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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

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

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

OMB No 1545-0047

2011

Open to Public Inspection

A For the 2011 calendar year, or tax year beginning 01-01-2011 and ending 12-31-2011

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

C Name of organization
THE METHODIST HOSPITALS INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
600 GRANT STREET

City or town, state or country, and ZIP + 4
GARY, IN 46402

D Employer identification number
35-0868133

E Telephone number
(219)886-4402

G Gross receipts $ 307,026,044

F Name and address of principal officer
IAN MCFADDEN
600 GRANT STREET
GARY,IN 46402

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW METHODISTHOSPITALS ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶ | **L** Year of formation 1941 | **M** State of legal domicile IN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
THE METHODIST HOSPITALS, INC (METHODIST) IS AN INDIANA NONPROFIT CORPORATION OPERATING TWO GENERAL ACUTE CARE HOSPITALS IN NORTHWEST INDIANA AS GENERAL ACUTE CARE FACILITIES, METHODIST PROVIDES A BROAD RANGE OF DIAGNOSTIC, THERAPEUTIC, EMERGENCY, REHABILITATION, INPATIENT, OUTPATIENT, AND ANCILLARY SERVICES METHODIST'S MISSION IS TO PROVIDE HIGH QUALITY HEALTHCARE TO ALL PERSONS REGARDLESS OF THEIR RACE, RELIGION, SEX, NATIONAL ORIGIN, HANDICAP, AGE, OR ABILITY TO PAY METHODIST STRIVES TO PROVIDE APPROPRIATE HEALTH EDUCATION, WELLNESS, AND PREVENTATIVE SERVICES IN ADDITION, METHODIST IS COMMITTED TO BEING A RESPONSIBLE MEMBER OF THE COMMUNITY, OFFERING ITS RESOURCES TO ASSIST IN THE ACCOMPLISHMENT OF COMMUNITY OBJECTIVES

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	13
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	2,501
6	Total number of volunteers (estimate if necessary)	**6**	157
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	96,000
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

Activities & Governance

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	173,892	187,079
9	Program service revenue (Part VIII, line 2g)	278,983,138	297,829,605
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,401,960	3,311,615
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-3,093,977	3,170,054
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	280,465,013	304,498,353
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	238,990	325,161
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	130,936,220	133,520,463
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	139,333,163	147,791,031
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	270,508,373	281,636,655
19	Revenue less expenses Subtract line 18 from line 12	9,956,640	22,861,698
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	336,648,957	346,079,611
21	Total liabilities (Part X, line 26)	156,705,075	162,600,717
22	Net assets or fund balances Subtract line 21 from line 20	179,943,882	183,478,894

Part II Signature Block

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

Sign Here

****** | 2012-11-06
Signature of officer | Date

MATTHEW DOYLE CFO
Type or print name and title

Paid Preparer's Use Only

Preparer's signature: CAROL LALONDE CPA | Date | Check if self-employed ☐ | Preparer's taxpayer identification number (see instructions) P00181637

Firm's name (or yours if self-employed), address, and ZIP + 4: PLANTE & MORAN PLLC
750 TRADE CENTRE WAY STE 300
PORTAGE, MI 49002

EIN ▶ 38-1357951

Phone no ▶ (269) 567-4500

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

Part III **Statement of Program Service Accomplishments**

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

1 Briefly describe the organization's mission

THE METHODIST HOSPITALS, INC'S MISSION IS TO PROVIDE COMPASSIONATE, QUALITY HEALTH CARE SERVICES TO ALL THOSE IN NEED

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

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

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

If "Yes," describe these changes on Schedule O

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

4a (Code) (Expenses $ 251,831,334 including grants of $ 220,153) (Revenue $ 302,828,603)

THE METHODIST HOSPITALS, INC HAS A COMMITMENT TO RESPOND TO THE NEEDS OF ITS DIVERSE COMMUNITIES THROUGH QUALITY SERVICES ITS REGIONAL REPUTATION FOR EXCELLENCE SINCE 1923 CONTINUES TO SUPPORT THE MARKET POSITION METHODIST HOSPITALS IS AN INDIANA NOT-FOR-PROFIT CORPORATION, 634 BED COMMUNITY-BASED HEALTHCARE SYSTEMS GOVERNED BY A BOARD OF DIRECTORS STEWARDS OF THE MISSION, REINVESTMENT IN THE COMMUNITIES IS CARRIED OUT THROUGH CHARITABLE GIVING, COMMUNITY EDUCATION PROGRAMS, ECONOMIC DEVELOPMENT FORUMS, SUPPORT SERVICES, SCREENINGS, AND ADVOCATING QUALITY CARE FOR THE MOST VULNERABLE AND UNDERSERVED METHODIST HOSPITALS CONTINUES TO BE A FRONTRUNNER IN PROMOTING COMMUNITY HEALTH INITIATIVES AND SERVING POPULATIONS WITH HIGH INCIDENTS OF ACUTE ILLNESSES METHODIST HOSPITALS HAS TWO FULL SERVICE ACUTE CARE CAMPUSES, 14 MILES APART NORTHLAKE IS THE URBAN CAMPUS IN GARY, WHILE SOUTHLAKE CAMPUS IN MERRILLVILLE IS LOCATED NEAR ONE OF THE MIDWEST'S BUSIEST RETAIL AREAS COMBINED CAMPUS BED CAPACITY IS 634 INCLUDING NURSERIES METHODIST PROVIDES A BROAD RANGE OF DIAGNOSTIC, THERAPEUTIC, EMERGENCY, REHABILITATION, INPATIENT, OUTPATIENT AND ANCILLARY SERVICES MIDLAKE CAMPUS IS AN OUTPATIENT FACILITY IN GARY CONVENIENTLY LOCATED BETWEEN NORTHLAKE AND SOUTHLAKE CAMPUSES, PARALLEL TO INTERSTATE 94 THE REHAB CENTERS, PROVIDING OUTPATIENT REHABILITATION SERVICES AT MIDLAKE, OPENED IN 2003 LOCATED ADJACENT TO THE MAIN ENTRANCE OF THE SOUTHLAKE CAMPUS IN MERRILLVILLE, IS THE DIAGNOSTIC OUTPATIENT CENTER AND MEDICAL OFFICE BUILDING THIS FACILITY PROVIDES ADVANCED DIAGNOSTIC AND IMAGING SERVICES AND LABORATORY SERVICES AS WELL AS PROFESSIONAL OFFICES FOR MANY OF THE MEDICAL STAFF THE MEDICAL STAFF OF MORE THAN 500 PHYSICIANS REPRESENTS NEARLY 60 MEDICAL SPECIALTIES METHODIST HOSPITALS IS ONE OF THE TOP EMPLOYERS IN NORTHWEST INDIANA WITH OVER 2,000 EMPLOYEES MISSIONTHE MISSION IS TO PROVIDE COMPASSIONATE, QUALITY HEALTH CARE SERVICES TO ALL THOSE IN NEED VISIONTHE VISION IS TO BE THE BEST PLACE FOR EMPLOYEES TO WORK, THE BEST PLACE FOR PATIENTS TO RECEIVE CARE AND THE BEST PLACE FOR PHYSICIANS TO PRACTICE MEDICINE

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

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

4d Other program services (Describe in Schedule O)

(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ $ 251,831,334

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	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		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, 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			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		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		No
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, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Part I*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or assistance to any organization or entity located outside the U S ? *If "Yes," complete Schedule F, Part II 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, Part III and IV*	16		No
17	Did the organization report a total of more than $15,000, of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospitals? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach its audited financial statement to this return? **Note.** All Form 990 filers that operated one or more hospitals must attach audited financial statements	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

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

Part V Statements Regarding Other IRS Filings and Tax Compliance

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

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	**1a**	249		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	2,501			
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)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities 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?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .			**7f**		No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?			**7g**		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?			**7h**		
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?			**8**		
9	**Sponsoring organizations maintaining donor advised funds.**					
a	Did the organization make any taxable distributions under section 4966?			**9a**		
b	Did the organization make a distribution to a donor, donor advisor, or related person?			**9b**		
10	**Section 501(c)(7) organizations.** Enter					
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	**10a**				
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	**10b**				
11	**Section 501(c)(12) organizations.** Enter					
a	Gross income from members or shareholders	**11a**				
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	**11b**				
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?			**12a**		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	**12b**				
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**					
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** All 501(c)(29) organizations must list in Schedule O each state in which they are licensed to issue qualified health plans, the amount of reserves required by each state, and the amount of reserves the organization allocated to each state			**13a**		
b	Enter the aggregate amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	**13b**				
c	Enter the aggregate amount of reserves on hand	**13c**				
14a	Did the organization receive any payments for indoor tanning services during the tax year?			**14a**		No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .			**14b**		

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

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

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	16		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	13		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		2		No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .		3		No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		4		No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .		5		No
6	Did the organization have members or stockholders?		6		No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		7a		No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		7b		No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?		8a	Yes	
b	Each committee with authority to act on behalf of the governing body?		8b	Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		9		No

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

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

Section C. Disclosure

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

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 made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request

19 Describe in Schedule O whether (and if so, how), the organization made 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 ▶

MATTHEW DOYLE
600 GRANT STREET
GARY, IN 46402
(219) 886-4000

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

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

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

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

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

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

☐ Check this box if neither the organization nor any related organizations compensated any current or former officer, director, or trustee

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) ADOLPHUS ANEKWE MD BOARD MEMBER	2 00	X						56,790	0	0
(2) AMEAD ATASSI MD BOARD MEMBER	2 00	X						72,420	0	0
(3) BHARAT BARAI MD BOARD MEMBER	2 00	X						91,930	0	0
(4) CHARLES D BROOKS JR BOARD MEMBER	2 00	X						5,000	0	0
(5) CHARLES O DAVIDSON MD BOARD MEMBER	2 00	X						6,000	0	0
(6) DOUGE BARTHELEMY MD BOARD SECRETARY	2 00	X		X				6,150	0	0
(7) F RITCHEY EIBEL BOARD MEMBER	2 00	X						5,500	0	0
(8) GLENN C HANNAH BOARD MEMBER	2 00	X						6,000	0	0
(9) IJ ROBERTS BOARD MEMBER	2 00	X						4,000	0	0
(10) LOUISE E ELISHA BOARD MEMBER - PART YEAR	2 00	X						500	0	0
(11) MAMON POWERS JR BOARD TREASURER	2 00	X		X				0	0	0
(12) SCOTT T RIBORDY BOARD MEMBER	2 00	X						6,000	0	0
(13) WILLIAM G BRAMAN BOARD CHAIRMAN	2 00	X		X				6,000	0	0
(14) REV DR CYNTHIA REYNOLDS BOARD MEMBER	2 00	X						5,500	0	0
(15) ROBERT E JOHNSON III BOARD MEMBER	2 00	X						6,963	0	0
(16) GLENN S VICIAN BOARD MEMBER	2 00	X						5,000	0	0
(17) JOHN A LOWENSTINE BOARD MEMBER	2 00	X						5,500	0	0

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) KATRINA WRIGHT MD BOARD MEMBER	2 00	X						6,665	0	0
(19) FRANCES TAYLOR BOARD MEMBER - PART YEAR	2 00	X						1,500	0	0
(20) IAN MCFADDEN CHIEF EXECUTIVE OFFICER	40 00			X				596,321	0	20,551
(21) LOREN CHANDLER CHIEF FINANCIAL OFFICER - PART YEAR	40 00			X				295,816	0	4,374
(22) MATTHEW DOYLE CONTROLLER/CFO - PART YEAR	40 00			X				251,264	0	12,918
(23) SHELLY MAJOR CHIEF NURSING OFFICER	40 00				X			306,768	0	15,212
(24) MICHAEL DAVENPORT MD CHIEF MEDICAL OFFICER	40 00				X			392,042	0	18,605
(25) JUANMIGUEL T LIMJOCO MD PHYSICIAN	40 00					X		316,540	0	29,586
(26) ELIZABETH E SENGUPTA MD PHYSICIAN	40 00					X		292,438	0	30,240
(27) JUDSON WOOD MD PHYSICIAN	40 00					X		395,198	0	8,747
(28) LIBRADA VAZQUEZ MD PHYSICIAN	40 00					X		332,157	0	8,747
(29) ARNITA REED PHYSICIAN	40 00					X		292,006	0	16,247
1b Sub-Total . . . . . ▶										
c Total from continuation sheets to Part VII, Section A . . . . ▶										
d Total (add lines 1b and 1c) . . . . . ▶								3,767,968	0	165,227

