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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 07-01-2011 and ending 06-30-2012

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

C Name of organization
Memorial Hermann Hospital System

Doing Business As

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

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

D Employer identification number
74-1152597

E Telephone number
(713) 338-4179

G Gross receipts $ 3,007,347,955

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

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

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

H(c) Group exemption number ▶

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

J Website: ▶ www memorialhermann org

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

Part I Summary

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

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

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	49
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	28
5	Total number of individuals employed in calendar year 2011 (Part V, line 2a)	**5**	23,252
6	Total number of volunteers (estimate if necessary)	**6**	3,075
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	14,194,559
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
Revenue			
8	Contributions and grants (Part VIII, line 1h)	10,306,054	10,288,319
9	Program service revenue (Part VIII, line 2g)	2,781,455,743	2,878,657,345
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	66,375,868	-22,049,639
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	63,140,695	91,335,021
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	2,921,278,360	2,958,231,046
Expenses			
13	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,125,902	1,148,795
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	1,277,455,954	1,245,302,554
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)	1,414,306,844	1,559,780,935
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	2,692,888,700	2,806,232,284
19	Revenue less expenses Subtract line 18 from line 12	228,389,660	151,998,762
Net Assets or Fund Balances		**Beginning of Current Year**	**End of Year**
20	Total assets (Part X, line 16)	4,130,506,053	4,235,751,217
21	Total liabilities (Part X, line 26)	2,316,434,406	2,331,389,383
22	Net assets or fund balances Subtract line 21 from line 20	1,814,071,647	1,904,361,834

Part II Signature Block

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

Sign Here

Signature of officer — Date: 2013-05-10

Dennis McVeigh Chief Accounting Officer
Type or print name and title

Paid Preparer's Use Only

Preparer's signature	Date	Check if self-employed ▶ ☐	Preparer's taxpayer identification number (see instructions)
Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ ERNST & YOUNG LLP US 401 CONGRESS AVE STE 1800 AUSTIN, TX 78701			EIN ▶ Phone no ▶ (512) 478-9881

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

Part III Statement of Program Service Accomplishments

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

1 Briefly describe the organization's mission

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

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 $ 2,467,673,446 including grants of $ 1,148,795) (Revenue $ 2,946,870,906)

MEMORIAL HERMANN IS A NON-PROFIT COMMUNITY-OWNED, HEALTHCARE SYSTEM WITH SPIRITUAL VALUES, DEDICATED TO PROVIDING HIGH QUALITY HEALTHCARE SERVICES TO OUR COMMUNITIES ANNUAL DELIVERIES 23,111 ANNUAL INPATIENT ADMISSIONS 130,598 ANNUAL INPATIENT DAYS 648,569 ANNUAL EMERGENCY VISITS 450,010 ANNUAL OUTPATIENT SURGERIES 79,275 ANNUAL DIAGNOSTIC AND THERAPY 930,802

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

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

4d Other program services (Describe in Schedule O)

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

4e **Total program service expenses** ▶ $ 2,467,673,446

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		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		
6	Did the organization maintain any donor advised funds or any similar funds or accounts 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	Yes	
11	If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.*	11b	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI, XII, and XIII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered 'No' to line 12a, then completing Schedule D, Parts XI, XII, and XIII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, 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**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor, or a grant selection committee member, or to a person related to such an individual? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties? (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1*	**34**	Yes	
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**	Yes	
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**	917		
b	Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable	**1b**	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?			**1c**	Yes	
2a	Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return	**2a**	23,252			
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns?			**2b**		
	Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)					
3a	Did the organization have unrelated business gross income of $1,000 or more during the year?			**3a**	Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O*			**3b**	Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)?			**4a**	Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts					
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .			**5a**		No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?			**5b**		No
c	If "Yes" to line 5a or 5b, did the organization file Form 8886-T?			**5c**		
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible?			**6a**		No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?			**6b**		
7	**Organizations that may receive deductible contributions under section 170(c).**					
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?			**7a**		No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?			**7b**		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?			**7c**		No
d	If "Yes," indicate the number of Forms 8282 filed during the year	**7d**				
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?			**7e**		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	49		
b	Enter the number of voting members included in line 1a, above, who are independent	1b	28		
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		Yes	
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		Yes	
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		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O	9			No

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

			Yes	No
10a	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		Yes	

Section C. Disclosure

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

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

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

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

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

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

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

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

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

(A) Name and Title	(B) Average hours per week (describe hours for related organizations in Schedule O)	(C) Position (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			
See Additional Data Table										
1b **Sub-Total**										
c **Total from continuation sheets to Part VII, Section A**										
d **Total (add lines 1b and 1c)**								23,702,956	1,779,138	4,649,915

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 ▶ 1,307

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**	Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization 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
Manhattan Construction 5601 S 122 E Ave TULSA, OK 74146	Construction	19,056,779
Cerner DHT 2800 Rockcreek Parkway KANSAS CITY, MO 64117	Professional Service	10,821,601
Universal Hospital Services PO Box 86 SDS 12-0940 MINNEAPOLIS, MN 55486	Equipment Rental	39,037,097
Sodexo 1669 Phoenix Parkway COLLEGE PARK, GA 30349	Food Service	15,591,333
Crothall Healthcare 13028 Collection Center Dr CHICAGO, IL 60693	Housekeeping	37,067,699

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 ▶ 148

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	9,558,737			
	e	Government grants (contributions)	1e	699,673			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	29,909			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f		10,288,319			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	900099	2,878,657,345	2,878,657,345		
	b						
	c						
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f		2,878,657,345			
	3	Investment income (including dividends, interest and other similar amounts)		-23,202,139			-23,202,139
	4	Income from investment of tax-exempt bond proceeds		1,152,500			1,152,500
	5	Royalties		572,264			572,264
			(i) Real	(ii) Personal			
	6a	Gross rents	40,622,993				
	b	Less rental expenses	45,660,315				
	c	Rental income or (loss)	-5,037,322				
	d	Net rental income or (loss)			-5,037,322			-5,037,322
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory					
	b	Less cost or other basis and sales expenses					
	c	Gain or (loss)					
	d	Net gain or (loss)			0			
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from fundraising events			0			
	9a	Gross income from gaming activities See Part IV, line 19	a					
	b	Less direct expenses	b					
	c	Net income or (loss) from gaming activities			0			
	10a	Gross sales of inventory, less returns and allowances	a	7,771,399				
	b	Less cost of goods sold	b	3,456,594				
	c	Net income or (loss) from sales of inventory			4,314,805			4,314,805
		Miscellaneous Revenue		Business Code				
	11a	LAUNDRY SERVICES		812300	7,394,336		7,394,336	
	b	MANAGEMENT FEES		621500	2,679,940	983,675	1,696,265	
	c	SECURITY SERVICE		541900	1,321,884		1,321,884	
	d	All other revenue			80,089,114	67,229,886	3,782,074	9,077,154
	e	**Total.** Add lines 11a–11d			91,485,274			
	12	**Total revenue.** See Instructions			2,958,231,046	2,946,870,906	14,194,559	-13,122,738

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	1,148,795	1,148,795		
2	Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3	Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4	Benefits paid to or for members	0			
5	Compensation of current officers, directors, trustees, and key employees	20,642,658	12,333,942	8,308,716	
6	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7	Other salaries and wages	1,021,241,460	882,148,527	139,092,933	
8	Pension plan contributions (include section 401(k) and section 403(b) employer contributions)	50,262,991	42,240,063	8,022,928	
9	Other employee benefits	76,527,641	56,104,795	20,422,846	
10	Payroll taxes	76,627,804	64,735,380	11,892,424	
11	Fees for services (non-employees)				
a	Management	0			
b	Legal	22,068,377	15,780,883	6,287,494	
c	Accounting	0			
d	Lobbying	0			
e	Professional fundraising *See Part IV, line 17* . .	0			
f	Investment management fees	0			
g	Other	0			
12	Advertising and promotion	11,741,024	6,585,295	5,155,729	
13	Office expenses	477,316,040	468,131,933	9,184,107	
14	Information technology	0			
15	Royalties . .	0			
16	Occupancy	85,857,435	71,037,282	14,820,153	
17	Travel	2,841,076	1,867,251	973,825	
18	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19	Conferences, conventions, and meetings	1,689,471	1,207,278	482,193	
20	Interest	77,087,637	76,135,740	951,897	
21	Payments to affiliates	0			
22	Depreciation, depletion, and amortization	192,416,679	162,048,885	30,367,794	
23	Insurance	14,028,414	11,690,657	2,337,757	
24	Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24f If line 24f amount exceeds 10% of line 25, column (A) amount, list line 24f expenses on Schedule O)				
a	EQUIPMENT RENTAL & MAINTENANCE	123,035,888	104,320,909	18,714,979	
b	PROFESSIONAL & CONTRACT FEES	483,857,463	444,036,632	39,820,831	
c	MISCELLANEOUS & OTHER EXPENSE	41,332,808	27,244,357	14,088,451	
d	PHYSICIAN INTERGRATION	22,877,627	16,154,655	6,722,972	
e					
f	All other expenses	3,630,996	2,720,187	910,809	
25	**Total functional expenses.** Add lines 1 through 24f	2,806,232,284	2,467,673,446	338,558,838	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		580,280,008	1	308,767,542
	2	Savings and temporary cash investments		30,906,172	2	39,217,160
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		414,697,676	4	446,696,279
	5	Receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		14,482,765	8	20,888,565
	9	Prepaid expenses and deferred charges		27,905,964	9	34,635,078
	10a	Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D*	10a 4,208,983,940			
	b	Less accumulated depreciation	10b 2,096,983,240	2,167,705,933	10c	2,112,000,700
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		707,480,000	12	1,083,787,000
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		187,047,535	15	189,758,893
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		4,130,506,053	16	4,235,751,217
Liabilities	17	Accounts payable and accrued expenses		392,414,242	17	362,984,132
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		1,040,392,466	20	1,012,255,608
	21	Escrow or custodial account liability *Complete Part IV of Schedule D*		0	21	0
	22	Payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons *Complete Part II of Schedule L*		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	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		883,627,698	25	956,149,643
	26	**Total liabilities.** Add lines 17 through 25		2,316,434,406	26	2,331,389,383
Net Assets or Fund Balances		**Organizations that follow SFAS 117, check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		1,801,073,606	27	1,891,644,449
	28	Temporarily restricted net assets		12,998,041	28	12,717,385
	29	Permanently restricted net assets		0	29	0
		Organizations that do not follow SFAS 117, check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		1,814,071,647	33	1,904,361,834
	34	Total liabilities and net assets/fund balances		4,130,506,053	34	4,235,751,217

