined statements of operations and changes in net assets includes all Medicaid supplemental funds as a reduction of contractual allowances. The amounts of future reimbursements under these programs cannot be assured beyond the state's fiscal year 2011. At June 30, 2011 and 2010, the System has receivables recorded of $25.5 million and $28.8 million for UPL proceeds earned, respectively. These amounts are included in other current assets in the accompanying combined balance sheets.

The System has also entered into multiple 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 prospectively determined daily rates. Together, these revenues derived from under these agreements constituted 38.5% and 39.2% of the System's standard charges in 2011 and 2010, respectively.

Cash Equivalents

Liquid investments with an original maturity of three months or less are reported as cash equivalents.

2. Significant Accounting Policies (continued)

Investments and Investment Income

Investments are reflected as investments or assets limited as to use in the combined balance sheets and include U.S. government securities, pooled funds, mortgage-backed securities, corporate obligations, corporate equities, and alternative investments. These alternative investments represent the System's investment in limited liability corporations and limited partnerships, which, in turn, invest in marketable securities with readily determinable market values and other securities or instruments whose values are not readily determinable. The System accounts for the alternative investments under the equity method of accounting with the related changes in value in earnings reported as investment income in the accompanying combined statements of operations and changes in net assets. Expenditures from assets limited as to use are legally restricted by bond indentures, internally restricted in connection with self-insurance programs, externally restricted by donor specifications, restricted by resident agreements, or internally restricted for charity care or other purposes. Assets limited as to use are classified as noncurrent assets, except for assets limited as to use that are required to meet current liabilities that have been classified as current assets, in the combined balance sheets. Investments have been classified as current assets based on the System's intent and ability to utilize these assets to meet current obligations, capital, and other cash flow needs.

Substantially all of the System's investments are designated as trading investments. Investment income (including realized and unrealized gains and losses on investments, interest and dividend income, equity in earnings of alternative investments, and changes in value of interest rate swap agreements) is recorded as a nonoperating activity and included in revenues in excess of expenses in the accompanying combined statements of operations and changes in net assets, unless the income or loss is restricted by donor or law. Net purchases and sales of investments are reported as a component of net cash used in investing activities in the accompanying combined statements of cash flows as the net proceeds were used primarily to fund the System's acquisition of capital assets.

Deferred Financing Costs

Costs associated with the issuance of revenue bonds have been capitalized and included with other assets and are amortized over the relevant terms of the respective bond issues on a straight-line basis which approximates the effective-interest method. Deferred financing costs net of accumulated amortization were $11,757,000 and $16,294,000 as of June 30, 2011 and 2010, respectively.

2. Significant Accounting Policies (continued)

Property, Plant, and Equipment

Property, plant, and equipment is carried at cost or fair value at the time of donation and includes expenditures for new facilities and equipment and those expenditures that substantially increase the useful life of existing facilities and equipment. Ordinary maintenance and repairs are charged to expense when incurred. Depreciation is provided using the straight-line method over 20–40 years for buildings, 5–10 years for improvements (limited to the term of the related lease, if applicable), and 3–12 years for equipment. Assets accounted for as capital leases are amortized over the terms of the respective leases, and such amortization is included in depreciation and amortization expense. When events, circumstances, or operating results indicate that the carrying values of certain long-lived assets might be impaired, the System prepares projections of cash flows expected to result from the use of the assets and their eventual disposition. If the projections indicate that the recorded amounts are not expected to be recoverable, such amounts are reduced to estimated fair value. Fair value may be estimated based upon internal evaluations that include quantitative analysis of revenues and cash flows, reviews of recent sales of similar assets, and independent appraisals.

Property and equipment to be disposed of is reported at the lower of the carrying amounts or fair value less costs to sell or close. The estimates of fair value are usually based upon recent sales of similar assets and market responses based upon discussions with and offers received from potential buyers.

Interest Rate Swap Agreements

The System periodically utilizes interest rate swap agreements to manage its capital costs. The System records net interest payments under swaps as a component of services and other expenses in the combined statements of operations and changes in net assets.

Investments in Joint Ventures

The System has entered into multiple joint venture and partnership arrangements for the provision of medical services to patients and the development and construction of certain facilities, including medical office buildings adjacent to its hospitals. For those ventures where the System has a controlling interest through majority ownership, management control, or both, the ventures' assets, liabilities, and operating results have been consolidated into the combined financial statements of the System. At June 30, 2011 and 2010, the System has recognized net assets attributable to

2. Significant Accounting Policies (continued)

noncontrolling interest of $9,164,000 and $7,182,000, respectively, representing the venture partners' interest in the equity and undistributed earnings of the consolidated ventures. For those ventures where the System does not maintain a controlling interest, the System accounts for its investment under the equity method of accounting. At June 30, 2011 and 2010, the System had investments representing its equity in these unconsolidated ventures of $7,210,000 and $7,315,000, respectively, recorded in other assets in the accompanying combined balance sheets.

For the years ended June 30, 2011 and 2010, the Company recognized a $3,457,000 net gain and $582,000 net loss, respectively, recorded in investment gains (losses) in the accompanying combined statements of operations and changes in net assets relating to unconsolidated ventures.

Goodwill

The System records goodwill arising from a business combination as the excess of the purchase price and related costs over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed. At June 30, 2011 and 2010, the System had goodwill of $30,265,000 and $24,736,000, respectively. Beginning in 2011, the amortization of goodwill ceases and goodwill is tested at least annually for impairment at the reporting unit level. Impairment is the condition that exists when the carrying value of goodwill exceeds its implied fair value. Management has estimated the implied fair value of the related reporting units and determined the fair value exceeds the carrying value of the reporting unit including goodwill. Thus, no further analysis is required and no impairment loss is required to be recognized.