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 61

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

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
CRAWFORD ANESTHESIA 301 N MADISON ST JOLIET, MI 60435	ANESTHESIA MEDICAL SERVICES	8,465,372
COMPREHENSIVE PHARMACY SERVICES 6409 QUAIL HOLLOW ROAD MEMPHIS, TN 38120	PHARMACY MANAGEMENT AND STAFFING	4,843,124
CROTHALL SERVICES GROUP 955 CHESTERBROOK BLVD SUITE 300 WAYNE, PA 19087	MAINTENANCE SERVICES	4,474,996
HODGES & DAVIS PC 8700 BROADWAY MERRILLVILLE, IN 46410	LEGAL SERVICES	1,336,834
FIVE APPLES 400 N WALL STREET KANKAKEE, IL 60901	INPATIENT PHYSICIAN SERVICES	1,130,000

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 52

Part VIII Statement of Revenue

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514
Contributions, gifts, grants and other similar amounts	1a	Federated campaigns	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations	1d	11,927			
	e	Government grants (contributions)	1e	12,757			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	162,395			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		187,079			
Program Service Revenue			Business Code				
	2a	HEALTHCARE AND SOCIAL	621500	246,792,771	246,792,771		
	b	DISPROPORTIONATE SHARE	621500	48,552,178	48,552,178		
	c	OTHER PATIENT SERVICES	621500	2,484,656	2,388,656	96,000	
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		297,829,605			
	3	Investment income (including dividends, interest and other similar amounts)		3,161,207			3,161,207
	4	Income from investment of tax-exempt bond proceeds					
	5	Royalties					
			(i) Real	(ii) Personal			
	6a	Gross rents	571,101				
	b	Less rental expenses	2,496,045				
	c	Rental income or (loss)	-1,924,944				
	d	Net rental income or (loss)			-1,924,944			-1,924,944
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	182,054				
	b	Less cost or other basis and sales expenses	0	31,646			
	c	Gain or (loss)	182,054	-31,646			
	d	Net gain or (loss)			150,408			150,408
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events						
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities						
	10a	Gross sales of inventory, less returns and allowances	a					
	b	Less cost of goods sold	b					
	c	Net income or (loss) from sales of inventory						
		Miscellaneous Revenue		Business Code				
	11a	EMR INCENTIVE PAYMENTS		900099	5,094,998	5,094,998		
	b							
	c							
	d	All other revenue						
	e	**Total.** Add lines 11a–11d			5,094,998			
	12	**Total revenue.** See Instructions			304,498,353	302,828,603	96,000	1,386,671

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns
All other organizations must complete column (A) but are not required to complete columns (B), (C), and (D)
Check if Schedule O contains a response to any question in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.		(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1	Grants and other assistance to governments and organizations in the United States See Part IV, line 21	325,161	325,161		
2	Grants and other assistance to individuals in the United States See Part IV, line 22				
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4	Benefits paid to or for members				
5	Compensation of current officers, directors, trustees, and key employees	3,798,771	295,923	3,502,848	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7	Other salaries and wages	103,015,103	94,312,148	8,702,955	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	2,299,238	2,055,943	243,295	
9	Other employee benefits	16,679,326	14,902,697	1,776,629	
10	Payroll taxes	7,728,025	6,841,927	886,098	
11	Fees for services (non-employees)				
a	Management	1,765,333	1,632,343	132,990	
b	Legal	1,585,629	1,417,845	167,784	
c	Accounting	174,383	156,801	17,582	
d	Lobbying	134,672	134,672		
e	Professional fundraising *See Part IV, line 17* . .				
f	Investment management fees	214,032	191,079	22,953	
g	Other	36,511,992	33,372,558	3,139,434	
12	Advertising and promotion	936,893	837,953	98,940	
13	Office expenses	56,475,897	50,703,991	5,771,906	
14	Information technology	3,832,850	3,437,211	395,639	
15	Royalties . .				
16	Occupancy	9,183,861	7,837,552	1,346,309	
17	Travel	451,352	370,138	81,214	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials				
19	Conferences, conventions, and meetings	34,607	31,946	2,661	
20	Interest	5,938,160	5,362,443	575,717	
21	Payments to affiliates				
22	Depreciation, depletion, and amortization	17,015,901	15,479,605	1,536,296	
23	Insurance	2,185,526	2,014,836	170,690	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	BAD DEBT EXPENSE	10,872,377	9,724,549	1,147,828	
b	DUES & SUBSCRIPTIONS	377,155	294,387	82,768	
c	LICENSES	100,411	97,626	2,785	
d					
e					
f	All other expenses				
25	**Total functional expenses.** Add lines 1 through 24f	281,636,655	251,831,334	29,805,321	0
26	**Joint costs.** Check here ▶ ☐ if following SOP 98-2 (ASC 958-720) Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Part X Balance Sheet

				(A) Beginning of year		(B) End of year
Assets	1	Cash—non-interest-bearing		34,133,292	1	19,095,649
	2	Savings and temporary cash investments		16,591,962	2	14,326,278
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		18,322,824	4	56,967,039
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		168,908	5	127,329
	6	Receivables from other disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		7,544,392	8	6,990,069
	9	Prepaid expenses and deferred charges		2,907,315	9	2,783,156
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 447,189,553			
	b	Less accumulated depreciation	10b 324,371,428	126,084,901	10c	122,818,125
	11	Investments—publicly traded securities		128,691,410	11	120,158,731
	12	Investments—other securities See Part IV, line 11		603,475	12	519,597
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		1,600,478	15	2,293,638
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		336,648,957	16	346,079,611
Liabilities	17	Accounts payable and accrued expenses		22,306,506	17	24,033,390
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		69,472,919	20	66,141,157
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*			21	
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*			22	
	23	Secured mortgages and notes payable to unrelated third parties		23,704,386	23	21,310,645
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		41,221,264	25	51,115,525
	26	**Total liabilities.** Add lines 17 through 25		156,705,075	26	162,600,717
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		179,405,594	27	183,223,403
	28	Temporarily restricted net assets		513,288	28	230,491
	29	Permanently restricted net assets		25,000	29	25,000
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		179,943,882	33	183,478,894
	34	Total liabilities and net assets/fund balances		336,648,957	34	346,079,611

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	304,498,353
2	Total expenses (must equal Part IX, column (A), line 25)	2	281,636,655
3	Revenue less expenses Subtract line 2 from line 1	3	22,861,698
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	179,943,882
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-19,326,686
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	183,478,894

Part XII Financial Statements and Reporting

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

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Part II **Support Schedule for Organizations Described in IRC 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public Support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income (Explain in Part IV) Do not include gain or loss from the sale of capital assets						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public Support Percentage for 2011 (line 6 column (f) divided by line 11 column (f)) **14**

15 Public Support Percentage for 2010 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2011.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

b **33 1/3% support test—2010.** If the organization did not check the box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization

17a **10%-facts-and-circumstances test—2011.** If the organization did not check a box on line 13, 16a, or 16b and line 14 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

b **10%-facts-and-circumstances test—2010.** If the organization did not check a box on line 13, 16a, 16b, or 17a and line 15 is 10% or more, and if the organization meets the "facts and circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts and circumstances" test The organization qualifies as a publicly supported organization

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

Part III **Support Schedule for Organizations Described in IRC 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public Support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in)	(a) 2007	(b) 2008	(c) 2009	(d) 2010	(e) 2011	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support** (Add lines 9, 10c, 11 and 12)						

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

Section C. Computation of Public Support Percentage

15 Public Support Percentage for 2011 (line 8 column (f) divided by line 13 column (f))	15	
16 Public support percentage from 2010 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17 Investment income percentage for **2011** (line 10c column (f) divided by line 13 column (f))	17	
18 Investment income percentage from **2010** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2011.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3% and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2010.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

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

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

Facts And Circumstances Test

Explanation

Additional Data

Software ID:
Software Version:
EIN: 35-0868133
Name: THE METHODIST HOSPITALS INC

Form 990, Special Condition Description:

Special Condition Description

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ADOLPHUS ANEKWE MD BOARD MEMBER	2 00	X						56,790	0	0
AMEAD ATASSI MD BOARD MEMBER	2 00	X						72,420	0	0
BHARAT BARAI MD BOARD MEMBER	2 00	X						91,930	0	0
CHARLES D BROOKS JR BOARD MEMBER	2 00	X						5,000	0	0
CHARLES O DAVIDSON MD BOARD MEMBER	2 00	X						6,000	0	0
DOUGE BARTHELEMY MD BOARD SECRETARY	2 00	X		X				6,150	0	0
F RITCHEY EIBEL BOARD MEMBER	2 00	X						5,500	0	0
GLENN C HANNAH BOARD MEMBER	2 00	X						6,000	0	0
IJ ROBERTS BOARD MEMBER	2 00	X						4,000	0	0
LOUISE E ELISHA BOARD MEMBER - PART YEAR	2 00	X						500	0	0
MAMON POWERS JR BOARD TREASURER	2 00	X		X				0	0	0
SCOTT T RIBORDY BOARD MEMBER	2 00	X						6,000	0	0
WILLIAM G BRAMAN BOARD CHAIRMAN	2 00	X		X				6,000	0	0
REV DR CYNTHIA REYNOLDS BOARD MEMBER	2 00	X						5,500	0	0
ROBERT E JOHNSON III BOARD MEMBER	2 00	X						6,963	0	0
GLENN S VICIAN BOARD MEMBER	2 00	X						5,000	0	0
JOHN A LOWENSTINE BOARD MEMBER	2 00	X						5,500	0	0
KATRINA WRIGHT MD BOARD MEMBER	2 00	X						6,665	0	0
FRANCES TAYLOR BOARD MEMBER - PART YEAR	2 00	X						1,500	0	0
IAN MCFADDEN CHIEF EXECUTIVE OFFICER	40 00			X				596,321	0	20,551
LOREN CHANDLER CHIEF FINANCIAL OFFICER - PART YEAR	40 00			X				295,816	0	4,374
MATTHEW DOYLE CONTROLLER/CFO - PART YEAR	40 00			X				251,264	0	12,918
SHELLY MAJOR CHIEF NURSING OFFICER	40 00				X			306,768	0	15,212
MICHAEL DAVENPORT MD CHIEF MEDICAL OFFICER	40 00				X			392,042	0	18,605
JUANMIGUEL T LIMJOCO MD PHYSICIAN	40 00					X		316,540	0	29,586

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
ELIZABETH E SENGUPTA MD PHYSICIAN	40 00					X		292,438	0	30,240
JUDSON WOOD MD PHYSICIAN	40 00					X		395,198	0	8,747
LIBRADA VAZQUEZ MD PHYSICIAN	40 00					X		332,157	0	8,747
ARNITA REED PHYSICIAN	40 00					X		292,006	0	16,247

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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.**

OMB No 1545-0047

2011

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), then

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

If the organization answered "Yes," to Form 990, Part IV, Line 5 (Proxy Tax) or Form 990-EZ, line 35c (Proxy Tax), then

- Section 501(c)(4), (5), or (6) organizations Complete Part III

Name of the organization	Employer identification number
THE METHODIST HOSPITALS INC	35-0868133

Part I-A Complete if the organization is exempt under section 501(c) or is a section 527 organization.

1 Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

Part I-B Complete if the organization is exempt under section 501(c)(3).