Part XI Reconcilliation of Net Assets

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

1	Total revenue (must equal Part VIII, column (A), line 12) . . .	1	2,958,231,046
2	Total expenses (must equal Part IX, column (A), line 25)	2	2,806,232,284
3	Revenue less expenses Subtract line 2 from line 1	3	151,998,762
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . .	4	1,814,071,647
5	Other changes in net assets or fund balances (explain in Schedule O)	5	-61,708,575
6	Net assets or fund balances at end of year Combine lines 3, 4, and 5 (must equal Part X, line 33, column (B))	6	1,904,361,834

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	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits . .	3b	Yes	

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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
Memorial Hermann Hospital System

Employer identification number
74-1152597

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

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

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

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

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

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

_____

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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TY 2011 Earnings and Profits Other Adjustments Statement

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Amount
Investment Income	1,736,371
Physician Premium Income	3,547,699

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493133023833

TY 2011 Earnings and Profits Other Adjustments Statement

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Amount
Physician Insurance Losses	1,505,093
Fees and Commissions	268,610
General & Admin Expenses	1,158,290

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493133023833

TY 2011 Itemized Other Current Liabilities Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Description	Beginning Amount	Ending Amount
		Accrued Expenses	31,996	472,965

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TY 2011 Itemized Other Assets Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Assets Description	Beginning Amount	Ending Amount
		Premium receivable		951,397
		Losses recoverable from reinsurers		4,207,585

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TY 2011 Itemized Other Current Assets Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
		Inerest Receivable and Prepaid Exp	28,933	20,513

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TY 2011 Other Deductions Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
Losses and loss adjustment expense		5,773,604
Commission and fees		268,610
General and Administrative expense		1,158,290

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TY 2011 Itemized Other Investments Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Investments Description	Beginning Amount	Ending Amount
		Equity Securities	44,145,724	49,213,194

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TY 2011 Itemized Other Liabilities Schedule

Name: Memorial Hermann Hospital System

EIN: 74-1152597

TY 2011 Itemized Other Liabilities Schedule

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
		Losses Recoverable from Reinsurers	-15,210,377	
		Reserve for Losses	58,782,358	45,958,550
		Reserve for Retro Premium Adjustmnt	12,933,293	12,895,196
		Amounts Payable to Parent Corp	144,692	2,090,940
		Accumulated Other Comprehensive Inc	1,759,169	

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TY 2011 Other Income Statement

Name: Memorial Hermann Hospital System

EIN: 74-1152597

Description	Foreign Amount	Amount
Proceeds from Settlement		1,096,145
Net investment gains		1,736,371

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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
Memorial Hermann Hospital System

Employer identification number
74-1152597

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

		(a) Current Year	(b) Prior Year	(c) Two Years Back	(d) Three Years Back	(e) Four Years Back
1a	Beginning of year balance	3,806,585	3,677,951	3,543,498	3,498,448	
b	Contributions					
c	Investment earnings or losses	219,373	172,286	148,951	65,990	
d	Grants or scholarships					
e	Other expenditures for facilities and programs	69,624	38,574	7,116	14,460	
f	Administrative expenses	7,734	5,078	7,382	6,480	
g	End of year balance	3,948,600	3,806,585	3,677,951	3,543,498	

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

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

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

		Yes	No
(i) unrelated organizations	3a(i)		No
(ii) related organizations	3a(ii)		No

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R? 3b

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

Part VI 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	0	78,253,613		78,253,613
b Buildings	0	2,397,799,917	942,947,832	1,454,852,085
c Leasehold improvements	0	366,923,359	128,999,122	237,924,237
d Equipment	0	1,304,670,863	1,025,036,286	279,634,577
e Other	0	61,336,188	0	61,336,188
Total. Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶				2,112,000,700

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

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A) U S GOVERNMENT SECURITIES	130,279,000	F
(B) POOLED FUNDS	616,711,000	F
(C) MORTGAGE-BACKED SECURITIES	1,153,000	F
(D) CORPORATE OBLIGATIONS	311,639,000	F
(E) CORPORATE EQUITIES	24,005,000	F
Total. *(Column (b) should equal Form 990, Part X, col (B) line 12)* ▶	1,083,787,000	

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

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

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

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

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

1 (a) Description of Liability	(b) Amount
Federal Income Taxes	0
ACCRUED LIABILITIES TO 3RD PARTY	253,884,643
CAPITALIZED LEASES	702,265,000
Total. *(Column (b) should equal Form 990, Part X, col (B) line 25)* ▶	956,149,643

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

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

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

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

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

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

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

Part XIV Supplemental Information

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

Identifier	Return Reference	Explanation
Intended Uses of the Organization's Endowment Funds	Supplemental Information for Schedule D, Part V Line 4	The endowment funds of Memorial Hermann Hospital System consist of permanent endowment funds obtained from donor initiatives for charitable contributions through last will and testament bequests The permanent funds consist of donations and investment income for which the donor's stipulations restrict the Foundation to using only the income resulting from the investment of the donation on a total return basis The assets of the permanent funds income may only be used to support the charitable exempt operations, programs and purposes of Memorial Hermann Hospital System through the purchase of supplies, equipment, and other expenditures necessary for the performance of those operations and programs
ASC 740 Audit Financial Statement Footnote Disclosure	Form 990, Schedule D, Part X as disclosed in Part XIV	Memorial Hermann Hospital System does not have an annual financial audit conducted The financial accounts of the Hospital System are included in the financial statements that are audited by an independent public accounting firm of the consolidated Memorial Hermann Healthcare System entities and its related affiliates The paragraph included in the last issued audited financial statements of the Healthcare System was Taxes The System, MHHS, and certain other affiliates are Texas not-for-profit corporations and have been recognized as tax-exempt pursuant to section 501(c)(3) of the Internal Revenue code The System owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and, therefore, subject to tax Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the accompanying combined balance sheets

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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
Memorial Hermann Hospital System

Employer identification number
74-1152597

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)			116,752,870		116,752,870	4 160 %
b Medicaid (from Worksheet 3, column a)			454,661,057	494,421,785	-39,760,728	
c Costs of other means-tested government programs (from Worksheet 3, column b)			25,043,092	26,919,126	-1,876,034	
d **Total** Charity Care and Means-Tested Government Programs			596,457,019	521,340,911	75,116,108	4 160 %
Other Benefits						
e Community health improvement services and community benefit operations (from (Worksheet 4)			161,284,796		161,284,796	5 750 %
f Health professions education (from Worksheet 5)			45,584,908	10,347,319	35,237,859	1 260 %
g Subsidized health services (from Worksheet 6)			219,812,129	191,694,511	28,117,618	0 070 %
h Research (from Worksheet 7)			2,607,415	253,482	2,353,933	0 080 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			1,405,823		1,405,823	0 050 %
j **Total** Other Benefits			430,695,071	202,295,312	228,400,029	7 210 %
k **Total.** Add lines 7d and 7j			1,027,152,090	723,636,223	303,516,137	11 370 %

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			650,537		650,537	0 020 %
8	Workforce development						
9	Other						
10	**Total**			650,537		650,537	0 020 %

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		No
2	Enter the amount of the organization's bad debt expense	2	539,043,095		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy	3	183,274,652		
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	749,077,680		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	1,069,398,033		
7	Subtract line 6 from line 5 This is the surplus or (shortfall)	7	-320,320,353		
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? **10**

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

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Memorial Hermann Katy Hospital

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		
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 %			
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 % 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		No
	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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Memorial Hermann Northeast Hospital

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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		
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 %			
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 %			
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**		No
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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Memorial Hermann Northwest Hospital

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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		
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 %			
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 %			
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**		No
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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Memorial Hermann Southeast Hospital

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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**		
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 %			
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 %			
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**		No
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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Memorial Hermann Southwest Hospital

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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**		
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 %			
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 %			
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**		No
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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Memorial Hermann Sugar Land Hospital

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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		
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 %			
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 %			
	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		No
	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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Memorial Hermann Texas Medical Center

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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**		
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 %			
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 %			
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**		No
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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Memorial Hermann Woodlands Hospital

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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		
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 %			
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 %			
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**		No
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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices.

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

Name of Hospital Facility: Memorial Hermann Memorial City Hospital

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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		
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 %			
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 %			
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**		No
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**		No
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)

Memorial Hermann Rehab Hospital Katy

Name of Hospital Facility:

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

		Yes	No
Community Health Needs Assessment (Lines 1 through 7 are optional for 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		
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 %			
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 %			
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**		No
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**		No
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? **93**

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

Part VI Supplemental Information

Complete this part to provide the following information

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

Identifier	ReturnReference	Explanation
Bad Debt Footnote	Schedule H Part III Section A, Line 4	Patient accounts receivable are reported net of estimated allowances for contractual allowances, bad debt, and other discounts The Systems recorded allowances for bad debt are based on expected net collections, after contractual adjustments, primarily from patients Management routinely assesses these recorded allowances relative to changes in payor mix, cash collections, write-offs, recoveries, and market dynamics At June 30, 2012 and 2011, the allowance for bad debt was $574,471,000 and $505,539,000, respectively Unpaid accounts are written off as bad debts upon reaching delinquent status Charity care accounts are written off as identified or qualified under the Systems charity care policy Bad Debt Cost Reported on Line 2, is based on Bad Debt Charges written off during the reporting period, less any Bad Debt recoveries in the period Net amount was extended by RCC from Wks 2- Line 11 to impute cost Line 3 is zero since anyone in Bad Debt status that qualifies for CHARITY is treated as a recovery of Bad Debt and said dollars are moved to the Charity line in Wks 1

Identifier	ReturnReference	Explanation
Section B Shortfall costing methodology	Schedule H Part III Section B, Line 8	Memorial Hermann Hospital System operates 10 licensed Hospitals within this EIN, of which 7 are 340-B facilities and 3 are not When looking at the Medicare Revenue split between the 340-B and non-340-B facilities, we find that 78% of the patient revenues are generated in these low income facilities Therefore, please recognize 78% of the Medicare Loss as a community benefit