Taxes

The System, MHHS, and certain other affiliates are Texas not-for-profit corporations exempt from federal income tax. The System owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and, therefore, subject to tax. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the accompanying combined balance sheets.

2. Significant Accounting Policies (continued)

Performance Indicator

The System's combined statements of operations and changes in net assets contain a performance indicator titled revenues in excess of expenses. Revenues in excess of expenses include the System's results from operations and nonoperating activities, and exclude changes in unfunded pension losses, contributions and grants received for capital asset purposes, restricted contribution and grant activity, and other changes in net assets. System activities directly related to the furtherance of the System's purpose, as discussed in Note 1, are considered to be operating activities. Other activities that result in gains or losses are considered to be nonoperating and primarily include investment earnings, gains/losses on bond refinancing, and other nonoperating gains/losses, including unusual or infrequent recoveries or costs not directly related to operating activities.

Accounting Pronouncements Adopted

In January 2010, the Financial Accounting Standards Board (FASB) released Accounting Standards Update (ASU) No. 2010-07, *Not-for-Profit Entities (Topic 958): Not-for-Profit Entities: Mergers and Acquisitions*, which amends FASB Statement No. 164, *Not-for-Profit Entities: Mergers and Acquisitions*. The objective of ASU 2010-07 is to improve the comparability of the information that a not-for-profit entity provides in its financial reports about a combination with one or more other not-for-profit entities, businesses or nonprofit activities. The guidance applies the carryover (similar to pooling) method to accounting for a merger and the purchase accounting method to accounting for an acquisition, and clarifies the valuation basis to be used in determining the values of the assets and liabilities acquired. In addition, this guidance makes provisions related to goodwill fully applicable to not-for-profit entities. Effective July 1, 2010, the System adopted this guidance and ceased amortization of goodwill and indefinite-lived intangible assets as of that date.

New and Pending Accounting Pronouncements

In January 2010, the FASB released ASU No. 2010-06, *Fair Value Measurements and Disclosures* (Topic 820): *Improving Disclosures about Fair Value Measurements*. ASU 2010-06 was issued to improve disclosure requirements related to the fair value measurements and disclosures topic (overall Subtopic 820-10) of the FASB. The new disclosures are effective for interim and annual reporting periods beginning after December 15, 2009, except for the

2. Significant Accounting Policies (continued)

disclosures in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010. The System does not believe the adoption of ASU 2010-06 will have a material impact on their overall results of operations, financial position, or cash flows.

In August 2010, the FASB issued ASU No. 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 fiscal years beginning after December 15, 2010, with retrospective application required. The System does not believe the adoption of ASU 2010-23 will have a material impact on their overall results of operations, financial position, or cash flows.

In August 2010, the FASB issued ASU No. 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*. The amendments in the ASU clarify that a healthcare 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 fiscal years beginning after December 15, 2010. The System does not believe the adoption of ASU 2010-24 will have a material impact on their overall results of operations, financial position, or cash flows.

In July 2011, the FASB released ASU No. 2011-7, *Presentation and Disclosure of Patient Service Revenue, Provision of Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Entities*. ASU 2011-7 requires health care entities to change the presentation of their statement of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction for patient service revenue (net of contractual allowances and discounts). Additionally, enhanced disclosures will be required surrounding the entity's policies for recognizing revenue and assessing bad debts. ASU 2011-7 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011. The System is evaluating the effect of adopting ASU 2011-7.

2. Significant Accounting Policies (continued)

Regulatory Compliance

Various federal and state agencies have initiated investigations regarding reimbursement claimed by the System. The investigations are in various stages of discovery, and the ultimate resolution of these matters, including the liabilities, if any, cannot be readily determined; however, in the opinion of management, the results of these investigations will not have a material adverse impact on the combined financial statements of the System.

3. Community Service

In accordance with its purpose and values, the System is committed to providing high-quality, cost-effective healthcare services to the community, including such underserved groups as the indigent and the elderly. For the years ended June 30, 2011 and 2010, the System provided $3,447,362,000 and $3,155,946,000, respectively, in uncompensated care to these underserved groups, measured as the difference between standard rate charges and the amount ultimately collected. These amounts include $316,872,000 and $276,257,000, respectively, related to services provided to patients who were financially and medically indigent (charity care). The remaining uncompensated care represents unreimbursed charges for care provided under the Medicaid and Medicare programs.

In addition, the System operates emergency rooms at its hospitals open to the public 24 hours a day, 7 days a week. The System also operates Life Flight, an air ambulance service based at the Memorial Hermann Hospital trauma center, a burn unit, a transplant center, and two Level III neonatal intensive care units that provide services to many infants whose mothers have not had access to appropriate prenatal care. Additionally, the System provides various community screenings for the detection of diseases and disorders, as well as a forum for various wellness activities and community health education classes.

The System funds various other projects as part of its ongoing community benefit plan. These projects are targeted to specific community needs and locations and are in addition to the uncompensated care the System provides to patients. Examples of projects funded include five school-based health centers serving 28 schools, a mobile dental program serving nine schools, and providing financial support to numerous primary care clinics throughout the area that serve the community's uninsured population. Additionally, the System supports various local, private, and city task forces committed to addressing the issue of healthcare access for the underserved.

3. Community Service (continued)

As a part of its approval of the 1997 merger between Memorial Hospital System and Hermann Hospital Estate, a Harris County District Court entered an Agreed Order stipulating that Memorial Hermann Hospital will continue providing charity care and community service in the amount of 6% of net revenue or $22,500,000, whichever is greater. This amount is an additional 1% above the percentage required of all Texas nonprofit hospitals under the charity care provision of the Texas Health & Safety Code. During fiscal years 2011 and 2010, Memorial Hermann Hospital believes it has met all stipulations of the agreement. Revenues of the other System entities are not obligated under the agreement. Assets in a related charity endowment fund may be used to subsidize charity in excess of these amounts. The charity endowment fund is classified as an asset limited as to use in the accompanying combined balance sheets and as of June 30, 2011 and 2010, had a value of $6,243,000 and $5,949,000, respectively. During 2010, the System transferred $1,981,000 from the charity endowment to operating funds in reimbursement for charity care provided. There were no transfers during 2011.