1 Enter the amount of any excise tax incurred by the organization under section 4955 ▶ $ _____

2 Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ $ _____

3 If the organization incurred a section 4955 tax, did it file Form 4720 for this year? ☐ Yes ☐ No

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

Part I-C Complete if the organization is exempt under section 501(c) except section 501(c)(3).

1 Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ $ _____

2 Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ $ _____

3 Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ $ _____

4 Did the filing organization file **Form 1120-POL** for this year? ☐ Yes ☐ No

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

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

Part II-A **Complete if the organization is exempt under section 501(c)(3) and filed Form 5768 (election under section 501(h)).**

A Check ☐ if the filing organization belongs to an affiliated group (and list in Part IV each affiliated group member's name, address, EIN, expenses, and share of excess lobbying expenditures)

B Check ☐ if the filing organization checked box A and "limited control" provisions apply

Limits on Lobbying Expenditures (The term "expenditures" means amounts paid or incurred.)	(a) Filing Organization's Totals	(b) Affiliated Group Totals
1a Total lobbying expenditures to influence public opinion (grass roots lobbying)		
b Total lobbying expenditures to influence a legislative body (direct lobbying)		
c Total lobbying expenditures (add lines 1a and 1b)		
d Other exempt purpose expenditures		
e Total exempt purpose expenditures (add lines 1c and 1d)		
f Lobbying nontaxable amount Enter the amount from the following table in both columns		
g Grassroots nontaxable amount (enter 25% of line 1f)		
h Subtract line 1g from line 1a If zero or less, enter -0-		
i Subtract line 1f from line 1c If zero or less, enter -0-		

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

j If there is an amount other than zero on either line 1h or line 1i, did the organization file Form 4720 reporting section 4911 tax for this year? ☐ **Yes** ☐ **No**

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

Lobbying Expenditures During 4-Year Averaging Period

Calendar year (or fiscal year beginning in)	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(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)).

		(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?	Yes		
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		36,111
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities? If "Yes," describe in Part IV	Yes		98,561
j	Total lines 1c through 1i			134,672
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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	1	
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).**		
a	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
EXPLANATION OF LOBBYING ACTIVITIES	PART II-B, LINE 1	ENGAGED BARNES & THORNBURG AND BAKER & DANIELS AS FEDERAL LOBBYING COUNCIL TO REVIEW, DISCUSS, AND ADVOCATE RELATIVE TO MEDICARE GEOGRAPHICAL REIMBURSEMENT ISSUES IN ADDITION, THEY WILL DRAFT LEGISLATION OR AMENDMENTS TO LEGISLATION, REVIEW PROPOSED RULES & REGULATIONS AND FILE ALL NECESSARY FORMS TO ENSURE THE HOSPITAL IS PROPERLY REGISTERED UNDER FEDERAL LOBBYING LAWS IN ADDITION, THE VP OF GOVERNMENT & EXTERNAL AFFAIRS MEETS WITH STATE AND LOCAL LEGISLATORS ON ISSUES AFFECTING THE ORGANIZATION A PORTION OF MEMBERSHIP DUES PAID TO THE METROPOLITAN CHICAGO HEALTHCARE COUNCIL (MCHC) AND THE INDIANA HOSPITAL ASSOCIATION (IHA) IS ATTRIBUTABLE TO LOBBYING ACTIVITIES THE RESPECTIVE PERCENTAGES HAVE BEEN APPLIED, AS PROVIDED BY THE RESPECTIVE ORGANIZATIONS
PART IV, SUPPLEMENTAL INFORMATION		PART II-B, LINE 1(G) THE VP OF GOVERNMENT AND EXTERNAL AFFAIRS MEETS WITH STATE AND LOCAL LEGISLATORS ON ISSUES AFFECTING THE ORGANIZATION

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions.

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

	(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a Beginning of year balance					
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 year end balance held as

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

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

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

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

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

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,745,499		3,745,499
b Buildings		236,672,426	177,577,756	59,094,670
c Leasehold improvements				
d Equipment		173,886,335	137,806,020	36,080,315
e Other		32,885,293	8,987,652	23,897,641
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				122,818,125

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶		

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	
THIRD PARTY PAYOR SETTLEMENT	7,398,859
ESTIMATED SELF INSURANCE LIABILITY	7,106,418
ASBESTOS MITIGATION LIABILITY	470,110
PENSION & POST RETIREMENT OBLIGATIONS	35,342,417
OTHER LIABILITES	797,721
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	51,115,525

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

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

1	Total revenue (Form 990, Part VIII, column (A), line 12)	1	304,498,353
2	Total expenses (Form 990, Part IX, column (A), line 25)	2	281,636,655
3	Excess or (deficit) for the year Subtract line 2 from line 1	3	22,861,698
4	Net unrealized gains (losses) on investments	4	-3,756,254
5	Donated services and use of facilities	5	
6	Investment expenses	6	
7	Prior period adjustments	7	
8	Other (Describe in Part XIV)	8	-15,570,432
9	Total adjustments (net) Add lines 4 - 8	9	-19,326,686
10	Excess or (deficit) for the year per financial statements Combine lines 3 and 9	10	3,535,012

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

1	Total revenue, gains, and other support per audited financial statements			1	303,463,551
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	-3,756,254		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIV)	2d	225,407		
e	Add lines **2a** through **2d**			2e	-3,530,847
3	Subtract line **2e** from line **1**			3	306,994,398
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b	-2,496,045		
c	Add lines **4a** and **4b**			4c	-2,496,045
5	Total Revenue Add lines **3** and **4c.** (This should equal Form 990, Part I, line 12)			5	304,498,353

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

1	Total expenses and losses per audited financial statements			1	284,490,642
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIV)	2d	2,853,987		
e	Add lines **2a** through **2d**			2e	2,853,987
3	Subtract line **2e** from line **1**			3	281,636,655
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIV)	4b			
c	Add lines **4a** and **4b**			4c	0
5	Total expenses Add lines **3** and **4c.** (This should equal Form 990, Part I, line 18)			5	281,636,655

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
PART XI, LINE 8 - OTHER ADJUSTMENTS		PENSION RELATED CHANGES OTHER THAN NET PERIODIC COST -15,570,432
PART XII, LINE 2D - OTHER ADJUSTMENTS		REVENUE FROM FOUNDATION 225,407
PART XII, LINE 4B - OTHER ADJUSTMENTS		RENTAL EXPENSE -2,496,045
PART XIII, LINE 2D - OTHER ADJUSTMENTS		FOUNDATION EXPENSES 357,942 RENTAL EXPENSES 2,496,045

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

Part I Charity Care and Certain Other Community Benefits at Cost

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

7 Charity Care and Certain Other Community Benefits at Cost

Charity Care and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Charity care at cost (from Worksheet 1)			14,480,618		14,480,618	5 350 %
b Medicaid (from Worksheet 3, column a)			56,047,675	48,552,178	7,495,497	2 770 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			3,062,424		3,062,424	1 130 %
d **Total** Charity Care and Means-Tested Government Programs			73,590,717	48,552,178	25,038,539	9 250 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)	49		749,797	200	749,597	0 280 %
f Health professions education (from Worksheet 5)			294,605	550,086	-255,481	0 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			220,153		220,153	0 080 %
j **Total** Other Benefits	49		1,264,555	550,286	714,269	0 360 %
k **Total.** Add lines 7d and 7j	49		74,855,272	49,102,464	25,752,808	9 610 %

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

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

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense	2	10,872,378		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	3,926,874		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	94,949,686		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	109,736,585		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-14,786,899		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?	9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI	9b	Yes	

Part IV Management Companies and Joint Ventures (see instructions)

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

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest)

How many hospital facilities did the organization operate during the tax year? 2

	Name and address	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)
1	THE METHODIST HOSPITALS INC 600 GRANT STREET GARY,IN 46402	X	X					X		
2	THE METHODIST HOSPITALS INC 8701 BROADWAY MERRILLVILLE,IN 46410	X	X					X		

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

THE METHODIST HOSPITAL INC

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
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		No
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those 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 the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in 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 CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☑ State regulation			
	h ☑ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☑ Reporting to credit agency			
	b ☑ Lawsuits			
	c ☑ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16	Yes	
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☑ Reporting to credit agency			
	b ☑ Lawsuits			
	c ☑ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☑ Notified patients of the financial assistance policy upon admission			
	b ☑ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
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)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**	Yes	
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

THE METHODIST HOSPITAL INC

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 2011)			
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		No
If "Yes," indicate what the Needs Assessment describes (check all that apply)			
a ☐ A definition of the community served by the hospital facility			
b ☐ Demographics of the community			
c ☐ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d ☐ How data was obtained			
e ☐ The health needs of the community			
f ☐ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g ☐ The process for identifying and prioritizing community health needs and services to meet those 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 the community's health needs			
j ☐ Other (describe in Part VI)			
2 Indicate the tax year the hospital facility last conducted a Needs Assessment 20 ___			
3 In conducting its most recent Needs Assessment, did the hospital facility take into account input from persons who represent the community served by the hospital facility? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	3		
4 Was the hospital facility's Needs Assessment conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	4		
5 Did the hospital facility make its Needs Assessment widely available to the public?	5		
If "Yes," indicate how the Needs Assessment was made widely available (check all that apply)			
a ☐ Hospital facility's website			
b ☐ Available upon request from the hospital facility			
c ☐ Other (describe in Part VI)			
6 If the hospital facility addressed needs identified in its most recently conducted Needs Assessment, indicate how (check all that apply)			
a ☐ Adoption of an implementation strategy to address the health needs of the hospital facility's community			
b ☐ Execution of the implementation strategy			
c ☐ Development of a community-wide community benefit plan for the facility			
d ☐ Participation in 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 CHNA			
g ☐ Prioritization of health needs in the community			
h ☐ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i ☐ Other (describe in Part VI)			
7 Did the hospital facility address all of the needs identified in its most recently conducted Needs Assessment? If "No," explain in Part VI which needs it has not addressed together with the reasons why it has not addressed such needs	7		
Financial Assistance Policy			
Did the hospital facility have in place during the tax year a written financial assistance policy that			
8 Explains eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	8	Yes	
9 Used federal poverty guidelines (FPG) to determine eligibility for providing free care?	9	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000%			
If "No," explain in Part VI the criteria the hospital facility used			

Part V Facility Information *(continued)*

			Yes	No
10	Used FPG to determine eligibility for providing discounted care?	10	Yes	
	If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000%			
	If "No," explain in Part VI the criteria the hospital facility used			
11	Explained the basis for calculating amounts charged to patients?	11	Yes	
	If "Yes," indicate the factors used in determining such amounts (check all that apply)			
	a ☑ Income level			
	b ☑ Asset level			
	c ☑ Medical indigency			
	d ☑ Insurance status			
	e ☑ Uninsured discount			
	f ☑ Medicaid/Medicare			
	g ☑ State regulation			
	h ☑ Other (describe in Part VI)			
12	Explained the method for applying for financial assistance?	12	Yes	
13	Included measures to publicize the policy within the community served by the hospital facility?	13	Yes	
	If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
	a ☑ The policy was posted at all times on the hospital facility's web site			
	b ☐ The policy was attached to all billing invoices			
	c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
	d ☐ The policy was posted in the hospital facility's admissions offices			
	e ☑ The policy was provided, in writing, to patients upon admission to the hospital facility			
	f ☑ The policy was available upon request			
	g ☐ Other (describe in Part VI)			

Billing and Collections

14	Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	14	Yes	
15	Check all of the following collection actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP			
	a ☑ Reporting to credit agency			
	b ☑ Lawsuits			
	c ☑ Liens on residences			
	d ☐ Body attachments or arrests			
	e ☐ Other similar actions (describe in Part VI)			
16	Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the patient's eligibility under the facility's FAP?	16	Yes	
	If "Yes," check all actions in which the hospital facility or a third party engaged			
	a ☑ Reporting to credit agency			
	b ☑ Lawsuits			
	c ☑ Liens on residences			
	d ☐ Body attachments			
	e ☐ Other similar actions (describe in Part VI)			
17	Indicate which efforts the hospital facility made before initiating any of the actions checked in question 16 (check all that apply)			
	a ☑ Notified patients of the financial assistance policy upon admission			
	b ☑ Notified patients of the financial assistance policy prior to discharge			
	c ☑ Notified patients of the financial assistance policy in communications with the patients regarding the patients' bills			
	d ☑ Documented its determination of whether patients were eligible for financial assistance under the hospital facility's financial assistance policy			
	e ☐ Other (describe in Part VI)			

