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DLN: 93493135061112

Form **990**

Department of the Treasury

Return of Organization Exempt From Income Tax

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

2010

OMB No 1545-0047

Open to Public
Inspection

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

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A Fo	or the 2	2010 calendar year, or tax year beginning 07-01-2010 and ending 06-30	-2011	D Employer	identification number			
_		pplicable C Name of organization Christus Health Gulf Coast						
Ad	dress ch	nange Doing Business As		76-0591	592			
Na	me cha	nge See Schedule O		E Telephone	number			
– _{Inı}	tıal retu	Number and street (or P O box if mail is not delivered to street address)	Room/suite	— (713)68	1-8877			
— _{Те}	rmınate	PO Box 922027		(/13/00	1 0077			
– _{An}	nended	return City or town, state or country, and ZIP + 4		G Gross recei	pts \$ 291,944,660			
_		Houston, TX 77292						
Αþ	plication							
		F Name and address of principal officer Ellen Jones	H(a) Is the	s a group return for aff	iliates? Yes No			
		PO Box 922037	H(b) Are	all affiliates include	d?			
		Houston,TX 77027	I		st (see instructions)			
			I		number ► 0928			
[18	ix-exem	npt status						
J W	ebsite	e:► N/A						
K For	m of ord	ganization ✓ Corporation ☐ Trust ☐ Association ☐ Other ►	L Year of	formation 1999	M State of legal domicile TX			
	rt I	Summary						
		Briefly describe the organization's mission or most significant activities						
		Supporting the health care ministries of the Sponsoring Congregations in e	xtending the hea	ling ministry of	Jesus Christ in			
œ.	9	conformity with the ethical and moral teachings of the Roman Catholic Chu	ırch					
Governance	-							
<u> </u>	-							
Š	2	Check this box ► if the organization discontinued its operations or dispo	sed of more than	25% of its net	assets			
		Number of voting members of the governing body (Part VI, line 1a)		з	15			
eo go		Number of independent voting members of the governing body (Part VI, lin			12			
He He		Total number of individuals employed in calendar year 2010 (Part V , line 2		5	1,892			
Activities &		Total number of volunteers (estimate if necessary)	6	199				
ā.	1	Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,809,652				
	1	Net unrelated business taxable income from Form 990-T, line 34	•	7b	0			
	 •	Net unrelated business taxable meanic nonrelating 50 17, me 5 1 1	Dr	ior Year	Current Year			
		Contributions and grants (Part VIII, line 1h)	F1	10,096,150				
<u>a</u>	8		· ·		2,025,354			
Revenue	9	Program service revenue (Part VIII, line 2g)		275,282,175	286,966,764			
ã	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d) Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)		216,613	-139,286			
	11	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A)		8,592,819	2,943,990			
	12	12)		294,187,757	291,796,822			
	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)		46,612,573	50,998,609			
	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), li	nes					
\$		5-10)		90,407,494	92,845,068			
Expenses	16a	Professional fundraising fees (Part IX, column (A), line 11e)		0	0			
ਨੂੰ	Ь	Total fundraising expenses (Part IX, column (D), line 25) ▶47,837						
_	17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)		118,688,993	125,845,645			
	18	Total expenses Add lines 13-17 (must equal Part IX, column (A), line 2	25)	255,709,060	269,689,322			
	19	Revenue less expenses Subtract line 18 from line 12		38,478,697	22,107,500			
ຮኞ ፞	_		Beginni	ng of Current	End of Year			
9 tr 10 tr				Year				
Net Assets or Fund Balances	20	Total assets (Part X, line 16)		316,964,698	329,402,218			
\$ 55 \$ 55	21	Total liabilities (Part X, line 26)		131,961,894	121,522,079			
	22	Net assets or fund balances Subtract line 21 from line 20		185,002,804	207,880,139			
	rt II	Signature Block	 					
(now	ledge a	lties of perjury, I declare that I have examined this return, including accompany and belief, it is true, correct, and complete. Declaration of preparer (other than						
KHOW	ledge.							
				2012-05-08				
Sigr	1	Signature of officer		Date				
Her		Bill Hecht CFO						
		Type or print name and title						
		Print/Type Preparer's signature	Date	Check if self-	PTIN			
Paid	L	preparer's name Firm's name ► ERNST & YOUNG US LLP		employed 🕨				
Prep	arer				Firm's EIN			
-	Only	Firm's address • 1401 MCKINNEY SUITE 1200			Phone no ► (713) 750-			
	-	HOUSTON, TX 77010			1500			

May the IRS discuss this return with the preparer shown above? (see instructions)

┌ Yes ┌ No

(Code

Part III Statement of Program Service Accomplishments

) (Expenses \$

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

Briefly describe the organization's mission

THE CORPORATION IS ORGANIZED AND SHALL BE OPERATED EXCLUSIVELY FOR CHARITABLE, SCIENTIFIC, EDUCATIONAL AND RELIGIOUS PURPOSES OF ADVANCING, PROMOTING AND SUPPORTING THE HEALTH CARE MINISTRIES OF THE SPONSORING CONGREGATIONS WHICH OPERATE AND ARE CONTROLLED IN CONFORMITY WITH THE ETHICAL AND MORAL TEACHINGS OF THE ROMAN CATHOLIC CHURCH, AND PROMOTING EFFICIENT GOVERNANCE AND MANAGEMENT, COOPERATIVE PLANNING AND THE SHARING OF RESOURCES AMONG SUCH HEALTH CARE MINISTRIES WITHOUT LIMITING THE GENERALITY OF THE FOREGOING, THE CORPORATION'S MISSION SHALL BE TO EXTEND THE HEALING MINISTRY OF JESUS CHRIST, AND CONSISTENT THEREWITH, SHALL OPERATE ACCORDING TO THE DOCTRINES, RESOLUTIONS, DECREES AND ETHICAL PRINCIPLES OF THE SPONSORING CONGREGATIONS, AND THE ETHICAL AND RELIGIOUS DIRECTORS FOR CATHOLIC HEALTH CARE SERVICES AS PROMULGATED OR AMENDED FROM TIME TO TIME BY THE UNITED STATES CONFERENCE OF CATHOLIC BISHOPS IT IS ALSO A PURPOSE OF THE CORPORATION TO AID, LEND FINANCIAL SUPPORT AND AS

2	Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ?
	If "Yes," describe these new services on Schedule O
3	Did the organization cease conducting, or make significant changes in how it conducts, any program services?
	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

0) (Revenue \$

125,879,997)

65,701,514 including grants of \$

COMMITMENT TO BENEFITING OUR COMMUNITIES - PATIENT CARE SERVICES CHRISTUS Health Gulf Coast is part of CHRISTUS Health, formed in 1999 to strengthen the 146-year-old, faith-based health care ministries of the Congregations of the Sisters of Charity of the Incarnate Word of Houston and San Antonio Founded on the mission "to extend the healing ministry of Jesus Christ," CHRISTUS is challenged to reach out to, and beyond, the more than 60 communities we serve to help those in need. The vision of CHRISTUS as a Catholic, faith-based ministry, is to be a leader, a partner and an advocate in the creation of innovative health and wellness solutions that improve the lives of individuals and communities so that all may experience God's healing presence and love. CHRISTUS Health Gulf Coast responds to the health care needs through services provided at CHRISTUS St. Catherine Hospital, a 102-bed hospital in Katy, Texas, CHRISTUS St. John Hospital, a 178-bed hospital in Nassau Bay, Texas, and various clinics and outreach programs. Each of the facilities of CHRISTUS Health Gulf Coast shares one - which is to lead the way to a healthier community CHRISTUS Health Gulf Coast services several counties to the west and southeast of Houston This area of the Texas Gulf Coast comprises a population of more than 5.8 million. In our 2011 Fiscal Year alone, we were privileged to serve hundreds of thousands of individuals in various ways including 57,012 visits to our Emergency Department, 2,733 inpatient surgery procedures, 8,750 outpatient surgery procedures, 12,566 patients who were admitted to our hospitals for care and 194,022 patients who received outpatient care at our facilities. Touching the lives of the people around us is what makes CHRISTUS Health Gulf Coast stand apart. Allowing others to touch us gives us a vision for the medically needy in each of the communities we serve. Whether it is the life of a child expecting a future filled with miracles, the life of a man in need of a critical heart surgery, or the life of a woman about to give birth to her first child, CHRISTUS Health Gulf Coast's health care services work to provide the best care possible regardless of an individual's ability to pay. By collaborating with communities, churches, businesses and other health care organizations, CHRISTUS Health Gulf Coast's various entities have strengthened their roles as major providers of comprehensive and accessible health care services. These partnerships with the community have been a blessing by helping CHRISTUS Health Gulf Coast further care for those in need. Furthermore, investment in community services would not be possible without dedicated employees and volunteers. They help to build strong relationships between the hospitals and other health care ministries and the communities, nurturing CHRISTUS' mission to meet the needs and make a difference in the lives of others. Our employees work both inside and outside the walls of our health care facilities and are committed to reaching beyond the traditional hospital walls to help our communities maintain good health. Understanding the need to provide access to health care to as much of the public as possible, CHRISTUS Health participates in government-sponsored health care programs, including Medicaid, Medicare, CHAMPUS, TRICARE and others In addition, we have specific programs that provide discounted services to those in need who do not have medical insurance or who do not participate in government-sponsored programs. CHRISTUS Health Gulf Coast provides a full range of inpatient and outpatient services to the people in the communities it serves It conducts its activities and serves its health care purpose without regard to race, color, creed, religion, gender, orientation, disability, age or national origin CHRISTUS St. Catherine Hospital in Katy offers a broad spectrum of adult and pediatric medical and surgical care with the latest technology, including an urgent care center, birthing suites, newborn and Level II neonatal intensive care nurseries, inpatient and outpatient surgery, diagnostic imaging and cardiology services CHRISTUS St John Hospital in Nassau Bay offers comprehensive medical services in cardiology, oncology, intensive care, diagnostic imaging, gynecology, pediatrics, advanced laparoscopic procedures, cancer treatment, cardiovascular, sports medicine and vascular specialties. CHRISTUS St. Catherine Hospital and CHRISTUS St. John Hospital each provide services in 24-hour Emergency Departments that are open to all those in need of emergent care, regardless of their ability to pay CHRISTUS Health Gulf Coast also supports many local community health services, including mobile clinic services, the CHRISTUS Literacy Center and CHRISTUS Our Daily Bread in Galveston, as well as other various clinics for the underserved in Houston, Katy and Dickinson, and thirteen school-based clinics. As a not-for-profit organization and as part of CHRISTUS Health, a regional governing board comprised largely of independent community members representing the area it serves guides CHRISTUS Health Gulf Coast. We are provileged to have an open medical staff comprised of qualified physicians who work with us to provide care to our communities. All qualified physicians who are granted privileges to serve with us in our hospitals must undergo a thorough and comprehensive credentialing process.

4b (Code) (Expenses \$ 19,220,033 including grants of \$ 0) (Revenue \$ 88,457,078)

COMMUNITY BENEFIT REPORTING - CHARITY CARE AND MEDICAID CHRISTUS adheres to the Catholic Health Association's A Guide for Planning and Reporting Community Benefit (2008), and complies with the State of Texas requirements for reporting Community Benefit, reported as unpaid costs, includes both Charity Care and Community Services. To the limits of its resources, CHRISTUS Health is an institution of purely public charity, thus, the most tangible expression of CHRISTUS Health's charitable purpose is the provision of healthcare services to those persons who are unable to pay Charity Care falls into two categories. Charity Care and Unpaid Government Indigent Care. In keeping with the mission, values, and vision of CHRISTUS Health, CHRISTUS Health Gulf Coast provides Charity Care services in a manner that respects the dignity of the patients and their families. Charity Care is provided without charge or at a charge that is less than the usual charge for such services. The determination as to the amount to be charged, if any, is made according to a patient's ability to pay as determined by the established eligibility criteria. For uninsured patients whose economic circumstances place them at or under 200 percent of the Federal Poverty Guidelines (FPL), services are provided without any expectation of payment. Uninsured patients whose economic circumstances place them between 200 and 400 percent of FPL are charged based on a sliding scale and those above 400 percent receive discounts based on the uninsured fee schedule. No patient is refused necessary medical care due to inability to pay. CHRISTUS Health facilities provide other Charity Care by funding or otherwise financially supporting health care services provided to financially indigent patients through other nonprofit or public outpatient clinics, hospitals or health care organizations. CHRISTUS Health is an active participant in the States of Texas, New Mexico and Louisiana Medicaid Programs. Those programs seek to provide payment for health care services to indiv

4c (Code) (Expenses \$ 82,150,630 including grants of \$ 0) (Revenue \$ 72,629,689)

OTHER GOVERNMENT SPONSORED SERVICES In addition to the provision of Charity Care and other community services, CHRISTUS Health provides services to persons covered under government-sponsored programs, including Medicare, DOD and TRICARE. The non-reimbursed costs of these services are reported to the State of Texas but are not included in reports prepared following Catholic Health Association guidelines. CHRISTUS Health provides services to persons covered under the federal Medicare Program, and in fact, this is the largest single payor classification of patients served by this health system. The payment rate for inpatient services is on a "per case" rate, calculated based on the diagnostic-related group (DRG) into which the patient is categorized. Outpatient services are reimbursed by Medicare based on a fee schedule. CHRISTUS Health dba US Family Health Plan also provides the uniform medical benefit for 9,976 military family members under contract with the Department of Defense. Under this program, comprehensive medical services are provided to families of active duty military personnel and to retirees and their families in all age categories, including those over age 65. CHRISTUS Health also participates in the TRICARE standard program and many of our hospitals contract with the Managed Care Support Contractor for the South Region to provide services under the provision of TRICARE Prime.

1d Other program services (Describe in Schedule O)

(Expenses \$ 64,649,548 including grants of \$ 50,998,609) (Revenue \$ 0)

4e Total program service expenses►\$ 231,721,725

Part TV	Chec	klist of	Required	Schedules
		KIISL OI	IXC quii Cu	Scriculics

			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)? $^{m{g}}$	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	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts where donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part 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 $^{\bullet}$	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		No
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
а	Did the organization report an amount for land, buildings, and equipment in Part X, line10? If "Yes," complete Schedule D, Part VI.	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII.	11b		No
С	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? <i>If</i> " <i>Yes,"</i> complete Schedule F, Parts I and IV	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $$5,000$ of grants or assistance to any organization or entity located outside the U S ? If "Yes," complete Schedule F, Parts II and IV	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $$5,000$ of aggregate grants or assistance to individuals located outside the U S ? If "Yes," complete Schedule F, Parts III and IV.	16		No
17	Did the organization report a total of more than \$15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If</i> "Yes," complete Schedule G, Part I (see instructions)	17		No
18	Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If</i> "Yes," complete Schedule G, Part II	18		No
19	Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III	19		N o
20a	Did the organization operate one or more hospitals? If "Yes," complete Schedule H	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? Note. Some Form 990 filers that operate one or more hospitals must attach audited financial statements (see instructions)	20b	Yes	

Par	t IV Checklist of Required Schedules (continued)			
21	Did the organization report more than \$5,000 of grants and other assistance to governments and organizations in the United States on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II \blacksquare	21	Yes	
22	Did the organization report more than \$5,000 of grants and other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III	22	Yes	
23	Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	23	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b-24d and complete Schedule K. If "No," go to line 25	24a		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
С	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a	Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I	25a		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I	25b		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? If "Yes," complete Schedule L, Part II	26		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? If "Yes," complete Schedule L, Part III	27		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
а	A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28a		No
b	A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV	28b		No
С	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 Ma	29	Yes	
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M	30		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I	31		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II	32		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? If "Yes," complete Schedule R, Part I	33		No
34	Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1	34	Yes	
35	Is any related organization a controlled entity within the meaning of section 512(b)(13)?	35	Yes	
а	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			
36	Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2	36		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI	37		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11 and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	
		F	orm 990	(2010)

Part V	Statements Regarding Other IRS Filings and Tax Compliance	

	Check if Schedule O contains a response to any question in this Part V \cdot . \cdot . \cdot . $$	•		
			Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0 - if not applicable 1a 272			
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	1		
2a	gaming (gambling) winnings to prize winners?	1c	Yes	
	Statements filed for the calendar year ending with or within the year covered by this return			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	Yes	
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
За	Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes	
ь	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		No
b	If "Yes," enter the name of the foreign country 🕨			
	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?	F.		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the	5c 6a		No
b	organization solicit any contributions that were not tax deductible?			
7	were not tax deductible?	6b		
	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and	7a		No
b	services provided to the payor?	7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to			
d	file Form 8282?	7c		No
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit			
_	contract?	7e		No
	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as			No
h	required?	7g		
	Form 1098-C?	7h		
8	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.	۳		
а	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			
	Initiation fees and capital contributions included on Part VIII, line 12 10a	1		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
11	Section 501(c)(12) organizations. Enter			
	Gross income from members or shareholders	4		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
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			
13	Section 501(c)(29) qualified nonprofit health insurance issuers.	1		
а	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			
c	Enter the amount of reserves on hand	1		
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a		No
	If "Voc " has it filed a Form 720 to report these payments? If "No " provide an explanation in Schedule O	1/1h		

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										. 🔽	7
---	--	--	--	--	--	--	--	--	--	-----	---

Se	ction A. Governing Body and Management			
			Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax			
	year			
b	Enter the number of voting members included in line 1a, above, who are independent			
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2		Νo
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?	3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5		No
6	Does the organization have members or stockholders?	6	Yes	
7a	Does the organization have members, stockholders, or other persons who may elect one or more members of the governing body?	7a	Yes	
ь	Are any decisions of the governing body subject to approval by members, stockholders, or other persons?	7b	Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following			
а	The governing body?	8a	Yes	
ь	Each committee with authority to act on behalf of the governing body?	8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the			
	organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9		Νo
	ection B. Policies (This Section B requests information about policies not required by the Internal venue 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	
D	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
	Does the organization have a written conflict of interest policy? If "No," go to line 13	12a	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?			
а	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	
	ection 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			