4. Investments and Assets Limited as to Use

The System's investments are included as investments and as assets limited as to use in the combined balance sheets.

Investments

Investments consist of the following:

	June 30	
	2011	**2010**
	(In Thousands)	
U.S. government securities	**$ 14,706**	$ 29,412
Pooled funds:		
Domestic equities	**121,753**	25,001
Global equities	**46,117**	33,117
Fixed income	**412,952**	279,979
Mortgage-backed securities	**1,325**	3,109
Corporate obligations	**87,030**	75,334
Corporate equities	**23,597**	13,217
	$ 707,480	$ 459,169

4. Investments and Assets Limited as to Use (continued)

Assets Limited as to Use

The following table sets forth the components of assets limited as to use:

	June 30 2011	2010
	(In Thousands)	
Limited by bond indenture agreements		
Cash equivalents	$ 15,649	$ 18,315
U S government securities	24,669	22,079
Corporate obligations	3,789	4,038
	44,107	44,432
Limited by self-insurance programs		
Cash equivalents	13,969	6,761
Pooled funds		
Domestic equities	8,272	11,216
Global equities	5,576	–
Fixed income	25,882	24,537
Hedge fund	4,468	4,011
Corporate obligations	–	306
	58,167	46,831
Limited by donor restrictions		
Cash equivalents	15,144	11,984
Pooled funds		
Cash equivalents	5,020	3,742
Domestic equities	4,685	3,586
Fixed income	36,990	35,867
Fixed maturity securities	217	211
Interest in partnership	100	100
Corporate obligations	89	114
Corporate equities	172	145
Pledges receivable and other	20,896	22,004
	83,313	77,753
Limited by resident agreements		
Cash equivalents	1,501	1,459
Pooled funds		
Domestic equities	7,485	801
Fixed income	1,047	8,067
	10,033	10,327
Limited by internal restrictions for charity care and depreciation funds		
Cash equivalents	1,367	1,072
Real estate and other	5,356	5,356
	6,723	6,428
	202,343	185,771
Less current portion required for current liabilities	(8,307)	(18,614)
	$ 194,036	$ 167,157

4. Investments and Assets Limited as to Use (continued)

The current portion of assets limited as to use is included in cash and cash equivalents in the accompanying combined balance sheets.

The System maintains investments with various financial institutions and investment management firms and its policy is designed to limit exposure to any one institution or investment, therefore reducing overall credit risks.

Pooled funds are professionally managed and include institutional mutual funds, fixed income funds, equity funds, commingled accounts, and alternative investments. At June 30, 2011 and 2010, the System's investments in alternative investments of $4,806,000 and $12,051,000, respectively, are included in pooled funds.

The System's investments in pooled institutional mutual funds and equity securities with readily determinable fair values, corporate obligations, mortgage-backed securities, and pooled fixed income funds are measured at fair value.

Alternative investments include ownership interests in limited liability corporations and limited partnerships that may employ various investment strategies through the use of publicly traded securities, market neutral arbitrage, floating rate loans and debt securities, and fixed income swaps. The System's alternative investments include certain investments whose reported values had been estimated by fund managers in the absence of readily available market values or cannot otherwise be substantiated. Because of the inherent uncertainty of valuations, fund managers' estimates of fair value may differ from the values that would have been used had a ready market for the securities existed, and the differences could be material. Additionally, risks in certain of the System's alternative investments include limited transparency where funds are not required to disclose the holdings in their portfolios to the System and limitations on liquidity as funds may impose lock-up periods or hold-back provisions that limit the System's ability to redeem those investments.

Mortgage-backed securities are purchased from government agency-sponsored investment pools. Unlike most corporate or real estate debt, with mortgage-backed securities, there is uncertainty of timing of cash flows due to prepayment assumptions rather than the possibility of loss of principal (i.e., credit risk). When these securities are purchased at a discount or premium, the income yield will vary with changes in prepayment speeds due to the change in accretion of discount or amortization of premium.

4. Investments and Assets Limited as to Use (continued)

Investment Income

Investment income related to unrestricted net assets is comprised of the following:

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Interest and dividend income	**$ 13,497**	$ 10,898
Realized gains, net	**8,247**	7,282
Unrealized gains, net, including equity in earnings of alternative investments	**36,427**	37,912
Change in value of interest rate swap agreements	**13,153**	(26,440)
	$ 71,324	$ 29,652

5. Property, Plant, and Equipment

Property, plant, and equipment consists of the following:

	June 30	
	2011	**2010**
	(In Thousands)	
Buildings and improvements	**$ 2,127,185**	$ 2,041,398
Capitalized building and equipment leases	**693,834**	643,339
Equipment	**1,297,503**	1,209,935
Less accumulated depreciation	**(2,038,900)**	(1,833,486)
	2,079,622	2,061,186
Land	**92,885**	101,830
Construction-in-progress	**150,757**	142,207
	$ 2,323,264	$ 2,305,223

At June 30, 2011, the System had remaining commitments for planned construction of approximately $64,275,000.