Part V Facility Information *(continued)*

Policy Relating to Emergency Medical Care

		Yes	No
18 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**18**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
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)			

Individuals Eligible for Financial Assistance

19 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☐ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of it's three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
20 Did the hospital facility charge any of its patients who were eligible for assistance under the hospital facility's financial assistance policy, and to whom the hospital facility provided emergency or other medically necessary services, more than the amounts generally billed to individuals who had insurance covering such care?	**20**		No
If "Yes," explain in Part VI			
21 Did the hospital facility charge any of its FAP-eligible patients an amount equal to the gross charge for services provided to that patient?	**21**	Yes	
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

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

How many non-hospital facilities did the organization operate during the tax year? **6**

	Name and address	Type of Facility (Describe)
1	THE METHODIST HOSPITALS INC 2269 WEST 25TH STREET GARY,IN 46404	OUTPATIENT REHAB
2	METHODIST SURGERY CENTER LLC 101 E 87TH AVENUE MERRILLVILLE,IN 46410	OUTPATIENT SURGERY CENTER
3	METHODIST HOSPITALS CARDIAC REHABILITATI 753 EAST 81ST AVE STE 4 MERRILLVILLE,IN 46410	OUTPATIENT CARDIAC REHAB
4	METHODIST HOSPITALS OUTPATIENT DIAG CENT 101 E 87TH AVENUE MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES
5	METHODIST HOSPITALS REHAB CENTER 303 E 89TH AVE MERRILLVILLE,IN 46410	OUTPATIENT REHAB
6	METHODIST HOME HEALTH CENTER 650 GRANT STREET GARY,IN 46408	HOME HEALTH SERVICES
7		
8		
9		
10		

Part VI Supplemental Information

Complete this part to provide the following information

1 **Required descriptions.** Provide the descriptions 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, 9, 10, 11h, 13g, 15e, 16e, 17e, 18d, 19d, 20, and 21

2 **Community health needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any community health needs assessments reported in Part V, Section B

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

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

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

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Identifier	ReturnReference	Explanation
		PART I, LINE 7 METHODIST HOSPITALS, INC USES PUBLISHED FEDERAL POVERTY GUIDELINES TO DETERMINE ELIGIBILITY FOR CHARITY

Identifier	ReturnReference	Explanation
		PART I, L7 COL(F) COLUMN F IS THE AMOUNT OF CHARITY CARE PROVIDED AS A PERCENTAGE OF EXPENSES SHOWN ON PART IX, LINE 25 LESS BAD DEBT EXPENSE OF $10,872,377

Identifier	ReturnReference	Explanation
		PART II METHODIST HOSPITALS CONTINUED ITS PARTICIPATION IN THE NW INDIANA HEALTH DISPARITIES INITIATIVE REGION 1 THIS PARTNERSHIP WITH LAKE COUNTY MINORITY HEALTH COALITION AND BROTHERS UPLIFTING BROTHERS INCLUDES 7 COUNTIES (LAKE, PORTER, JASPER, NEWTON, LAPORTE, STARKE, AND PULASKI) FIVE MAJOR HEALTH PROGRAMS WERE HELD FOCUSING ON HEART HEALTH, OBESITY, AND HIV/AIDS METHODIST CONCLUDED ITS SERIES OF MONTHLY HEALTH EDUCATION SEMINARS, HEALTH MATTERS, IN COOPERATION WITH THE YWCA OF NORTHWEST INDIANA THESE PROGRAMS FOCUSED ON MONTHLY NATIONAL HEALTH AWARENESS THEMES

Identifier	ReturnReference	Explanation
		PART III, LINE 4 ACCOUNTS RECEIVABLE FOR PATIENTS, INSURANCE COMPANIES, AND GOVERNMENTAL AGENCIES ARE BASED ON GROSS CHARGES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS ESTABLISHED ON AN AGGREGATE BASIS BY USING HISTORICAL WRITE-OFF RATE FACTORS APPLIED TO UNPAID ACCOUNTS BASED ON AGING LOSS RATE FACTORS ARE BASED ON HISTORICAL LOSS EXPERIENCE AND ADJUSTED FOR ECONOMIC CONDITIONS AND OTHER TRENDS AFFECTING THE HOSPITAL'S ABILITY TO COLLECT OUTSTANDING AMOUNTS UNCOLLECTIBLE AMOUNTS ARE WRITTEN OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IN THE PERIOD THEY ARE DETERMINED TO BE UNCOLLECTIBLE AN ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS AND INTERIM PAYMENT ADVANCES IS BASED ON EXPECTED PAYMENT RATES FROM PAYORS BASED ON CURRENT REIMBURSEMENT METHODOLOGIES THIS AMOUNT ALSO INCLUDES AMOUNTS RECEIVED AS INTERIM PAYMENTS AGAINST UNPAID CLAIMS BY CERTAIN PAYORS THE HOSPITAL PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES BECAUSE THE HOSPITAL DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THE ENTIRE AMOUNT SHOULD BE TREATED AS BAD DEBT

Identifier	ReturnReference	Explanation
		PART III, LINE 8 METHODIST HOSPITALS PROVIDES SERVICE TO ALL PATIENTS REGARDLESS OF ONES ABILITY TO PAY FOR SERVICE WE ARE ONE OF THE LARGEST SAFETY NET HOSPITALS IN THE STATE OF INDIANA SERVICES THAT ARE PROVIDED TO OUR PATIENTS REQUIRE A FINANCIAL SUBSIDY BY THE HOSPITAL IN ORDER TO PROVIDE CRITICAL CARE TO OUR PATIENTS THESE SERVICES INCLUDE PHYSICIAN COVERAGE IN THE FOLLOWING AREAS EMERGENCY SERVICES, ANESTHESIA SERVICES, SURGICAL, OBSTETRICAL CARE AND MANY OTHER PHYSICIAN SPECIALTIES IN ADDITION TO EMPLOYING PHYSICIANS, METHODIST PROVIDES BOTH PUBLIC HEALTH AND SPECIALTY SERVICES THAT ARE DISPROPORTIONATELY PROVIDED BY OUR HOSPITALS THAT ARE ALSO HIGH-COST AND/OR UNPROFITABLE SERVICES THESE SERVICES ATTRACT POTENTIALLY DIFFICULT-TO-TREAT PATIENT POPULATIONS, INCLUDING A BROAD RANGE OF PSYCHIATRIC AND NEO-NATAL SERVICES METHODIST EMPLOYS 2 INDIVIDUALS WHO SPEND 100% OF THEIR TIME PROVIDING SERVICES TO THE GARY LITERACY COALITION, FREE OF CHARGE

Identifier	ReturnReference	Explanation
		PART III, LINE 9B LIABILITIES FOR NON-COVERED SERVICES, INSURANCE RESIDUALS AND PURE SELF PAY LIABILITIES ARE DUE WITHIN 30 DAYS OF DISCHARGE ATTEMPTS ARE MADE TO COLLECT DEDUCTIBLES PRE-SERVICE AND DEPOSITS OR PAYMENT IN-FULL PRE-SERVICE FOR SELF-PAY PATIENTS IF A PATIENT CANNOT PAY THE ENTIRE BALANCE WITHIN 30 DAYS, PAYMENT PLANS ARE AVAILABLE IF THE PATIENT CANNOT PAY AT ALL, THE HOSPITAL OFFERS NEED-BASED FINANCIAL ASSISTANCE BASED ON HOUSEHOLD INCOME AS A PERCENT OF THE FPG PATIENTS WHO HAVE THE ABILITY TO PAY, YET DEFAULT ON PAYMENT PLANS ARE SENT TO COLLECTIONS (BAD DEBT) ACCOUNTS SENT TO BAD DEBT ARE PERIODICALLY RE-SCREENED FOR PRESUMPTIVE CHARITY QUALIFICATION AND IF QUALIFIED, ARE REMOVED FROM THE COLLECTION PROCESS MEDICARE RESIDUALS ARE INVOICED TO THE PATIENT AND SENT THROUGH A BAD DEBT COLLECTION CYCLE IF COLLECTION ATTEMPTS ARE UNSUCCESSFUL, THE MEDICARE ACCOUNT IS REMOVED FROM COLLECTIONS AND IS REPORTED AS MEDICARE BAD DEBT

Identifier	ReturnReference	Explanation
THE METHODIST HOSPITAL, INC		PART V, SECTION B, LINE 11H FAMILY UNIT - NUMBER AND EXPENSES

Identifier	ReturnReference	Explanation
THE METHODIST HOSPITAL, INC		PART V, SECTION B, LINE 11H FAMILY UNIT - NUMBER AND EXPENSES

Identifier	ReturnReference	Explanation
THE METHODIST HOSPITAL, INC		PART V, SECTION B, LINE 19D SELF PAY POLICY DEFINES FLAT PERCENTAGES, THE ONLY QUALIFICATION IS NO INSURANCE

Identifier	ReturnReference	Explanation
THE METHODIST HOSPITAL, INC		PART V, SECTION B, LINE 19D SELF PAY POLICY DEFINES FLAT PERCENTAGES, THE ONLY QUALIFICATION IS NO INSURANCE

Identifier	ReturnReference	Explanation
THE METHODIST HOSPITAL, INC		PART V, SECTION B, LINE 21 THE HOSPITAL CHARGES ALL PATIENTS THE SAME RATES REGARDLESS OF INCOME LEVELS THE HOSPITAL WILL WRITE-OFF THE CHARGE ACCORDING TO FAP POLICY LEVELS MAINTAINED IN THE HELPING HEART FINANCIAL ASSISTANCE PROGRAM

Identifier	ReturnReference	Explanation
THE METHODIST HOSPITAL, INC		PART V, SECTION B, LINE 21 THE HOSPITAL CHARGES ALL PATIENTS THE SAME RATES REGARDLESS OF INCOME LEVELS THE HOSPITAL WILL WRITE-OFF THE CHARGE ACCORDING TO FAP POLICY LEVELS MAINTAINED IN THE HELPING HEART FINANCIAL ASSISTANCE PROGRAM

Identifier	ReturnReference	Explanation
		PART VI, LINE 2 METHODIST HOSPITAL, INC ASSESSES THE SERVICES NEEDED BASED UPON A REVIEW OF DEMOGRAPHIC AND CLINICAL FACTORS BASED UPON THE DATA, THE HEALTHCARE NEEDS ARE THEN COMPARED TO THE SERVICES CURRENTLY PROVIDED OR AVAILABLE IN THE COMMUNITY AND SURROUNDING COMMUNITIES

Identifier	ReturnReference	Explanation
		PART VI, LINE 3 METHODIST HOSPITALS, INC USES PUBLISHED FEDERAL POVERTY GUIDELINES TO DETERMINE ELIGIBILITY FOR CHARITY METHODIST PROVIDES PATIENTS WITH A PAYMENT OPTIONS BROCHURE AND "FINANCIALLY CLEARS" PATIENTS PRIOR TO SERVICE DELIVERY FINANCIAL CLEARANCE INVOLVES ESTIMATING THE PATIENT LIABILITY, EDUCATING THE PATIENT ABOUT INSURANCE BENEFITS AND OUT-OF-POCKET EXPENSES AND AGREEING TO A PLAN WITH THE PATIENT FOR HOW THAT LIABILITY WILL BE COVERED SELF PAY PATIENTS ARE SCREENED FOR ELIGIBILITY FOR FEDERAL, STATE AND LOCAL PAYMENT SOURCES