- 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 BILL HECHT 2830 CALDER

BEAUMONT,TX 77726 (409)899-8191

<u>Part VIII</u> Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors

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

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

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

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

Check this box if neither the organization nor any related organization compensated any current officer, director, or trust								ee		
(A) Name and Title	(A) Name and Title Average hours per	Posi t	tion (that a			II		(D) Reportable compensation from the	(E) Reportable compensation from related	(F) Estimated amount of other
	week (describe hours for related organizations in Schedule O)	Individual trustee or director	Former Highest compensated employee Key employee Officer Instrutional Trustee		Former	organization (W- 2/1099-MISC) (W- 2/1099- MISC)		compensation from the organization and related organizations		
See Additional Data Table										
				<u> </u>	<u> </u>					

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

		_												
	(A) Name and Title	(B) A verage hours	erage Position (check all Reportable compensation compensation				verage Position (check all Reportable Reportable compensation compensation				(E) Reportable compensation from related		(F) Estima amount o compens	ated fother
		per week (describe hours for related organizations in Schedule O)	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)	0	from t rganizat relat organiza	the ion and ed	
See A	dditional Data Table													
				<u> </u>										
				<u> </u>							-			
				_		-								
1b	Sub-Total							۲						
С	Total from continuation sheets	to Part VII, Sec	tion A		•		*							
d	Total (add lines 1b and 1c) .			•		•	•	<u> </u>	1,968,348	2,185,969	9	1,:	122,149	
2	Total number of individuals (incl \$100,000 in reportable compen						above) who	received more tha	n				
										_		Yes	No	
3	Did the organization list any for on line 1a? <i>If</i> "Yes," complete Sca					ey e	mploy •	ee, o •	r highest compens	ated employee	3	Yes		
4	For any individual listed on line organization and related organiz										4	Yes		
5	Did any person listed on line 1a	receive or accru	ue comp	oensa	ation	fror	n any 1	unrel	ated organization o	r individual for		1 22		
	services rendered to the organiz	zation? <i>If</i> "Yes,"	complet	e Sch	edul	e J f	or suct	n pers	son	. [5		No	
Se	ection B. Independent Con	tractors												
1	Complete this table for your five \$100,000 of compensation from			ındep	ende	ent d	ontra	ctors	that received more	e than				
		(A)								(B)		(C)	

(A) Name and business address	(B) Description of services	(C) Compensation
KATY CARDIOVASCULAR SVCS LP 10000 MEMORIAL STE 540 HOUSTON, TX 77024	CATH LAB MGMT SVCS	6,594,761
DE HARVEY BUILDERS P O BOX 42008 HOUSTON, TX 77242	CONSTRUCTION	1,827,384
NATIONAL CARDIOVASCULAR PARTNERS LP 10000 MEMORIAL DR STE 540 HOUSTON, TX 77024	CATH LAB MGMT SVCS	1,597,072
HOSPITAL HOUSEKEEPING SYS LTD PO BOX 826 SAN ANTONIO, TX 78293	HOUSEKEEPING SVCS	1,296,051
TEXAS TEXTILE SERVICES PO BOX 4346 HOUSTON, TX 77210	LAUNDRY SERVICES	925,458
2 Total number of independent contractors (including but not limited to those listed above) \$100,000 in compensation from the organization ►19) who received more than	

Part \	7 * * *	Statement of Reven	ue					
					(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	excluded from
								tax under sections 512,
								513, or 514
92.92	1a	Federated campaigns	 1a					317
Contributions, gifts, grants and other similar amounts	ь	Membership dues	. 1b					
ದ್		Fundraising events						
£ E				1,965,006				
%. <u>E</u> <u>0.∺</u>		Related organizations						
돌'호		Government grants (contributions)						
を	f	All other contributions, gifts, grants similar amounts not included above		60,348				
	g	Noncash contributions included in I	ines 1a-1f \$	34,985				
5 등	h	Total. Add lines 1a-1f			2,025,354			
				Business Code				
eun	2a						182,787	
Æe√	ь	Net Patient Service Revenue Rent Related to Exempt Function		621990		286,105,964		
93	C	PHYSICIAN INTEREST INCOME		531120 900099	334,348 157,366	· ·		
λe. Y	d	Wellness Center		713940	124,619			
5	е	Live Well Women's Conference		900099	46,286			
Program Serwoe Revenue	f	All other program service re	venue		15,394	15,394		
8	g	Total. Add lines 2a-2f			286,966,764			
	3	Investment income (includir	ng dividends, interest					
		and other similar amounts)			5,052			5,052
	4	Income from investment of tax-ex			0			
	5	Royalties			0			
	6-	Gross Rents	(i) Real 120	(II) Personal				
		Less rental	120					
	_	expenses Rental income	120					
		or (loss)						
	d	Net rental income or (loss)			120			120
	7a	Gross amount	(ı) Securities	(II) O ther 3,500				
	<i>,</i> a	from sales of assets other						
		than inventory		147.020				
	Ь	Less cost or other basis and		147,838				
	c	sales expenses Gain or (loss)		-144,338				
	d	Net gain or (loss)			-144,338			-144,338
ψ.	8a	Gross income from fundraisi	ng events					
Other Revenue		(not including						
Š		of contributions reported on						
Ξ.		See Part IV, line 18						
₽	ь	Less direct expenses .	b					
2		Net income or (loss) from fu			0			
	9a	Gross income from gaming a	activities See Part IV, line 19	. a				
	b	Less direct expenses .		b				
	C	Net income or (loss) from ga	aming activities		0			
	10 a	Gross sales of inventory, les returns and allowances	SS					
		returns and anowances .	a					
	ь	Less cost of goods sold .	. b					
		Net income or (loss) from sa			0			
		Miscellaneous Revenue	<u> </u>	Business Code				
	11a	MD Anderson Rental		900002	1,626,865		1,626,865	
	Ь	Food Service		722210	650,587			650,587
	c	Athletic Training Revenue		900009	300,000			300,000
	d	All other revenue	•		366,418		_	366,418
	е	Total. Add lines 11a-11d			2,943,870			
	12	Total royonus Cos Instruct	r Lone	-	• •			
	12	Total revenue. See Instructi	IUIIS		291,796,822	286,783,977		1,177,839
						1-00,100,311	1	<u> </u>

Part IX Statement of Functional Expenses
Section 501(c)(3) and 501(c)(4) organizations must complete all columns.

Δ	Section 501(c)(3) and 501(c)(4) organizations mus Il other organizations must complete column (A) but are not required to o			D).	
Do no	ot include amounts reported on lines 6b, p, 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				<u> </u>
	ın the U S See Part IV, line 21	50,928,288	50,928,288		
2	Grants and other assistance to individuals in the				
	U S See Part IV, line 22	70,321	70,321		
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	1,763,420	1,520,002	243,418	
6	Compensation not included above, to disqualified persons (as defined under section $4958(f)(1)$) and persons described in section $4958(c)(3)(B)$	86,463	74,528	11,935	
7	Other salaries and wages	73,885,479	63,686,520	10,198,959	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	3,734,357	3,658,433	75,924	
9	Other employee benefits	7,899,629	6,159,413	1,740,216	
10	Payroll taxes	5,475,720	4,857,995	574,648	43,077
а	Fees for services (non-employees) Management	33,083	33,083		
b	Legal	178,745		178,745	
C	Accounting	6,500	6,500		
d	Lobbying	91	89	2	
e	Professional fundraising services See Part IV, line 17	0			
f	Investment management fees	0			
g	Other	11,005,972	5,099,711	5,906,261	
12	Advertising and promotion	904,973	48,956	856,017	
13	Office expenses	51,782,677	45,989,630	5,790,547	2,500
14	Information technology	7,862,478		7,862,478	
15	Royalties	0			
16	Occupancy	7,769,321	6,170,692	1,598,629	
17	Travel	98,110	44,837	51,037	2,236
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	418,637	96,403	322,210	24
20	Interest	4,440,732	4,436,920	3,812	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	17,475,533	15,644,889	1,830,644	
23 24	Insurance	4,142,605	4,039,349	103,256	
а	PROVISION FOR UNCOLLECT ACCT	19,211,771	19,001,493	210,278	
b	Recruitment/Placement Fees	188,778	28,193	160,585	
c	Dues & Memberships	157,360	29,041	128,319	
d	Subscriptions	49,991	29,452	20,539	
e	Federal Income Tax	8,476		8,476	
f	All other expenses	109,812	66,987	42,825	
25	Total functional expenses. Add lines 1 through 24f	269,689,322	231,721,725	37,919,760	47,837
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				

Pa	rt X	Balance Sheet					
					(A) Beginning of year		(B) End of year
	1	Cash—non-interest-bearing	i		88,005,512	1	105,322,839
	2	Savings and temporary cash investments				2	
	3	Pledges and grants receivable, net				3	
	4	Accounts receivable, net			24,813,111	4	33,005,613
	5	Receivables from current and former officers, directors, trustee highest compensated employees Complete Part II of	s, key	employees, and			
		Schedule L				5	
Assets	6	Receivables from other disqualified persons (as defined under spersons described in section $4958(c)(3)(B)$, and contributing e sponsoring organizations of section $501(c)(9)$ voluntary emploorganizations (see instructions)	ers, and				
		Schedule L				6	
	7	Notes and loans receivable, net			5,785,123	7	2,619,680
	8	Inventories for sale or use			5,050,449	8	4,784,212
	9	Prepaid expenses and deferred charges			916,139	9	602,289
	10a	Land, buildings, and equipment cost or other basis <i>Complete Part VI of Schedule D</i>	10a	305,497,059			
	b	Less accumulated depreciation	10b	138,465,272	178,616,620	10 c	167,031,787
	11	Investments—publicly traded securities				11	
	12	Investments—other securities See Part IV, line 11				12	
	13	Investments—program-related See Part IV, line 11			8,875,000	13	8,875,000
	14	Intangible assets				14	_
	15	Other assets See Part IV, line 11			4,902,744	15	7,160,798
	16	Total assets. Add lines 1 through 15 (must equal line 34) .			316,964,698	16	329,402,218
	17	Accounts payable and accrued expenses .			16,280,432	17	17,019,124
	18	Grants payable				18	
	19	Deferred revenue			1,153,331	19	1,083,226
	20	Tax-exempt bond liabilities				20	
es.	21	Escrow or custodial account liability Complete Part IV of Schedu	le D			21	
bilities	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified					
Lial		persons Complete Part II of Schedule L				22	
	23	Secured mortgages and notes payable to unrelated third parties	s .			23	
	24	Unsecured notes and loans payable to unrelated third parties			37,571,435	24	33,900,277
	25	Other liabilities Complete Part X of Schedule D			76,956,696	25	69,519,452
	26	Total liabilities. Add lines 17 through 25			131,961,894	26	121,522,079
-5		Organizations that follow SFAS 117, check here 🕨 🔽 and com	plete l	ines 27			
Ð		through 29, and lines 33 and 34.					
Balance	27	Unrestricted net assets			182,702,712	27	205,528,728
B 3	28	Temporarily restricted net assets			2,300,092	28	2,351,411
된	29	Permanently restricted net assets				29	
ets or Fund		Organizations that do not follow SFAS 117, check here ► □ a	nd con	nplete			
		lines 30 through 34.					
	30	Capital stock or trust principal, or current funds				30	
Assets	31	Paid-in or capital surplus, or land, building or equipment fund				31	
	32	Retained earnings, endowment, accumulated income, or other for	unds			32	
Net	33	Total net assets or fund balances			185,002,804	33	207,880,139
	34	Total liabilities and net assets/fund balances			316,964,698	34	329,402,218

Pa	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		291 7	96,82
2	Total expenses (must equal Part IX, column (A), line 25)	2			89,32
3	Revenue less expenses Subtract line 2 from line 1	3		22,1	107,50
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	185,0		002,80
5	Other changes in net assets or fund balances (explain in Schedule O)	7		69,83	
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		207,8	880,13
Pai	Financial Statements and Reporting Check if Schedule O contains a response to any question in this Part XII				
1	Accounting method used to prepare the Form 990			Yes	No
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?		2a		Νo
b	Were the organization's financial statements audited by an independent accountant?		2b	Yes	
С	If "Yes," to 2a or 2b, does the organization have a committee that assumes responsibility for oversight of taudit, 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	Yes	
d	If "Yes" to line 2a or 2b, check a box below to indicate whether the financial statements for the year were is on a separate basis, consolidated basis, or both Separate basis Consolidated basis Both consolidated and separated basis	ssued			
За	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	e	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the readily or audits, explain why in Schedule O and describe any steps taken to undergo such audits	equired	3b	Yes	

efile GRAPHIC print - DO NOT PROCESS

As Filed Data -

DLN: 93493135061112

Employer identification number

OMB No 1545-0047

Inspection

SCHEDULE A

(Form 990 or 990EZ)

Name of the organization Christus Health Gulf Coast

Department of the Treasury Internal Revenue Service

Complete if the organization is a section 501(c)(3) organization or a section

4947(a)(1) nonexempt charitable trust.

Public Charity Status and Public Support

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

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)

76-0591592

1				on of churches, or as				ection 170(b)(1)(A)(i).		
2				in section 170(b)(1			•				
3	<u> </u>			perative hospital se							
4				n organization operat ty, and state	ed in conjun	ction with a	hospital desc	cribed in se	ction 170(b)(1)(A)(iii).	Enter the
5	Γ	An orga	anızatıon op	erated for the benefit	t of a college	or universi	ty owned or o	perated by	a government	al unit des	cribed in
		section 170(b)(1)(A)(iv). (Complete Part II)									
6	\sqcap	A feder	al, state, or	local government or	government	al unit desc	rıbed ın secti	on 170(b)(1)(A)(v).		
7	Γ	describ	ed in	at normally receives		l part of its	support from	a governme	ental unit or fr	om the gen	eral public
	_			A)(vi) (Complete P							
8	<u> </u>		•	described in section		, , ,	•	•	_		
9	ı	_		at normally receives							-
				ities related to its ex							
			_	oss investment inco						tax) from bi	usinesses
	_		-	janization after June	-			•			
.0	<u> </u>	_		ganized and operated	-		•				
.1	ı	An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the pone or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See section 509(a) 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									
e f g	ı	other the section of the ocheck the Since A	nan foundati 1509(a)(2) rganization this box lugust 17, 2 ig persons?	ox, I certify that the on managers and oth received a written de 2006, has the organi	ner than one etermination zation accep	or more pub from the IR oted any gift	olicly supported S that it is a secontribution	ed organiza Type I, Typ on from any	tions describe	ed in sectio	n 509(a)(1) or ng organization,
				rectly or indirectly c				persons des	scribed in (ii)	111	Yes No
				governing body of th		_	ation				y(i)
				er of a person descri led entity of a perso			haya?				(iii)
_				ng information about						119	(111)
h		FIOVICE	the following	ig illiorillation about	the supporte	eu organizat	1011(5)				
	(i) Name suppor rganız	of rted	(ii) EIN	(iii) Type of organization (described on lines 1- 9 above or IRC section (see	(iv) Is the organizati col (i) list your gove docume	e Ion In ted In rnIng	(v) Did you not organizati col (i) of suppor	on in your	(vi) Is th organizat col (i) org	e ion in anized	(vii) A mount of support
				instructions))	Yes	No	Yes	No	Yes	No	
			· ·								
ota	l										

Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1) (A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

S	ection A. Public Support		and to quanty t			Jaco complete	
	endar year (or fiscal year beginning						
Care	in)	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
1	Gifts, grants, contributions, and						
	membership fees received (Do not						
	ınclude any "unusual						
	grants ")						
2	Tax revenues levied for the						
	organization's benefit and either						
	paid to or expended on its						
_	behalf						
3	The value of services or facilities						
	furnished by a governmental unit to						
_	the organization without charge						
4	Total. Add lines 1 through 3						
5	The portion of total contributions						
	by each person (other than a						
	governmental unit or publicly						
	supported organization) included on line 1 that exceeds 2% of the						
	amount shown on line 11, column						
	(f)						
6	Public Support. Subtract line 5 from						
Ū	line 4						
S	ection B. Total Support		<u> </u>	I I.			
	endar year (or fiscal year beginning						
	ın) >	(a) 2006	(b) 2007	(c) 2008	(d) 2009	(e) 2010	(f) Total
7	A mounts from line 4						
8	Gross income from interest,						
Ū	dividends, payments received on						
	securities loans, rents, royalties						
	and income from similar						
	sources						
9	Net income from unrelated						
	business activities, whether or						
	not the business is regularly						
	carried on						
10	Other income Do not include gain						
	or loss from the sale of capital						
	assets (Explain in Part IV)						
11	Total support (Add lines 7						
	through 10)						
12	Gross receipts from related activiti	es, etc (See inst	ructions)			12	
13	First Five Years If the Form 990 is t	for the organizati	on's first, second	, thırd, fourth, or	fifth tax year as a	501(c)(3) organı	
	check this box and stop here						►
	-tiC Ct-ti	L'a Carana at B					
<u> </u>	ection C. Computation of Pub Public Support Percentage for 2010			11 column (f))			
	· ·		•	II Column (1))		14	
15	Public Support Percentage for 2009	Schedule A, Pa	rt II, line 14			15	
16a	33 1/3% support test—2010. If the				line 14 is 33 1/3%	or more, check	
_	and stop here. The organization qua						▶ □
b	33 1/3% support test—2009. If the				5a, and line 15 is 3	33 1/3% or more,	- -
	box and stop here. The organization				45.46		►
1/a	10%-facts-and-circumstances test-						
	is 10% or more, and if the organization made						rt a d
	in Part IV how the organization mee	ts the "racts and	circumstances"	test ine organiz	ration qualifies as	a publicly suppo	
L	organization	_2000 If+ba a	anization did not	chack a hay an l	no 12 165 166 -	r 17a and line	► □
D	10%-facts-and-circumstances test- 15 is 10% or more, and if the organ						
	Explain in Part IV how the organization						v
	supported organization	aon meets the 10	acts and circuilis	tances test file	z organizacion qual	mes as a publici	y ▶[¯
18	Private Foundation If the organizati	on did not check	a box on line 13	. 16a. 16b. 17a o	r 17b, check this	box and see	- 1
	instructions	on ala not check	a box on fine 15	, 100, 100, 1700	I by check tills	SON GING SCC	▶ □

organization

Part III Support Schedule for Organizations Described in Section 509(a)(2) (Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.) Section A. Public Support Calendar year (or fiscal year beginning (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total ın) 🟲 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants") Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose Gross receipts from activities that are not an unrelated trade or business under section 513 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf The value of services or facilities furnished by a governmental unit to the organization without charge Total. Add lines 1 through 5 7a Amounts included on lines 1, 2, and 3 received from disqualified Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year c Add lines 7a and 7b Public Support (Subtract line 7c from line 6) Section B. Total Support Calendar year (or fiscal year beginning (a) 2006 **(b)** 2007 (c) 2008 (d) 2009 (e) 2010 (f) Total in) 9 Amounts from line 6 Gross income from interest, 10a dividends, payments received on securities loans, rents, royalties and income from similar sources Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 Add lines 10a and 10b C Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on Other income Do not include 12 gain or loss from the sale of capital assets (Explain in Part IV) Total support (Add lines 9, 10c, 11 and 12) First Five Years If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here Section C. Computation of Public Support Percentage Public Support Percentage for 2010 (line 8 column (f) divided by line 13 column (f)) 15 16 Public support percentage from 2009 Schedule A, Part III, line 15 16 Section D. Computation of Investment Income Percentage Investment income percentage for **2010** (line 10c column (f) divided by line 13 column (f)) 17 **17** Investment income percentage from 2009 Schedule A, Part III, line 17 18 18 19a 33 1/3% support tests—2010. If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported