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

Identifier	ReturnReference	Explanation
Patient Education	Schedule H Part VI, Line 3	All Memorial Hermann Acute Care facilities and Rehab facilities have Third Party Qualification vendors on-site Once someone requests or a financial counselor has determined through interaction with the patient and/or guarantor that the patient cannot pay for services, the patient/guarantor is referred to the Eligibility vendor on-site to screen for any Federal/State/Local Government program which may cover their services These vendors act as agents for the patient/guarantor and may at times go to hearings for Medicaid or Disability as a legal representative of the patient Also, all our entities, including service lines, have posted notices of a patient's right to request charity Our statements that are sent to patients have documentation on the back informing the patient of Memorial Hermann's Charity policy and their right to request such, (in English and Spanish) Accounts are referred to be processed either on a real time basis by the hospital staff while the patient is still in the hospital or by electronic referral via data download which occur weekly and after the patient has been discharged The goal is to make contact with the patient for financial screening to determine eligibility for governmental assistance as soon as possible Additional assistance for patients to take advantage of all appropriate health improvement programs available within the community are through Memorial Hermann's navigation services Memorial Hermann's navigation services inform patients of their eligibility for assistance under federal, state or local government programs or under Memorial Hermann's financial assistance policy In 2008, MHCBC launched the ER Navigation program at Memorial Hermann as a response to the community need of educating patients on how to navigate through their existing resources, increasing access and using healthcare resources appropriately to reduce healthcare costs Today, the ER Navigation program places a Community Health Worker (CHW) or "navigator" on-site in Memorial Hermann's three busiest emergency rooms to educate patients on the importance of identifying and using a consistent health home rather than relying on emergency rooms for their primary care Patients eligible for the program are 18 months to age 65 who frequently use the ER for primary care and are uninsured or on Medicaid Certified CHW training is offered by Memorial Hermann partner, Gateway to Care CHWs gain the trust of patients by being familiar with the community's culture, language and values and by sharing their knowledge about local healthcare services and programs CHWs identify clinics that are the best fit for an individual's location, income, language, work hours, bus routes and address issues that may push health care down the priority list--the need for food stamps, rental support and assistance with utilities They provide patients with clinic referrals, make appointments, arrange transportation, share information and referrals to community and safety net programs, educate about qualifying for and using public benefits and other payment resources, serve as a liaison between the patient and providers and tackle other challenges to appropriate care CHWs stress the importance of having a health home and provide support and guidance in making and keeping future health appointments While navigators initially meet with patients during the ER visit, much of their work is done in follow-up, ensuring that a clinic appointment was made, was successful and assisting with the paperwork required for qualification for Medicaid, CHIP or county indigent programs The primary goal of the ER Navigation program is to find an appropriate health home for patients and provide them with the resources to navigate through future medical concerns A secondary goal is to reduce the time of delivery of services in cases of chronic and serious illnesses Similar support of all Memorial Hermann Hospitals is also provided through the COPE (Care Management Community Program Eligibility) Program which provides empowering services for uninsured patients to improve their health and well being through education about and coordination with community health services COPE targets patients who have repetitively been inpatients and ER patients and exhibit the need for one- on-one support to identify, access, and obtain services in their own community Enrolling these populations into public benefits through all of these venues automatically increases their likelihood of obtaining regular primary and preventative care, the kind of care that ensures health and the potential for a prosperous future while concurrently eliminating the cost burden presently experienced by safety-net providers

Identifier	ReturnReference	Explanation
Community Information	Schedule H Part VI, Line 4	Memorial Hermann serves "greater Houston," a multi-county area along the Gulf Coast in southeast Texas-where several counties are without hospital district services The 6th largest metropolitan area in the United States, greater Houston is one of the fastest growing with a population of 5 9 million-a 25 2% growth rate since the 1990 census A source of strength in a global economy, Houston prizes its racial and ethnic diversity According to U S Census 2010 estimates, Houston is 25 6% White, 43 8% Hispanic, 23 7% Black or African American, 0 7% Native American, and 6 2% Asian/Pacific Islander Per capita income is $25,927 In Houston, 21% of all residents are living below the poverty line-20% higher than the rate for Texas The largest employers in the community include Memorial Hermann Healthcare System (19,500 employees), The University of Texas M D Anderson Cancer Center (15,000 employees), ExxonMobil (13,000 employees), Shell Oil Company (13,000 employees), and Kroger Company (12,000 employees) The Houston area has experienced a recent dip in the unemployment rate to below 8% which is still double what it was before the recession Unfortunately, communities within the region are still facing 9% or higher unemployment A staple in Houston, the healthcare industry remains one of the more stable industries in the region This sector is projected to add 10,300 jobs in 2012 The greater Houston area is one of the hardest hit areas in the healthcare/uninsured crisis--thirty-one percent of Houston's residents are uninsured In comparison, Texas's uninsured rate -- although the highest of all states --is 24 6% (one out of every four Texans is uninsured-more than six million Texans) and the national rate is 16 3% Houston's fast-growing Hispanic population accounts for a large percentage of uninsured residents In fact, even after healthcare reform is fully implemented, estimates are that 15% of Houston area residents will remain uninsured This situation is exacerbated by state budget cutbacks decreasing funding to vital health programs and reducing Medicaid reimbursements Memorial Hermann is committed to ensuring that the greater Houston community receives the healthcare it deserves Health education and prevention and increased access to healthcare are vital to improving the overall health of residents whose leading causes of health issues mirror the nation's (heart disease, cancer, strokes, accidents, chronic respiratory disease and diabetes)

Identifier	ReturnReference	Explanation
Affiliated Health Care System	Schedule H Part VI, Line 6	Memorial Hermann Healthcare System is the largest not-for-profit healthcare system in Texas and serves the greater Houston community through (11) hospitals, a vast network of affiliated physicians and numerous specialty programs and services Life-saving facilities include Memorial Hermann-Texas Medical Center, the teaching hospital for The University of Texas Medical School at Houston and home of one of the nation's busiest Level I trauma centers, (8) suburban hospitals, (3) premier Heart & Vascular Institutes, TIRR Memorial Hermann, one of the nation's top rehabilitation and research hospitals, Children's Memorial Hermann Hospital, the Memorial Hermann Sports Medicine Institute, the Mischer Neuroscience Institute, (9) Cancer Centers, (21) Imaging Centers, (27) sports medicine and rehabilitation centers, (12) diagnostic laboratories, PaRC, a substance abuse treatment center, (1) retirement/ nursing center, and (1) home health agency Memorial Hermann operates the Life Flight air ambulance program and the city's only burn treatment center Memorial Hermann Community Benefit Corporation (MHCBC) addresses the health needs of the community through the community service initiatives listed above In January 2012, Memorial Hermann Healthcare System was the only hospital system in Houston and one of only two in Texas named one of the nation's top 15 health systems by Thomson Reuters, a leading provider of information and solutions to improve the cost and quality of healthcare Memorial Hermann has 3,375 licensed beds, 19,500 full-time employees, 4,178 medical staff members, 1,324 physicians-in-training (residents and fellows), and 2,972 volunteers providing 380,768 hours Memorial Hermann is governed by 13 Boards of Directors totaling 143 members representative of the greater Houston business, healthcare and community leadership Memorial Hermann's annual services include 131,002 admissions, 827,060 outpatient visits, 74,720 outpatient surgeries, 433,191 emergency visits, 24,174 deliveries, and 2,960 Life Flight air ambulance missions Memorial Hermann takes a leadership role in regional efforts to improve the health and quality of life of the community In addition to Life Flight and the Burn Treatment Center, Memorial Hermann operates the nation's first complete citywide chest pain center network and the region's largest stroke network, offering the community faster access to life saving care

Identifier	ReturnReference	Explanation
Needs assessment	Schedule H Part VI, Line 2	Each decision made by Memorial Hermann to invest its people, resources, and talents in com munity benefit efforts is data driven Given that 31% of the Houston area is uninsured, nu merous community needs analyses center around the University of Texas School of Public Hea lth's Houston Area Hospital's Emergency Department Use Study, which Memorial Hermann has p articipated in since 2003 The study monitors hospital emergency department use in Houston hospitals and is a data source for numerous assessments to understand primary care-relate d ER use including the characteristics of these patients, particularly those who are child ren, who are uninsured, and who have Medicaid The study conducted in 2012 shows that 40 9 % of all ER visits and 48 6% of all treated and released ER visits are primary care relate d With the desire to change emergency room use comes the need to identify available capac ity of our existing safety-net clinics, and what is needed by each entity to increase its capacity to be able to respond to changes in ER usage our community efforts achieve This study, the Greater Houston Clinic Capacity Analysis, performed in early 2012 by Project Sa fety-Net and University of Texas School of Public Health, indicates that the community cli nics are currently meeting about 30 percent of the demand for primary care visits by the l ow-income population and the rest is either met by private practice physicians or is left unmet Further, the study anticipates that safety net providers will only be able to meet 25 percent of the demand under the Affordable Care Act (ACA) It is important to be concer ned because a shortage of primary care leads to more people experiencing serious illness r equiring expensive specialty care, emergency services and hospitalization As required by the Community Health Needs Assessment-Section 501(r)(3)--Requirement of the ACA, Memorial Hermann is conducting community needs assessments for each of its 11 hospitals to be compl eted in 2013 The studies will include demographic data of Harris, Fortbend, Montgomery, a nd Brazoria counties (counties that compose 89% of Memorial Hermann discharges), a descrip tion of the processes and methodologies, surveys and interviews with public health officia ls where participants were given the opportunity to prioritize community health needs and rate the importance of health care initiatives, identification of all collaborating organi zations and existing health care facilities and other resources within the community avail able to meet the needs identified in each of the community needs assessments The Universi ty of Texas School of Public Health's Health Care Safety Net Review will be included in th e assessment Once community needs have been prioritized, Memorial Hermann will develop ap propriate objectives, action plans and metrics The process will be complete and informati on available to the public in spring 2013 The Health of Houston Study, a recent comprehen sive study conducted by the Institute for Health Policy of The University of Texas School of Public Health through stakeholder input and neighborhood surveying, will be a continuin g source to Memorial Hermann in continued program planning efforts by regularly assessing the health of Houstonians and tracking emerging health issues and health improvements On behalf of Memorial Hermann, it is the MHCBC's mission to implement programs to work with o ther healthcare providers, government agencies, business leaders and community stakeholder s to ensure that all residents of the greater Houston area have access to the care they ne ed to improve their quality of life and the overall health of the community MHCBC's progr ams are designed to provide care for uninsured and underinsured children, to reach those H oustonians needing low cost care, to support the existing infrastructure of non-profit cli nics and FQHCs, and to educate individuals and their families on how to access the healthc are available to them Committed to making the greater Houston area a healthier and more v ital place to live, MHCBC supports the following initiatives Memorial Hermann Health Cent ers for Schools, established in 1995, offers access to primary medical and mental health s ervices to more than 38,300 underserved children at 49 schools in the Greater Houston area In 2011, asthma exacerbations, emergency room visits and hospitalizations were reduced b y 83% The Memorial Hermann Mobile Dental Clinic, established in 2000, has two dental vans and provides access to preventative and restorative dental services at all six Health Cen ters for Schools' sites and is accessible as a "dental home" for 38,300 uninsured and unde rinsured students from 49 schools In 2011, no more than 25% of patients at recall of both age groups experienced caries These outcomes are significant given 80% of initial patien ts are diagnosed with caries, 33% are diagnosed with five or more caries A dietitian is a vailable through the Healthy Eating and Lifestyles