Identifier	ReturnReference	Explanation
		PART VI, LINE 4 METHODIST HOSPITALS, INC SERVES NORTHWEST INDIANA WITH THE PRIMARY GEOGRAPHIC AREA BEING SERVED AS LAKE COUNTY, INDIANA PORTER COUNTY, INDIANA COMPRISES MOST OF THE SECONDARY SERVICE AREA THE DEMOGRAPHIC AREA OF THE REGION IS VERY DIVERSE, RANGING FROM THE VERY AFFLUENT TO A SIGNIFICANT INDIGENT POPULATION

Identifier	ReturnReference	Explanation
		PART VI, LINE 5 METHODIST HOSPITALS, INC PROVIDES MONTHLY STROKE AND CANCER SCREENINGS, PREVENTATIVE HEALTHCARE SCREENINGS, EDUCATIONAL SEMINARS, AND HOSTS SEVERAL SUPPORT GROUPS TO THE COMMUNITY MEMBERS ROUTINELY THROUGHOUT THE YEAR

Identifier	ReturnReference	Explanation
		PART VI, LINE 6 N/A

Identifier	ReturnReference	Explanation
REPORTS FILED WITH STATES	PART VI, LINE 7	IN

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

Part I General Information on Grants and Assistance

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

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

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

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

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) INDIAN MEDICAL ASSOC OF NWI202 E 86TH PL MERRILLVILLE,IN 46410	31-4130002	501C(3)	30,000				SCHOLARSHIP
(2) INDIAN AMERICAN CULTURAL CENTER8605 MERRILLVILLE ROAD MERRILLVILLE,IN 46410	35-1981658	501C(3)	20,000				CULTURAL ARTS PROGRAM
(3) MARCH OF DIMES FOUNDATION2612 W US HWY 30 MERRILVILLE,IN 46410	13-1846366	501C(3)	5,000				SUPPORT BIRTH DEFECT RESEARCH PROGRAMS
(4) AMERICAN HEART ASSOCIATION405 BOARDWALK HEBRON,IN 46341	13-5613797	501C(3)	37,500				HEART DISEASE AWARENESS/PREVENTION PROGRAMS
(5) TOWN OF MERRILLVILLE7820 BROADWAY GARY,IN 46410	35-1288379	115	5,000				COMMUNITY EVENTS
(6) NORTHWEST INDIANA SYMPHONY SOCIETY 1040 RIDGE ROAD MUNSTER,IN 46321	35-1359750	501C(3)	5,000				CULTURAL ARTS PROGRAMS
(7) JUVENILLE DIABETICS RESEARCH FOUNDATION26 BROADWAY-14TH FLR NEW YORK,NY 10004	23-1907729	501C(3)	14,147				JUVENILLE DIABETES RESEARCH/PREVENTION PROGRAMS
(8) GARY BRANCH-NAACP PO BOX 64843 GARY,IN 46401	35-6072056	501C(3)	5,000				HIGHER EDUCATION AWARENESS PROGRAMS
(9) GARY LITERACY COALITION650 GRANT STREET GARY,IN 464041533	20-1323689	501C(3)	117,087				PROGRAM SUPPORT

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . ▶ 8

3 Enter total number of other organizations listed in the line 1 table . . . . ▶ 0

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

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

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

Identifier	Return Reference	Explanation
PROCEDURE FOR MONITORING GRANTS IN THE U S	PART I, LINE 2	SCHEDULE I, PART I, LINE 2 THE ORGANIZATION DOES NOT MONITOR HOW THE GRANTS ARE USED BY THE ORGANIZATION RECEIVING THE FUNDS

Additional Data

Return to Form

Software ID:
Software Version:
EIN: 35-0868133
Name: THE METHODIST HOSPITALS INC

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
INDIAN MEDICAL ASSOC OF NWI202 E 86TH PL MERRILLVILLE,IN 46410	31-4130002	501C(3)	30,000				SCHOLARSHIP
INDIAN AMERICAN CULTURAL CENTER 8605 MERRILLVILLE ROAD MERRILLVILLE,IN 46410	35-1981658	501C(3)	20,000				CULTURAL ARTS PROGRAM

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MARCH OF DIMES FOUNDATION 2612 W US HWY 30 MERRILVILLE,IN 46410	13-1846366	501C(3)	5,000				SUPPORT BIRTH DEFECT RESEARCH PROGRAMS
AMERICAN HEART ASSOCIATION 405 BOARDWALK HEBRON,IN 46341	13-5613797	501C(3)	37,500				HEART DISEASE AWARENESS/PREVENTION PROGRAMS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
TOWN OF MERRILLVILLE7820 BROADWAY GARY,IN 46410	35-1288379	115	5,000				COMMUNITY EVENTS
NORTHWEST INDIANA SYMPHONY SOCIETY1040 RIDGE ROAD MUNSTER,IN 46321	35-1359750	501C(3)	5,000				CULTURAL ARTS PROGRAMS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
JUVENILLE DIABETICS RESEARCH FOUNDATION26 BROADWAY-14TH FLR NEW YORK, NY 10004	23-1907729	501C(3)	14,147				JUVENILLE DIABETES RESEARCH/PREVENTION PROGRAMS
GARY BRANCH-NAACPPO BOX 64843 GARY, IN 46401	35-6072056	501C(3)	5,000				HIGHER EDUCATION AWARENESS PROGRAMS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GARY LITERACY COALITION650 GRANT STREET GARY,IN 464041533	20-1323689	501C(3)	117,087				PROGRAM SUPPORT

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

Part I Questions Regarding Compensation

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

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

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

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, columns (D) and (E) for that individual

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) IAN MCFADDEN	(i)	459,180	123,200	13,941	11,804	8,747	616,872	0
	(ii)	0	0	0	0	0	0	0
(2) LOREN CHANDLER	(i)	225,116	59,400	11,300	0	4,374	300,190	0
	(ii)	0	0	0	0	0	0	0
(3) MATTHEW DOYLE	(i)	219,160	32,104	0	4,171	8,747	264,182	0
	(ii)	0	0	0	0	0	0	0
(4) SHELLY MAJOR	(i)	259,474	47,294	0	6,465	8,747	321,980	0
	(ii)	0	0	0	0	0	0	0
(5) MICHAEL DAVENPORT MD	(i)	327,562	64,480	0	9,858	8,747	410,647	0
	(ii)	0	0	0	0	0	0	0
(6) JUANMIGUEL T LIMJOCO MD	(i)	316,540	0	0	20,839	8,747	346,126	0
	(ii)	0	0	0	0	0	0	0
(7) ELIZABETH E SENGUPTA MD	(i)	292,438	0	0	21,493	8,747	322,678	0
	(ii)	0	0	0	0	0	0	0
(8) JUDSON WOOD MD	(i)	375,198	20,000	0	0	8,747	403,945	0
	(ii)	0	0	0	0	0	0	0
(9) LIBRADA VAZQUEZ MD	(i)	332,157	0	0	0	8,747	340,904	0
	(ii)	0	0	0	0	0	0	0
(10) ARNITA REED	(i)	236,392	55,614	0	7,500	8,747	308,253	0
	(ii)	0	0	0	0	0	0	0

Part III Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

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

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

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

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 26, or Form 990-EZ, Part V, line 38a

(a) Name of interested person and purpose	(b) Loan to or from the organization? To	(b) Loan to or from the organization? From	(c) Original principal amount	(d) Balance due	(e) In default? Yes	(e) In default? No	(f) Approved by board or committee? Yes	(f) Approved by board or committee? No	(g) Written agreement? Yes	(g) Written agreement? No
(1) IAN MCFADDEN ADVANCEMENT OF COMPENSATION		X	100,000	59,378		No	Yes		Yes	
(2) LOREN CHANDLER ADVANCEMENT OF COMPENSATION		X	135,000	67,951		No	Yes		Yes	
Total . . . . . ▶ $				127,329						

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

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

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) POWERS SONS CONSTRUCTION CO	BOARD MEMBER	547,677	THE ORGANIZATION CONTRACTED CONSTRUCTION SERVICES FROM A COMPANY OWNED BY MR POWERS, A BOARD MEMBER		No

Part V Supplemental Information

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

Identifier	Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

Identifier	Return Reference	Explanation
	FORM 990, PART VI, SECTION B, LINE 11	THE FORM 990 IS REVIEWED BY THE CONTROLLER AND CFO OF THE ORGANIZATION AND THEN SENT TO MEMBERS OF THE GOVERNING BODY FOR REVIEW PRIOR TO FILING
	FORM 990, PART VI, SECTION B, LINE 12C	THE BOARD PASSED A RESOLUTION IN 1994 WHICH REQUIRES EACH BOARD MEMBER TO ANNUALLY DISCLOSE ALL SITUATIONS WHERE A POTENTIAL CONFLICT OF INTEREST MAY EXIST THE CONFLICT OF INTEREST/RELATED PARTY QUESTIONNARIES ARE COMPLETED AND REVIEWED ON AN ANNUAL BASIS ANY POTENTIALLY CONFLICTED DIRECTORS ARE PROHIBITED FROM PARTICIPATING IN THE DISCUSSION ABOUT OR VOTING ON ANY CONFLICTED ISSUE
	FORM 990, PART VI, SECTION B, LINE 15	THE HR AND GOVERNANCE COMMITTEE USES INDEPENDENT AND EXTERNAL RESOURCES FOR THE ESTABLISHMENT OF COMPENSATION FOR OFFICERS AND OTHER KEY EMPLOYEES THE COMMITTEE USES COMPARABILITY DATA AND MARKET COMPARISONS INCLUDING COMPENSATION SURVEYS AND FORM 990 INFORMATION FROM OTHER ORGANIZATIONS AS PART OF THE COMPENSATION DETERMINATION PROCESS THE COMPENSATION APPROACH, PROCESS, AND DATA ARE THOROUGHLY DISCUSSED IN THE COMMITTEE MEETINGS AND THE REVIEW AND APPROVALS ARE DOCUMENTED THROUGHOUT THE PROCESS THE MOST RECENT YEAR THIS PROCESS WAS UNDERTAKEN WAS 2011
	FORM 990, PART VI, SECTION C, LINE 19	DOCUMENTS ARE AVAILABLE UPON REQUEST
CHANGES IN NET ASSETS OR FUND BALANCES	FORM 990, PART XI, LINE 5	NET UNREALIZED LOSSES ON INVESTMENTS -3,756,254 PENSION RELATED CHANGES OTHER THAN NET PERIODIC COST -15,570,432 TOTAL TO FORM 990, PART XI, LINE 5 -19,326,686
	FORM 990, PART XII, LINE 2C	THERE HAS BEEN NO CHANGE IN PROCESS FROM PRIOR YEAR

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

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

(a) Name, address, and EIN of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity
(1) METHODIST PATHOLOGY LLC 600 GRANT ST GARY, IN 46402 20-3642476	PATHOLOGY SERVICES	IN	803,896	91,832	THE METHODIST HOSPITALS INC
(2) METHODIST ANESTHESIA LLC 600 GRANT ST GARY, IN 46402 20-1954536	ANESTHESIA SERVICES	IN	2,444,057	361,076	THE METHODIST HOSPITALS INC
(3) METHODIST CARDIOGRAPHICS LLC 600 GRANT ST GARY, IN 46402 20-1349870	READING CARDIOGRAMS	IN	1,841,913	63,444	THE METHODIST HOSPITALS INC
(4) NORTHWEST EMERGENCY ASSOSCIATES LLC 600 GRANT ST GARY, IN 46402 20-5290680	EMERGENCY ROOM MEDICAL SERVICES	IN	0	102,738	THE METHODIST HOSPITALS INC
(5) METHODIST AUXILIARY 600 GRANT ST GARY, IN 46402	SUPPORT	IN	0	0	THE METHODIST HOSPITALS INC

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) THE METHODIST HOSPITALS FOUNDATION 600 GRANT STREET GARY, IN 46402 27-1495289	SUPPORTING ORGANIZATION	IN	501(C)(3)	LINE 11A, I	THE METHODIST HOSPITALS INC	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership

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

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

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

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

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

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

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

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

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Schedule R (Form 990) 2011

Part VII Supplemental Information

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

Identifier	Return Reference	Explanation	

The Methodist Hospitals, Inc.