33 1/3% support tests-2009. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line

18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization **Private Foundation** If the organization did not check a box on line 14, 19a or 19b, check this box and see instructions

▶□

Part IV

Supplemental Information. Supplemental Information. Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Schedule A (Form 990 or 990-EZ) 2010

Software ID: Software Version:

EIN: 76-0591592

Name: Christus Health Gulf Coast

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

Compensated Employees, and Independent Contractors										
(A) Name and Title	(B) Average hours per	Posi t)			(D) Reportable compensation from the	(E) Reportable compensation from related	(F) Estimated amount of other compensation
	week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)	from the organization and related organizations
Ellen M Jones Director/President/CEO	14 0	Х		х				208,400	452,311	207,707
Sister Carol Ann Jokerst	1.0			\ \ \				0	0	
Chairperson (Term 12/31/10)	1 0	Х		Х				0	0	0
Bill J Chen PH D Board Member	1 0	Х						0	0	0
Sıster M Gerard Earls Board Member	1 0	Х						0	0	0
Dan Shank Board Member	1 0	X						0	0	0
EW Wright III Board Member	1 0	Х						0	0	0
Chuck Doyle Board Member	1 0	Х						0	0	0
Robert L Hargrave Board Member	1 0	Х						0	0	0
Gilbert A Herrera VC(term12/31)Chair(Eff 1/1/11)	1 0	Х		Х				0	0	0
George Willy Board Member	1 0	Х						0	0	0
Brian Stevens Board Member	1 0	Х						0	0	0
Rick Adams MD Board Member	1 0	Х						0	0	0
Sıster Eılısh Ryan Board Member (Effect 1/1/11)	1 0	Х						0	0	0
Manish Wani MD Board Member	1 0	Х						16,100	0	0
Kevin Winfield MD Board Member	1 0	Х						0	0	0
Dan Casso MD Board Member (Effect 2/17/11)	1 0	Х						5,070	0	0
William A Hecht CFO/Treasurer	16 0			х				97,214	274,776	98,538
Diana L Smith Secretary (Effective 11/12/10)	400			х				13,240	0	3,141
M Erick Smith Corp Secretary (Term 11/12/10)	3 0			х				4,849	54,090	19,374
John H McCabe Admin-St Catherine Hospital	400				х			221,020	0	70,337
Tom Permetti COO/Admin-St John Hospital	24 0				Х			281,442	143,495	117,390
Nancy Pittman CNE/COO-St John Hospital	400				х			180,450	0	42,763
Harold Gottlieb Chief Medical Officer	400				х			407,859	0	106,378
Pearl Mohnkern VP HR (term 6/19/10) See Sch O	0 0					Х		34,694	159,362	45,225
Charles Foster VP HR (effective 5/15/10)	160					х		65,971	243,960	64,975

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

(A) Name and Title	(B) Average hours		(C) Position (check that apply)					(D) Reportable compensation from the	(E) Reportable compensation from related	(F) Estimated amount of other compensation	
	per week	Individual trustee or director	Institutional Trustee	Officei	Key employee	Highest compensated employee	Former	organization (W- 2/1099-MISC)	organizations (W- 2/1099- MISC)	from the organization and related organizations	
Heather Boler VP Business Dev and Marketing	16 0					х		57,530	164,701	65,802	
Nancy Brock Facility Financial Officer	40 0					х		182,764	0	34,636	
Michael Sullivan VP Mission and Org Ethics	20 0					Х		120,057	120,058	72,808	
Pat Carrier Former Pres/CEO (term 2/27/10)	0 0						Х	71,688	573,216	173,075	

DLN: 93493135061112

OMB No 1545-0047

SCHEDULE C

(Form 990 or 990-EZ)

Department of the Treasury Internal Revenue Service

Political Campaign and Lobbying Activities

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

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

Open to Public Inspection

If the organization answered "Yes," to Form 990, Part IV, Line 3, or Form 990-EZ, Part V, line 46 (Political Campaign Activities),

- ◆ Section 501(c)(3) organizations Complete Parts I-A and B Do not complete Part I-C
- ◆ Section 501(c) (other than section 501(c)(3)) organizations Complete Parts I-A and C below Do not complete Part I-B
- Section 527 organizations Complete Part I-A only

If the organization answered "Yes," to Form 990, Part IV, Line 4, or Form 990-EZ, Part VI, line 47 (Lobbying Activities), then

Section 501(c)(3) organizations that have filed Form 5768 (election under section 501(h)) Complete Part II-A Do not complete Part II-B

Chris	ne of the organization stus Health Gulf Coast I-A Complete if the or			l Emplace a calan	
Part 1 2				Employer iden	tification number
1 2	T-A Complete if the or			76-0591592	
2		ganization is exempt und	er section 501(c) or is a section 527	organization.
	Provide a description of the or	ganızatıon's dırect and ındırect po	litical campaign ac	tivities in Part IV	
3	Political expenditures			▶	\$
	Volunteer hours				
Part	I-B Complete if the or	ganization is exempt und	er section 501(c)(3).	
1		e tax incurred by the organization	_		\$
2		e tax incurred by organization ma			\$
3	If the organization incurred a s	section 4955 tax, did it file Form	1720 for this year?		☐ Yes ☐ No
4a	Was a correction made?				┌ Yes ┌ No
b	If "Yes," describe in Part IV				
Part	I-C Complete if the or	ganization is exempt und	er section 501(c) except section 501	L(c)(3).
1	Enter the amount directly expe	ended by the filing organization fo	r section 527 exem	pt function activities 🕨	\$
2	Enter the amount of the filing of exempt funtion activities	organization's funds contributed to	o other organization	s for section 527	\$
3	Total exempt function expendi	tures Add lines 1 and 2 Enter he	ere and on Form 112	20-POL, line 17b ►	\$
4	Did the filing organization file I	Form 1120-POL for this year?			
5	organization made payments is amount of political contribution	nd employer identification number For each organization listed, ente ns received that were promptly ar political action committee (PAC)	r the amount paid fro d directly delivered	om the filing organization's f to a separate political orga	funds Also enter the nization, such as a
	(a) Name	(b) Address	(c) EIN	(d) Amount paid from filing organization's funds If none, enter -0-	(e) A mount of political contributions received and promptly and directly delivered to a separate political organization. If none, enter - 0 -

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

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

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

Part II-B	Complete if the organization is exempt under section 501(c)(3) and has NOT filed Form 5768	
	(election under section 501(h)).	

				(b)	
		Yes	No	Amount	
_ I	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of				
a \	Volunteers?		No		
b I	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes			
c i	Media advertisements?		No		
d i	Mailings to members, legislators, or the public?	Yes		1,760	
e l	Publications, or published or broadcast statements?		No		
f	Grants to other organizations for lobbying purposes?		No		
g i	Direct contact with legislators, their staffs, government officials, or a legislative body?		Νo		
h i	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No		
i (Other activities? If "Yes," describe in Part IV	Yes		91	
j -	Total lines 1c through 1:			1,851	
2a [Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No		
b 1	If "Yes," enter the amount of any tax incurred under section 4912				
c]	If "Yes," enter the amount of any tax incurred by organization managers under section 4912		Ţ		
d I	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?				

Part III-A Complete if the organization is exempt under section 501(c)(4), section 501(c)(5), or section 501(c)(6).

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

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

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

Part IV Supplemental Information

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

Identifier	Return Reference	Explanation
obbying Description	Form 990, Schedule C, Part II-B	Healthcare policy is critical to all Americans and CHRISTUS Health GULF COAST believes that health care providers must participate in forming health care policy by interacting with national, state and local representatives and their staff members to help them better understand the complexities and ramifications of key health care policies. Form 990, Schedule C. Part II-B, Line 1D CHRISTUS Health GULF COAST had direct contact with members of the Texas State Legislature and sent emails and postcards during the FY 2012 budget resolution discussions on topics including medicare funding, health reform, reduction in health provider payments, and reductions in programs for the elderly, low-income families, and vulnerable populations. Christus Health Gulf Coast also sent emails, made telephone calls and participated in meetings on issues such as healthcare for the uninsured, healthcare reform, healthcare costs and access, and state budget challenges. The reported expenses associated with these activities include staff compensation and related allocable overhead. FORM 990, SCHEDULE C, PART II-B, LINE 1: "OTHER ACTIVITIES" REPORTS THE PORTION OF FY 2011 PROFESSIONAL AND MEMBERSHIP ASSOCIATION DUES ALLOCATED TO LOBBYING EFFORTS BY THE RESPECTIVE ASSOCIATIONS TOTALING \$91. CHRISTUS Health GULF COAST did not substantially lobby during the fiscal year 6-30-11

DLN: 93493135061112

OMB No 1545-0047

SCHEDULE D (Form 990)

Department of the Treasury

Supplemental Financial Statements

► Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11, or 12.

Open to Public

ema	Revenue Service	orm 990. ► See separate instructions.			Inspect	don
	me of the organization stus Health Gulf Coast		Emp	loyer identifica	tion numbe	er
CIII	stas ficaltif dali Coast		76-	0591592		
Рa	rt I Organizations Maintaining Donor A		unds	or Accounts	. Complet	te if the
	organization answered "Yes" to Form 99	(a) Donor advised funds	1	(b) Funds and o	ther accou	nte
	Total number at end of year	(a) Bollot davised failes	'	(b) i unus unu o	ther decou	1103
	Aggregate contributions to (during year)					
	Aggregate grants from (during year)					
	Aggregate value at end of year					
	Did the organization inform all donors and donor adv funds are the organization's property, subject to the	3	nor adv	sed	┌ Yes	┌ No
	Did the organization inform all grantees, donors, and used only for charitable purposes and not for the ber conferring impermissible private benefit	nefit of the donor or donor advisor, or for a	ny othe	r purpose	┌ Yes	┌ No
aı	t II Conservation Easements. Complete	if the organization answered "Yes"	to Forn	n 990, Part IV	', lıne 7.	
	Preservation of land for public use (e.g., recreat Protection of natural habitat Preservation of open space Complete lines 2a-2d if the organization held a qual easement on the last day of the tax year	Preservation of a	certifie	d historic struct	ture	
	Tatal mumbar of agreement and agreement		<u> </u>	Held at the	End of the	Year
a	Total number of conservation easements		2a			
)	Total acreage restricted by conservation easements		2b			
:	Number of conservation easements on a certified his	• •	2c			
d	Number of conservation easements included in (c) a		2d			
	Number of conservation easements modified, transfer the taxable year -	erred, released, extinguisned, or terminat	ea by tr	ie organization	auring	
	Number of states where property subject to conserv	ation easement is located ►				
	Does the organization have a written policy regardin enforcement of the conservation easements it holds		ndling of	violations, and	┌ Yes	┌ No
	Staff and volunteer hours devoted to monitoring, ins	pecting and enforcing conservation easer	ments d	uring the year 🕨	-	
	Amount of expenses incurred in monitoring, inspecti	ing, and enforcing conservation easemen	ts durin	g the year 🟲 💲 _		
	Does each conservation easement reported on line $2170(h)(4)(B)(I)$ and $170(h)(4)(B)(II)$?	2(d) above satisfy the requirements of se	ction		☐ Yes	┌ No
	In Part XIV, describe how the organization reports c balance sheet, and include, if applicable, the text of the organization's accounting for conservation easer	the footnote to the organization's financia				
ır	Complete if the organization answered	ons of Art, Historical Treasures, "Yes" to Form 990, Part IV, line 8.	or Ot	her Similar <i>i</i>	Assets.	
a	If the organization elected, as permitted under SFAS art, historical treasures, or other similar assets held provide, in Part XIV, the text of the footnote to its fire	for public exhibition, education or resea	rch ın fu			≘,
b	If the organization elected, as permitted under SFAS historical treasures, or other similar assets held for provide the following amounts relating to these items	public exhibition, education, or research				
	(i) Revenues included in Form 990, Part VIII, line 1	L		► \$		
	(ii) Assets included in Form 990, Part X					
	If the organization received or held works of art, hist following amounts required to be reported under SFA		for finan	. —		
1	Revenues included in Form 990, Part VIII, line 1			> \$		
	,			T		

b Assets included in Form 990, Part X

ECIL!	Organizations Maintaining Co	Hections of Art	t, HIS	tori	cai ii	eas	ures, or c	, CI I C	i Sillillai As	SCLS (C	ontinaea)
3	Using the organization's accession and othe items (check all that apply)	r records, check an	y of th	ne foll	owing '	that a	re a signific	ant u	se of its collect	ion	
а	Public exhibition		d	Γ	Loan	orex	change prog	rams	ı		
b	Scholarly research		e	Γ	Other	r					
С	Preservation for future generations										
4	Provide a description of the organization's co	ollections and expla	ain hov	w the	/ furthe	er the	organızatıor	ı's ex	kempt purpose II	n	
5	During the year, did the organization solicit of assets to be sold to raise funds rather than t									– Yes	┌ No
Par	Escrow and Custodial Arrang Part IV, line 9, or reported an an						n answere	d "Y	es" to Form 9	90,	
1a	Is the organization an agent, trustee, custod included on Form 990, Part X?	ıan or other ınterme	edıary	forc	ontribu	utions	or other ass	ets		Yes	┌ No
b	If "Yes," explain the arrangement in Part XIV	/ and complete the	follow	ving t	able		Г		Λm	ount	
С	Daniman balanca						F	1c	Alli	Ount	
d	Beginning balance							1d			
u e	Additions during the year Distributions during the year						}	1a 1e			
f	- ,						-	1f			
2a	Ending balance Did the organization include an amount on Fo	orm 000 Dor+ V !	<u>_</u> 217	,			L	-1	Г	 Yes	□ No
	-		ezir						ı	res) NO
	If "Yes," explain the arrangement in Part XIV t V Endowment Funds. Complete		n 200		od "Vo	c" to	Form 000	Dar	rt IV Juno 10		
Fell	Endowinient Funds. Complete	(a)Current Year)Prior '			wo Years Back			(e) Four Y	'ears Back
1a	Beginning of year balance	(a) cancon rear	ν	<u>,,</u>		1		1(-,		(-)	
b	Contributions										
c	Investment earnings or losses										
d	Grants or scholarships										
e	Other expenditures for facilities and programs										
f	Administrative expenses										
g	End of year balance										
2	Provide the estimated percentage of the yea	r end balance held	as								
а	Board designated or quasi-endowment 🕨										
b	Permanent endowment 🕨										
c	Term endowment ▶										
За	Are there endowment funds not in the posses	ssion of the organiz	ation	that a	re hele	d and	admınıstere	d for	the		
	organization by									Yes	No
	(i) unrelated organizations					•		•	3a(i		
	(ii) related organizations							•	3a(i		<u> </u>
b	If "Yes" to 3a(II), are the related organizatio	ns listed as require				•		•	<u>3b</u>		
	Describe in Dart VIV the intended uses of th	a arganization's an	dame.	ant fu	nda						
4	Describe in Part XIV the intended uses of th)OO [Dart V line	10			
4	Describe in Part XIV the intended uses of the transfer of the			See F	orm 9		l '				
4 Par	Description of investment			ee F		other	Part X, line (b)Cost or o	ther	(c) Accumulated depreciation	(d) Bo	ook value
4 Par	t VI Investments—Land, Buildings			ee F	orm 9 Cost or	other	(b)Cost or o	ther er)		<u> </u>	
Par la l b E	Description of investment and			ee F	orm 9 Cost or	other	(b)Cost or o basis (othe	ther er)),968			35,690,968
Par la l b E	Description of investment			ee F	orm 9 Cost or	other	(b)Cost or o basis (othe	ther r)),968 3,984	depreciation	10	35,690,968 05,540,850
Par la l b i	Description of investment and			ee F	orm 9 Cost or	other	(b) Cost or o basis (other 35,690	ther er) 0,968 3,984	depreciation 69,318,134	10	ook value 35,690,968 05,540,850 1,849,034 22,416,086
1a L b E c L d E	Description of investment and	s, and Equipme	ent. S	(a)	orm 9 Cost or (invest	other ment)	(b)Cost or o basis (other 35,690 174,858 4,091	ther er) 0,968 3,984 1,209	depreciation 69,318,134 2,242,175	10	35,690,968 05,540,850 1,849,034

Part VIII Investments—Other Securities. See	Form 990, Part X, line 1.	2.
(a) Description of security or category	(b)Book value	(c) Method of valuation
(including name of security)	(2)20011 14.40	Cost or end-of-year market value
(1)Financial derivatives		
(2)Closely-held equity interests		
Other		
-		
Total. (Column (b) should equal Form 990, Part X, col (B) line 12)	•	
Part VIII Investments—Program Related. Se	e Form 990, Part X. line	13.
		(c) Method of valuation
(a) Description of investment type	(b) Book value	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, III		
(a) Description		(b) Book value
(4) 565611	5000	(b) Book value
T. 1 (0)	(5)	
Total. (Column (b) should equal Form 990, Part X, col.(B) line is		
Part X Other Liabilities. See Form 990, Part >	(, line 25.	
1 (a) Description of Liability	(b) A mount	
Federal Income Taxes	0	
DUE TO CHRISTUS HEALTH BND FND	65 822 870	
	65,822,870	
CORPORATE ADVANCES	3,671,158	
SECURITY DEPOSITS	25,424	
Total. (Column (b) should equal Form 990, Part X, col (B) line 25)	69,519,452	
, , ,	09,519,432	