6. Indebtedness

The System's indebtedness at June 30 is as follows:

	June 30	
	2011	**2010**
	(In Thousands)	
Series 1997A serial and term bonds due each June 1 through 2024, at interest rate of 6.00%, including bond premiums, net, of $579 and $988, respectively	**$ 20,139**	$ 30,083
Series 1997B due each June 1 through 2024, at a variable rate (0.82% in 2011 and 0.64% in 2010)	**–**	71,000
Series 1998 serial and term bonds due each June 1 through 2027, at interest rate of 5.50%, including bond premiums, net, of $1,715 and $2,209, respectively	**39,905**	48,734
Series 2001B due each June 1, 2029 through 2032, at a variable rate (0.77% in 2011 and 0.57% in 2010)	**–**	161,600
Series 2004A term bonds due each December 1 through 2024, at interest rates of 5.00% to 5.25%, including bond premiums, net, of $1,943 and $2,442, respectively	**83,843**	88,317
Series 2008A due each June 1, 2016 through 2027, at a variable rate (0.45% in 2011 and 0.52% in 2010)	**184,800**	184,800
Series 2008B term bonds due each December 1, 2027 through 2035, at interest rates of 7.00% to 7.25%, including bond discount, net, of $812 and $888, respectively	**226,188**	226,112
Series 2008C due each June 1, 2014 through 2024, at a variable rate (0.24% in 2011 and 0.24% in 2010)	**121,400**	121,400
Series 2008D due each June 1, 2025 through 2029, at a variable rate (0.28% in 2011 and 0.46% in 2010)	**133,200**	133,200
Series 2010A serial and term bonds due each June 1 through 2024, at interest rates of 2.375% to 5.00%, including bond discount, net, of $47	**68,518**	–
Series 2010B due each June 1, 2029 through 2032, at a variable rate (0.45% in 2011)	**162,400**	–
Bank loan, due monthly through June 1, 2013 at a variable rate (3.51% in 2011 and 2.92% in 2010)	**19,167**	29,167
Capitalized lease obligations	**700,138**	642,249
Other notes	**33,992**	33,440
	1,793,690	1,770,102
Less current portion	**(46,465)**	(44,516)
Less long-term debt callable or subject to remarketing agreement	**(27,410)**	(189,010)
	$ 1,719,815	$ 1,536,576

6. Indebtedness (continued)

Debt Obligations

The System has issued revenue bonds through the Harris County Health Facilities Development Corporation and the Harris County Education Facilities Finance Corporation. Payments to the bondholders are funded by the issuing affiliates under a master trust indenture with the trustees of the respective bond issues. The System, and substantially all operating affiliates, have agreed to arrangements and indentures related to the bonds to abide by guidelines regarding repayment, financial performance, organizational changes, reporting, and additional borrowing.

On November 30, 2010, the System issued the Series 2010A serial and term bonds in the amount of $72,165,000 to refund the $71,000,000 Series 1997B auction rate bonds.

On January 5, 2011, the System issued the Series 2010B variable rate bonds in the amount of $162,400,000 to refund the $161,000,000 Series 2001B auction rate bonds. These bonds were purchased by a bank and have no "put feature" for a term of five years.

Other notes consist of secured loans by financial institutions to finance the equipment purchases of the System's joint venture partnerships. The estimated fair value of the System's serial and term fixed rate bonds and notes payable at June 30, 2011 and 2010, was approximately $1,125,521,000 and $1,155,812,000, respectively. The valuation of the bonds was derived from market quotes obtained from an investment banker and the valuation of the notes were derived from net present value calculations of future payments.

At June 30, 2011, the System has several issues of variable rate demand bonds outstanding (Series 2008A, 2008C, and 2008D), which are supported by letters of credit or standby Bond Purchase Agreements. 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. As of June 30, 2010, principal payments for outstanding debt (excluding capital leases) for the next five fiscal years are as follows: $36,880,000 in 2012, $37,092,000 in 2013, $29,695,000 in 2014, $30,695,000 in 2015, and $32,970,000 in 2016.

On September 13, 2011, the System converted the mode on the 2008A bonds from variable rate bonds supported by a standby Bond Purchase Agreement to floating rate notes purchased directly by two banks. These notes have a term of five years.

6. Indebtedness (continued)

Leases

The System leases certain healthcare facilities located in the Houston metropolitan area. One such leasing arrangement, which is reflected as a capital lease in the accompanying combined financial statements, consists of a 520-licensed-bed general acute care hospital and rehabilitation care facility located in west Houston. All revenues and income from the operation of the leased facilities during the lease term accrue to the System. The System is responsible under the lease for ad valorem taxes, normal maintenance, utilities, and other operating costs.

Additionally, in connection with the lease agreement discussed above, the System and the landlord entered into a lease agreement that became effective upon completion of construction of a new administration building and other renovations. The lease, was effective beginning in 2011, was capitalized at its commencement date.

In June 2010, the System entered into a 10-year lease agreements for additional floors of the Memorial City Medical Tower and for certain land, buildings, and improvements of medical offices currently existing near the Memorial City Medical Tower. These agreements are being recorded as operating leases with rental payments reflected in the accompanying combined statements of operations and changes in net assets.

The System leases certain other healthcare facilities in the Houston metropolitan area consisting of a 255-licensed-bed general acute care hospital in north Houston. All revenues and income from the operation of the leased facilities during the lease term accrue to the System. The System is responsible under the lease for ad valorem taxes, normal maintenance, utilities, and other operating costs. The lease is to expire on June 7, 2022, with a provision for two renewal term extensions of 10 years each. This agreement is being recorded as an operating lease with rental payments reflected in the accompanying combined statements of operations and changes in net assets.

The System also leases office space and equipment under noncancelable leases. Rental expense under noncancelable leases, including the operating leases discussed above, aggregated $75,655,000 and $63,433,000 in 2011 and 2010, respectively.