Consolidated Financial Report

December 31, 2011

The Methodist Hospitals, Inc.

Contents

plante moran

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Independent Auditor's Report

To the Board of Directors
The Methodist Hospitals, Inc.

We have audited the accompanying consolidated balance sheet of The Methodist Hospitals, Inc. (the "Hospital") as of December 31, 2011 and 2010 and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Hospital'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 of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes 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.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Methodist Hospitals, Inc. at December 31, 2011 and 2010 and the consolidated results of its operations, changes in net assets, and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

April 20, 2012

The Methodist Hospitals, Inc.

Consolidated Balance Sheet

	December 31, 2011	December 31, 2010
Assets		
Current Assets		
Cash and cash equivalents	$ 19,345,002	$ 34,156,290
Short-term investments (Note 5)	4,707,401	3,185,112
Accounts receivable (Note 2)	30,813,413	18,322,824
Cost report settlements receivable (Note 3)	26,153,626	-
Current portion of assets limited as to use (Note 5)	2,489,027	640,061
Other current assets (Note 7)	11,023,071	11,321,558
Total current assets	94,531,540	67,625,845
Assets Limited as to Use - Net of current portion (Note 5)	127,288,581	141,458,199
Property and Equipment - Net (Note 8)	122,830,854	126,101,815
Other Assets	1,190,053	1,503,010
Total assets	**$ 345,841,028**	**$ 336,688,869**
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt (Note 10)	$ 3,703,792	$ 3,518,507
Accounts payable	8,971,752	7,375,155
Cost report settlements payable (Note 3)	7,398,859	7,785,462
Accrued liabilities and other (Note 9)	15,061,638	15,129,645
Total current liabilities	35,136,041	33,808,769
Long-term Debt - Net of current portion (Note 10)	83,748,010	89,658,798
Other Liabilities (Note 11)	43,716,666	33,383,468
Total liabilities	162,600,717	156,851,035
Net Assets		
Unrestricted	182,984,820	179,299,546
Temporarily restricted	230,491	513,288
Permanently restricted	25,000	25,000
Total net assets	183,240,311	179,837,834
Total liabilities and net assets	**$ 345,841,028**	**$ 336,688,869**

The Methodist Hospitals, Inc.

Consolidated Statement of Operations

	Year Ended December 31, 2011	Year Ended December 31, 2010
Unrestricted Revenue, Gains, and Other Support		
Net patient service revenue	$ 246,792,771	$ 244,922,776
Investment income (Note 5)	(412,993)	9,637,565
Other revenue	3,322,763	3,248,761
Medicaid disproportionate share revenue	48,552,178	32,000,000
Net assets released from restrictions used for operations	396,631	86,007
Total unrestricted revenue, gains, and other support	298,651,350	289,895,109
Operating Expenses		
Salaries and wages	106,996,138	107,500,017
Employee benefits and payroll taxes	26,761,229	23,362,225
Supplies	47,766,832	47,011,395
Outside services	44,420,464	42,122,095
Professional and other liability costs	2,185,528	2,424,601
Utilities	6,557,103	6,546,658
Repairs and maintenance	7,399,828	6,678,524
Depreciation and amortization	17,891,380	18,703,323
Provision for bad debts	10,872,378	6,810,700
Interest expense	5,938,159	6,478,999
Other	7,701,603	7,192,263
Total operating expenses (Note 16)	284,490,642	274,830,800
Operating Income	14,160,708	15,064,309
Nonoperating Income - Electronic health records incentive payments	5,094,998	-
Excess of Revenue Over Expenses	19,255,706	15,064,309
Pension-related Changes Other than Net Periodic Cost	(15,570,432)	(1,612,908)
Increase in Unrestricted Net Assets	**$ 3,685,274**	**$ 13,451,401**

The Methodist Hospitals, Inc.

Consolidated Statement of Changes in Net Assets

	Year Ended December 31, 2011	Year Ended December 31, 2010
Unrestricted Net Assets		
Excess of revenue over expenses	$ 19,255,706	$ 15,064,309
Pension-related changes other than net periodic cost	(15,570,432)	(1,612,908)
Increase in Unrestricted Net Assets	3,685,274	13,451,401
Temporarily Restricted Net Assets		
Restricted contributions	113,834	97,895
Net assets released from restriction	(396,631)	(86,007)
(Decrease) Increase in Temporarily Restricted Net Assets	(282,797)	11,888
Increase in Net Assets	3,402,477	13,463,289
Net Assets - Beginning of year	179,837,834	166,374,545
Net Assets - End of year	**$ 183,240,311**	**$ 179,837,834**

See Notes to Consolidated Financial Statements.

The Methodist Hospitals, Inc.

Consolidated Statement of Cash Flows

	Year Ended December 31, 2011	Year Ended December 31, 2010
Cash Flows from Operating Activities		
Increase in net assets	$ 3,402,477	$ 13,463,289
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	17,891,380	18,703,323
Net change in unrealized net losses (gains) on investments	3,756,254	(5,235,605)
Realized gains on investments	(182,054)	(300,097)
Pension-related changes other than net periodic costs	15,570,432	1,612,908
Loss on disposal of property and equipment	31,646	219,892
Temporarily restricted contributions	(113,834)	(97,895)
Provision for bad debts	10,872,378	6,810,700
Changes in assets and liabilities that (used) provided cash:		
Accounts receivable	(23,362,967)	(5,482,991)
Other current assets	298,487	(310,970)
Cost report settlements receivable	(26,153,626)	21,153,622
Other assets	312,957	784,075
Accounts payable	1,596,597	(2,235,080)
Accrued liabilities	(68,007)	1,698,417
Cost report settlements payable	(386,603)	1,785,462
Other liabilities	(5,237,234)	(6,821,189)
Net cash (used in) provided by operating activities	(1,771,717)	45,747,861
Cash Flows from Investing Activities		
Purchase of property and equipment	(14,652,065)	(18,473,805)
Net change in assets limited as to use and investments	7,224,163	(2,572,293)
Net cash used in investing activities	(7,427,902)	(21,046,098)
Cash Flows from Financing Activities		
Principal payment on long-term debt	(3,330,000)	(3,145,000)
Payments on capital lease obligations	(2,395,503)	(177,609)
Temporarily restricted contributions	113,834	97,895
Net cash used in financing activities	(5,611,669)	(3,224,714)
Net (Decrease) Increase in Cash and Cash Equivalents	(14,811,288)	21,477,049
Cash and Cash Equivalents - Beginning of year	34,156,290	12,679,241
Cash and Cash Equivalents - End of year	**$ 19,345,002**	**$ 34,156,290**
Supplemental Cash Flow Information - Cash paid for interest	**$ 5,993,098**	**$ 6,427,122**

Note 1 - Nature of Business and Significant Accounting Policies

Organization - The Methodist Hospitals, Inc. (the "Hospital") is an Indiana nonprofit corporation operating a 302-bed general acute-care facility in Gary, Indiana (Northlake Campus), and a 313-bed general acute-care facility in Merrillville, Indiana (Southlake Campus). The Hospital also provides physician services to patients through the following wholly owned limited liability companies: Methodist Cardiographics, LLC, Methodist Anesthesia, LLC, and Methodist Pathology, LLC.

During 2009, the Hospital established The Methodist Hospitals Foundation, Inc. (the "Foundation") to support and benefit the Hospital. The Foundation has been accounted for within the Hospital's financial statements. Intercompany accounts have been eliminated in consolidation.

Cash and Cash Equivalents - Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less, excluding those amounts included in assets limited as to use. The Hospital's cash balances are only insured up to the FDIC limit. As of December 31, 2011, there was approximately $17.9 million of uninsured cash.

Accounts Receivable - Accounts receivable for patients, insurance companies, and governmental agencies are based on gross charges. An allowance for uncollectible accounts is established on an aggregate basis by using historical write-off rate factors applied to unpaid accounts based on aging. Loss rate factors are based on historical loss experience and adjusted for economic conditions and other trends affecting the Hospital's ability to collect outstanding amounts. Uncollectible amounts are written off against the allowance for doubtful accounts in the period they are determined to be uncollectible. An allowance for contractual adjustments and interim payment advances is based on expected payment rates from payors based on current reimbursement methodologies. This amount also includes amounts received as interim payments against unpaid claims by certain payors.

Investments - Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet. Investment income or loss (including realized and unrealized gains and losses on investments, interest, and dividends) is included in excess of revenues over expenses unless the income or loss is restricted by donor or law.

Inventories - Inventories, which consist of medical and office supplies and pharmaceutical products, are stated at cost, determined on a first-in, first-out basis or market.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Assets Limited as to Use - Assets limited as to use include assets set aside by the governing board for future capital improvement, over which the board retains control, and may, at its discretion, subsequently use for other purposes, assets held by trustees under bond indenture agreements, and assets held in self-insurance trust arrangements. Restricted foundation investments consist of assets whose use by the Hospital has been restricted by the donor.

Property and Equipment - Property and equipment amounts are recorded at cost. Depreciation is provided over the estimated useful life of each class of depreciable asset and is computed using the straight-line method. Equipment under capital lease obligations is amortized on the straight-line method over the shorter period of the lease term or the estimated useful life of the equipment. Such amortization is included in depreciation and amortization in the financial statements.

Classification of Net Assets - Net assets of the Hospital are classified as permanently restricted, temporarily restricted, or unrestricted depending on the presence and characteristics of donor-imposed restrictions limiting the Hospital's ability to use or dispose of contributed assets or the economic benefits embodied in those assets. Donor-imposed restrictions that expire with the passage of time or that can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.

Excess of Revenue Over Expenses - The consolidated statement of operations includes excess of revenue over expenses. Changes in unrestricted net assets, which are excluded from excess of revenue over expenses consistent with industry practice, include net assets released from restrictions for the acquisition of long-lived assets and pension-related changes other than periodic benefit costs.

Net Patient Service Revenue - The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. Payment arrangements include prospectively determined rates per discharge, reimbursed costs, discounted charges, and per diem payments. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactively calculated adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Management believes that it is in compliance with all applicable laws and regulations. Final determination of compliance with such laws and regulations is subject to future government review and interpretation. Violations may result in significant regulatory action including fines, penalties, and exclusions from the Medicare and Medicaid programs.

Contributions - The Hospital reports gifts of cash and other assets as 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 to unrestricted net assets and reported in the consolidated statement of changes in net assets as net assets released from restrictions.

The Hospital reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Hospital reports the expiration of donor restrictions when the assets are placed in service.

Professional and Other Liability Insurance - The Hospital accrues an estimate of the ultimate expense, including litigation and settlement expense, net of applicable reinsurance coverage, for incidents of potential improper professional service and other liability claims occurring during the year as well as for those claims that have not been reported at year end.

Charity Care - The Hospital provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the Hospital does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions, and other revenue received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

Accounting for Conditional Asset Retirement Obligation - Management has considered its legal obligation to report asset retirement activities, such as asbestos removal, on its existing properties. Over the past 20 years, management has systematically renovated, replaced, or constructed the majority of the physical plant facilities, resulting in a relatively small portion of the facility with any remaining hazardous material. Management has calculated the present value of the retirement obligation and the amount has been recognized as a liability on the consolidated balance sheet within other liabilities.

Electronic Health Records Incentive Payments - The American Recovery and Reinvestment Act of 2009 (ARRA) established funding in order to provide incentive payments to hospitals and physicians that implement the use of electronic health record (EHR) technology by 2014. The Hospital may receive an incentive payment for up to four years, provided the Hospital demonstrates meaningful use of certified EHR technology for the EHR reporting period. The revenue from the incentive payments is recognized ratably over the EHR reporting period when there is reasonable assurance that the Hospital will comply with eligibility requirements during the EHR reporting period and an incentive payment will be received. The Hospital has recognized the incentive payments received in nonoperating revenue.