Pai	rt XI Reconciliation of Change in Net Assets from Form 990 to Financial Statemer	nts
1	Total revenue (Form 990, Part VIII, column (A), line 12)	1
2	Total expenses (Form 990, Part IX, column (A), line 25)	2
3	Excess or (deficit) for the year Subtract line 2 from line 1	3
4	Net unrealized gains (losses) on investments	4
5	Donated services and use of facilities	5
6	Investment expenses	6
7	Prior period adjustments	7
8	Other (Describe in Part XIV)	8
9	Total adjustments (net) Add lines 4 - 8	9
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10
Par	TXII Reconciliation of Revenue per Audited Financial Statements With Revenue p	er Return
1	Total revenue, gains, and other support per audited financial statements	1
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12	
а	Net unrealized gains on investments	
b	Donated services and use of facilities	
C	Recoveries of prior year grants	
d	Other (Describe in Part XIV)	
е	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3
4	A mounts included on Form 990, Part VIII, line 12, but not on line 1	
a	Investment expenses not included on Form 990, Part VIII, line 7b . 4a	
b	Other (Describe in Part XIV)	_
C -	Add lines 4a and 4b	4c
5 Dara	Total Revenue Add lines 3 and 4c. (This should equal Form 990, Part I, line 12)	5 Seturn
1	Total expenses and losses per audited financial	per Return
_	statements	1
2	A mounts included on line 1 but not on Form 990, Part IX, line 25	
а	Donated services and use of facilities	
b	Prior year adjustments	_
C	Other losses	
d	Other (Describe in Part XIV)	1
e	Add lines 2a through 2d	2e
3	Subtract line 2e from line 1	3
4	Amounts included on Form 990, Part IX, line 25, but not on line 1:	
а	Investment expenses not included on Form 990, Part VIII, line 7b 4a	-
Ь	Other (Describe in Part XIV)	1 .
_C _	Add lines 4a and 4b	4c
5 Par	Total expenses Add lines 3 and 4c. (This should equal Form 990, Part I, line 18)	5
	rt XIV Supplemental Information nplete this part to provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Par	art IV lines 1 h and 2 h
C 01	npiete and part to provide the descriptions required for rait II, lines 3, 3, and 3, rait III, lines 1a and 4, ra	arciv, lilies in alla ZD,

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

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

OMB No 1545-0047

Open to Public Inspection

SCHEDULE H (Form 990)

Department of the Treasury Internal Revenue Service

Name of the organization

Christus Health Gulf Coast

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

Hospitals

Employer identification number

					76-	0591592			
P	art I Financial Assista	nce and Co	ertain Oth	er Community Be	nefits at Cost				
								Yes	No
1 a	Did the organization have a fi	nnancial assi	stance policy	during the tax year? I	f "No," skip to questio	n 6a .	1a	Yes	
b	If "Yes," is it a written policy	·					1b	Yes	
2	If the organization has multip assistance policy to its vario				describes application o	of the financial			
	Applied uniformly to all ho Generally tailored to indiv		s	Applied uniformly	to most hospitals				
3	Answer the following based or organization's patients during	n the the finar		nce eligibility criteria t	hat applied to the large	est number of the			
а	Does the organization use Fe income individuals? If "Yes,"	deral Poverty							
				_		Inty for free care	3a	Yes	
	T 100% T 150%			O ther	<u> </u>				
b	Does the organization use FP "Yes," indicate which of the fo			=			3b	Yes	
	□ 200% □ 250%	Г 30	о% Г	350% 🔽 40	0% 「 Other _	<u> %</u>			
c	If the organization does not u determining eligibility for free test or other threshold, regard	or discounted	d care Inclu	de in the description w	hether the organizatior				
4	Did the organization's financi provide for free or discounted				·	uring the tax year	4	Yes	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?									
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?									
C	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?								No
6a	Does the organization prepare year?			ort during the tax		L	6a	Yes	
6b	If "Yes," did the organization			ublic?			6b	Yes	
	Complete the following table i worksheets with the Schedule		sheets prov	ided in the Schedule H	instructions Do not s	ubmit these			
7	Financial Assistance and C	ertain Other	Community I	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 be expense		(f) Pero total ex	
а	Financial Assistance at cost (from Worksheets 1 and 2)			9,142,682	0	9,142	,682	3	640 %
b	Unreimbursed Medicaid (from Worksheet 3, column a)			19,220,033	88,457,078	-69,237			620 %
c	Unreimbursed costs—other means-tested government programs (from Worksheet 3,			0	0		0		0 %
d	column b) Total Financial Assistance and Means-Tested Government Programs			28,362,715	88,457,078	-60,094		23	980 %
	Other Benefits			20,302,713	00,437,078	-00,094	,505		JUU 70
е	Community health improvement services and community benefit operations (from (Worksheet 4)	49	41,743	1,039,120	0	1,039	.120	0	410 %
f	Health professions education					,			
g	(from Worksheet 5) Subsidized health services	12	538	87,570	0		,570	0	030 %
h	(from Worksheet 6) Research (from Worksheet 7)		0	0	0		0		0 %
i	Cash and in-kind contributions to community groups (from Worksheet 8)	69	16,467	52,105,581	0			20	790 %
j	Total Other Benefits	130	58,748	53,232,271	0	53,232			230 %
k	Total. Add lines 7d and 7j	130	58,748	81,594,986	88,457,078	-6,862	,092	2	750 %

13

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 (b) Persons (c) Total community (d) Direct offsetting (e) Net community (f) Percent of served (optional) activities or building expense revenue building expense total expense programs (optional) 0 010 % Physical improvements and housing Λ 26,816 ٥ 26,816 65 65 Economic development 0 0 % Community support 2,601 1,692 n 1,692 0 % Environmental improvements Leadership development and training for community members 11,853 11,853 0 % 6 Coalition building 300 527,938 527,938 0 210 % Community health improvement advocacy 23,083 Λ 23.083 0.010 % Workforce development 9 Other 10 Total 591,447 0 2.916 591,447 0 230 % **Bad Debt, Medicare, & Collection Practices** Part III Section A. Bad Debt Expense Yes No Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Yes Enter the amount of the organization's bad debt expense (at cost) 2 4,902,434 Enter the estimated amount of the organization's bad debt expense (at cost) 3 1,470,730 attributable to patients eligible under the organization's financial assistance policy 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 Enter total revenue received from Medicare (including DSH and IME) 41,766,873 5 Enter Medicare allowable costs of care relating to payments on line 5 45,116,186 6 Subtract line 6 from line 5 This is the surplus or (shortfall) . . . -3.349.313 7 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 Cother Cost to charge ratio Cost accounting system **Section C. Collection Practices** Does the organization have a written debt collection policy? . 9a Yes If "Yes," does the organization's collection policy contain provisions on the collection practices to be followed for 9b Yes patients who are known to qualify for charity care or financial assistance? Describe in Part VI Part IV Management Companies and Joint Ventures (a) Name of entity (b) Description of primary (c) Organization's (d) Officers, directors, (e) Physicians' trustees, or key employees' profit % profit % or stock activity of entity profit % or stock ownership % ownership % or stock ownership% 1 2 3 4 5 6 8 9 10 11 12

Part	V Facility Information									
Section A. Hospital Facilities (list in order of size, measured by total revenue per facility, from largest to smallest)				Children's hospital	Teaching hospital	Ortical acc	Research facility	ER-24 hours	ER-other	
How many hospital facilities did the organization operate during the tax year?2			General medical & surgical	nospital	ospital	Ortical access hospital	acility	œ		
Name	and address									Other (Describe)
1	CHRISTUS St John Hospital 18300 St John Drive Nassau Bay,TX 77058	×	х					х		
2	CHRISTUS St Catherine Hospital 701 S Fry Road Katy,TX 77450	х	х					х		Urgent Care Center
		-								

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

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

Name of Hospital Facility:_	CHRISTUS St John Hospital	l	
Line Number of Hospital Fa	icility (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			
	Existing health care facilities and resources within the community that are available to respond to the health			
	needs of the community d			
	<u>-</u>			
	The health needs of the community			
	f Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
	The process for identifying and prioritizing community health needs and services to meet the community health needs			
	h The process for consulting with persons representing the community's interests			
	i 「 Information gaps that limit the hospital facility's ability to assess all of the community's health needs			
	j			
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	2		
1	account input from persons who represent the community, and identify the persons the hospital facility consulted Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the	3		
•	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 A vailable upon request from the hospital facility			
	c			
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			
	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		
Fin	nancial 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		
	Used federal poverty guidelines (FPG) to determine eligibility for providing free care to low income individuals?	9		
	If "Yes." indicate the FPG family income limit for eligibility for free care %			

2	Facility Information (continued)			
			Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals?	10		<u> </u>
	If "Yes," indicate the FPG family income limit for eligibility for discounted care%			
11	Explained the basis for calculating amounts charged to patients?	11		<u> </u>
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a Income level			
	b Asset level			
	c Medical indigency			
	d Insurance status			
	e Uninsured discount			
	f Medicaid/Medicare			
	g			
	h Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12		1
	Included measures to publicize the policy within the community served by the hospital facility?	13		
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	The policy was posted at all times on the hospital facility's web site			
	b The policy was attached to all billing invoices			
	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) ling and Collections			
	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial			
17	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)			
	Notified patients of the financial assistance policy upon admission			
	b Notified patients of the financial assistance policy prior to discharge			
	c Notified patients of the financial assistance policy in communications with the patients regarding the patients'			
	bills			
	d Documented its determination of whether a patient who applied for financial assistance under the financial			
	assistance policy qualified for financial assistance			
	e Other (describe in Part VI)			

If "Yes," explain in Part VI

If "Yes," explain in Part VI

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

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

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

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

21

20

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

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

Name of Hospital Facility:	CHRISTUS St Catherine Hospital
Line Number of Hospital Facility (from Schedule H, Part V, Secti	on A):

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

2	Facility Information (continued)			
			Yes	No
10	Used FPG to determine eligibility for providing <i>discounted</i> care to low income individuals?	10		<u> </u>
	If "Yes," indicate the FPG family income limit for eligibility for discounted care%			
11	Explained the basis for calculating amounts charged to patients?	11		<u> </u>
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a Income level			
	b Asset level			
	c Medical indigency			
	d Insurance status			
	e Uninsured discount			
	f Medicaid/Medicare			
	g			
	h Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12		1
	Included measures to publicize the policy within the community served by the hospital facility?	13		
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	The policy was posted at all times on the hospital facility's web site			
	b The policy was attached to all billing invoices			
	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) ling and Collections			
	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial			
17	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)			
	Notified patients of the financial assistance policy upon admission			
	b Notified patients of the financial assistance policy prior to discharge			
	c Notified patients of the financial assistance policy in communications with the patients regarding the patients'			
	bills			
	d Documented its determination of whether a patient who applied for financial assistance under the financial			
	assistance policy qualified for financial assistance			
	e Other (describe in Part VI)			

If "Yes," explain in Part VI

If "Yes," explain in Part VI

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

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

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

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

21

20

10

Page **7**

Part V Facility Information (continue

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?		
Name and address	Type of Facility (Describe)	
L		
5		
3		

Schedule H (Form 990) 2010

Schedule H (Form 990) 2010 Page **8**

Part VI Supplemental Information

Complete this part to provide the following information

- Required descriptions. Provide the description required for Part I, lines 3c, 6a, and 7, Part II, Part III, lines 4, 8, and 9b, and Part V, Section B, lines 1j, 3, 4, 5c, 6i, 7, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21
- Needs assessment. Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- Patient education of eligibility for assistance. Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy
- 4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves
- Promotion of community health. Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e.g., open medical staff, community board, use of surplus funds, etc.)
- 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
- 5 State filing of community benefit report. If applicable, identify all states with which the organization, or a related organization, files a community benefit report

* J L. &	D attached B a fa	Fundamenton
Identifier	ReturnReference	Explanation
Budgeted Charity Care	Part I, Line 5	The organization budgets charity care for internal financial review purposes only The provision of charity care is not limited to amounts established for budgetary purposes Part I, Line 6 a Annual Community Benefit Report A REPORT OF COMMUNITY BENEFIT IS INCLUDED IN A WRITTEN ANNUAL REPORT FOR CHRISTUS HEALTH, THE ORGANIZATION'S PARENT COMPANY CHRISTUS HEALTH IS AN INTERNATIONAL, CATHOLIC, FAITH BASED, NONPROFIT HEALTH SYSTEM FORMED IN 1999 WITH A MISSION "TO EXTEND THE HEALING MINISTRY OF JESUS CHRIST" THE ANNUAL COMMUNITY BENEFIT REPORT SUMMARIZES ACTIVITIES AND PROGRAMS CONDUCTED DURING THE PAST YEAR TO IMPROVE HEALTH INCLUDING PROACTIVE COMMUNITY HEALTH SERVICES HOWEVER, THE ANNUAL REPORT IS ONLY A SNAPSHOT OF HOW THE ORGANIZATION DISTINGUISHES ITSELF IN ITS VISION TO BE A LEADER, A PARTNER, AND AN ADVOCATE IN CREATING INNOVATIVE HEALTH AND MELLNESS SOLUTIONS THAT IMPROVE THE LIVES OF INDIVIDUALS AND COMMUNITIES Part I, Line 7b Unreimbursed Medicaid Christus Health Gulf Coast reinvests all surplus funds back in to the communities we serve through expanded health services, new technologies, and better facilities Part I, Line 7, column (f) Percent of Total Expense TOTAL EXPENSE FROM FORM 990, PART IX, LINE 25, COLUMN (A) IS \$269,689,322 THE BAD DEBT EXPENSE INCLUDED IN THIS AMOUNT WAS \$19,001,684 THIS LEAVES A TOTAL EXPENSE OF \$250,687,638 FOR PURPOSES OF CALCULATING LINE 7, COLUMN (P) Part I, Line 7, Column (F) Description of Gross Charity Care as Percentage of Total Costs The organization's total community benefit expense as reported on Part I, Line 7k Column (C) as a percentage of Total Costs The organization's total community benefit expense and groups whose vision, mission, and goals are consistent with CHRISTUS Gulf Coast made over \$52,100,000 in cash and in kind contributions during Pt 2011 The aforementioned amount is determined in accordance with the reporting rules for Schedule H, Worksheet 8 As such this amount differs from grants reported at Form 990, Schedule I, Grants and Other Assistance CHRIST

Identifier	ReturnReference	Explanation			
Identifier COMMUNITY BUILDING ACTIVITIES	Part II	The CHRISTUS Health Board of Directors approved funding of a community direct investment (CDI) loan program to ensure that the work of social accountability and moral and ethical stewardship continues in spite of challenging fiscal conditions faced by local operating entities. The purpose of the CDI program is to support community driven initiatives, primarily for affordable housing and economic development by providing financing at below market interest rates to nonprofit organizations at terms not exceeding more than five years. The income earned at the market rate less our loan rate (foregone income) is considered a community benefit for reporting purposes. The foregone interest for CHRISTUS Health Gulf Coast in fiscal year ending June 30, 2011 was over \$26,816. Though outstanding loan balances vary throughout the year, the outstanding loan balance at the end of Fiscal Year 2011 was \$1,117,836. Included as Physical Improvements to Housing at Schedule H, Part II, Line 1 are some of the aforementioned loans made for low income housing to include "New Hope Housing", an Economically Linked Deposit (ELD) benefitting the ongoing operation of a 133 unit permanent housing, single room occupancy project helping the formerly homeless and those at risk of homelessness, the Tejano Center for Community Concerns offers Affordable housing for families earning less than 80% of the median area income, and Acres Home, which offers low income housing. CHRISTUS also provided financing of the Women's Home, a multi-unit apartment complex for women who have graduated from a drug rehabilitation program CHRISTUS Health Gulf Coast demonstrates its commitment to the economic development of the communities served through various micro-financing loan programs to include Accion Texas which aids in the development of small businesses for those with low and moderate income. These individuals would not be			
		l '			
		improvement The CHRISTUS Health Advocacy department is working in partnership with local, state and federal policy makers to ensure activities and programs are in place that will enhance public health and advance general knowledge During FY 2011, CHRISTUS Health advocated for improving public policies, working to establish, and in some instances augment, grassroots advocacy and greater access to healthcare services for the constituents we serve			

Managament Association Stetement No. 15. The system has betted an uncommerciated care policy where reverse them of systems, and the systems of a lark of machine the management of callection for ser vices provided to the unmarked due to the system's historically loss callection rate where a war was provided to the unmarked due to the system's historically loss callection rate was agreen the sex stamped that the access bears, rather than the access bears, it is marked as the system's historically loss callection and accounts receive which from the unmarked have been fully reserved in the advocace for incommerciated care was served in the advocace for incommerciated care which is a server of the advocace for incommerciated care which is server of the advocace for incommerciated care with the server of the advocace for incommerciated care with the server of the advocace for incommerciated care with the server of the advocace for incommerciated care with the server of the advocace for incommerciated care with the server of the advocace for incommerciated care with the server of the server of the advocace for incommerciated care with the server of the	Identifier	ReturnReference	Explanation
Interpretation's provisions of services to Medica	De d Debt Dementing on Assessed on a	Part III, Section A, Line 1	CHRISTUS Health follows in principle Healthcare Financial Management Association Statement No 15. The system has adopted an uncompensated care policy where revenue from services provided to the uninsured is recognized at the time of payment, rather than at the time of service. This policy is the result of a lack of reasonable assurance of collection for ser vices provided to the uninsured due to the system's historically ow collection rate. Mana gement has estimated that the difference between recording revenue from the uninsured on a cash basis, rather than the accrual basis, is immaterial. Accordingly, all accounts receivable from the uninsured on a cash basis, rather than the accrual basis, is immaterial. Accordingly, all accounts receivable from the uninsured have been fully reserved in the allowance for uncompensated care. Part III, Section A, Line 2 Bad Debt Expense (At Cost) The organization uses Form 990, Schedule H, Worksheet A to determine the bad debt expense at cost reported at Schedule H, Part III, Section A, Line 2 using the cost-to-charge ratio calculated at Form 990, Schedule H, worksheet 2, Line 11. The organization's total bad debt expense (total of all hospital facilities) is in accordance with the organization's financial statements, which is compute das bad debt net of contractual allowance, payments received and recoveries of bad debt previously written off Part III, Section A, Line 3 Estimate of Bad Debt Expense Attributa ble to Patients Eligible Under Organization's Charity Care Policy CHRISTUS Health Gulf Cost recognizes that some patients are unable or unwilling to ask for financial assistance due to barriers to applying for assistance such as educational level and literacy, document stion limitations and fear of the application process. In order to estimate the amount of the organization and literacy, document stone limitations and fear of the application process. In order to estimate the amount of the organization schala sistements who are eligible under the cross of the patient seve

Identifier	ReturnReference	Explanation			
Bad Debt Reporting in Accordance with HFMA Statement 15	Part III, Section A, Line 1	re patients Schedule H, Part III, Line 7 would equal a shortfall of (\$15,550,722) if tota I expenses allocable to Medicare services were substituted on Schedule H, Part III, Line 6 Part III, Section B, Line 9b Collection Policy Collection activity occurs for a minimum of 60 days on self-pay accounts before the presumptive charity process is completed if no contact with the patient/guarantor is made If the 60-day period expires and no contact with the patient/guarantor is made or there is insufficient information to document eligibility for charity care, a presumption of eligibility may be made based on statistical data and other reliable assumptions. Accounts with a balance of less than \$2,000 are screened for charity care qualification based on systematic screening criteria unless patient contact is made. Accounts with a balance of \$2,000 or greater are manually reviewed to determine if any potential eligibility programs are applicable based upon front-end screening tool documentation and a review of diagnoses and services provided If a patient completes a fin ancial aid application and qualifies for charity care or falls under a charity care account based on the presumptive charity test, all debt collection activities cease. Accounts that are not deemed eligible for charity care or medical indigence will continue the collect ion cycle until they are written off as bad debt.			