Identifier	ReturnReference	Explanation
Needs assessment	Schedule H Part VI, Line 2	Program (HELP) designed to educate Health Centers for Schools children and their families on the importance of proper nutrition and exercise In 2011, 77% of enrolled students red uced their BMI, 67% reduced their cholesterol levels Serving the community since 2008, th e Memorial Hermann ER Navigation program places certified Community Health Workers who hav e the training, cultural understanding and linguistic capacity to help the uninsured, who disproportionately use emergency rooms for healthcare, 'navigate' the complex health syste m, obtain a medical home, schedule appointments, secure needed social services and cope wi th future healthcare concerns Since its inception, the ER Navigation Program has navigate d 18,270 patients MHCBC's COPE program has a similar philosophy but operates with Masters Level Social Workers and focuses on 'frequent flyers' inpatient as well as ER The Memori al Hermann Neighborhood Health Centers are strategically located near three of Houston's b usiest ERs and provide care to working families without access to insurance and who do not qualify for other programs The goal is to provide this population with a medical home fo r routine care, and prevent these cases from escalating to emergencies At $48/visit, with low cost labs and prescriptions, seven day a week access, and the provision of preventive , acute, as well as chronic care, they are an affordable medical home for newborns to the elderly Decreased hypertension, management of diabetes, and a place where women feel comf ortable returning for their annual well-woman exams are examples of the continuity of care and improved health resulting MHCBC has played numerous and critical roles with a grass- roots Houston collaborative, Gateway to Care and its Provider Health Network (PHN) to recr uit physicians, hospitals, and ancillary providers to provide specialty care to uninsured patients with incomes below 150% of poverty With one in every four primary care visits re quiring a referral to a specialist, the Provider Health Network serves as a bridge, connec ting uninsured people to the specialty care they desperately need to get well Recruiting is through numerous avenues-societies, insurance companies, etc -to rally the resulting ci ty-wide effort The PHN has provided significant opportunities for our own medical staffs to participate in caring for the uninsured The provision of an organized effort with a de signated staff for monitoring referrals is welcomed by the medical community as they despe rately want to be a part of a solution, but fear being overwhelmed Community Clinic (priv ate-not-for-profit and FQHC) Initiatives receive MHCBC funding and support to fill target population gaps by providing primary healthcare and chronic illness care to uninsured chil dren and adults Children at Risk MHCBC supports a Policy Coordinator for a Food in Schoo ls initiative with the goal of increasing participation in the Universal Free Breakfast pr ogram by connecting an additional 3,610 students to 649,728 meals The Disease Management Program is a free program that reduces hospital visits by supplementing the patient-physic ian relationship to ensure patients with Congestive Heart Failure and Diabetes have medica l homes, stay healthier in between appointments and are accountable for their own health It serves 2,265 patients and is growing Data indicates a cost savings from ER visits, obs ervation and inpatient costs of $10,694,529 Project Fit is a noprofit, national grassroot s organization that develops and promotes exemplary fitness programs for students, grades 2nd through 5th, within the school curriculum MHCBC has a Project Fit site at Field Eleme ntary and plans to expand this program as funding permits Approximately 500 kids particip ate in the program Community Education Initiatives are offered by Memorial Hermann Health care System at each of its 11 hospitals and PARC, its substance abuse treatment center Th ese initiatives offer free screenings an

Identifier	ReturnReference	Explanation
Billing and Collections	Schedule H Part V Section B line 14	Full policy available upon request, signage declaring that we have a policy and how to access the benefit are located in ER and admission points

Identifier	ReturnReference	Explanation
Billing and Collections 2	Schedule H Part V Section B line 15	We do use reporting to credit agencies and lawsuits when there is a liablity claim (i e MVA), but these are only put into play AFTER we have made reasonable efforts to determine FAP ineligibility In situations where FAP is deemed to be available, these efforts are not used

Identifier	ReturnReference	Explanation
Charity Calculation Worksheet	Scedule H Part V Section B Line 19	Memorial Hermann Charity Calculation Memorial Hermann Hospital System Worksheet Houston, Texas Patient Name _____ Account #'s _____ Step One Obtain patient's annual gross family income $_____ (A) Determine number of members in family _____ Step Two Determine income as percentage of Federal Poverty Guidelines _____% (B) Determine the percentage of account balance that is patient's responsibility_____% (C) (Use Hospital Gross Income Eligibility Table on back) Step Three Determine charity category (B) - Check one _____ Financially Indigent ____ Annual gross family income is less than 200% of federal poverty guideline ____ Adjusted Eligibility for Charity Care Criteria ____ Presumed Charity _____ _____ Medically Indigent Annual gross family income is between 201% & 400% of the federal poverty guidelines ____ Not Eligible Annual gross family income is greater than 400% of the federal poverty guidelines Step Four Determine percentage of account balance for which the patient is responsible _____ X 20% = _____(D) Annual Gross Income (A) Maximum Patient Responsibility _____ X _____% = _____(E) Account Balance Patient Percentage (C) Potential Patient Responsibility The lesser of amount (D) or (E) = _____ (F) Patient Responsibility Step Five Determine Charity Discount _____ minus _____ = _____ Account Balance Patient Responsibility (F) Charity Discount Completed by _____ _____ Hospital Representative Date Approved by _____ _____ Patient Access Department Director Date _____ _____ Hospital Financial Analyst Date

Identifier	ReturnReference	Explanation
Promotion of Community Health	Schedule H Part VI #5	Memorial Hermann's Promotion of Community Health includes activities conducted by Memorial Hermann staff for patients and the general public that promote disease prevention and education activities as well as healthy living and overall well-being such as health fairs, state-of-the-art disease screenings, health education conferences, seminars and webinars, support groups for a variety of diseases and health issues, newsletters, brochures and websites designed to provide community health information, employee participation in walks, marathons, and the MS150, strong referral patterns and connections with community resources and medical homes, and, recruitment of physician specialties that fill an identified community need To expand its community reach, these Memorial Hermann activities are often held in partnership with healthcare agencies, nonprofit organizations, workplaces, school districts, and civic associations Memorial Hermann also provides educational opportunities for health professionals Memorial Hermann's employee base is a leader in United Way contributions, Gulf Coast blood drives, and food, clothing, and toy donations

Identifier	ReturnReference	Explanation
Community Building Activities	Scedule H Part II, Line 7	$650,537 in contributions to the community through sponsorships, cash donations and scholarships These funds support nonprofits that provide health and social services to the community, education for current and future health professionals, and community events that promote awareness of health issues to the general public

Identifier	ReturnReference	Explanation
Financial Assistance and certain other Community Benefits	Schedule H Part I Line 7	Line 7a - Financial Assistance at cost is calculated as charity charges times CCR per worksheet 2 Line 7b - Medicaid is calculated as Medicaid charges times CCR per worksheet 2 Line 7c- Costs of other means-tested government programs is calculated as low income government charges times CCR per worksheet 2 Line 7e - Community health improvement services and community benefit operations is dollars spent with other community providers to improve the health of the community Line 7f- Health professions education is out patient physician/paramedical teaching expenses and revenues as reported per the Medicare Cost Report Line 7g- Subsidized health services includes the Air Ambulance Program, End Stage Renal Disease Program, and the Obstetrics and Delivery Program The losses calculated are from the Cost Accounting System These losses exclude Medicaid and Other indigent Programs but includes, all other services IP, OP, ER, Private Insurance, Medicare, the Uninsured, etc Line 7h- Research is research dollars serving the community The amount comes directly from the Medicare Cost Report Line 7i - Cash and in-kind contributions for community benefit is community programs not reported elsewhere, along with sponsorships of other organizations

Identifier	ReturnReference	Explanation
State Filing	Schedule H Part VI Line 7	Memorial Hermann Healthcare System files a community benefit report in Texas that is available on the website http //communitybenefit memorialhermann org/about-us/

Additional Data

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

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

Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility (list in order of size from largest to smallest) How many non-hospital facilities did the organization operate during the tax year? **93** Name and address	Type of Facility (Describe)
Bellaire 6700 West Loop South Suite 100 Bellaire, TX 77401	OUTPATIENT IMAGING
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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
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I General Information on Grants and Assistance

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

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

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

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

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

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . ▶ 42

3 Enter total number of other organizations listed in the line 1 table . . . . ▶ 2

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

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

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

Identifier	Return Reference	Explanation

Additional Data

Return to Form

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

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Houston Baptist University7502 Fondren Road Houston,TX 77074	74-1400699	501 c(3)	10,925				General support Sponsorship of fundraising event
GOOD SAMARITAN FOUNDATIONPO Box 271108 Houston,TX 772771108	74-1235398	501 c(3)	36,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Cancer SocietyP O BOX 572915 HOUSTON,TX 772572915	74-1185665	501 c(3)	31,500				General support Sponsorship of fundraising event
UNIVERSITY OF HOUSTON4800 Calhoun Houston,TX 772046390	74-6041411	501 c(3)	5,650				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MARCH OF DIMES 3000 Weslayan Suite 100 Houston,TX 77027	13-1846366	501 c(3)	10,026				General support Sponsorship of fundraising event
Volunteer Service 921 Gessner Houston,TX 77024	23-7382611	501 c(3)	7,500				General support Sponsorship of fundraising events