Tax Status - The Hospital is a nonprofit, tax-exempt organization, and is exempt from federal income taxes on related income pursuant to Section 501(c)(3) of the Internal Revenue Code and, accordingly, no tax provision is reflected in the consolidated financial statements. The Hospital's tax returns are not subject to examination by taxing authorities for years beginning prior to December 31, 2008.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 1 - Nature of Business and Significant Accounting Policies (Continued)

New Accounting Pronouncement - During 2011, the Financial Accounting Standards Board (FASB) adopted Accounting Standards Update (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*, establishing accounting and disclosures for healthcare entities that recognize significant amounts of patient service revenue at the time services are rendered even though the entities do not assess a patient's ability to pay. The amendments in the ASU change the presentation of the statement of operations and add new disclosures that are not required under current GAAP for entities within the scope of this update. The provision for bad debts associated with patient service revenue for certain entities is required to be presented on a separate line as a deduction from patient service revenue (net of contractual allowances and discounts) in the statement of operations. The ASU is effective for the Hospital for the year ending December 31, 2012.

New Accounting Pronouncement - The Hospital has adopted Accounting Standards Update (ASU) 2010-24, *Health Care Entities (Topic 954) Presentation of Insurance Claims and Related Insurance Recoveries*, for the year ended December 31, 2011. In accordance with the ASU, the accrued liability for malpractice claims and similar liabilities and the related insurance recovery receivable has been presented separately on the consolidated balance sheet on a gross basis for the year ended December 31, 2011. Prior guidance allowed the liability to be reported net of the estimated insurance recovery receivable. There was no impact on beginning net assets related to the implementation of this ASU. The amount of insurance recovery receivables included in other current assets totaled approximately $230,000 at December 31, 2011.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including April 20, 2012, which is the date the consolidated financial statements were available to be issued.

Note 2 - Patient Accounts Receivable

The details of patient accounts receivable are set forth below:

	2011	2010
Patient accounts receivable	$ 104,744,638	$ 92,140,380
Less allowance for uncollectible accounts	(18,008,370)	(19,430,369)
Less allowance for contractual adjustments	(55,922,855)	(54,387,187)
Net patient accounts receivable	$ 30,813,413	$ 18,322,824

Note 2 - Patient Accounts Receivable (Continued)

The Hospital grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from patients and third-party payors was as follows:

	Percentage	
	2011	2010
Medicare	34 %	29 %
Commercial and managed care	31	36
Medicaid	13	13
Self-pay	22	22
Total	100 %	100 %

Note 3 - Cost Report Settlements

A significant portion of the Hospital's net patient service revenue is received from the Medicare and Medicaid programs. A summary of the basis of reimbursement with these third-party payors is as follows:

- **Medicare** - Inpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Outpatient services related to Medicare beneficiaries are reimbursed based on a prospectively determined amount per episode of care.
- **Medicaid** - Inpatient and outpatient services rendered to Medicaid program beneficiaries are also paid at prospectively determined rates per discharge or per procedure.
- **Other Third-party Payors** - The Hospital has also entered into agreements with certain commercial carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursement to the Hospital under these agreements is discounts from established charges, prospectively determined rates per discharge, and prospectively determined daily rates.

The Hospital qualifies as a Medicaid Disproportionate Share (DSH) provider under Indiana law and, as such, is eligible to receive DSH payments linked to the State of Indiana's fiscal year, which is June 30. The Hospital records DSH program revenue and receivables when the related amounts are determinable and when collectibility is reasonably assured.

Note 3 - Cost Report Settlements (Continued)

At December 31, 2011 and 2010, the Hospital recorded approximately $26.2 million and $0, respectively, in amounts due from the State of Indiana under the DSH program. These amounts are included as part of third-party payor settlements. The amounts recorded represent estimated reimbursement due to the Hospital for services provided through the State fiscal year 2011. During the years ended December 31, 2011 and 2010, approximately $22 million and $55 million, respectively, was received in cash related to the DSH program.

Cost report settlements result from the adjustment of interim payments to final reimbursement under the Medicare and Medicaid programs that are subject to audit by fiscal intermediaries. 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.

The Medicare program has initiated a recovery audit contractor (RAC) initiative, whereby claims subsequent to October 1, 2007 will be reviewed by contractors for validity, accuracy, and proper documentation. The Hospital is unable to determine the extent of liability for overpayments, if any.

Note 4 - Charity Care

In support of its mission, the Hospital's policy is to treat patients in need of medical services without regard to their ability to pay for such services. Charity care covers services provided to persons who cannot afford to pay. Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenue received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total expenses less bad debt expense divided by gross patient service revenue. The Hospital estimates that it provided approximately $13.8 million and $15.6 million of services to indigent patients during 2011 and 2010, respectively.

In addition, the Hospital performs many activities of community benefit, including programs provided to persons with inadequate healthcare resources or for other groups within the community that need special services and support. Examples include programs related to the poor, elderly, substance abuse, child abuse, and others with specific particular healthcare needs. They also include broader populations who benefit from health community initiatives such as health promotion, education, and health screening.

Note 4 - Charity Care (Continued)

The Hospital also participates in the Medicare and Medicaid programs. At present, the reimbursement rates for both programs do not fully cover the cost of providing care to these patients. This represents the estimated "shortfall" created when a facility receives payments below the costs of treating Medicare and Medicaid beneficiaries. These uncompensated costs are not included above.

Note 5 - Assets Limited as to Use

The details of assets limited as to use are summarized in the following schedule:

	2011	2010
Funds held by trustees under bond indenture	$ 8,523,776	$ 8,475,812
Funds held in trust for payment of professional and other liability claims	7,579,594	7,741,532
Funds held by board for future capital improvements	113,649,238	125,855,916
Funds held by donors for specific purposes	25,000	25,000
Subtotal	129,777,608	142,098,260
Less amount for payment of current liabilities	(2,489,027)	(640,061)
Total assets limited as to use and permanently or temporarily restricted	$ 127,288,581	$ 141,458,199

Investments, including short-term investments, consist of the following:

	2011	2010
Money market investments	$ 14,326,278	$ 16,591,962
Government securities	4,793,829	28,616,522
Mutual funds	48,806,643	44,245,740
Corporate bonds	61,811,678	51,261,914
Pooled funds	4,746,581	4,567,234
Total	$ 134,485,009	$ 145,283,372
Classified as:		
Short-term investments	$ 4,707,401	$ 3,185,112
Current portion of assets limited as to use	2,489,027	640,061
Noncurrent portion of assets limited as to use	127,288,581	141,458,199
Total	$ 134,485,009	$ 145,283,372

Funds held by the trustee under bond indenture are held for the purpose of making future bond principal and interest payments. Investment income accrues to the funds as earned.

Note 5 - Assets Limited as to Use (Continued)

Investment income and gains and losses are comprised of the following for the years ended December 31, 2011 and 2010:

	2011	2010
Interest and dividends	$ 3,161,207	$ 4,101,863
Change in net unrealized gains and losses on investments	(3,756,254)	5,235,605
Realized gains and losses - Net	182,054	300,097
Total	$ (412,993)	$ 9,637,565

Note 6 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Hospital's assets measured at fair value on a recurring basis at December 31, 2011 and 2010 and the valuation techniques used by the Hospital to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Hospital has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Hospital's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Note 6 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2011

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2011
Short-term Investments -				
Money market investments	$ 4,707,401	$ -	$ -	$ 4,707,401
Assets Limited as to Use				
Money market investments	11,046,095	-	-	11,046,095
Mutual funds:				
U.S. companies	24,532,705	-	-	24,532,705
International companies	16,694,442	-	-	16,694,442
Fixed income	5,057,177	-	-	5,057,177
Fixed income:				
U.S. Treasuries	-	4,278,045	-	4,278,045
Governmental agency bonds	-	3,296,902	-	3,296,902
Pooled funds	-	4,746,581	-	4,746,581
Asset-backed securities	-	17,725,028	-	17,725,028
Mortgage-backed securities	-	16,381,235	-	16,381,235
Corporate - Domestic	-	19,416,698	-	19,416,698
Corporate - International	-	5,891,466	-	5,891,466
Total assets limited as to use	57,330,419	71,735,955	-	129,066,374
Total	$ 62,037,820	$ 71,735,955	$ -	$ 133,773,775

The assets limited as to use and short-term investments included in the consolidated balance sheet at December 31, 2011 included cash and cash equivalents of $711,234, which are not measured at fair value on a recurring basis and therefore are not in the table above.

Note 6 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2010

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2010
Short-term Investments -				
Money market investments	$ 3,185,112	$ -	$ -	$ 3,185,112
Assets Limited as to Use				
Money market investments	12,649,649	-	-	12,649,649
Mutual funds				
U S. companies	23,122,603	-	-	23,122,603
International companies	17,485,079	-	-	17,485,079
Fixed income	3,638,057	-	-	3,638,057
Fixed income:				
U.S. Treasuries	-	26,660,459	-	26,660,459
Governmental agency bonds	-	1,956,063	-	1,956,063
Pooled funds	-	4,567,234	-	4,567,234
Asset-backed securities	-	18,517,076	-	18,517,076
Mortgage-backed securities	-	13,876,756	-	13,876,756
Corporate - Domestic	-	15,001,580	-	15,001,580
Corporate - International	-	3,866,502	-	3,866,502
Total assets limited as to use	56,895,388	84,445,670	-	141,341,058
Total	$ 60,080,500	$ 84,445,670	$ -	$ 144,526,170

The assets limited as to use and short-term investments included in the consolidated balance sheet at December 31, 2010 included cash and cash equivalents of $757,202, which are not measured at fair value on a recurring basis and therefore are not in the table above.

Note 7 - Other Current Assets

The details of other assets at December 31, 2011 and 2010 are as follows:

	2011	2010
Prepaid expenses	$ 2,787,137	$ 2,907,315
Inventory	6,990,069	7,544,392
Other	1,245,865	869,851
Total	$ 11,023,071	$ 11,321,558

Note 8 - Property and Equipment

The cost of property, plant, and equipment and depreciable lives are summarized as follows:

	2011	2010	Depreciable Life - Years
Land	$ 3,745,499	$ 3,745,499	-
Buildings	236,672,426	237,442,311	2-40
Equipment	204,196,651	195,403,510	3-5
Construction in progress	2,595,927	3,582,359	-
Total cost	447,210,503	440,173,679	
Accumulated depreciation	(324,379,649)	(314,071,864)	
Net property and equipment	$ 122,830,854	$ 126,101,815	

Depreciation and amortization expense on property and equipment totaled approximately $17,891,000 and $18,659,000 in 2011 and 2010, respectively. The Hospital holds buildings and equipment under capital leases with an original cost of approximately $22,100,000 and $24,400,000 at December 31, 2011 and 2010, respectively. Accumulated amortization for buildings and equipment under capital lease obligations was approximately $8,988,000 and $9,587,000 at December 31, 2011 and 2010, respectively.

Construction in progress consists primarily of costs incurred for the installation and implementation of software systems and installation of various clinical equipment. Remaining costs to complete the project are approximately $12,220,000 as of December 31, 2011.