Identifier	ReturnReference	Explanation
		·
NEEDS ASSESSMENT	Part VI, Line 2	CHRISTUS St John Hospital developed the 2011 Community Benefit Plan based on the Greater Houston 2008 Healthy Needs Assessment The objectives for FY 2011 are proposed to meet the identified needs in the communities we serve Each community in the region had a significant population growth and increased needs. The highest projected increase in residents is the Hispanic population. Health Care Priorities Include Primary Care Access, Geographic Disparities, Under/Uninsured/Working, Poor, Teen Births, Prenatal Care, Childhood Immunizations, Access to Information/Referrals, Cardiovascular Disease, Diabetes, Respiratory Cancer and other Chronic Diseases, Senior Population, 45 to 64 Year Old Population Group, and Mental Health Service. An additional area of focus overlapping many of these priorities is the already high and increasing percentage of Consolidated Metropolitan Statistical Area (CMSA) residents of Hispanic descent.
		to Access Health Care Include Limited access, Inability to pay for services, Lack of transportation, Language barriers and cultural differences, Socioeconomic Factors Impacting Access to Healthcare, Lack of employment opportunities, increase in the number of residents with median income of < \$25,000, and Diminished health coverage Part VI, Line 3 Patient education of eligibility for assistance CHRISTUS Health Gulf Coast makes
		every effort to educate patients on its Charity and Discount Policy and about their eligibility for assistance under federal, state, or local government programs during registration, pre registration (for scheduled tests and surgeries), post registration (during their hospitalization) and following discharge (telephone or written inquiry) in languages appropriate for the population being served Patients are given information and
		forms by a financial counselor who helps them complete the forms during their inpatient and outpatient visits. Patients are asked to bring or mail supporting documentation to determine income, assets and household expenses. The Business Office reviews the application based on the information provided by the patient. If the patient qualifies for charity care or a discount, a
		new bill is generated Patients who do not provide the required documentation are considered ineligible and are billed accordingly. If the documentation is provided at a later time, the patient may then be determined to be eligible for charity care or a discount. Documentation is retained by the billing office for seven years. A public notice regarding the charity care policy is
		posted in prominent places throughout the hospitals, including but not limited to the emergency room waiting areas and the admissions office waiting areas, as required by both the State of Texas Community Benefit Standard (which addresses the duties and responsibilities of nonprofit hospitals) and CHRISTUS Health Community Benefit Guidelines #050 In addition, a public notice regarding the charity care policy and information on financial assistance are also posted on the CHRISTUS
		HEALTH website The information on financial assistance includes explanations on the availability of financial assistance, who qualifies, and how to apply for financial assistance Part VI, Line 4 COMMUNITY INFORMATION CHRISTUS Health Gulf Coast responds to the health care needs of its service area through services provided at CHRISTUS St Catherine Hospital in Katy, Texas which is a 102-bed hospital, CHRISTUS St John
		Hospital in Nassau Bay, Texas which is a 178-bed hospital, and various clinics and outreach programs CHRISTUS Health Gulf Coast services several counties to the west and southeast of Houston The organization's service area comprises a population of 508 million. In the organization's service area, 28.7 percent of households are at or below 200 percent of the
		Federal poverty level and 17 1 percent are uninsured. There is a noted increase in senior residents (i.e., 65 to 74 years of age) in the communities served by CHRISTUS Health Gulf Coast thus impacting the inpatient and outpatient demand for health care services, particularly those patients with chronic health problems including heart disease, diabetes, cancer, and
		respiratory diseases The service area's population is 43 8 percent Hispanic

Identifier	ReturnReference	Explanation
Identifier Promotion of community Health	ReturnReference Part VI, Line 5	CHRISTUS Health Gulf Coast consists of two community hospitals, including CHRISTUS St Cat herine Hospital in Katy, Texas which is a 102-bed hospital and CHRISTUS St John Hospital in Nassau Bay, Texas which is a 178-bed hospital CHRISTUS St John Hospital in Nassau Bay, Texas which is a 178-bed hospital CHRISTUS St Catherine Hospital in Katy offers a broad spectrum of adult and pediatric medical and surgical care with the latest in technology including an urgent care center, birthing suites, newborn and Level II neonat al intensive care nurseries, inpatient and outpatient surgery, diagnostic imaging and card iology services CHRISTUS St John Hospital in Nassau Bay offers comprehensive medical ser vices in cardiology, oncology, intensive care, diagnostic imaging, gynecology, pediatrics, advanced laparoscopic procedures, cancer treatment, cardiovascular, sports medicine and vascular specialties Each of the facilities of CHRISTUS Health Gulf Coast shares one objective to lead the way to a healthier community CHRISTUS Health Gulf Coast's other health care operations include part ownership in Galveston County Clinical Services, Inc and I ndigent Care Services of Harris County Both provide physician health care services to Medical patients In our 2011 Fiscal Year alone, we were privileged to serve hundreds of tho usands of individuals in various ways including 57,012 visits to our Emergency Department, 2,733 inpatient surgery procedures, 8,750 outpatient surgery procedures, 12,223 patients who were admitted to our hospitals for care, and 221,498 patients who received outpatient care at our facilities CHRISTUS Health Gulf Coast provides a full range of inpatient and outpatient services to the people from the communities it serves It conducts its activities and serves its health care purpose without regard to race, color, creed, religion, gend er, orientation, disability, age, ability to pay, or national origin Rooted in our mission and tradition, the founders and sponsors of CHRISTUS Health and those who co-minister w
		welfare of the poor and underserved CHRISTUS Associates and physicians continue the tradition of caring established by the Sisters of Charity of the Incarnate Word and seek to restore the whole person back to a place of complete physical, mental and spiritual wellness CHRISTUS Health Gulf Coast collaborates with communities, churches, businesses, and other health care organizations to facilitate and strengthen accessibility of quality comprehensive health care services for all, particularly the vulnerable and underserved populations. In an effort to meet and address the identified healthcare needs in the communities we serve, CHRISTUS Health Gulf Coast joins with many local community partners and se rvice organizations,
		American Heart Association, the Archdiocese of Galveston-Houston, Breath of Life Clinic, Christ Clinic and local faith communities, the Dominican Sisters of the Sacred Heart, University of Texas Medical Branch (UTMB) at Galveston, Regional Maternal and Child Program, Dickinson Independent School District, DePelchin Children's Center, community representatives, school administrators, parents, and community volunteers. These local community partners and organizations partake in the following programs. (1) The CHRISTUS Literacy Center. A collaborative initiative between CHRISTUS Health Gulf Coast, the Archdiocese of Galveston-Houston and the Dominican Sisters of the Sacred Heart.
		assistance in improving the reading and writing skills of
		month, providing meals, clothing, hygiene, counseling and referral services. Our Dail y Bread serves all clients with respect and dignity in a manner befitting one of God's own (3). The CHRISTUS Community Health Ministries Healthy Living. Mobile Unit we will continue to focus on the health needs of the uninsured and underinsured in the community by increasing access to care through collaboration and net.

Promotion of community Health P	working with other agencies Some of the services provided
	include (A) Health Assessments Through our health assessment screening we focus on chronic diseases, such as cardiovasc ular disease, diabetes and obesity, educating our patients and assisting them in finding a medical home base. We will focus on our senior sites working with the ACES program. We will continue to attend health fairs at schools and churches. We collaborate with the Archdi ocese of Galveston- Houston by reaching out to as many of the churches as possible in the outlying counties that do not have access to care so they can participate in the projects to provide health screenings (B). Vaccine Administration. We continue to meet the needs of our seniors by providing influenza vaccines, attempting to administer 5000 immunizations annually. We provided 300 blankets to needy seniors and distributed 500 Healthy Living. Gift packs containing educational and resource materials that promote healthy living and addir ess psychological needs. We collaborate with the City of Houston and the State of Texas on a Vaccine for Children Program that administers immunizations in the community at schools, health fairs and apartment complexes in needy areas. (4) Susan G. Komen Breast Cancer Awareness and Screening. Collaboration with The Susan G. Komen Breast Cancer Foundation and the Rose and Y. Me organization to compliment our Breast Cancer Awareness. Clinics, distributing 500 breast cancer awareness packets with educational and resource materials during the emonth of October. (5) Minority Health Disparities. Collaboration with M. D. Anderson Cent er for Research on Minority Health. Disparities for the Medicare navigation program to help diagnose cancer patients. We act as a mentor and navigator for health care access. (6) Di abetes Education. We continue to collaborate with Katy Community Clinics and CHRISTUS St. John Hospital by providing health screening assessments to assist patients who need to establish a medical home base clinic. (8) We collaborate with CHRISTUS St. John Hospital and the CHRISTUS Health Gulf
	VNA The churches will offer health screenings, health fairs, educational programs related to chro nic disease, prevention, spiritual support and serving as a resource to the congregation With the exception of one church, all co

Identifier	ReturnReference	Explanation				
Identifier Affiliated health care system	Part VI, Line 6	Christus Health Gulf Coast is part of CHRISTUS Health, an international, Catholic, faith based, nonprofit health system comprised of almost 350 services and facilities including more than 50 hospitals and long term care facilities, 175 clinics and outpatient centers, and other community health ministries and community development ventures CHRISTUS services can be found in Arkansas, Georgia, Iowa, Louisiana, Missouri, New Mexico, Texas, and six provinces of Mexico A common mission, core values, and vision unite the health system Each region, including CHRISTUS Health Gulf Coast, develops five-year and ten-year strategic plans that help set the yearly operational plans and budgets. Regional strategic goals are set in collaboration with CHRISTUS Health and include metrics that will be used to measure community benefit, clinical outcomes, patient satisfaction, and Associate engagement. CHRISTUS Health provides updated market, demographics, and health indicator data on an annual basis. In addition, CHRISTUS Health Gulf Coast works closely with the CHRISTUS Community Health council to meet system wide initiatives for addressing community needs. Currently these initiatives include increasing access to primary care, avoiding Emergency Department visits and preventable hospitalizations, a case management program for patients of our clinics who have chronic illness, diabetes education, and creating affordable senior housing opportunities in the region. The data supplied from CHRISTUS Health along with the system wide strategic initiatives are consistent with the community needs assessment of the region. CHRISTUS Health Gulf Coast, in turn, partners with other nonprofit groups (churches, health care providers, and government agencies) to create collaborations where health needs can be addressed and the general health of individuals and the community is improved. Part VI, Line 7				
		Department visits and preventable hospitalizations, a case management program for patients of our clinics who have chronic illness, diabetes education, and creating affordable senior housing opportunities in the region. The data supplied from CHRISTUS Health along with the system wide strategic initiatives are consistent with the community needs assessment of the region. CHRISTUS Health Gulf Coast, in turn, partners with other nonprofit groups (churches, health care providers, and government agencies) to create collaborations where health needs can be addressed and the general health of individuals and the community is improved. Part VI, Line 7. State Filing of Community Benefit Report A community benefit report is filed for the State of Texas in the form of the Annual Statement of Community Benefits Standard (ASCBS) form as required by the Health and Safety Code, Sections 311 045 and 311 046. The Code requires nonprofit hospitals to file the				
		ASCBS form and annual report of the Community Benefits Plan with the Texas Department of State Health Services (DSHS) The 2011 ASCBS form is expanded to collect the information on charity care policies and community benefits in a standardized format. All CHRISTUS Health entities including facilities located in states that do not require annual community benefit reporting (i.e., Louisiana, and New Mexico), follow the same reporting rules as outlined in the Catholic Health Association Guide to Planning and Reporting Community Benefit, copyright 2008. Total community benefit for CHRISTUS Health is also reported in the annual report prepared and distributed by the system office. State Filing of Community Benefit Report.				

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Schedule I (Form 990)

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

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

Attach to Form 990

OMB No 1545-0047

DLN: 93493135061112

Inspection

Department of the Treasury Internal Revenue Service

Name of the organization Christus Health Gulf Coast Employer identification number

						76-0591592	
Part I General Inform	nation on Grants	and Assistance				•	
Does the organization ma the selection criteria use Describe in Part IV the o	d to award the grants	orassistance?					∀ Yes ⊢
Form 990, Part I		Governments and recipient that received eded		Check this box if n	o one recipient rece	ived more than \$5,0	
1 (a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) A mount of non- cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) Texas Right to Life Educational Fund9800 Centre Parkway Suite 200 Houston,TX 77036	23-7373806	501(c)(3)	10,000				Leadership training program
(2) Our Lady of Fatima Catholic School1600 9th Avenue North Texas City,TX 77590	76-0687219	501(c)(3)	6,000				FATIMA giving fund
(3) Cornerstone Recovery 1901 Morse Street Suite B206 Houston,TX 77019	76-0655123	501(c)(3)	10,000				Expansion-behavioral health treatment
(4) NASA Area Little League PO Box 891183 Houston,TX 77289	76-0343646	501(c)(3)	6,174				Scoreboard-Little League games
(5) Christ Clinic5504 First Street Katy,TX 77492	35-2179708	501(c)(3)	60,000				Funding salary & benefits for nurse practitioner
(6) Katy Area Chamber of Commerce23501 Cinco Ranch Blvd Ste B206 Katy,TX 77494	74-2028745	501(c)(3)	10,300				Festival & Gala sponsorships, Support business in Katy Area
(7) Christus Foundation for HealthcarePO Box 1919 Houston,TX 77251	74-6074210	501(c)(3)	13,000				School Based Clinics & Children's Programs
(8) Memorial Hermann Health System7737 SW Fwy Suite 200 Houston,TX 77074	74-1152597	501(c)(3)	48,000,000				Indigent Funding for Harris county
(9) Galveston County Clinical Services	27-1056537		139,948				Indigent Funding for Galveston county
(10) Critical Access Healthcare LLC	01-0893597		2,634,191				Indigent Funding for Hutchinson County

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

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

(a)Type of grant or assistance	(b) Number of recipients	(c) A mount of cash grant	(d)A mount of non-cash assistance	(e)Method of valuation (book, FMV, appraisal, other)	(f)Description of non-cash assistance
(1) Indigent Assistance	328		70,321	FMV	RX/Vısıts/Phy Svc/Tr

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

Identifier	Return Reference	Explanation
Description of Organization's Procedures for Monitoring the Use of Grants	Form 990, Schedule I	The Organization follows CHRISTUS Health Management Directive No 0006, "Contributions/Donations to Other Organizations" Before any donation is made, two criteria are addressed (1) Organization Test and (2) IRS Test. The organization test ensures that donations are exclusively for charitable, scientific, educational, and religious purposes, and in furtherance of our purpose of supporting the healing ministry of Jesus Christ and advancing, promoting, and supporting the healthcare ministries of the Sponsoring Congregations Contributions can be made to support CHRISTUS System members and to other qualifying tax-exempt organizations, particularly those designed to support and benefit the poor and underserved. The organization considered for donations must be an IRS Section 501(c)(3) organization and documentation to that effect obtained. To satisfy the IRS test contributions given must be dedicated to achieving charitable purposes not for personal benefit but for public benefit. Contributions are prohibited to organizations that contribute to political campaigns, candidates for office, or conduct more than incidental lobbying. Documentation must support how the donation meets organizational purposes and furtherance of mission. Donations should be modest in scope. The filing organization provides indigent funding grants to the counties in which CHRISTUS Health affiliated hospitals serve via grants paid to other hospitals AND HEALTHCARE ORGANIZATIONS located within such counties. This charitable donation helps relieve the additional expense of healthcare for the indigent population within CHRISTUS Health's communities that the filing organization may not directly serve in one of its hospitals. This is a result of our mission to extend the healing ministry of Jesus Christ, especially to the poor and underserved.

DLN: 93493135061112

Employer identification number

OMB No 1545-0047

Schedule J (Form 990)

Department of the Treasury Internal Revenue Service

Name of the organization

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.