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GREATER HOUSTON PARTNERSHIP1200 SMITH SUITE 700 HOUSTON,TX 77002	76-0267896	501c(6)	6,350				General support Sponsorship of fundraising event
FAITH IN PRACTICE7500 Beechnut St Suite 208 Houston,TX 77074	76-0415986	501 c(3)	25,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Interfaith Ministries For Greater Houston 3217 Montrose Blvd Houston,TX 770063980	74-1488102	501 c(3)	6,000				General support Sponsorship of fundraising event
Institute for Spirituality & Health 8100 Greenbriar St Suite 220 Houston,TX 77054	74-1246255	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Houston Area Women's Center 1010 Waugh Dr Houston,TX 77019	74-2029166	501 c(3)	6,000				General support Sponsorship of fundraising event
South Montgomery County YMCA6145 Shadowbend Place THE WOODLANDS, TX 77381	74-1109737	501 c(3)	6,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Coalition to Protect America's Healthcare4600 East-West Highway Suite 900 Bethesda, MD 20814	52-2253225	501 c(4)	25,000				General support Sponsorship of fundraising event
Finish Line Sports 13895 Southwest Frwy Sugarland, TX 77478	76-0134642		11,500				General support Sponsorship of fundraising event

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

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Community Clinic 1010 Pine Manor Dr Oak Ridge North, TX 77385	75-2634623	501 c(3)	20,000				General support Sponsorship of fundraising event
CanCare of Houston Inc9575 Katy Freeway Suite 428 Houston, TX 77024	76-0305357	501 c(3)	8,000				General support Sponsonship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Center for Houston's Future1200 Smith Suite 1150 Houston,TX 77002	76-0386539	501 c(3)	7,500				General support Sponsorship of fundraising event
Economic Development1400 Woodloch Forest Dr THE WOODLANDS, TX 77380	74-2053667	501 c(3)	7,500				General support Sponsorship of fundraising event

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

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Alley Theatre615 Texas Ave Houston,TX 77002	74-1143076	501 c(3)	15,000				General support Sponsorship of fundraising event
Neighborhood Centers IncPO Box 271389 Houston,TX 77277	23-7062976	501 c(3)	10,000				General support Sponsorship of fundraising event

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

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American Heart AssociationPO Box 15186 Austin,TX 78761	13-5613797	501 c(3)	192,625				General support Sponsorship of fundraising event
THE ROSE12700 N Featherwood 260 Houston,TX 77034	76-0193812	501 c(3)	25,000				General support Sponsorship of fundraising event

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

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TEEN AND FAMILY SERVICES9337 B Katy Freeway Pmb 314 Houston,TX 77024	48-1260125	501 c(3)	30,000				General support Sponsorship of fundraising event
INTERFAITH CAREPARTNERS701 N Post Oak Blvd Houston,TX 77024	76-0253480	501 c(3)	7,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CHILDREN'S DEFENSE FUND 5410 Bellaire Suite 203 Bellaire,TX 77401	52-0895622	501 c(3)	10,000				General support Sponsorship of fundraising event
TEXAS DIVERSITY COUNCIL1410 El Camino Real Houston,TX 77062	38-3695039	501 c(3)	6,750				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
FORT BEND CARES 14823 SOUTHWEST FREEWAY SUGAR LAND,TX 77478	33-1112246	501 c(3)	18,000				General support Sponsorship of fundraising event
DR MARNIE ROSE FOUNDATION5090 Richmond Ave Pmb-291 Houston,TX 77056	23-7160400	501 c(3)	7,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CHILDREN AT RISK 2900 WESLAYAN STE 400 HOUSTON,TX 770275132	76- 0360533	501 c(3)	18,500				General support Sponsorship of fundraising event
TEXAS RUSH SOCCER CLUB2204 Timberloch Place THE WOODLANDS, TX 77380	76- 0502935	501 c(3)	30,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
PARTNERS- THE UNIVERSITY OF TX 6901 Bertner Ave room 868 Houston,TX 77030	76-0692443	501 c(3)	8,000				General support Sponsorship of fundraising event
LEGACY COMMUNITY HEALTHPO Box 66308 Houston,TX 772666308	76-0009637	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
NATIONAL FUSION SOCCER CLUB5826 New Territory Blvd 301 Sugar Land,TX 77469	76-0641089	501 c(3)	45,000				General support Sponsorship of fundraising event
HOUSTON ZOO 1513 Cambridge Street Houston,TX 77030	74-1590271	501 c(3)	12,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
USAFORT BEND FIT4811 Cambridge St SUGAR LAND,TX 77479	55-0835696		10,900				General support Sponsorship of fundraising event
FORT BEND YOUTH FOOTBALL 1306 Ashwood Sugarland,TX 77478	26-2714233	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
LONE STAR COLLEGE FOUNDATION5000 RESEARCH FOREST DRIVE THE WOODLANDS, TX 773814399	76-0336902	501 c(3)	69,142				General support Sponsorship of fundraising event
Campbell Elementary Pta1000 Shadow Bend SUGAR LAND,TX 77479	76-0643300	501 c(3)	7,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
LAKE HOUSTON AREA CHAMBER 110 West Main Street Humble,TX 77338	74-1341059	501 c(3)	20,050				General support Sponsorship of fundraising event
HEALTH MUSEUM 1515 Hermann Dr Houston,TX 77004	74-6106357	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
TEXANS SOCCER CLUB INC31935 S Wiggins St Magnolia,TX 77355	27-2200812	501 c(3)	8,000				General support Sponsorship of fundraising event
WOWC INC3217 Lola Street Houston,TX 77017	76-0093080	501 c(3)	9,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
INCARNATE WORD ACADEMY609 Crawford St Houston,TX 77002	74-1280554	501 c(3)	15,000				General support Sponsorship of fundraising event
SUGAR LAND HERITAGE FOUNDATIONPO Box 2998 SUGAR LAND,TX 77487	26-3623352	501 c(3)	10,000				General support Sponsorship of fundraising event

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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
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Questions Regarding Compensation

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

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

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

Note. The sum of columns (B)(i)-(iii) 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				
See Additional Data Table								

Part III Supplemental Information

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

Identifier	Return Reference	Explanation
Non-Fixed Payments	Form 990, Schedule J, Line 7	Memorial Hermann Healthcare System (of which this filer is a part) sponsors an executive compensation philosophy that is based on competitive market and pay-for-performance principles The Compensation Committee of the System implements this philosophy by, generally, setting base salaries at the median of the organization's talent market and using an annual incentive plan and long-term incentive plan that make incentive payments based on the achievement of performance goals determined by the Committee at the beginning of the year for the annual plan or at the beginning of the three year cycle for the long-term performance plan In all cases, the incentive targets are set so that all payments will be reasonable
Participate in a supplemental non-qualified retirement plan	Form 990, Schedule J, Line 4-b	During the year did any person listed in Form 990, Part VII, Section A, line 1a participate in a supplemental non-qualified retirement plan Memorial Hermann Healthcare System (of which this filer is a part) sponsors two nonqualified retirement plans for certain executives who are part of a select group of highly compensated or management employees The first plan is a make-up plan and provides for an annual payment (upon achieving full vesting in the qualified retirement plan) equivalent to the amount of contribution from the employer that is lost to the employee due to the limits on compensation and benefits in the Internal Revenue Code The second plan is called the Deferred Compensation Plan, and it provides for a payment (upon full vesting in the plan) In this plan, certain executives who are part of a select group of highly compensated or management employees are provided with a payment such that the total retirement contribution for the participant is based on a percentage of the participant's base salary For example, someone earning a base salary in the range of $200,000 to $350,000 will receive a payment such that the total amount of retirement contributions from the qualified cash balance pension plan, the make-up plan and this plan equal 20% Base salary range >$600,000 Total Contributions @ 27 5% of base salary, $350,000 to $600,000 @ 24%, $200,000 to $350,000 @ 20%, < $200,000 @ 17 9% ALEXANDER, KEITH 44,266 ARDOIN, CHARLES 45,005 ASPREC, ERIN 27,167 AULBAUGH, CARROL 143,188 BARBE, BRIAN 54,748 BECKSTETT, DOUGLAS 105,857 BRACE, RODNEY 71,921 BRADSHAW, DAVID 101,005 BROWN, JAMES 21,066 BROWNAWELL, JEFFREY 73,279 CORDOLA, CRAIG 52,684 DUCO, BERNARD A JR 84,772 FLANAGAN,THOMAS J 122,322 GASTON, GEORGE 35,468 HEINS, MARSHALL 59,985 JOSEHART, CARL E 48,715 KERR, GARY 48,643 LLOYD, CHRIS 46,069 McVEIGH, DENNIS 49,636 PARET, CAROL 108,112 POLFREMAN, JAMES 35,977 ROMANS,JUANITA F 133,795 SANDERS, STEVE 89,111 SHABOT, MICHAEL 368,227 SMITH, LOUIS 24,290 SPRINGHETTI, DAVID 27,652 STOKES, CHARLES 62,559 TREVINO, ILLEANA V 160,159 WOLTERMAN, DAN 319,924
Gross-up Payments	Form 990, Schedule J, Line 1a	Memorial Hermann provides certain cash payments to employees for non-wage purposes that are grossed up for tax indemnification These could include moving related expenses, special recognition rewards, and holiday awards The payments are included in each employee's W-2 as taxable income on a grossed-up basis