6. Indebtedness (continued)

As of June 30, 2011, minimum future rentals under noncancelable leases, for the next five fiscal years and in aggregate, are as follows:

	Capital Leases	Operating Leases
2012	$ 45,309,000	$ 69,023,000
2013	44,181,000	62,459,000
2014	43,078,000	54,823,000
2015	45,222,000	50,536,000
2016–2045	1,745,357,000	237,890,000
Total minimum lease payments	1,923,147,000	$ 474,731,000
Less portion representing interest	1,223,009,000	
Capital lease obligations	$ 700,138,000	

7. Interest Rate Swap Agreements

The System periodically utilizes interest rate swap agreements to manage its capital costs. The following table summarizes the System's swap portfolio, the fair values at June 30, 2011 and 2010, the change in value, and the net amounts paid and received for the years ended June 30, 2011 and 2010, in thousands:

Swap Description	Term Date	Interest Rate Agreements	Notional Amount	Fair Value Asset (Liability) 6/30/11	Fair Value Asset (Liability) 6/30/10	Change in Fair Value 6/30/11	Change in Fair Value 6/30/10	Paid (Received) 6/30/11	Paid (Received) 6/30/10
LIBOR-based to Fixed (5.3425%)	2032	1	$ 113,120	**$ (21,899)**	$ (27,002)	**$ 5,103**	$ (8,573)	**$ 5,515**	$ 6,077
LIBOR-based to Fixed (3.629%)	2029	3	131,700	**(16,536)**	(20,078)	**3,542**	(6,704)	**6,593**	6,399
LIBOR-based to Fixed (3.635%)	2024	2	120,000	**(13,709)**	(15,093)	**1,384**	(4,726)	**4,088**	4,324
LIBOR-based to Fixed (3.685%)	2027	3	184,800	**(23,237)**	(26,361)	**3,124**	(8,358)	**4,702**	4,561
Constant Maturity	2027	1	–	–	–	–	1,921	–	(5,898)
		10	$ 549,620	**$ (75,381)**	$ (88,534)	**$ 13,153**	$ (26,440)	**$ 20,898**	$ 15,463

7. Interest Rate Swap Agreements (continued)

The constant maturity swap, in which the System paid 70% of one-month LIBOR rates and received 63.6% of 10-year LIBOR rates, was terminated by the System in 2010. Upon termination, the System received payment of $16,219,000, which is excluded from the table above.

The notional amounts under each of the interest rate swap agreements are reduced in conjunction with the System's principal payments on the associated bonds. At June 30, 2011 and 2010, the fair value of swap agreements was $75,381,000 and $88,534,000, respectively, and has been included in other long-term liabilities in the accompanying combined balance sheets. As of June 30, 2011, none of the System's swap agreements include provisions that would require posting of collateral.

The System classified the net interest cost on its interest rate swaps for the years ended June 30, 2011 and 2010, of $20,898,000 and $15,463,000, respectively, in services and other expenses in the accompanying combined statements of operations and changes in net assets.

8. Fair Value Measurement

The System categorizes, for disclosure purposes, assets and liabilities measured at fair value in the financial statements based upon whether the inputs used to determine their fair values are observable or unobservable. Observable inputs are inputs which are based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about pricing the asset or liability, based on the best information available in the circumstances.

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, an asset's or liability's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement of the asset or liability. The System's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

8. Fair Value Measurement (continued)

The System follows the three-level fair value hierarchy to categorize these assets and liabilities recognized at fair value at each reporting period, which prioritizes the inputs used to measure such fair values. Level inputs are defined as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities on the reporting date.

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specified (contractual) term, a Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 – Inputs that are unobservable for the asset or liability.

8. Fair Value Measurement (continued)

Financial assets and liabilities measured at fair value on a recurring basis were determined using the following inputs at June 30, 2011 and 2010:

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets				
Cash equivalents	$ 570,234	$ –	$ –	$ 570,234
Investments:				
U.S. government securities	14,706	–	–	14,706
Pooled funds:				
Fixed income	121,753	–	–	121,753
Global equities	46,117	–	–	46,117
Domestic equities	412,952	–	–	412,952
Mortgage-backed securities	1,325	–	–	1,325
Corporate obligations	38,050	48,980	–	87,030
Corporate equities	23,597	–	–	23,597
Assets limited as to use:				
Cash equivalents	33,946	–	–	33,946
U.S. government securities	24,669	–	–	24,669
Pooled funds:				
Domestic equities	20,665	–	–	20,665
Global equities	5,576	–	–	5,576
Fixed income	63,909	–	–	63,909
Hedge fund	4,468	–	–	4,468
Fixed maturity securities	217	–	–	217
Interest in partnerships	100	–	–	100
Corporate obligations	3,879	–	–	3,879
Corporate equities	173	–	–	173
Total assets	$ 1,386,336	$ 48,980	$ –	$ 1,435,316
Liabilities				
Interest rate swap agreements	$ –	$ 75,381	$ –	$ 75,381
Total liabilities	$ –	$ 75,381	$ –	$ 75,381

8. Fair Value Measurement (continued)

	June 30, 2010			
	Level 1	**Level 2**	**Level 3**	**Total**
	(In Thousands)			
Assets				
Cash equivalents	$ 585,714	$ –	$ –	$ 585,714
Investments:				
U.S. government securities	29,412	–	–	29,412
Pooled funds:				
Fixed income	25,001	–	–	25,001
Global equities	33,117	–	–	33,117
Domestic equities	276,319	–	–	276,319
Mortgage-backed securities	3,109	–	–	3,109
Corporate obligations	21,382	53,952	–	75,334
Corporate equities	13,217	–	–	13,217
Assets limited as to use:				
Cash equivalents	36,515	–	–	36,515
U.S. government securities	22,079	–	–	22,079
Pooled funds:				
Domestic equities	10,954	–	–	10,954
Fixed income	68,470	–	–	68,470
Hedge fund	4,011	–	–	4,011
Fixed maturity securities	211	–	–	211
Interest in partnerships	100	–	–	100
Corporate obligations	4,351	108	–	4,459
Corporate equities	145	–	–	145
Total assets	$ 1,134,107	$ 54,060	$ –	$ 1,188,167
Liabilities				
Interest rate swap agreements	$ –	$ 88,534	$ –	$ 88,534
Total liabilities	$ –	$ 88,534	$ –	$ 88,534

8. Fair Value Measurement (continued)

Cash equivalents included in the tables above consists primarily of money market funds maintained by banks or brokerage funds.