Note 9 - Accrued Liabilities and Other

The details of accrued liabilities at December 31, 2011 and 2010 are as follows:

	2011	2010
Payroll and related items	$ 7,612,306	$ 7,143,529
Compensated absences	6,385,385	6,814,896
Interest	1,063,947	1,118,886
Other	-	52,334
Total accrued liabilities	$ 15,061,638	$ 15,129,645

Note 10 - Long-term Debt

A summary of long-term debt and capital lease obligations at December 31, 2011 and 2010 follows:

	2011	2010
Indiana Health Facility Financing Authority Revenue Bonds, Series 1996, interest at 6.00 percent, due in installments through 2016	$ 10,780,000	$ 12,585,000
Indiana Health Facility Financing Authority Revenue Bonds, Series 2001, interest ranging from 4.30 percent to 5.50 percent, due in installments through 2031	55,165,000	56,690,000
Urgent care and ambulatory surgery center capital lease obligation, expires June 30, 2030, collateralized by the leased buildings	-	2,219,737
Urgent care building capital lease obligation, expires October 31, 2020, collateralized by the leased building	1,334,320	1,402,483
Medical office building capital lease obligations, expires December 31, 2045, collateralized by leased medical office buildings	19,976,325	20,082,166
Total - Before unamortized discount	87,255,645	92,979,386
Less original issue discount	(196,157)	(197,919)
Less current portion	3,703,792	3,518,507
Long-term portion	$ 83,748,010	$ 89,658,798

The Indiana Health Facility Financing Authority (the "IHFFA") has issued bonds on behalf of The Methodist Hospitals, Inc. Obligated Group (the "Obligated Group") and has loaned the proceeds to the Obligated Group under the terms of the master indenture.

Hospital Obligated Group Bonds Payable, Series 1996 consist of hospital revenue bonds issued by the IHFFA. The bonds consist of term bonds payable in annual installments beginning in 2012 through 2016, ranging from $1,910,000 to $2,415,000 at an interest rate of 6 percent.

Hospital Obligated Group Bonds Payable, Series 2001 consist of hospital revenue bonds issued by the IHFFA. The bonds consist of serial bonds payable in annual installments ranging from $1,600,000 in 2012 to $1,685,000 in 2013, at interest rates ranging from 4.30 percent to 4.98 percent, and term bonds payable in annual installments beginning in 2014 through 2031, ranging from $1,775,000 to $4,365,000 at interest rates ranging from 5.375 percent to 5.50 percent.

Note 10 - Long-term Debt (Continued)

The Series 1996 and 2001 Bonds have been issued under a master trust indenture and are secured by the gross revenue of the Hospital. In connection with the bond indenture and loan agreements, the Obligated Group is subject to certain financial covenants related to, among others, transfer of assets, restrictions on additional indebtedness, and maintenance of certain financial covenants, including a minimum debt service coverage ratio and minimum debt service reserve funds.

The Hospital has entered into a series of capital lease arrangements for a medical office building on the Merrillville hospital campus. The Hospital is leasing the underlying land to the developer under terms of a ground lease. The medical office building houses physician offices, laboratory and diagnostic facilities, and an ambulatory surgery center. The lease agreements have terms from 25 to 40 years.

During 2011, one of the capital leases was terminated. As of April 1, 2011, the Hospital was released from further obligations related to the capital lease. Approximately $400,000 was transferred upon termination in relation to accrued taxes. Additional depreciation for 2010 was approximately $1,525,000 based on the change in estimate of the asset's useful life.

Scheduled principal repayments on long-term debt and payments on capital lease obligations are as follows as of December 31, 2011:

Years Ending December 31		Long-term Debt	Capital Lease Obligations
2012		$ 3,510,000	$ 2,005,224
2013		3,710,000	2,005,224
2014		3,925,000	2,005,224
2015		4,150,000	2,005,224
2016		4,385,000	2,005,224
Thereafter		46,265,000	32,237,079
	Total	65,945,000	42,263,199
	Less amount representing interest under capital lease obligations	-	(20,952,554)
	Total debt and present value of minimum lease payments	$ 65,945,000	$ 21,310,645

Note 11 - Other Liabilities

The detail of other liabilities is shown below:

	2011	2010
Accrued pension cost (Note 14)	$ 35,342,417	$ 25,304,918
Accrued professional and other liability claims (Note 15)	7,106,418	6,867,887
Other	1,267,831	1,210,663
Total other liabilities	$ 43,716,666	$ 33,383,468

Note 12 - Operating Leases

The Hospital is obligated under certain operating leases, primarily for facilities and equipment. Total rent expense under these leases was approximately $1,451,000 and $1,459,000 for the years ended December 31, 2011 and 2010, respectively.

The following is a schedule of future minimum lease payments under operating leases that have initial or remaining lease terms in excess of one year:

Years Ending December 31	Amount
2012	$ 1,208,640
2013	657,413
2014	221,244
2015	31,754
Total	$ 2,119,051

Note 13 - Defined Contribution Plan

The Hospital established a defined contribution pension plan effective January 1, 2006, which allows for employee contributions and requires a matching employer contribution of 50 percent of the first 6 percent of employees' earnings. Expense for the years ended December 31, 2011 and 2010 was approximately $1,520,000 and $1,150,000, respectively.

Note 14 - Pension and Other Postretirement Benefit Plans

The Methodist Hospitals, Inc. participates in a defined benefit pension plan covering certain employees.

The board of trustees of the Hospital elected to freeze the employees' participation in the future accrual of benefits under the existing defined benefit plan effective December 31, 2005.

Note 14 - Pension and Other Postretirement Benefit Plans (Continued)

Effective June 1, 2007, the plan was amended to provide early retirement window benefits to participants who had attained age 50 and completed 10 or more years of service on or before June 30, 2007. Under the terms of the amendment, eligible participants who elected to participate received three years of additional benefits accrual based on 2006 compensation, and the early retirement reduction was calculated assuming a participant was 50 years or older. Participants were allowed to take their full benefit as a lump sum. A significant portion of participants eligible for the early retirement program elected to participate in the program.

Obligations and Funded Status

	Pension Benefits	
	2011	2010
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 89,723,836	$ 82,590,217
Service cost	33,000	100,000
Interest cost	4,927,379	4,874,102
Actuarial loss	9,826,667	5,261,853
Benefits paid	(3,123,807)	(3,102,336)
Benefit obligation at end of year	101,387,075	89,723,836
Change in plan assets:		
Fair value of plan assets at beginning of year	64,418,918	54,043,986
Actual return on plan assets	(850,453)	7,777,268
Employer contributions	5,600,000	5,700,000
Benefits paid	(3,123,807)	(3,102,336)
Fair value of plan assets at end of year	66,044,658	64,418,918
Funded status at end of year	$ (35,342,417)	$ (25,304,918)

Components of net periodic benefit cost and other amounts recognized are as follows:

	Pension Benefits	
	2011	2010
Net Periodic Benefit Cost		
Service cost	$ 33,000	$ 100,000
Interest cost	4,927,379	4,874,102
Expected return on plan assets	(4,893,312)	(4,128,323)
Amortization of net loss	342,485	310,547
Total	$ 409,552	$ 1,156,326

Note 14 - Pension and Other Postretirement Benefit Plans (Continued)

Included in unrestricted net assets are the following amounts that have not yet been recognized in net periodic pension cost:

	Pension Benefits	
	2011	2010
Net gain	$ 15,570,432	$ 1,612,908

Assumptions

Weighted average assumptions used to determine benefit obligations at December 31 are as follows:

	Pension Benefits	
	2011	2010
Discount rate	4.90 %	5.60 %

Weighted average assumptions used to determine net periodic benefit cost for years ended December 31 are as follows:

	Pension Benefits	
	2011	2010
Discount rate	5.60 %	6.00 %
Expected long-term return on plan assets	7.40	7.40

In selecting the expected long-term rate of return on assets, the Hospital considered the average rate of earnings expected on the funds invested or to be invested to provide for the benefits of this plan. This included considering the allocation of trust assets and the expected returns likely to be earned over the life of the plan.

Pension Plan Assets

The goals of the pension plan investment program are to fully fund the obligation to pay retirement benefits in accordance with the plan documents and to provide returns that, along with appropriate funding from the Hospital, maintain an asset/liability ratio that is in compliance with all applicable laws and regulations and assures timely payment of retirement benefits. Pension funds are invested in growth-oriented securities up to 65 percent in equities, including international equities.

The target allocation range of percentages for plan assets is 65 percent equity securities and 35 percent debt securities as of December 31, 2011 and 2010.

Note 14 - Pension and Other Postretirement Benefit Plans (Continued)

The fair values of the Hospital's pension plan assets at December 31, 2011 by major asset categories are as follows:

Fair Value Measurements at December 31, 2011

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category				
Equity securities:				
U.S. companies	$ 26,227,015	$ 26,227,015	$ -	$ -
International companies	16,552,924	16,552,924	-	-
Debt securities	20,279,082	-	20,279,082	-
Fixed income - Pooled funds	2,891,827	-	2,891,827	-
Total	$ 65,950,848	$ 42,779,939	$ 23,170,909	$ -

Fair Value Measurements at December 31, 2010

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category				
Equity securities:				
U.S. companies	$ 24,628,725	$ 24,628,725	$ -	$ -
International companies	17,060,615	17,060,615	-	-
Debt securities	19,932,481	-	19,932,481	-
Fixed income - Pooled funds	2,782,561	-	2,782,561	-
Total	$ 64,404,382	$ 41,689,340	$ 22,715,042	$ -

The pension plan assets shown above included cash and cash equivalents of $93,810 and $14,536 at December 31, 2011 and 2010, respectively. Cash and cash equivalents are not measured at fair value on a recurring basis and therefore are not included in the table above.

The above tables present information about the pension and postretirement benefit plan assets measured at fair value at December 31, 2011 and 2010 and the valuation techniques used by the Hospital to determine those fair values.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Hospital has the ability to access.

Note 14 - Pension and Other Postretirement Benefit Plans (Continued)

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Hospital's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each plan asset.

Cash Flow

Contributions

The Hospital expects to contribute $5.6 million to the pension plan in 2011.

Estimated Future Benefit Payments

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid:

Years Ending December 31	Pension Benefits
2012	$ 3,293,518
2013	3,487,182
2014	3,666,593
2015	3,842,811
2016	4,065,937
2017-2021	24,891,137

Note 15 - Professional Liability Self-insurance

On April 2, 1983, the Hospital became qualified under the Indiana Medical Malpractice Act (the "Act") to adopt the policy of self-insuring its professional liability risks for individual losses up to $250,000 per claim and $7,500,000 annually. In addition, the self-insurance plan has specified annual aggregate limits. The Hospital carries commercial insurance coverage for incidents that would exceed coverages specified by the self-insurance program. Prior to April 2, 1983, the Hospital carried commercial insurance for professional liability risks on an occurrence basis. The Hospital's liability for medical malpractice self-insurance is actuarially determined based upon the Hospital's estimated claims reserves and various assumptions, and includes an estimate for claims incurred but not yet reported.

In connection with the self-insurance program, the Hospital established a trust. Under the trust agreement, the trust assets can only be used for payment of professional liability losses, related expenses, and the costs of administering the trust. The assets of the trust are included in unrestricted funds and income from the trust assets and administrative costs are included in the statement of operations.

Note 16 - Functional Expenses

The Hospital provides general healthcare services to residents within its geographical location.

Expenses related to providing these services are as follows:

	2011	2010
Healthcare services	$253,896,858	$244,604,094
General and administrative	30,593,784	30,226,706
Total	$284,490,642	$274,830,800

Note 17 - Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

Cash and Cash Equivalents - The carrying amount approximates fair value because of the short maturity of those instruments.

Investments - Fair values, which are the amounts reported in the balance sheet, are based on quoted market prices.

Accounts Receivable, Accounts Payable, and Accrued Liabilities - The carrying amount reported in the balance sheet for accounts receivable, accounts payable, and accrued liabilities approximates its fair value.

Note 17 - Fair Value of Financial Instruments (Continued)

Estimated Third-party Payor Settlements - Net - The carrying amount reported in the balance sheet for estimated third-party payor settlements - net approximates its fair value.

Long-term Debt - The fair value of the Hospital's bonds is estimated based on current traded value. The fair value of the Hospital's remaining debt is estimated using discounted cash flow analysis, based on current investment borrowing rates for similar types of borrowing arrangements.

The estimated fair value of the Hospital's long-term debt is as follows:

	Carrying Amount	Fair Value
2011 - Long-term debt	$ 87,452,000	$ 83,970,000
2010 - Long-term debt	93,177,000	86,105,000