Additional Data

Return to Form

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Wolterman Daniel J	(I) (II)	1,040,456 0	1,170,693 0	317,662 0	1,736,941 0	15,768 0	4,281,520 0	319,924 0
Aulbaugh Carrol E	(I) (II)	609,110 0	494,212 0	162,763 0	53,561 0	8,083 0	1,327,729 0	143,188 0
Duco Bernard A Jr	(I) (II)	443,798 0	301,316 0	83,985 0	214,282 0	10,216 0	1,053,597 0	84,772 0
Laraway Dennis	(I) (II)	181,731 0	70,000 0	21,033 0	13,535 0	11,412 0	297,711 0	0 0
McVeigh Dennis P	(I) (II)	295,152 0	183,254 0	68,670 0	79,453 0	5,260 0	631,789 0	49,636 0
Reimer P Renee	(I) (II)	263,378 0	138,423 0	-1,353 0	41,175 0	5,260 0	446,883 0	0 0
Shabot M Michael MD	(I) (II)	500,280 0	338,857 0	371,421 0	139,627 0	13,298 0	1,363,483 0	368,227 0
Stokes Charles D	(I) (II)	689,600 0	564,565 0	57,024 0	213,238 0	11,928 0	1,536,355 0	62,559 0
Alexander Keith	(I) (II)	383,608 0	271,264 0	38,126 0	103,907 0	12,757 0	809,662 0	44,266 0
ARDOINCHARLES D JR	(I) (II)	73,746 0	412,173 0	80,092 0	0	1,635 0	567,646 0	45,005 0
Asprec Erin S	(I) (II)	313,056 0	173,885 0	23,413 0	56,108 0	12,520 0	578,982 0	27,167 0
Barbe Scott	(I) (II)	333,861 0	192,800 0	51,587 0	78,703 0	8,180 0	665,131 0	54,748 0
Brace Rodney	(I) (II)	502,872 0	326,584 0	66,610 0	139,160 0	11,098 0	1,046,324 0	71,921 0
Bradshaw David	(I) (II)	463,365 0	325,123 0	94,981 0	139,000 0	13,117 0	1,035,586 0	101,005 0
Brown James B	(I) (II)	247,883 0	141,415 0	16,405 0	58,964 0	10,152 0	474,819 0	21,066 0
Brownawell H Jeffrey	(I) (II)	417,752 0	293,851 0	72,070 0	195,683 0	5,939 0	985,295 0	73,279 0
Cordola Craig	(I) (II)	443,234 0	248,708 0	56,633 0	90,709 0	13,223 0	852,507 0	52,684 0
Distefano Susan	(I) (II)	329,819 0	92,446 0	-12,126 0	31,369 0	12,544 0	454,052 0	0 0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Garman Jim	(I)	199,912		29,865	14,469	8,337	252,583	0
	(II)	0	0	0	0	0	0	0
Gaston George H	(I)	389,112	264,778	41,858	88,377	12,771	796,896	35,468
	(II)	0	0	0	0	0	0	0
Heins Marshall B	(I)	424,064	303,864	63,744	118,420	10,819	920,911	59,985
	(II)	0	0	0	0	0	0	0
Josehart Carl E	(I)	0	0	0	0	0	0	0
	(II)	257,070	105,674	48,540	61,976	4,445	477,705	48,715
Kerr Gary	(I)	303,275	202,038	42,777	71,387	7,994	627,471	48,643
	(II)	0	0	0	0	0	0	0
Lloyd Christopher	(I)	40,142	0	0	0	0	40,142	0
	(II)	208,916	155,071	55,807	57,678	5,088	482,560	46,069
McCracken Ayse	(I)	0	0	0	0	0	0	0
	(II)	284,822	58,468	17	25,486	1,417	370,210	0
Paret Carol	(I)	248,872	151,806	105,193	63,513	9,969	579,353	108,112
	(II)	0	0	0	0	0	0	0
POLFREMANJAMES D	(I)	202,095	256,529	436,982	14,441	1,644	911,691	35,977
	(II)	0	0	0	0	0	0	0
Sanders G Steven	(I)	394,496	279,395	108,063	136,290	10,044	928,288	89,111
	(II)	0	0	0	0	0	0	0
Smith Louis G Jr	(I)	293,770	164,097	21,619	65,502	12,562	557,550	24,290
	(II)	0	0	0	0	0	0	0
Trevino Illeana V	(I)	0	0	0	0	0	0	0
	(II)	283,405	169,730	151,618	64,507	12,337	681,597	160,159
BECKSTETTDOUGLAS G	(I)	475,834	333,290	109,754	37,014	6,575	962,467	105,857
	(II)	0	0	0	0	0	0	0
FLANAGANTHOMAS J	(I)	293,635	145,055	132,525	71,513	5,329	648,057	122,322
	(II)	0	0	0	0	0	0	0
HAFFEYROBERT	(I)	219,145	95,362	197,030	5,850	4,555	521,942	0
	(II)	0	0	0	0	0	0	0
Springhetti David	(I)	103,110	120,295	380,890	3,969	1,004	609,268	27,652
	(II)	0	0	0	0	0	0	0
PARKSWILLIAM B	(I)	253,530	108,508	132,331	56,855	9,973	561,197	0
	(II)	0	0	0	0	0	0	0
ROMANSJUANITA F	(I)	20,538	584,868	187,644	0	0	793,050	133,795
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Harris County Health Facilities Development Corp	56-1284201	414152QU5	04-08-2004	107,652,499	2004A Purchase Land and Equipment		X		X		X
B	Harris County Heath Facilities Development Corp	52-1284201	414152SRO	11-13-2008	225,979,281	2008B Refund Issue 04/29/2004		X		X		X
C	Harris County Heath Facilities Development Corp	76-0337885	414152RT7	03-26-2008	184,800,000	2008A Refund Issue 03/11/1998		X		X		X
D	Harris County Cultural EDU Facilities Fin Corp	76-0337885	414009BB5	12-11-2008	121,400,000	2008C Refund Issue 03/20/2007		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0	0	0
2	Amount of bonds defeased	0	0	0	0
3	Total proceeds of issue	107,652,499	225,979,281	184,800,000	121,400,000
4	Gross proceeds in reserve funds	8,807,655	22,700,000	0	0
5	Capitalized interest from proceeds	0	0	0	0
6	Proceeds in refunding escrow	0	200,000,000	180,324,091	120,000,000
7	Issuance costs from proceeds	925,250	3,279,281	501,267	1,276,844
8	Credit enhancement from proceeds	0	0	3,974,642	123,156
9	Working capital expenditures from proceeds	0	0	0	0
10	Capital expenditures from proceeds	97,919,148	0	0	0
11	Other spent proceeds	446	0	0	0
12	Other unspent proceeds	0	0	0	0
13	Year of substantial completion	2005	2008	2008	2008

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		X
2	Is the bond issue a variable rate issue?		X		X	X		X	
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?		X		X	X		X	
b	Name of provider	0		0		JP Morgan			
c	Term of hedge					19 2		17 2	
d	Was the hedge superintegrated?		X		X		X		X
e	Was a hedge terminated?		X		X		X		X
4a	Were gross proceeds invested in a GIC?		X		X		X		X
b	Name of provider	0		0		0		0	
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
6	Did the bond issue qualify for an exception to rebate?		X		X		X		X

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☑ Yes ☐ No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation
Bond information see schedule o	0	

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Bond Issues

	(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Harris County Cultural EDU Facilities Fin Corp	76-0337885	414009BD1	11-25-2008	133,200,000	2008D Refund Issue 11/1/2005		X		X		X
B	Harris County Cultural Facilities Finance Corp	76-0337885	414009EM8	11-30-2010	72,206,221	2010A Refund Issue 3/12/1997		X		X		X
C	Harris County Cultural Facilities Finance Corp	76-0337885	414009ER7	01-05-2011	162,400,000	2010B Refund Issue 5/17/2001		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0	0	
2	Amount of bonds defeased	0	0	0	
3	Total proceeds of issue	133,200,000	72,206,221	162,400,000	
4	Gross proceeds in reserve funds	0	0	0	
5	Capitalized interest from proceeds	0	0	0	
6	Proceeds in refunding escrow	131,700,000	71,000,000	161,600,000	
7	Issuance costs from proceeds	1,405,258	1,206,221	800,000	
8	Credit enhancement from proceeds	94,742	0	0	
9	Working capital expenditures from proceeds	0	0	0	
10	Capital expenditures from proceeds	0	0	0	
11	Other spent proceeds	0	0	0	
12	Other unspent proceeds	0	0	0	
13	Year of substantial completion	2008	2010	2011	

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has a Form 8038-T, Arbitrage Rebate, Yield Reduction and Penalty in Lieu of Arbitrage Rebate, been filed with respect to the bond issue?		X		X		X		
2	Is the bond issue a variable rate issue?	X			X	X			
3a	Has the organization or the governmental issuer entered into a hedge with respect to the bond issue?	X			X	X			
b	Name of provider	JP Morgan		0		JP Morgan			
c	Term of hedge		20 6				28 4		
d	Was the hedge superintegrated?		X		X		X		
e	Was a hedge terminated?		X		X		X		
4a	Were gross proceeds invested in a GIC?		X		X		X		
b	Name of provider	0		0		0			
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
5	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
6	Did the bond issue qualify for an exception to rebate?		X		X		X		

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI Supplemental Information

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

Identifier	Return Reference	Explanation

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

Part I Bond Issues

(a) Issuer Name	(b) Issuer EIN	(c) CUSIP #	(d) Date Issued	(e) Issue Price	(f) Description of Purpose	(g) Defeased		(h) On Behalf of Issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired				
2	Amount of bonds defeased				
3	Total proceeds of issue				
4	Gross proceeds in reserve funds				
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrow				
7	Issuance costs from proceeds				
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds				
11	Other spent proceeds				
12	Other unspent proceeds				
13	Year of substantial completion				

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

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

Part IV Arbitrage

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

Part V Procedures To Undertake Corrective Action

Check the box if the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations . . . . . ☐ Yes ☑ No

Part VI Supplemental Information

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

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.

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Employer identification number
74-1152597

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

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

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

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

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

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

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

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

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

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) Harmohinder Kochar MD	Medical Staff Pres NW	144,477	Medical Staff Fees		No
(2) Melissa Paschal	Family Member	620,087	employment		No
(3) Angela Bell	Family Member	58,348	employment		No
(4) Adrienne Pouns	Family Member	31,401	employment		No
(5) Todd Aulbaugh	Family Member	60,381	employment		No
(6) Ashley McVeigh	Family Member	82,492	employment		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.

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2011

Open to Public Inspection

Name of the organization
Memorial Hermann Hospital System

Employer identification number
74-1152597

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

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

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

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

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

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

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

Identifier	Return Reference	Explanation
Review of Form 990	Form 990, Part VI, Section B, Line 11b	MEMORIAL HERMANN HOSPITAL SYSTEM PROVIDES A COPY OF THE FORM 990 TO ALL MEMBERS OF THE GOVERNING BODY VIA A WEBSITE SET UP SPECIFICALLY FOR BOARD MEMBERS TO ACCESS VARIOUS BOARD MEMBER DOCUMENTS THE FORM 990 IS REVIEWED BY MEMORIAL HERMANN FINANCIAL ACCOUNTING STAFF, BY SPECIFIC DEPARTMENTS INVOLVED IN RELATED SECTIONS OF THE RETURN, BY THE MEMORIAL HERMANN CHIEF ACCOUNTING OFFICER, AND BY MEMORIAL HERMANN'S PUBLIC ACCOUNTING FIRM ERNST & YOUNG, PRIOR TO ITS FILING