The fair values of the securities included in Level 1 were determined through quoted market prices and include money market funds, mutual funds, and marketable debt and equity securities. The fair values of Level 2 securities were determined through evaluated bid prices based on recent trading activity and other relevant information including market interest rate curves and referenced credit spreads, and estimated prepayment rates, where applicable, are used for valuation purposes and are provided by third-party services where quoted market values are not available. The fair values of Level 3 securities are determined primarily through information obtained from the relevant counterparties for such investments. Information on which these securities' fair values are based is generally not readily available in the market. The System did not have Level 3 securities as of June 30, 2011 and 2010.

9. Pension Plans

The System sponsors a cash balance defined benefit pension plan covering all eligible employees. The System's funding policy is to contribute amounts to the plan sufficient to meet the minimum funding requirements set forth in the Employee Retirement Income Security Act of 1974, plus such additional amounts as MHHS may determine to be appropriate from time to time. Funding requirements are determined through consultation with an independent actuary. Effective July 1, 2011, the System closed the plan to new participants. Participants as of June 30, 2011, will continue to accrue benefits.

The System recognizes the funded status (that is, the difference between the fair value of plan assets and the projected benefit obligations) of its plan in the combined balance sheet, with a corresponding adjustment to net assets. Actuarial gains and losses that arise and are not recognized as net periodic pension cost in the same periods are recognized as a component of net assets.

The assumptions used in calculating the pension amounts recognized in the System's combined financial statements include discount rates, interest costs, expected return on plan assets, retirement and mortality rates, inflation rates, salary growth, and other factors. While the System believes the assumptions used are appropriate, differences in actual experience or changes in assumptions may affect future pension obligations and expense.

9. Pension Plans (continued)

The following tables set forth the plan's funding status as of the measurement dates, amounts recognized in the combined financial statements, and assumptions used. For 2011 and 2010, the plan's measurement date was June 30, 2011 and 2010, with a participant census date of July 1, 2010 and 2009, respectively.

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Change in projected benefit obligation:		
Benefit obligation, beginning	**$ 418,998**	$ 382,887
Service cost	**33,105**	30,264
Interest cost	**22,172**	21,143
Actuarial losses, net	**14,834**	12,743
Benefits paid	**(23,840)**	(24,708)
Administrative expenses paid	**(2,857)**	(3,331)
Projected benefit obligation (including $434,804 and $392,831, respectively, in accumulated benefit obligation), at end of year	**$ 462,412**	$ 418,998
Change in plan assets:		
Fair value of assets, beginning	**$ 376,410**	$ 317,299
Employer contributions	**60,000**	60,750
Return on plan assets	**64,398**	26,400
Benefits paid	**(23,840)**	(24,708)
Administrative expenses paid	**(2,857)**	(3,331)
Fair value of assets, at end of year	**$ 474,111**	$ 376,410
Funded status:		
Prepaid pension cost or (unfunded benefit obligation) recorded in other assets or other long-term obligations in the combined balance sheets	**$ 11,699**	$ (42,588)

9. Pension Plans (continued)

At June 30, 2011, unrestricted net assets include $124,657,000 primarily of unrecognized actuarial losses of the System's defined benefit plan 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 $10,080,000.

	Year Ended June 30	
	2011	**2010**
	(In Thousands)	
Components of net periodic cost:		
Service cost	**$ 33,105**	$ 30,264
Interest cost	**22,171**	21,143
Expected return on plan assets	**(29,611)**	(25,568)
Amortization of prior service cost	**418**	419
Amortization of losses and other, net	**11,832**	9,266
Net periodic cost included in salaries, benefits, and related personnel costs in the combined financial statements	**$ 37,915**	$ 35,524
Weighted-average assumptions for determining benefit obligations at end of year and net periodic costs for the year:		
Discount rates – benefit obligations	**5.41%**	5.47%
Discount rates – net periodic costs	**5.47%**	5.96%
Rates of increase in future compensation levels	**4.00%**	4.00%
Expected long-term rate of return on plan assets	**7.25%**	7.25%

9. Pension Plans (continued)

The assumption for the expected return on assets is derived from a study conducted by the System's actuaries and financial management. The study includes a review of the plan's asset allocation strategy, anticipated long-term performance of individual asset classes, risks and correlations of asset classes, and general economic conditions of the investment marketplace. Because of revisions to the plan's investment policy, asset allocation strategy, and changes in professional managers utilized, historical returns performance of the plan was not a significant factor in the analysis.

The assets of the pension plan by weighted-average asset allocation categories are set forth in the following table:

	Target	2011	2010
Asset category:			
Cash and cash equivalents	5%	**4%**	9%
Debt securities	40	**40**	50
Equity securities	45	**45**	36
Alternative investments and other assets	10	**11**	5
Total	100%	**100%**	100%

The plan's general investment objective is to seek to achieve attractive long-term total return from income and growth of capital over a full market cycle with a low-to-moderate level of risk, emphasizing, primarily, the preservation of principal and, secondarily, the real purchasing power of assets over the long term while maintaining adequate liquidity to meet benefits and expense cash flow requirements when due through the utilization of investments in a balanced and diversified portfolio of equity, fixed income, short-term liquid securities, and alternative investments. Investments will be well-diversified across individual issuers, economic sectors, and asset classes to ensure a level of risk that is comparable to the general investment markets.