Open to Public Inspection

Chr	ristus Health Gulf Coast		76 0501502			
Рa	art I Questions Regarding Compensation		76-0591592			
	Questions Regulating compensation				Yes	Νo
1a	Check the appropriate box(es) if the organization provided any of the 990, Part VII, Section A, line 1a Complete Part III to provide any					
	First-class or charter travel House	ng allowance or residence for	personal use			
	Travel for companions Paym	ents for business use of perso	nal residence			
	- · · · · · · · · · · · · · · · · · · ·	h or social club dues or initiati				
	☐ Discretionary spending account ☐ Perso	nal services (e g , maid, chauf	feur, chef)			
b	If any of the boxes in line 1a are checked, did the organization folloreimbursement orprovision of all the expenses described above? I			1b		
2	Did the organization require substantiation prior to reimbursing or officers, directors, trustees, and the CEO/Executive Director, rega			2		
3	Indicate which, if any, of the following the organization uses to esta organization's CEO/Executive Director Check all that apply Compensation committee	ablish the compensation of the				
	☐ Independent compensation consultant ☐ Comp	ensation survey or study				
	Form 990 of other organizations Appro	oval by the board or compensa	tion committee			
4	During the year, did any person listed in Form 990, Part VII, Sectior a related organization	on A , line 1a with respect to th	ne filing organization			
а	Receive a severance payment or change-of-control payment from	the organization or a related o	rganızatıon?	4a		Νo
b	Participate in, or receive payment from, a supplemental nonqualifie	ed retirement plan?		4b	Yes	
C	Participate in, or receive payment from, an equity-based compens	ation arrangement?	Γ	4c		Νo
	If "Yes" to any of lines 4a-c, list the persons and provide the appli	cable amounts for each item ii	n Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete li	nes 5-9.				
5	For persons listed in form 990, Part VII, Section A, line 1a, did the compensation contingent on the revenues of	e organization pay or accrue ai	ny			
а	The organization?			5a		Νo
b	Any related organization?			5b		Νo
	If "Yes," to line 5a or 5b, describe in Part III					
6	For persons listed in form 990, Part VII, Section A, line 1a, did the compensation contingent on the net earnings of	e organization pay or accrue an	ny			
а	The organization?			6a		Νo
b	Any related organization?			6b		Νo
	If "Yes," to line 6a or 6b, describe in Part III					
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the payments not described in lines 5 and 6? If "Yes," describe in Par		n-fixed	7		Νo
8	Were any amounts reported in Form 990, Part VII, paid or accured subject to the initial contract exception described in Regs section in Part III			8		No
9	If "Yes" to line 8, did the organization also follow the rebuttable pr	esumption procedure describe	d in Regulations	-		

section 53 4958-6(c)?

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	f W-2 and/or 1099-MIS	SC compensation	(C) Retirement and	(D) Nontaxable	(E) Total of columns	(F) Compensation	
		compensation incentive		(iii) Other reportable compensation	other deferred compensation	benefits	(B)(ı)-(D)	reported in prior Form 990 or Form 990-EZ	
(1) Ellen M Jones	(I) (II)	147,428 319,979				7,391 16,040		0	
(2) William A Hecht	(I) (II)	73,946 209,008				6,500 18,372		0	
(3) John H McCabe	(I) (II)	183,394 0	28,078 0	9,548 0	58,544 0	11,793 0	291,357 0	0	
(4) Tom Permetti	(I) (II)	193,872 98,847		60,600 30,897		20,143 10,270		0	
(5) Nancy Pittman	(I) (II)	159,793 0	20,632	2 5 0	37,741 0	5,022 0	223,213	0	
(6) Harold Gottlieb	(I) (II)	294,144 0	46,615 0	67,100 0	90,022	16,356 0	514,237 0	0	
(7) Pearl Mohnkern	(I) (II)	31,114 142,917		2,475 11,371		2,015 9,255		0	
(8) Charles Foster	(I) (II)	41,879 154,870		16,885 62,440		4,729 17,489		0	
(9) Heather Boler	(I) (II)	45,698 130,826		4,839 13,854		4,627 13,246			
(10) Nancy Brock	(ı) (ıı)	161,826 0	20,913	2 5 0	28,730 0	5,906 0	217,400 0	0	
(11) Michael Sullivan	(I) (II)	84,176 84,176		27,820 27,820		5,514 5,514		0	
(12) Pat Carrier	(I) (II)	51,546 412,164	6,351 50,781	13,791 110,271	17,273 138,110	1,967 15,725		0	
(13)									
(14)			1	1					
(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
Supplemental Compensation Information	Form 990, Part VII, Question 1A and Schedule J, Part II	Directors and Ex-Officio Directors provide their services as members of the Board without compensation or benefits. Any compensation and benefits disclosed for such persons is earned in the respective individual's role as an officer or employee of the organization, not for the individual's role as a board member or director. Officers, key employees and highest paid employees are full-time employees. Board members spend time as needed for board meetings and functions. Manish Wani, MD received \$16,100 for services as a Medical Director. Dr. Wani received no compensation for serving as a director. Dan Casso, MD received \$5,070 for Surgical Services. Dr. Casso received no compensation for serving as a director.
Explanation of Related Org determining CEO/Executive Directors comp	Form 990, Schedule J, Part I, Question 3	The filing organization's CEO/executive director is an employee of CHRISTUS Health, a related organization. As a result, compensation is established at the CHRISTUS Health level and the filing organization does not have a role in implementing the methods used to establish compensation or in determining CEO/executive director compensation. CHRISTUS Health uses an Executive Compensation Committee to establish and approve the compensation of the filing organization's CEO/executive director. This committee uses an independent compensation consultant who performs bi-annual compensation survey.
Deferred Compensation	Form 990, Schedule J, Part II, Column C	Deferred compensation includes Executive Deferred Income Account, Supplemental Executive Retirement and Retention Plan, Employer contribution to 403 (b) Matched Savings Plan, Pension Restoration Plan and Estimated Pension Benefits under CHRISTUS Health Cash Balance Plan Estimated pension benefits were calculated based on the provisions of the current Cash Balance Plan at 6% of pensionable earnings Some associates are grandfathered under an earlier pension plan These grandfathered participants, based on computation at the time of their retirement, will receive the larger of the retirement benefit computed under the Cash Balance Plan accurate benefit cost for grandfathered participants, the Form 990 reports as pension benefits their annual estimated Cash Balance Plan accurate
Supplemental Nonqualified Retirement Plan		Deferred compensation includes Executive Deferred Income Account, Supplemental Executive Retirement and Retention Plan, and Pension Restoration Plan Estimated pension benefits were calculated based on the provisions of the current Pension Restoration Plan at 6% of pensionable earnings which are over the IRS legislative compensation limit. Some Associates are grandfathered under an earlier legacy pension plan. If a participant has protected pension benefits under such legacy plans, his/her percentage is zero under the Supplemental Executive Retirement and Retention Plan, as the protected benefit is already equal to or better than current market.
Supplemental Nonqualified Retirement Plan Payments		Heather Boler received \$3,565 during Calendar Year 2010 under a supplemental nonqualified retirement plan Charles Foster received \$36,497 during Calendar Year 2010 under a supplemental nonqualified retirement plan Harold Gottlieb received \$67,075 during Calendar Year 2010 under a supplemental nonqualified retirement plan Bill Hecht received \$18,827 during Calendar Year 2010 under a supplemental nonqualified retirement plan Ellen Jones received \$56,743 during Calendar Year 2010 under a supplemental nonqualified retirement plan Thomas Permetti received \$59,259 during Calendar Year 2010 under a supplemental nonqualified retirement plan Patrick Carrier received \$70,728 during Calendar Year 2010 under a supplemental nonqualified retirement plan
Supplemental Compensation Information	Form 990, Schedule J, Part II	W-2 compensation may include payments related to compensation deferred in prior years. Deferred Compensation may include deferrals of current year compensation under Executive Deferred Income Account, Supplemental Executive Retirement and Retention Plan and Pension Restoration Plan.
Supplemental Compensation Information	Form 990, Schedule J, Part II	Bonus and incentive compensation may include amounts that were deferred in a prior year but paid out in calendar year 2010

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DLN: 93493135061112

OMB No 1545-0047

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SCHEDULE M (Form 990)

Department of the Treasury

▶Complete if the organization answered "Yes" on Form 990, Part IV, lines 29 or 30. ► Attach to Form 990.

NonCash Contributions

Internal Revenue Service Name of the organization Christus Health Gulf Coast

Employer identification number

					76-0591592			
Pa	TTI Types of Property							
		(a) Check if applicable	(b) Number of Contributions or items contributed	(c) Noncash contribution amounts reported on Form 990, Part VIII, line 1g	(d Method of determining c amounts		ontribut	ion
1	Art—Works of art			-9				
2	Art—Historical treasures							
3	Art—Fractional interests							
4	Books and publications							
5	Clothing and household							
good								
	Cars and other vehicles .							
	Boats and planes							
	Intellectual property							
	Securities—Publicly traded							
	Securities—Closely held stock							
11	Securities—Partnership, LLC, or trust interests .							
12	Securities—Miscellaneous							
13	Qualified conservation contribution—Historic structures							
14	Qualified conservation contribution—Other							
15	Real estate—Residential .							
16	Real estate—Commercial							
17	Real estate—Other							
18	Collectibles							
19	Food inventory							
20	Drugs and medical supplies							
21	Taxıdermy							
22	Historical artifacts							
23	Scientific specimens							
24	Archeological artifacts .							
	O ther - Hospital							
25	Supplies/ Other►(<u>Equip</u>)	l x	4	34 985	COST/SELLING PR	I C F		
	Other • ()	_^	7	34,503	COST/SEEEINGTR	101		
	Other ► ()							
	Other • ()							
29	Number of Forms 8283 received by	v the ora	anization during the tax ve	ar for contributions				
	for which the organization complete				29	-	1	0
30-	During the year did the arraniti-	n racau:	o by contribution and are	orty reported in Dart T. I	1_28 +ha+ +		Yes	No
SUa	During the year, did the organization							
	must hold for at least three years f			on, and which is not require	a to be used			NI -
	for exempt purposes for the entire					30a		No
ь 31	If "Yes," describe the arrangement			roway of any non-standard	contributions?	31	Yes	
	Does the organization have a gift a						103	
32a	Does the organization hire or use t contributions?	hırd partı • • •	es or related organizations	to solicit, process, or sell	non-cash	32a		No
b 33	If "Yes," describe in Part II If the organization did not report re describe in Part II	venues i	n column (c) for a type of p	roperty for which column (a) is checked,			

Page 2

Part II

Supplemental Information. Complete this part to provide the information required by Part I, lines 30b, 32b, and 33. Also complete this part for any additional information.

Identifier Return Reference Explanation

Schedule M (Form 990) 2010

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DLN: 93493135061112

OMB No 1545-0047

2010

Open to Public Inspection

SCHEDULE 0 (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.

Name of the organization Christus Health Gulf Coast

Employer identification number

76-0591592

ldentifier	Return Reference	Explanation
Doing Business As	Form 990, Page 1, Item C	CHRISTUS HEALTH GULF COAST OPERATES UNDER THE FOLLOWING NAMES CAROLINE SENIOR HEALTH CENTER CHRISTUS FOUNDATION FOR HEALTHCARE CHRISTUS GALVESTON MINISTRIES CHRISTUS HEALTH SERVICE CENTER CHRISTUS NEW HORIZONS CENTER CHRISTUS OUR DAILY BREAD CHRISTUS ST CATHERINE HEALTH & WELLNESS CENTER CHRISTUS ST CATHERINE HOSPITAL CHRISTUS ST JOHN CONCUSSION CENTER AND NEUROCOGNITIVE INSTITUTE CHRISTUS ST JOHN HOME CARE CHRISTUS ST JOHN HOSPITAL CHRISTUS ST JOHN LABORATORY AND IMAGING SERVICES CHRISTUS ST JOHN MEDICAL EQUIPMENT CHRISTUS ST JOSEPH FAMILY HEALTH CENTER CHRISTUS ST JOSEPH HOME CARE CHRISTUS ST JOSEPH HOSPICE CHRISTUS ST JOSEPH HOSPITAL CRAYON CLUB CHRISTUS ST JOSEPH HOSPITAL REFERENCE LABORATORY CHRISTUS ST JOSEPH HOSPITAL WOMANCARE CHRISTUS ST JOSEPH HOSPITAL WOMEN'S AND CHILDREN'S GARDEN OAK SENIOR HEALTH CENTER SEABROOK SENIOR HEALTH CENTER SOUTHWEST COMMUNITY HEALTH CENTER ST MARY HEALTH CLINIC

ldentifier	Return Reference	Explanation
Description of Other Program Services	Form 990, Part III, Line 4d	COMMUNITY SERVICES FOR THE POOR AND UNDERSERVED Rooted in our mission and tradition, the f ounders and sponsors of CHRISTUS Health and those who co-minister with themseek new and innovative ways of delivering quality health care that is both affordable and accessible to all Today, more than ever, we must aim to improve the total health status of the community through programs that place our services where they are needed most, with special attent ton and preference given to programs that support and benefit the health and welfare of the poor and underserved Community Services for the poor and underserved represent the unp aid cost of services provided for which a patient is not billed, or for which a fee has be en assessed that recovers only a portion of the cost of the rendered service. This category includes intitatives that reach out to those in need through community health and social programs. These programs seek justice for the vulnerable and work to bring about changes in our political and economic systems. The programs cover a broad spectrum of services for mchartly clinics to immunizations for children and seniors, meals on wheels, transportation services, home repair projects and a variety of other social services. The Point of Light Clinic has been in operation since 1990 to provide acute care and episodic healthcare is ervices to those with oar eurinisured and underinisured within the secondary market of CHRISTUS St. John Hospital In the fiscal year ending 6/30/11, the Point of Light Clinic provided care to 4550 patients. Healthy Living Mobile Clinic, a collaborative mobile health program delivering primary and preventive care (including immunizations), which targets the elderity, women, and children provided 38,733 patient visits Parish Health Ministry provides a continuum of care, especially for the underserved populations, through an organing partner ship with Associated Catholic Charities in collaboration with the Diocese of Galveston-Houston. The parish places the "Sign of Life" on the parish p

ldentifier	Return Reference	Explanation
Description of Other Program Services	Form 990, Part III, Line 4d	zations at terms not exceeding more than five years. The income that would have been earned at the market rate less our loan rate (foregone income) is considered a community benefit for reporting purposes. The costs of this program are not included in the Program Service of Expenses for CHRISTUS Health Gulf Coast. Though outstanding loan balances vary throughout the year, the outstanding loan balance at the end of Fiscal Year 2011 was \$1,117,836. The foregone interest for CHRISTUS Gulf Coast in FY2011 was \$26,816. CHRISTUS Health established the CHRISTUS Fund to provide resources to not-for-profit agencies and groups whose vision, mission and goals are consistent with CHRISTUS Health's mission, values and philosophy of a healthy community. We believe that by working together, we can make a profound difference in the quality of peoples' lives and create sustainable health in our communities. During FY2011, the total grant money distributed to the Gulf Coast region was \$210,000. The cost of these grants is not included in the Program Service Expenses for CHRISTUS Health Gulf Coast. TOTAL PROGRAM SERVICE EXPENSE = \$64,299,166 GRANTS = \$50,844,460 TOTAL PROGRAM SERVICES FOR THE BROADER COMMUNITY. The greatest share of these expenses is spent educating health professionals Helping to prepare future health care professionals is a distinguishing characteristic of not-for-profit health care and constitutes a significant community benefit. CHRISTUS Health also uses cash donations as a vehicle to help our communities. We make cash donations, in addition to grants awarded through the CHRISTUS Fund, it o support causes like the fight against cancer, provision of a continuum of care for our elderly, cleft lip and palate repair, HIV/AIDS and for many other equally worthy purposes. During FY2011, CHRISTUS Health advocated for improving public policies, working to establi sh, and in some instances augment, grassroots advocacy and greater access to healthcare se rvices for the constituents we serve. Program Service Expense = \$3

Identifier	Return Reference	Explanation
Description of Classes of Members or Stockholders	Form 990, Part VI, Line 6	CHRISTUS Health is the sole corporate member of the filing organization

ldentifier	Return Reference	Explanation
Descriptions of Classes of Persons and the Nature of Their Rights	Form 990, Part VI, Line 7a	Christus Health, the sole corporate member of the filing organization, has the power to appoint all members of the filing organization's governing body. Decisions of the governing body subject to approval by member Form 990, Part VI, Line 7b Christus Health's Board of Directors has the following powers approve, change and/or interpret the filing organization's philosophy, mission and vision, approve the adoption or amendment of the filing organization's articles of incorporation and bylaws, appoint and remove members of the filing organization's board of directors, approve and remove the filing organization's chair of the board of directors and vice chairperson of board of directors, approve encurrence of debt that exceeds \$5 million per incurrence or \$25 million annually, approve any merger, consolidation, acquisition, dissolution or liquidation by the filing organization, approve the implementation of system-wide policies for the filing organization, approve system-wide consolidated budget and performance indicators for the filing organization, approve the implementation of system-wide policies for the filing organization, approve system-wide consolidated budget and performance indicators for the filing organization, approve the independent audit reports of the filing organization, approve capital projects greater than \$10 million for the filing organization, approve any transaction involving a system participant or local entity which creates a new legal entity or joint venture, or changes in business purpose or relationship of any local entity, and approve and authorize actions reserved in organization documents or similar governance documents. The Christus Health CEO has the following powers power to appoint and remove the President of the filing organization, approve the sale, lease, mortgage, transfer, easement or encumbrance of the filing organization's property designated as non-Designated Ministry Property under \$5 million approve the Fresident of Capital projects less than \$10 million by the filing or

ldentifier	Return Reference	Explanation
Process used to Review Form 990	Form 990, Part VI, Line 11B	The Form 990 is prepared and reviewed by the organization's external independent accountants. The CHRISTUS Health Accounting department works with an external accounting firm in preparation and review of the Form 990. The filing organization's CFO, or other designee, reviews the Form 990. The final Form 990 that will be filed with the IRS is posted to a secure internet portal for all members of the Board of Directors to view Review of the final Form 990 occurs prior to filing with the IRS in the Spring of 2012 via a wieb portal polling tool by the respective CHRISTUS Organization's board, based on a set of suggested review processes developed by CHRISTUS Health

ldentifier	Return Reference	Explanation
Description of Process to monitor transactions for conflict of interest	Form 990, Part VI, Line 12c	At the end of each calendar year, the CHRISTUS Health Corporate Secretary distributes a conflict of interest questionnaire to all of the organization's Board and Committee members for completion prior to the 1st of January in the next year. The Corporate Secretary thoroughly reviews all completed and executed conflict of interest questionnaire forms to ensure accuracy and that no potential or identified conflict is disclosed or exists. The organization's Board of Directors is responsible for enforcement of the conflict of interest policy of the organization.

ldentifier	Return Reference	Explanation
Compensation Determination Process	Form 990, Part VI, Lines 15a & 15b	The Executive Compensation Committee of CHRISTUS Health determines the compensation of the CEO (or Executive Director, as applicable), officers and key employees of Christus Health and certain other officers and key employees of related organizations INCLUDING CHRISTUS HEALTH GIULF COAST. The Executive Compensation Committee is composed of individuals who have no conflict of interest with the compensation arrangements at hand. The Executive Compensation Committee of the CHRISTUS Health Board selects an independent external firm to perform an independent compensation review, to ensure that all compensation is reasonable and comparable to other similarly situated organizations, for similarly qualified persons in functionally comparable positions, and to provide supporting information of compensation decisions. On an annual basis the external consultant. I develops the merit increase recommendations for all Designated System Executives based on market comparability. I recommends the changes in the Compensation Structure (grades) based on the market changes. 3 completes a review and evaluation of newly created positions to recommend a grade placement to the Committee for its discussion and approval. On a bi-annual basis, the external consultant completes a detailed review of all other Designated System Executives' compensation and benefits. This group includes all top management officials, other officers and key leaders of the organization. The review includes recommendations to the Committee on any changes necessary in either specific compensation or compensation structure to ensure market competitiveness, reasonableness and internal equity. Upon recommendations from the independent external firm, the Executive Compensation Committee makes final compensation decisions. Additionally, the Executive Compensation Committee are documented and formalized in the Committee minutes and maintained on record. A related organization determined the compensation of Secretary, Erick Smith, by use of surveys, taking into account

ldentifier	Return Reference	Explanation
Public Disclosure of 1023 and Forms 990 & 990- T	Form 990, Part VI, Line 18	CHRISTUS Health and most of its affiliated entities do not have Forms 1023 because of their inclusion in the IRS Group Ruling with the United States Conference of Catholic Bishops, which covers the organizations listed in the Annual Official Catholic Directory CHRISTUS Health's website displays the IRS Group Ruling and relevant Annual Official Catholic Directory pages for the organizations related to CHRISTUS Health Forms 990 and 990-T are made available upon request

ldentifier	Return Reference	Explanation
Avail of gov docs, conflict of interest policy and fin stmts to public		The Consolidated Audited Financial Statements of CHRISTUS Health are made available to the public via the Christus Health website. The organization's governing documents and conflict of interest policy are not made available to the public.