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

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

Identifier	Return Reference	Explanation
Tax Exempt Bonds	Form 990, Schedule K, Part 1 (f)	2004 A Bond - Renovations and replacements of, additions to and equipment for Hermann including Children's, Southwest including affiliated long-term acute facility, Southeast, Northwest, Memorial City, The Woodlands, & Katy, MHCC Hospital , Spring Shadows Pines, Prevention & Recovery Center and the initial outpatient/inpatient primary healthcare facilities at SH 288 and FM 518, Pearland, Brazoria County 2008 B Bond - Renovations and replacements of, additions to and equipment for Hermann including Children's, Southwest including affiliated long-term acute facility, Southeast, Northwest, Memorial City, The Woodlands, & Katy, MHCC Hospital Spring Shadows Pines, Prevention & Recovery Center and the initial outpatient/inpatient primary healthcare facilities at SH 288 and FM 518, Pearland, Brazoria County 2008 A Bond - Expansion, renovation & equipment for Southwest, Southeast, Northwest, The Woodlands, Hermann, Pasadena, memorial City, Rehabilitation Hospital, Spring Shadows Glen & Spring Shadows Pines, Construction of inpatient/outpatient facilities, equipment and elderly care facilities at I-10 & Eldridge Road and Highway 290 & FM 1960, Construction of proposed preventative health care facility and equipment at 7701-7737 Southwest Freeway, Construction & equipment for elderly care facilities at Southwest & Southeast 2008 C Bond - Previously financed projects (1) the construction and renovation of Northwest, excluding the chapel therein, (2) the construction and renovation of The Woodlands, (3) construction and renovation of inpatient/outpatient facilities at I-10 & Eldridge and at Highway 290 & FM 1960 including construction and equipping elderly care facilities at such sites, (4) construction/renovation at Southeast and Southwest including construction of elderly care facilities and 544 parking spaces at Southeast, (5) reimbursement/payment of capital equipment for Southwest, Southeast, Northwest, The Woodlands and facilities in (3) and (4) 2008 D Bond - Renovations of, additions (including elderly care facilties) to and equipment for inpatient/outpatient facilities at Highway 290 & FM 1960, formerly owned & operated Pasadena Hospital, inpatient/outpatient facilities at I-10 & Eldridge Road, Spring Shadows Pines and the Wellness Center 2010 A Bond - Renovation, equipment & construction of elderly care facilities at Southwest & Southeast, Renovation & Equipment at Northwest, 100,000 sq ft expansion at The Woodlands, Prior acquisition of, renovation & equipment for Pasadena, Construction of inpatient/outpatient facilities, equipment and elderly care facilities at I-10 & Eldridge and Highway 290 & FM 1960 2010 B Bond-Renovations of, additions (including elderly care facilities) to and equipment for acute care hospitals, Rehabilitation Hospital & Spring Shadows Glen and the proposed inpatient/outpatient facilities at Highway 290 and FM 1960

Identifier	Return Reference	Explanation
Officers hours devoted to related organizations	990 Part VII, Section A col B	Corporate officers, key employees, and highly compensated employees work an average of 50 hours per week for the reporting organization, related organizations included in Schedule R, and all other affiliated entities ALL EMPLOYEES ARE PAID BY Memorial Hermann Hospital System OR AFFILIATE HEALTHCARE SYSTEM ENTITY AND NO TIME OR SALARY IS ALLOCATED CORPORATE OFFICERS PERFORM ADMINISTRATIVE ACTIVITIES FOR MULTIPLE RELATED ENTITIES FOR WHICH NO INTERUNIT ALLOCATION OF TIME OR SALARY IS MADE DIRECTORS ARE VOLUNTARY CITIZENS OF COMMUNITY WHO PERFORM THEIR DUTIES WITHOUT COMPENSATION FOR HOURS DEVOTED TO BOARD WORK

Identifier	Return Reference	Explanation
Changes in Net Assets or Fund Balance	990 Part XI Reconciliation of Net Assets Line 5	RECLASS OF FUND BALANCES OF AFFILIATED COMPANIES (24,892,575) CHANGE IN UNFUNDED PENSION LOSSES (46,548,000) RECLASS OF CONTRIBUTIONS 8,050,000 CHANGE IN NONCONTROLLING INTERESTS 1,682,000 TOTAL CHANGES IN FUND BALANCES (61,708,575)

Identifier	Return Reference	Explanation
Board Medical Plan	Pt VII Directors	Our directors can purchase medical coverage, for themselves and their eligible family members, through our networks at 100% of the premium cost

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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
Memorial Hermann Hospital System

Employer identification number
74-1152597

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization	
						Yes	No
(1) Memorial Hermann Healthcare System 909 Frostwood Suite 2100 Houston, TX 77024 76-0025117	Healthcare	TX	501 (C)3	11a I	NA		No
(2) Memorial Hermann Community Benefits 909 Frostwood Suite 2100 Houston, TX 77024 68-0511504	Healthcare	TX	501 (C)3	9	MHHCS		No
(3) The Institute for Rehab and Research 909 Frostwood Suite 2100 Houston, TX 77024 74-1334678	Healthcare	TX	501 (C)3	3	MHHS	Yes	
(4) Memorial Hermann Medical Group 909 Frostwood Suite 2100 Houston, TX 77024 20-4923281	Healthcare	TX	501 (C)3	3	MHHS	Yes	
(5) MHS Physicians of Texas 909 Frostwood Suite 2100 Houston, TX 77024 76-0385980	Healthcare	TX	501 (C)3	3	MHHS	Yes	
(6) Memorial Hermann Foundation 909 Frostwood Suite 2100 Houston, TX 77024 74-1653640	Fundraising	TX	501 (C)3	11a I	MHHCS		No
(7) Memorial Hermann Information Exchange 909 Frostwood Suite 2100 Houston, TX 77024 02-0684202	Healthcare	TX	501 (c)3	3	MHHS	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) Disproprtionate allocations? Yes	(h) No	(i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner? Yes	(j) No	(k) Percentage ownership
(1) The Woodlands POB III LP 909 Frostwood Suite 2100 Houston, TX 77024 20-2184543	Manages Med Build	TX	na	Related or exempt	-74,033	18,427,155		No			No	89 328 %
(2) Memorial HermannUSP Surgery Ctr III LP 15305 Dallas Parkway Suite 1600 L Addison, TX 75001 20-0707543	Surgery Center	TX	na	related or exempt	8,836,574	14,277,178		No		Yes		82 000 %
(3) Memorial Hermann Surgery Center Katy LLP 15305 Dallas Parkway Suite 1600 L Addison, TX 75001 20-3360737	Surgery Center	TX	na	related or exempt	564,625	1,057,196		No			No	31 500 %
(4) MH Katy Rehab Hospital LLC 909 Frostwood Suite 2100 Houston, TX 77024 26-3896057	Medical Services	TX	NA	related or exempt	-807,825	12,472,722		No			No	51 410 %

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership
(1) MHMD 909 Frostwood Suite 2100 Houston, TX 77024 76-0074819	Healthcare	TX	na	C corp	-386,998	11,562,199	100 000 %
(2) Memorial Health Ventures 909 Frostwood Suite 2100 Houston, TX 77024 74-2211474	Healthcare	TX	na	C corp	506,432	7,016,044	100 000 %
(3) The Health Professionals Ins Company LTD Barclays House 3rd Floor Grand Cayman CJ	Insurance	CJ	na	Foreign	2,352,077	56,378,669	100 000 %
(4) Memorial Hermann Accountable Care Org 909 Frostwood Suite 2100 Houston, TX 77024 80-0778181	Insurance	TX	NA	C Corp	-278,348	184	100 000 %
(5) Mhealth Inc 909 Frostwood Suite 2100 Houston, TX 77024 26-4419989	Insurance	TX	NA	C corp	-1,957,063	7,716,315	100 000 %
(6) Mhealth Insurance 909 Frostwood Suite 2100 Houston, TX 77024 76-0646301	Insurance	TX	na	C corp	-1,395,857	5,014,639	100 000 %

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

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

		Yes	No
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
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	Yes	
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	Yes	
j Lease of facilities, equipment, or other assets from related organization(s)	1j	Yes	
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	Yes	
o Reimbursement paid to related organization(s) for expenses	1o	Yes	
p Reimbursement paid by related organization(s) for expenses	1p	Yes	
q Other transfer of cash or property to related organization(s)	1q	Yes	
r Other transfer of cash or property from related organization(s)	1r	Yes	

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

(a) Name of other organization	(b) Transaction type(a-r)	(c) Amount involved	(d) Method of determining amount involved
(1) Memorial Hermann Medical Group	Q	54,747,870	FMV
(2) MHS Physicians of Texas	Q	13,298,290	FMV
(3) The Institue for Rehab and Research	Q	5,054,708	FMV
(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	

Additional Data

Return to Form

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

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

(a) Name, address, and EIN of related organization	(b) Primary Activity	(c) Legal Domicile (State or Foreign Country)	(d) Exempt Code section	(e) Public charity status (if 501(c)(3))	(f) Direct Controlling Entity	g Section 512(b)(13) controlled organization	
Memorial Hermann Healthcare System 909 Frostwood Suite 2100 Houston, TX 77024 76-0025117	Healthcare	TX	501 (C)(3)	11a I	NA		No
Memorial Hermann Community Benefits 909 Frostwood Suite 2100 Houston, TX 77024 68-0511504	Healthcare	TX	501 (C)(3)	9	MHHCS		No
The Institute for Rehab and Research 909 Frostwood Suite 2100 Houston, TX 77024 74-1334678	Healthcare	TX	501 (C)(3)	3	MHHS	Yes	
Memorial Hermann Medical Group 909 Frostwood Suite 2100 Houston, TX 77024 20-4923281	Healthcare	TX	501 (C)(3)	3	MHHS	Yes	
MHS Physicians of Texas 909 Frostwood Suite 2100 Houston, TX 77024 76-0385980	Healthcare	TX	501 (C)(3)	3	MHHS	Yes	
Memorial Hermann Foundation 909 Frostwood Suite 2100 Houston, TX 77024 74-1653640	Fundraising	TX	501 (C)(3)	11a I	MHHCS		No
Memorial Hermann Information Exchange 909 Frostwood Suite 2100 Houston, TX 77024 02-0684202	Healthcare	TX	501 (c)3	3	MHHS	Yes	