9. Pension Plans (continued)

The Plan's assets measured at fair value on a recurring basis was determined using the following inputs at June 30, 2011 (in thousands):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 16,715	$ –	$ –	$ 16,715
Pooled funds:				
Domestic equities	136,212	–	–	136,212
Global equities	–	45,797	–	45,797
Fixed income	189,307	–	–	189,307
Hedge fund	–	–	52,499	52,499
Corporate equities	33,629	–	–	33,629
Total	$ 375,863	$ 45,797	$ 52,499	$ 474,159

For the year ended June 30, 2011, the changes in the fair value of the Plan's investments, for which Level 3 inputs were used, are as follows (in thousands):

Balance at July 1, 2010	$ 51,244
Purchases of investments	19,000
Sales of investments	(20,968)
Net change in unrealized appreciation on investments	2,610
Net realized investment income	613
Ending investments at fair value	$ 52,499

The Plan's assets measured at fair value on a recurring basis was determined using the following inputs at June 30, 2010 (in thousands):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 33,749	$ –	$ –	$ 33,749
Pooled funds:				
Domestic equities	18,494	–	–	18,494
Global equities	–	32,048	–	32,048
Fixed income	198,611	–	–	198,611
Hedge fund	–	–	51,244	51,244
Corporate equities	42,264	–	–	42,264
Total	$ 293,118	$ 32,048	$ 51,244	$ 376,410

9. Pension Plans (continued)

For the year ended June 30, 2010, the changes in the fair value of the plan's investments, for which Level 3 inputs were used, are as follows (in thousands):

Balance at July 1, 2009	$	39,206
Purchases of investments		20,000
Proceeds from sale of investments		(8,959)
Net change in unrealized appreciation on investments		975
Net realized investment income		22
Ending investments at fair value	$	51,244

At June 30, 2011 and 2010, the Plan's investment in alternative investments of $52,499,000 and $51,244,000, respectively, is included in pooled funds. Alternative investments include ownership interests in limited liability corporations and limited partnerships that may employ various investment strategies through the use of publicly traded securities, market neutral arbitrage, floating rate loans and debt securities, and fixed income swaps. ASU 2009-12, *Fair Values Measurements and Disclosures (Topic 820): Investments in Certain that Calculate Net Asset Value Per Share (or its Equivalent)* allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value.

Management opted to use the Net Asset Value (NAV) per share, or its equivalent, as a practical expedient for fair value of the plan's interest in alternative investments. Valuations provided by the respective investment's management consider variables such as the financial performance of underlying investments, recent sales prices of underlying investments, and other pertinent information. In addition, actual market exchanges at period-end provide additional observable market inputs of the exit price. The majority of these funds have restrictions on the timing of withdrawals, which may reduce liquidity, in some cases for up to 12 months.

9. Pension Plans (continued)

All of the assets are managed by external investment managers and are maintained in actively managed security portfolios. Derivative investments are not allowed except by fund managers who employ such techniques to offset or reduce the risk associated with an existing group of investments.

	Estimated *(In Thousands)*
Expected employer contributions for fiscal year 2012	$ 60,000
Expected benefit payments estimated for fiscal years:	
2012	48,128
2013	42,757
2014	41,836
2015	43,923
2016	45,868
Subsequent five years combined	232,709

In addition to the defined benefit plan discussed above, eligible employees participate in certain other retirement plans, including a defined contribution plan that resulted in additional employer matches of $20,044,000 for 2011 and $18,825,000 for 2010.

10. Self-Funded Liabilities

The System is self-insured for general and professional liability, errors and omissions, and workers' compensation claims, and maintains excess insurance coverage at varying levels. A provision is made for estimated losses and related expenses on risks not covered by insurance. The provision includes estimated amounts for asserted claims, reported incidents for which a claim has not been asserted, and claims incurred but not reported. The provision is based on specific claim loss estimates by the System's management and on estimates of total annual losses by an independent consulting actuary using the System and similar facility experience.

The Health Professionals Insurance Company, Ltd. (HePIC), a wholly owned subsidiary, is a captive insurance company that provides professional liability, general liability, and other insurance coverage for the System affiliates. The System funds HePIC's required insurance reserves. Funding amounts are based on actuarial recommendations. The assets of HePIC and the

10. Self-Funded Liabilities (continued)

established liability for self-funded losses are reported in the combined balance sheets. Investment income from the assets and the provision for estimated self-funded losses and administrative costs are reported in the combined statements of operations and changes in net assets. The System's established liability for self-funded losses, net of reinsurance recoveries, was $79,110,000 and $70,834,000 as of June 30, 2011 and 2010, respectively, and is recorded in other long-term obligations in the accompanying combined balance sheets.

11. Commitments and Contingencies

Litigation

From time to time, the System is subject to litigation in the ordinary course of its 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 combined financial position.

Other

The System has entered into prime vendor contracts with certain of its suppliers to provide medical, surgical, and pharmaceutical supplies, as well as medical and other equipment, at favorable prices over specific periods of time. These contracts may include some special terms such as minimum purchase amounts, defined time periods, favorable pricing terms, or service fees. The purposes of these arrangements are to maintain an orderly procurement process and to obtain favorable prices for the provision of the supplies and equipment that the System utilizes during the normal course of conducting business.