Identifier	Return Reference	Explanation
Hours worked for Related Organization	Form 990, Part VII, Section A	Average hours per w eek listed on Form 990, Part VII, Section A are the average hours devoted to the respective person's position while serving the organization Ellen Jones devotes an average of 24 hours per week to Christus Health Southeast Texas, a related organization of the filling entity. Blen is the President/CEO of Christus Health Southeast Texas Ellen Jones devotes an average of 2 hours per week to CHRISTUS Foundation for Healthcare, a related organization of the filling entity. Blen is a director of CHRISTUS Foundation for Healthcare Bill Hecht devotes an average of 24 hours per week to Christus Health Southeast Texas, a related organization of the filling entity. Bill is the Chief Financial Officer of Christus Health Southeast Texas. Tom Permetti devotes an average of 16 hours per week to Christus Health Southeast Texas. Tom Permetti devotes an average of 16 hours per week to Christus Health Southeast Texas. Tom Permetti devotes an average of 16 hours per week to Christus Health Southeast Texas. Texas Fearl Mohnkern was termed as the Vice President of Human Resources of CHRISTUS Health Gulf Coast as of 6/19/10. The average hours per week devoted to her position at Gulf Coast and reported on Part VII, Section A is 0 because such hours are reported for the fiscal year ending 6/30/11. Through 12/31/10, Pearl Mohnkern devoted an average of 40 hours per week to Christus Continuing Care, a related organization of the filing entity. Pearl was the Vice President of Human Resources of Christus Continuing Care, a related organization of the filing entity. Pearl is the Vice President of Human Resources of St. Vincent Hospital Charles Foster devotes an average of 24 hours per week to Christus Health Southeast Texas, a related organization of the filing entity. Pearl is the Vice President of Human Resources of Christus Health Southeast Texas, a related organization of the filing entity. Health Southeast Texas, a related organization of the filing entity. Mean servage of 24 hours per week to Christus Christus Chris

ldentifier	Return Reference	Explanation
Other changes in net assets or fund balances	XI, Line 5	Pension Liability/Expense = (\$12,624,109) Pension Funding = \$32,981,789 Transfer out of Net Assets = (\$9,981) Cleared Interco Pension Accounts = (\$20,217,996) In Kind Rent Revenue from Foundation = \$156,475 In Kind Rent Expense from Foundation = (\$156,475) Other In Kind Rent Revenue from Organizations = \$640,125 Miscellaneous Adjustment = \$7 Total = \$769,835

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DLN: 93493135061112

2010

OMB No 1545-0047

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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.

Department of the Treasury Internal Revenue Service

(Form 990)

Name of the organization
Christus Health Gulf Coast
76-0591592

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) e Total income	(e) End-of-year assets	(f) Direct controlling entity		
Part II Identification of Related Tax-Exempt Organiz or more related tax-exempt organizations during the	zations (Complete ne tax year.)	ıf the organization	answered "Yes"	on Form 990, Part	IV, line 34 becaus	se it had	one
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	Section 5 cont	g) 512(b)(13 rolled nization
						Yes	No
See Additional Data Table						-	
For Privacy Act and Paperwork Reduction Act Notice, see the Instruction	ns for Form 990.	Cat No 50)135Y		Schedule R (I	Form 990)	2010

Part III	Identification of Related Organizations Taxable as a Partnership (Complete if the organization answered "Yes" on Form 990, Part IV, lin	e 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 Disprop allocat	rtionate	(i) Code V—UBI amount in box 20 of Schedule K-1 (Forn 1065)	(j Genei mana parti	ral or aging	(k) Percentage ownership
							Yes	No		Yes	No	
(1) WEST HOUSTON REAL ESTATE DEVELOPMENT 1700 WEST LOOP SOUTH 1200 HOUSTON, TX77027 26-2330994	HEALTHCARE SRVCS	TX	NA	INVESTMENT	346	8,534,147		No	0		No	73 958 %

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) HOUSTON METROPOLITAN HEALTH NETWORK 1700 WEST LOOP SOUTH SUITE 400A HOUSTON, TX77027 76-0427193	HLTHCARE SVC	ТХ	NA	C Corp	99,326	331,900	100 000 %
(2) CHRISTUS MUGUERZA SAPI DE CV Hidalgo PTE 2525 Col Obispado, Monterrey, N L 64060 MX	HEALTHCARE SR	MX	СН	C Corp			
(3) EMERALD ASSURANCE CAYMAN LTD PO BOX 1051 GRAND CAYMAN, CAYMAN ISLANDS KY1-1102 CJ 98-0407545	INSURANCE	CJ	СН	C CORP			
							5 000) 2040

(6)

Part V	■ Iransactions with Related Organizations (Complete if the organization answered "Ye	es" on Form 990, Pai	t IV, line 34, 35, 3	5A, or 36.)		
Not	e. Complete line 1 if any entity is listed in Parts II, III or IV				Yes	No
1 During	g the tax year, did the orgranization engage in any of the following transactions with one or more related orga	ınızatıons lısted ın Part	s II-IV?		1	
a Re	ceipt of (i) interest (ii) annuities (iii) royalties (iv) rent from a controlled entity			1a	Yes	
b Gif	t, grant, or capital contribution to other organization(s)			1b	Yes	
c Gıf	t, grant, or capital contribution from other organization(s)			1c	Yes	
d Loa	ans or loan guarantees to or for other organization(s)			1d		No
e Loa	ans or loan guarantees by other organization(s)			1e		No
f Sal	e of assets to other organization(s)			1f	_	No
	rchase of assets from other organization(s)			1g	+	
	change of assets			1h		No
	se of facilities, equipment, or other assets to other organization(s)			1i		
j Lea	se of facilities, equipment, or other assets from other organization(s)			1 <u>j</u>	Yes	
k Pe	rformance of services or membership or fundraising solicitations for other organization(s)			1k	Yes	
I Per	formance of services or membership or fundraising solicitations by other organization(s)			11	Yes	
m Sha	aring of facilities, equipment, mailing lists, or other assets			1m	1	No
n Sh	arıng of paıd employees			1n	Yes	
o Re	imbursement paid to other organization for expenses			10	Yes	<u> </u>
	imbursement paid by other organization for expenses			1p		_
P 1.0	misurisement para 5, ether organization for expenses				+	
q Ot	her transfer of cash or property to other organization(s)			1 q	Yes	
r Oth	ner transfer of cash or property from other organization(s)			1r	Yes	
2 If t	he answer to any of the above is "Yes," see the instructions for information on who must complete this line, i	uncluding covered relati	onehine and transact	ion thresholds		
	(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determing involved		ount
(1)		,, ,				
See Additio	nal Data Table					
(2)						
(3)						
(-)						
(4)						
(E)						
(5)						

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d Are parti sect 501(d organiz	ners :ion :)(3) :ations?	(e) Share of end-of-year assets		r) ortionate tions?	(g) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	mana part	h) eral or laging tner?
			Yes	No		Yes	No		Yes	No
			+						+	-
			-				\vdash		+	╁
									+	-
										+
										┢
			+							
			<u> </u>							

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation
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Schedule R (Form 990) 2010

Software ID: **Software Version:**

EIN: 76-0591592

Name: Christus Health Gulf Coast

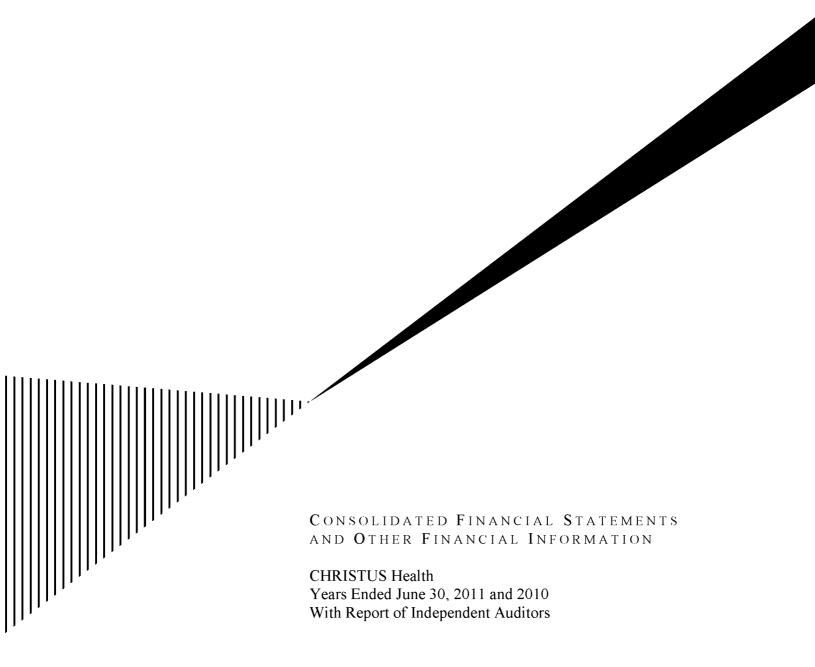
Form 990, Schedule R, Part II - Identification of Related Tax-Exempt Organizations												
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g) Section (b)(1 contro organiz	n 512 13) olled					
						Yes	No					
CHRISTUS HEALTH ARK-LA-TEX 2600 ST MICHAEL DRIVE TEXARKANA, TX75503 75-2796815	HLTHCARE SVC	ТХ	501(C)(3)	3	СН							
CHRISTUS CONTINUING CARE 1700 W LOOP SOUTH SUITE 1100A HOUSTON, TX77027 74-2898615	HLTHCARE SVC	ТХ	501(C)(3)	3	СН							
CH WILKINSON PHYSICIAN NETWORK 1700 WEST LOOP SOUTH STE 400B HOUSTON, TX77027 76-0422435	HLTHCARE SVC	тх	501(C)(3)	11-TYPE 1	СН							
ST JOSEPH COMMUNITY FOUNDATION 2800 LAMAR AVE CAPITAL ONE 2ND F PARIS, TX75460 42-1619230	SUPT HLTH SV	тх	501(C)(3)	11-TYPE 1	СН							
CHRISTUS STEHLIN FND FOR CANCER RESEARCH 10301 STELLA LINK SUITE A HOUSTON, TX77025 74-1622404	CANCER RSCH	TX	501(C)(3)	9	СН							
DUBUIS HEALTH SYSTEM INC 1700 WEST LOOP SOUTH STE 1100A HOUSTON, TX77027 72-1270964	HIthcare Svc	TX	501(C)(3)	3	СН							
CHRISTUS HEALTH FOUNDATION 2707 NORTH LOOP WEST HOUSTON, TX77008 61-1500100	SUPT HLTH SVC	тх	501(C)(3)	11-TYPE 1	СН							
CHRISTUS HEALTH CENTRAL LOUISIANA 3330 MASONIC DRIVE ALEXANDRIA, LA71301 72-0408984	HLTHCARE SVC	LA	501(C)(3)	3	СН							
CHRISTUS HEALTH NORTHERN LOUISIANA ONE SAINT MARY PLACE SHREVEPORT, LA71101 72-0408982	HLTHCARE SVC	LA	501(C)(3)	3	СН							
CHRISTUS SPOHN HEALTH SYSTEM CORP 600 ELIZABETH STREET CORPUS CHRISTI, TX78404 74-1109836	HLTHCARE SVC	ТХ	501(C)(3)	3	СН							
CHRISTUS HEALTH SOUTHEAST TEXAS 2830 CALDER BEAUMONT, TX77726 76-0591590	HLTHCARE SVC	ТХ	501(C)(3)	3	СН							
CHRISTUS Health 2707 NORTH LOOP WEST HOUSTON, TX77008 76-0590551	SUPT HLTH SVC	тх	501(C)(3)	11 - Type I	NA							

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

or in 550, our cause square 12 and state of the same							
(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c) (3))	(f) Direct controlling entity	(g Section (b)(1 contro organiz	n 512 l3) olled
						Yes	No
CHRISTUS SANTA ROSA HEALTH CARE CORP 333 N SANTA ROSA STREET SAN ANTONIO, TX78207 74-1109665	HLTHCARE SVC	TX	501(C)(3)	3	СН		
CHRISTUS HEALTH UTAH 2707 NORTH LOOP WEST HOUSTON, TX77008 87-0231682	HLTHCARE SVC	UT	501(C)(3)	9	СН		
CHRISTUS Health Southwestern Louisiana 524 Dr Michael Debakey Drive Lake Charles, LA70601 72-0411322	HLTHCARE SVC	LA	501(C)(3)	3	СН		
Christus Health Liability Retention Trst 2707 North Loop West Houston, TX77008 76-0259623	SELF INS TRST	ТХ	501(C)(3)	11-TYPE 1	СН		
Christus Foundation for Healthcare PO Box 1919 Houston, TX77251 74-6074210	SUPT HLTH SVC	тх	501(C)(3)	7	GULF COAST		

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

	(a) Name of other organization	(b) Transaction type(a-r)	(c) A mount I nvolved (\$)	(d) Method of determining amount involved
(1)	CHRISTUS FOUNDATION FOR HEALTHCARE	С	1,942,644	
(2)	CHRISTUS FOUNDATION FOR HEALTHCARE	N	679,960	
(3)	CHRISTUS FOUNDATION FOR HEALTHCARE	Р	98,674	
(4)	CHRISTUS HEALTH SOUTHEAST TEXAS	N	1,060,849	
(5)	CHRISTUS HEALTH SOUTHEAST TEXAS	0	88,317	
(6)	CHRISTUS HEALTH SOUTHEAST TEXAS	Р	677,522	
(7)	CH WILKINSON PHYSICIAN NETWORK	А	15,774	
(8)	CH WILKINSON PHYSICIAN NETWORK	L	116,330	
(9)	HOUSTON METROPOLITAN HEALTH NETWORK	N	95,598	
(10)	CHRISTUS HEALTH LIABILITY RETENTION TRUST	0	186,456	



Ernst & Young LLP



Consolidated Financial Statements and Other Financial Information

Years Ended June 30, 2011 and 2010

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Independent Auditors' Report

The Board of Directors CHRISTUS Health

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

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

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

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

October 12, 2011

1107-1277199

Ernst + Young LLP

Consolidated Balance Sheets

Assets Current assets Cash and cash equivalents Short-term investments Equity investments in managed funds Assets whose use is limited or restricted, required for current liabilities Patient accounts receivable, net of allowance for uncompensated care of \$171,310 and \$163,715 at June 30, 2011 and June 30, 2010, respectively Estimated third-party payor settlements Notes and other receivables	418,376 444,893 100,721 71,367 313,652 943	2010 pusands) \$ 524,26 368,56 114,09 67,38 306,11 10,82
Current assets Cash and cash equivalents Short-term investments Equity investments in managed funds Assets whose use is limited or restricted, required for current liabilities Patient accounts receivable, net of allowance for uncompensated care of \$171,310 and \$163,715 at June 30, 2011 and June 30, 2010, respectively Estimated third-party payor settlements	418,376 444,893 100,721 71,367 313,652 943	\$ 524,26 368,56 114,09 67,38
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Short-term investments Equity investments in managed funds Assets whose use is limited or restricted, required for current liabilities Patient accounts receivable, net of allowance for uncompensated care of \$171,310 and \$163,715 at June 30, 2011 and June 30, 2010, respectively Estimated third-party payor settlements	444,893 100,721 71,367 313,652 943	368,56 114,09 67,38 306,11
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care of \$171,310 and \$163,715 at June 30, 2011 and June 30, 2010, respectively Estimated third-party payor settlements	943	·
2010, respectively Estimated third-party payor settlements	943	·
Estimated third-party payor settlements	943	·
		10,82
Notes and other receivables		
	125,705	89,48
Inventories	88,432	89,42
Assets held for sale	2,150	28,30
Securities pledged to creditors	40,211	48,65
Security lending collateral	39,155	49,13
Other current assets	38,690	43,84
Total current assets	1,684,295	1,740,11
Assets whose use is limited or restricted, less current portion	812,963	487,21
Property, plant, and equipment, net of accumulated depreciation	1,786,833	1,816,81
Other assets		
Investments in unconsolidated organizations	188,550	174,58
Derivative financial instruments	12,375	4,82
Goodwill	91,569	125,75
Other assets	81,074	93,89
Other restricted assets	13,453	21,37
Total other assets	387,021	420,43
Total \$ 4	4,671,112	\$ 4,464,56

		60		
		2011		2010
	(In Thousands)			
Liabilities and net assets				
Current liabilities				
Accounts payable and accrued expenses	\$	365,852	\$	303,921
Accrued employee compensation and benefits		163,645		154,047
Accrued benefits, current portion		6,927		5,713
Estimated third-party settlements		43,024		25,308
Current portion of long-term debt		57,904		57,483
Payable under security lending agreement		39,462		49,566
Long-term debt subject to remarketing agreements		_		194,695
Total current liabilities		676,814		790,733
Long-term debt, less current portion		1,175,036		1,001,098
Accrued pension benefits, long-term portion		116,446		217,148
Derivative financial instruments		72,348		94,600
Other long-term obligations – primarily related to self-funded				
liabilities, less current portion		180,428		174,211
Total liabilities		2,221,072		2,277,790
Net assets Unrestricted				
Attributable to CHRISTUS Health		2,261,844		2,012,039
Attributable to noncontrolling interest		113,249		103,714
Total unrestricted		2,375,093		2,115,753
Temporarily restricted		61,396		57,906
Permanently restricted		13,551		13,120
Total net assets		2,450,040		2,186,779
Total	•	4,671,112	\$	4 464 560
1 Otal	<u> </u>	7,0/1,112	Ф	7,707,303

See accompanying notes.

Consolidated Statements of Operations and Changes in Net Assets

	For the Years Ended June 30 2011 2010			
-		ousands)		
Unrestricted revenues	(111 1110	insciriois)		
	\$ 3,410,683	\$ 3,266,011		
Premium revenue	164,735	154,581		
Other revenue	172,118	191,107		
Equity in income of unconsolidated organizations	33,417	22,824		
Total revenues	3,780,953	3,634,523		
Expenses				
Employee compensation and benefits	1,629,067	1,583,294		
Services and other	984,578	938,918		
Supplies	631,169	615,335		
Depreciation and amortization	220,933	237,945		
Provision for uncollectible accounts	172,703	162,765		
Interest	42,803	37,766		
Total expenses	3,681,253	3,576,023		
Operating gain	99,700	58,500		
Nonoperating investment gain	114,785	26,663		
Other nonoperating loss	(18,435)	(7,151)		
Revenues in excess of expenses	196,050	78,012		
Less revenues in excess of expenses attributable to				
noncontrolling interest	18,717	14,829		
Revenues in excess of expenses attributable to CHRISTUS Health	177,333	63,183		

(Continued)

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

	For the Years Ended June 30				
		2011		2010	
		(In The	บเรตเ	nds)	
Changes in unrestricted net assets					
Revenues in excess of expenses attributable to					
CHRISTUS Health	\$	177,333	\$	63,183	
Net change in unrealized gain on investments		5,823		6,893	
Change in pension liabilities		100,462		10,843	
Change in noncontrolling interest		9,535		11,923	
Other		939		(23,110)	
Changes in unrestricted net assets before effect of change in accounting principle		294,092		69,732	
Effect of change in accounting principle (<i>Note 3</i>)		(34,752)			
Changes in unrestricted net assets		259,340		69,732	
Temporarily restricted net assets					
Contributions		11,823		3,680	
Net change in unrealized gain on investments		1,943		2,730	
Net assets released from restrictions and other		(10,276)		(8,377)	
Changes in temporarily restricted net assets		3,490		(1,967)	
Changes in permanently restricted net assets		431		(93)	
Changes in net assets		263,261		67,672	
Net assets – beginning of period		2,186,779		2,119,107	
Net assets – end of period	\$	2,450,040	\$ 2	2,186,779	

See accompanying notes.

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Consolidated Statements of Cash Flows

		For the Years June 30, 2	011
		2011	2010
		(In Thousa	nds)
Operating activities:	•	0.00.001 (1)	(7 (7)
Changes in net assets	\$	263,261 \$	67,672
Adjustments to reconcile changes in net assets to net cash			
provided by operating activities		(100.702)	3,476
Change in pension liabilities		(100,702)	
Contributions of temporarily restricted net assets		(11,823)	(3.680)
Equity in income of unconsolidated organizations		(33,417)	(22.824)
Equity earnings on investments in managed funds		(10,591)	(18,160)
Depreciation and amortization		220,933	237.945
Provision for uncollectible accounts		172,703	162,765
Change in derivative fair value		(29,803)	18,953
Loss on early extinguishment of debt		508	4.399
Gain on disposal of property, plant, and equipment		(3,779)	_
Impairment of goodwill		34,752	_
Impairment of long-lived assets		7,041	_
Changes in operating assets and liabilities, net of acquisitions		(100.326)	(110.005)
Increase in net patient accounts receivable		(180,236)	(110,995)
Increase in trading securities		(387,208)	(93,732)
(Increase) decrease in notes and other receivables		(36,220)	110,308
Decrease (increase) in inventories		995	(5.497)
Decrease (increase) in other current assets		6,342	(10,411)
Increase in accounts payable, accrued expenses, and accrued		((221	1.7.10
employee compensation and benefits		66,221	1.748
Increase in net third-party payor settlements		27,599 14.773	342
Increase in liability for self-funded liabilities	_	14,773	13,244
Net cash provided by operating activities	_	21,349	355,553
Investing activities:			
Purchases of property, plant, and equipment		(143,707)	(161,356)
Proceeds from sale or disposal of property, plant, and equipment		24,119	16,528
Decrease (increase) in equity investments in managed funds		5,110	(8,716)
Decrease in investments in unconsolidated organizations		19,447	7,745
Decrease in securities pledged to creditors		8,445	4,398
Decrease (increase) in other assets		10,650	(9,519)
Decrease in security lending collateral		9,982	4,228
Acquisitions of health care entities, net of cash acquired		, <u> </u>	(19,037)
Net investing cash flows pertaining to assets held for sale		_	2,777
Net cash used in investing activities		(65,954)	(162,952)
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(Continued)

Consolidated Statements of Cash Flows (continued)

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

See accompanying notes.

Notes to Consolidated Financial Statements

June 30, 2011

1. Mission, Vision, and Organization of CHRISTUS Health

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

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

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

2. Community Health

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

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

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

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

Notes to Consolidated Financial Statements (continued)

2. Community Health (continued)

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

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies

Basis of Consolidation

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

Use of Estimates

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

Cash and Cash Equivalents

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

Investments

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

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

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

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

Derivative Financial Instruments

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

Inventories

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

Property, Plant, and Equipment

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

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

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

Assets Held for Sale

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

Asset Impairment

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

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

Investments in Unconsolidated Organizations

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

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

Securities Lending

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

Goodwill

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

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

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

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

Deferred Financing Costs

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

Temporary and Permanently Restricted Net Assets

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

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

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

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

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

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

Accounts Receivable Allowance

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

Premium Revenue and Associated Costs

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

Other Revenue

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

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

Donor-Restricted Gifts

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

International Operations

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

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

Minimum Revenue Guarantees

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

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

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

Asset Retirement Obligations

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

Uncertainty in Income Taxes

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

New Accounting Pronouncements

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

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

3. Summary of Significant Accounting Policies (continued)

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

Reclassifications

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

4. Net Patient Service Revenue

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

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

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

Notes to Consolidated Financial Statements (continued)

4. Net Patient Service Revenue (continued)

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

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

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

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

Notes to Consolidated Financial Statements (continued)

4. Net Patient Service Revenue (continued)

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

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

Notes to Consolidated Financial Statements (continued)

5. Cash and Investments

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

5. Cash and Investments (continued)

Fixed Income

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

Equities

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

Equity Investments in Managed Funds

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

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

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

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Notes to Consolidated Financial Statements (continued)

5. Cash and Investments (continued)

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

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

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

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

	2011	2010
Assets whose use is limited or restricted, required for current bond indenture and self-insurance liabilities	\$ 71,367	67,383
Other investments, internally designated for capital expansion and other purposes Under bond indenture agreement – held by trustee	499,205 81,475	213,917 92,147
Under liability retention and self-insurance funding arrangement – held by trustee Under Emerald Assurance funding arrangements	10,968 158,930	8,938 120,288
Restricted cash and investments Total assets whose use is limited or restricted	\$ 62,385 884,330 \$	51,920 5 554,593

Notes to Consolidated Financial Statements (continued)

5. Cash and Investments (continued)

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

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

6. Fair Value Measurements

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

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

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

Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

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

	2011						
		Level 1		Level 2		Level 3	Total
Assets							
Investments							
Cash and cash equivalents	\$	615,867	\$	_	\$	- \$	615,867
Certificates of deposit		25,465		_		_	25,465
Domestic equities and equity							
funds		201,054		82,243		_	283,297
Preferred stocks		1,712		_		_	1,712
Fixed income securities and fixed							
income funds		_		547,914		_	547,914
International equities		110,466		_		_	110,466
U S Government securities		_		158,907		_	158,907
Other investments		_		97		_	97
Total investments		954,564		789,161		_	1,743,725
Interest rate swap asset		_		12,375		_	12,375
Total assets at fair value	\$	954,564	\$	801,536	\$	- \$	1,756,100
Liabilities							
Interest rate swap agreements	\$	_	\$	72,348	\$	- \$	72,348
Total liabilities at fair value	\$	_	\$	72,348	\$	- \$	72,348

Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

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

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

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

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

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

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Notes to Consolidated Financial Statements (continued)

6. Fair Value Measurements (continued)

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

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

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

7. Property, Plant, and Equipment

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

	2011	2010
Y 1	Ø 015 005	Φ 204160
Land	\$ 217,307	\$ 204,160
Land improvements	73,391	70,231
Buildings and fixed equipment	2,330,211	2,293,778
Major movable equipment	1,822,097	1,772,988
Less accumulated depreciation	(2,710,751)	(2,549,701)
	1,732,255	1,791,456
Construction-in-progress (estimated cost to complete		
is \$75 million and \$68 million at June 30, 2011		
and 2010, respectively)	54,578	25,358
Total	\$ 1,786,833	\$ 1,816,814

Notes to Consolidated Financial Statements (continued)

7. Property, Plant, and Equipment (continued)

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

8. Investments in Unconsolidated Organizations

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

Baptist St. Anthony's Health System

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

Preferred Professional Insurance Company

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

Notes to Consolidated Financial Statements (continued)

8. Investments in Unconsolidated Organizations (continued)

CS USP Surgery Centers, L.P.

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

Omega Lab Joint Venture

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

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt

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

		2011	2010
Revenue bonds, in variable rate demand mode, with weighted-average trading rates of 25% and 0 40% in	C	2/0.250	260.605
fiscal 2011 and 2010, respectively, due in 2047 Revenue bonds, in auction mode, with weighted-average interest rates of 1 17% and 1 22% in fiscal 2011 and	\$	269,250	\$ 269,695
2010, respectively, due in 2031 Revenue bonds, in fixed rate mode, bearing interest from		219,125	322,575
3 00% to 6 50%		592,506	517,083
Capital lease payable to Nueces County Hospital District, bearing interest at a fixed rate of 6 9%, with annual principal payments through 2026, secured by the assets of CHRISTUS Spohn Hospital Memorial Capital lease payable to Bee County, bearing interest at a fixed rate of 6 0%, with annual principal payments through 2030, secured by the assets of CHRISTUS		46,907	48,649
Spohn Hospital Beeville		9,367	9,732
Nonobligated bank notes and capital leases related to			
CHRISTUS Muguerza investment		55,263	55,764
Other note and capital lease note obligations		40,522	29,778
		1,232,940	1,253,276
Less current maturities on long-term debt			
Long-term debt subject to remarketing agreements		_	(194,695)
Less current portion		(57,904)	(57,483)
Total	\$	1,175,036	1,001,098

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

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

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

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

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

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

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt (continued)

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

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

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

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

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

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

10. Derivative Financial Instruments

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

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Notes to Consolidated Financial Statements (continued)

10. Derivative Financial Instruments (continued)

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

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

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

		Termination	Interest Rate	N	Notional		Fair Va	Change in Fair Value					Paid/(Received)				
Counterparty	Description	Date	Agreements	Amount		6/30/2011		6/30/2010		6/30/2011		6/30/2010		6/30/2011		6/30/2010	
Merrill Lynch	Variable basis	2021–2023 2022 and	6	\$	470,000	\$	(7,093) \$	(14.410)	\$	7,317	\$	917	\$	248	\$	354	
³ Citigroup	Fixed payor Constant	2031	2		271,805		(23,084)	(27.511)		4,427		(9.541)		8,264		8,465	
Citigroup	maturity	2022	1		200,000		12,375	4.824		7,551		4,941		_		_	
Citigroup	Fixed payor	2047	2		166,100		(25,414)	(31,656)		6,242		(9.078)		5,423		5,414	
Citigroup	Fixed payor	2047	1		113,160		(16,757)	(21.023)		4,266		(6.192)		3,657		3,651	
			12	\$	1,221,065	\$	(59,973) \$	(89,776)		29,803	\$	(18.953)	\$	17,592	\$	17,884	

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

Notes to Consolidated Financial Statements (continued)

10. Derivative Financial Instruments (continued)

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

11. Cash Balance Plan and Postretirement Health Care Benefits

Cash Balance Plan

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

Postretirement Health Care Benefits

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

Simplified Early Retirement Plan (SERP)

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

Notes to Consolidated Financial Statements (continued)

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

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

Restoration Plan

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

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

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

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

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Notes to Consolidated Financial Statements (continued)

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

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

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

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Notes to Consolidated Financial Statements (continued)

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

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

	Cash Balance Plan		Postretir	ement	SER	ι P	Restoration	on Plan
<u>-</u>	2011	2010	2011	2010	2011	2010	2011	2010
Benefit obligations Discount rate Rate of compensation	5 15° o	4 830 0	4 96°°	4 92° o	5 15° o	4 83° o	5 15° o	4 83° o
merease	4 09	4 61	N A	N A	4 09	4 61	4 09	461
Net periodic benefit cost								
Discount rate	4 83	5 84	4 96	4 92	4 83	5 84	4 83	5 84
Expected long-term return on plan assets Rate of compensation	7 50	7 50	N A	N A	N A	N A	N A	N A
merease	4 61	4 61	N A	N A	4 61	4 61	4 61	461

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

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

Dootustinomant

				Posti		tirement	
	Postreti	irement			Point rease		6 Point ecrease
-	2011	2010	_		(In Th	วแรลเ	ids)
Assumed health care cost trend rates							
at June 30	9 ()° o	8()00					
Health care cost trend rate assumed for next year	8 ()	7 ()	Effect on total of service cost and interest cost components	\$	160	\$	(141)
Ratio to which the cost trend rate is assumed to decline (the ultimate			·				, ,
trend rate)	5.5	5 ()					
Year that the rate reaches the ultimate trend rate	2015	2014	Effect on postretirement benefit obligation		1,783		(1.599)

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Notes to Consolidated Financial Statements (continued)

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

Investment Policy and Asset Allocations

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

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

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

Notes to Consolidated Financial Statements (continued)

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

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

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

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

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

Contributions

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

Notes to Consolidated Financial Statements (continued)

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

Benefit Payments

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

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

Defined-Contribution Plans

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

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

Notes to Consolidated Financial Statements (continued)

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

ExecuFLEX Benefit Plan

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

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

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

12. Self-Funded Liabilities

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

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

Notes to Consolidated Financial Statements (continued)

12. Self-Funded Liabilities (continued)

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

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

13. Concentrations of Credit Risk

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

	2011	2010
No. 11	24 < 0 /	0.4.70/
Medicare	24.6%	24 7%
Medicaid	5.3	8 8
Managed care organizations	36.6	37 4
Commercial insurance	4.6	6 5
Self-pay Self-pay	15.9	11 5
Others	13.0	11 1
	100.0%	100 0%

14. Commitments and Contingencies

Operating Leases

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

Notes to Consolidated Financial Statements (continued)

14. Commitments and Contingencies (continued)

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

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

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

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

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

Notes to Consolidated Financial Statements (continued)

14. Commitments and Contingencies (continued)

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

15. Functional Expenses

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

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

16. Temporarily and Permanently Restricted Net Assets

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

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

Notes to Consolidated Financial Statements (continued)

16. Temporarily and Permanently Restricted Net Assets

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

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

17. Assets Held for Sale

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

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

Notes to Consolidated Financial Statements (continued)

18. Changes in Consolidated Unrestricted Net Assets

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

	Controlling Noncontrolling Interest Interest		3	Total		
		icst		Titter est		1 Otai
Balance, July 1, 2009 Unrestricted revenues, gains, and other	\$ 1,95	54,230	\$	91,791	\$	2,046,021
support in excess of expenses	(53,183		14,829		78,012
Distributions	- (597)		(597)		(597)	
Other activities		(5,374)		(2,309)		(7,683)
Balance, June 30, 2010	2,0	12,039		103,714		2,115,753
Unrestricted revenues, gains, and other						
support in excess of expenses	17	77,333		18,717		196,050
Distributions		_		(11,592)		(11,592)
Other activities		72,472		2,410		74,882
Balance, June 30, 2011	\$ 2,20	61,844	\$	113,249	\$	2,375,093

19. Significant Events

Expansion of Healthcare Operations – Santa Rosa

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

Notes to Consolidated Financial Statements (continued)

19. Significant Events (continued)

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

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

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

20. Subsequent Events

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

Other Financial Information



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Independent Auditors' Report on Other Financial Information

The Board of Directors CHRISTUS Health

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

October 12, 2011

Community Benefit (Unaudited)

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

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

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

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

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

Community Benefit (Unaudited) (continued)

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

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

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