Under terms of an agreement, as amended, dated January 1, 1968, the System and the University of Texas Health Science Center at Houston (the University) affiliated to operate and maintain a patient care, medical teaching, research, and community service facility. The agreement specifies that Memorial Hermann Hospital will serve as the primary private hospital teaching site for the University and operate and maintain a fully accredited hospital while maintaining final authority over operational policy. The University agrees to offer the hospital the opportunity to accommodate all teaching programs and clinical programs, maintain fully accredited educational programs, and conduct research activities while utilizing Memorial Hermann Hospital. Mutual commitments include administrative appointments and sharing of certain operational and research costs. Expenses for obligations to the University for the years ended June 30, 2011 and 2010 totaled $98,822,000 and $87,024,000, respectively. This agreement expires on September 1, 2019, with automatic renewals for 10 consecutive one-year terms unless otherwise terminated by Memorial Hermann Hospital or the University.

11. Commitments and Contingencies (continued)

Letters of credit in the amount of $14,452,000 and $15,755,000 have been issued by the System for June 30, 2011 and 2010, respectively, in favor of certain insurance contracts to secure the System's liabilities under the reinsurance agreements. These letters of credit are supported to the extent needed by the pledging of certain fixed maturity securities as collateral investments.

In addition to professional liability claims, the System is involved in litigation and regulatory investigations arising in the ordinary course of business. In the opinion of management, after consultation with legal counsel, these matters are expected to be resolved without material adverse effect on the System's consolidated balance sheets.

Other Financial Information

Memorial Hermann Healthcare System

Combining Balance Sheet

Year Ended June 30, 2011

	Hospital System	Foundation	Community Benefits	Other Corporations	Reclasses and Eliminations	Healthcare System
			(In Thousands)			
Assets						
Current assets						
Cash and cash equivalents	$ 617,098	$ 54,493	$ –	$ 6,744	$ (54,493)	$ 623,842
Investments	707,480	–	–	–	–	707,480
Patient accounts receivable, net	402,064	–	–	–	–	402,064
Other current assets	87,779	20,252	–	2,023	(19,321)	90,733
Total current assets	1,814,421	74,745	–	8,767	(73,814)	1,824,119
Property, plant, and equipment, net	2,254,479	–	554	68,231	–	2,323,264
Assets limited as to use, less current portion	171,448	100	–	3,015	19,473	194,036
Intercompany receivables	58,371	–	4,231	140,804	(203,406)	–
Other assets	13,046	1,272	–	–	55,665	69,983
Total assets	$ 4,311,765	$ 76,117	$ 4,785	$ 220,817	$ (202,082)	$ 4,411,402
Liabilities and net assets						
Current liabilities						
Accounts payable	$ 170,684	$ 126	$ 57	$ 7,712	$ (126)	$ 178,453
Accrued payroll and related expenses	158,434	99	140	4,834	(92)	163,415
Other accrued expenses	156,650	–	–	4,140	(59,450)	101,340
Current portion of long-term debt, including capital lease obligations	46,465	–	–	–	–	46,465
Long-term debt subject to remarketing agreement or other	27,410	–	–	–	–	27,410
Total current liabilities	559,643	225	197	16,686	(59,668)	517,083
Long term debt, including capital lease obligations	1,719,815	–	–	–	–	1,719,815
Other long term obligations	191,618	697	–	169,349	(111,406)	250,258
Intercompany payables	–	–	–	18,233	(18,233)	–
Total liabilities	2,471,076	922	197	204,268	(189,307)	2,487,156
Net assets, including noncontrolling interest	1,840,681	75,195	4,587	16,554	(12,771)	1,924,246
Total liabilities and net assets	$ 4,311,757	$ 76,117	$ 4,784	$ 220,822	$ (202,078)	$ 4,411,402

Memorial Hermann Healthcare System

Combining Statement of Operations

Year Ended June 30, 2011

	Hospital System	Foundation	Community Benefits	Other Corporations	Reclasses and Eliminations	Healthcare System
			(In Thousands)			
Revenues, gains and other support						
Net patient service revenue	$ 3,477,934	$ –	$ –	$ –	$ (40,692)	$ 3,437,242
Other revenue	113,006	4,694	5,134	26,706	(25,104)	124,436
Total revenues, gains, and other support	3,590,940	4,694	5,134	26,706	(65,796)	3,561,678
Expenses						
Salaries, benefits and related personnel costs	1,401,803	2,524	2,387	13,458	(40,692)	1,379,480
Services and other	815,892	1,788	1,798	11,577	(39,747)	791,308
Supplies and medicines	515,849	382	120	1,475	–	517,826
Provision for bad debts	435,444	–	–	–	–	435,444
Depreciation and amortization	212,449	–	165	4,684	–	217,298
Interest	81,071	–	–	–	(680)	80,391
Total expenses	3,462,508	4,694	4,470	31,194	(81,119)	3,421,747
Operating income before gain attributable to hurricane	128,432	–	664	(4,488)	15,323	139,931
Gain attributable to hurricane loss reimbursement	–	–	–	–	10,622	10,622
Operating gain	128,432	–	664	(4,488)	25,945	150,553
Nonoperating activities						
Investment income	70,867	–	–	1,202	(745)	71,324
Loss on bond refundings	(4,995)				–	(4,995)
Net loss attributable noncontrolling interest	–				(19,705)	(19,705)
Other income (expense), net	19,785	–	–	–	(10,622)	9,163
Revenues (less than) in excess of expenses	214,089	–	664	(3,286)	(5,127)	206,340
Other changes in net assets						
Change in unfunded pension losses	30,889	–	–	–	–	30,889
Contributions and grants received and other changes in net assets, net	(46,954)	10,474		84	50,809	14,413
Changes in noncontrolling interest	–	–	–	–	1,982	1,982
Change in net assets	198,024	10,474	664	(3,202)	47,664	253,624
Net assets at beginning of year	1,670,622	64,721	3,923	19,756	(88,400)	1,670,622
Net assets at end of year	$ 1,868,646	$ 75,195	$ 4,587	$ 16,554	$ (40,736)	$ 1,924,246

Ernst & Young LLP

Assurance | Tax | Transactions | Advisory