Additional Data

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

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

(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
Adams Edward B Jr Member	10	X						0	0	0
Alexander Charlotte B MD Member	10	X						0	0	0
Balasura Viren J Medical Staff President - WDL	10	X						0	0	0
Bennett R Gerald Member	10	X						0	0	0
Cannon Deborah M Chairman 2011	10	X						0	0	0
Colasurado Giuseppe N MD Ex-Officio	10	X						0	0	0
Croyle Robert G Chairman 2010	10	X						0	0	0
Dara Anil A MD Medical Staff President - NE	10	X						0	0	0
Davis Joe R Member	10	X						0	0	0
Diaz-Gonzalez Irma Member	10	X						0	0	0
Easter William H Member	10	X						0	0	0
Edmonds James T Member	10	X						0	0	0
Elliott Don H Member	10	X						0	0	0
Ewing J Randolph Member	10	X						0	0	0
Farris George R Member	10	X						0	0	0
Felix Brian MD Medical Staff President - SL	10	X						0	0	0
Few Jason B Member	10	X						0	0	0
Genty Carmen L Auxillary Representative	10	X						0	0	0
Giglio J Kevin MD Member	10	X						0	0	0
Gogola Jon R Medical Staff President - MC	10	X						0	0	0
Graham David J Member	10	X						0	0	0
Hearnsberger Roy G Member	10	X						0	0	0
Jackson Grover G Member	10	X						0	0	0
James Argentina M Member	10	X						0	0	0
Kim Jin MD Medical Staff President - SL	10	X						0	0	0

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

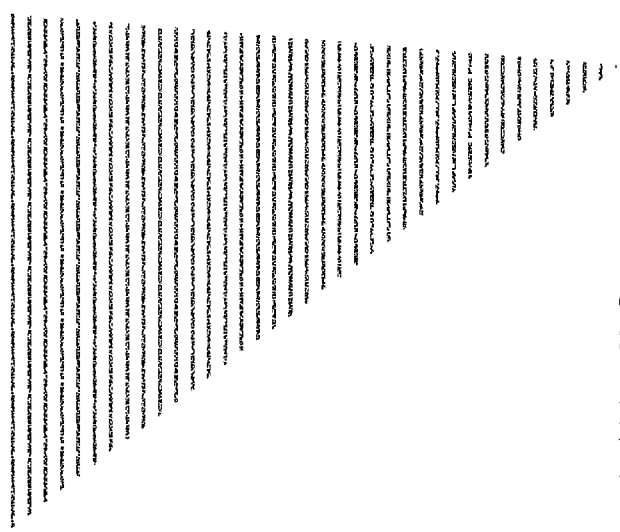
(A) Name and Title	(B) Average hours per week	(C) Position (check all that apply)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
King Brent Medical Staff President - TMC	1 0	X						0	0	0
Kochar Harmohinder MD Medical Staff President - NW	1 0	X						0	0	0
Manning Ramon Member	1 0	X						0	0	0
McClelland Scott B Member	1 0	X						0	0	0
McCord Frederick R Member	1 0	X						0	0	0
McLean Scott J Member	1 0	X						0	0	0
Morey Daryl R Member	1 0	X						0	0	0
Noor Sohail I MD Medical Staff President - KT	1 0	X						0	0	0
Pensland William E Jr Member	1 0	X						0	0	0
Postl James J Member	1 0	X						0	0	0
Peterkin George A III MD Medical Staff President - SW	1 0	X						0	0	0
Pouns Stephen H Member	1 0	X						0	0	0
Raspino Louis A Member	1 0	X						0	0	0
Ray Anita Lacy Auxillary Representative	1 0	X						0	0	0
Reddick Max E MD Member	1 0	X						0	0	0
Rensinger Edward R MD Medical Staff President - MC	1 0	X						0	0	0
Simon Caralisa Member	1 0	X						0	0	0
Strake Stephen D Member	1 0	X						0	0	0
Torres Ana MD Medical Staff President - NW	1 0	X						0	0	0
Vaduganathan Periyanan MD Medical Staff President - SE	1 0	X						0	0	0
Villarreal Masey Member	1 0	X						0	0	0
Wolterman Daniel J Member, President & CEO	50 0	X		X				2,528,811	0	1,752,709
Woo Donald M Member	1 0	X						0	0	0
Ytterberg Alan V Member	1 0	X						0	0	0
Aulbaugh Carrol E Chief Financial Officer & Trea	50 0			X				1,266,085	0	61,644

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			
Duco Bernard A Jr Chief Legal Officer & Secretar	50 0			X				829,099	0	224,498
Laraway Dennis Chief Financial Officer	50 0			X				272,764	0	24,947
McVeigh Dennis P Chief Accounting Officer	50 0			X				547,076	0	84,713
Reimer P Renee Chief Risk & Insurance Officer	50 0			X				400,448	0	46,435
Shabot M Michael MD Chief Medical Officer	50 0			X				1,210,558	0	152,925
Stokes Charles D Chief Operating Officer	50 0			X				1,311,189	0	225,166
Alexander Keith COO Memorial City Campus	50 0				X			692,998	0	116,664
ARDOINCHARLES D JR PHYSICIAN IN CHIEF	50 0				X			566,011	0	1,635
Asprec Erin S CEO Southeast Campus	50 0				X			510,354	0	68,628
Barbe Scott CEO Katy Campus	50 0				X			578,248	0	86,883
Brace Rodney Chief Regional Operations Offi	50 0				X			896,066	0	150,258
Bradshaw David Chief Information Planning & M	50 0				X			883,469	0	152,117
Brown James B CEO OPID/ASC, MH Sugar Land Ca	50 0				X			405,703	0	69,116
Brownawell H Jeffrey Chief Revenue Officer	50 0				X			783,673	0	201,622
Cordola Craig CEO TMC, MH TMC Campus	50 0				X			748,575	0	103,932
Distefano Susan CEO Children's, Children's Mem	50 0				X			410,139	0	43,913
Garman Jim Chief Human Resource Officer	50 0				X			229,777	0	22,806
Gaston George H CEO Southeast Campus	50 0				X			695,748	0	101,148
Heins Marshall B Chief Facility Services Office	50 0				X			791,672	0	129,239
Josehart Carl E TIRR MH CEO	50 0				X			0	411,284	66,421
Kerr Gary CEO Northwest, MH Northwest Ca	50 0				X			548,090	0	79,381
Lloyd Christopher CEO, MHMD Memorial Hermann Phy	50 0				X			40,142	419,794	62,766
McCracken Ayse CEO, Memorial Hermann Medical	50 0				X			0	343,307	26,903
Paret Carol Chief Community Officer	50 0				X			505,871	0	73,482
POLFREMANJAMES D CEO RETAIL SERVICES	50 0				X			895,606	0	16,085

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			
Sanders G Steven CEO Woodlands	50 0				X			781,954	0	146,334
Smith Louis G Jr CEO Northeast	50 0				X			479,486	0	78,064
Trevino Illeana V CEO Foundation	50 0				X			0	604,753	76,844
BECKSTETTDOUGLAS G CHIEF HUMAN RESOURCES OFFICER	50 0					X		918,878	0	43,589
FLANAGANTHOMAS J COO TMC	50 0					X		571,215	0	76,842
HAFFEYROBERT CNO TMC	50 0					X		511,537	0	10,405
Springhetti David Chief Counsel Business Affairs	50 0					X		604,295	0	4,973
PARKSWILLIAM B Chief Medical Officer - Woodla	50 0					X		494,369	0	66,828
ROMANSJUANITA F Former CEO TMC CAMPUS	0 0						X	793,050	0	0



Combined Financial Statements and Supplementary Information

Memorial Hermann Healthcare System
Years Ended June 30, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

Memorial Hermann Healthcare System

Combined Financial Statements and Supplementary Information

Years Ended June 30, 2012 and 2011

Contents

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Report of Independent Auditors

The Board of Directors
Memorial Hermann Healthcare System

We have audited the accompanying combined balance sheets of Memorial Hermann Healthcare System (the System) as of June 30, 2012 and 2011, and the related combined statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the System's management. Our responsibility is to express an opinion on these combined financial statements based on our audits.

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

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of the System as of June 30, 2012 and 2011, and the results of its operations and the changes in its net assets and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The supplemental information on pages 39 through 40 is presented for the purpose of additional analysis and is not a required part of the 2012 basic combined financial statements. This supplemental information is the responsibility of the System's management. Such supplemental information has been subjected to the auditing procedures applied in our audit of the 2012 basic combined financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the 2012 basic combined financial statements taken as a whole.

Ernst & Young LLP

September 27, 2012

Memorial Hermann Healthcare System

Combined Balance Sheets

	June 30 2012	2011
	(In Thousands)	
Assets		
Current assets:		
Cash and cash equivalents, including $15,887 and $8,307 of assets limited as to use as of 2012 and 2011	**$ 348,300**	$ 623,842
Investments	**1,083,787**	707,480
Patient accounts receivable, net of allowances (2012 – $637,779; 2011 – $574,471)	**445,663**	402,064
Other current assets	**109,287**	90,733
Total current assets	**1,987,037**	1,824,119
Assets limited as to use, less current portion	**196,570**	194,036
Property, plant, and equipment, net	**2,270,280**	2,323,264
Other assets	**77,058**	69,983
Total assets	**$ 4,530,945**	$ 4,411,402
Liabilities and net assets		
Current liabilities:		
Accounts payable	**$ 147,759**	$ 178,453
Accrued payroll and related expenses	**179,707**	163,415
Other accrued expenses	**95,492**	101,340
Current portion of long-term debt, including capital lease obligations	**45,480**	46,465
Long-term debt subject to remarketing agreement or other	**–**	27,410
Total current liabilities	**468,438**	517,083
Long-term debt, including capital lease obligations	**1,716,071**	1,719,815
Other long-term obligations	**332,023**	250,258
Total liabilities	**2,516,532**	2,487,156
Net assets, including noncontrolling interest of $10,846 and $9,164	**2,014,413**	1,924,246
Total liabilities and net assets	**$ 4,530,945**	$ 4,411,402

See accompanying notes

Memorial Hermann Healthcare System

Combined Statements of Operations and Changes in Net Assets

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Revenues, gains, and other support:		
Net patient service revenue	**$ 3,730,495**	$ 3,437,242
Other revenue	**163,778**	124,436
Total revenues, gains, and other support	**3,894,273**	3,561,678
Expenses:		
Salaries, benefits, and related personnel costs	**1,420,610**	1,379,480
Services and other	**926,194**	791,308
Supplies and medicines	**530,775**	517,826
Provision for bad debts	**542,930**	435,444
Depreciation and amortization	**221,125**	217,298
Interest	**81,357**	80,391
Total expenses	**3,722,991**	3,421,747
Operating income before recoveries attributable to hurricane	**171,282**	139,931
Recoveries attributable to hurricane	**1,828**	10,622
Operating income	**173,110**	150,553
Nonoperating activities:		
Investment gains, net	**42,363**	58,171
Change in fair value of interest rate swap agreements	**(64,037)**	13,153
Loss on bond refundings	**–**	(4,995)
Other income, net	**2,283**	9,163
Revenues in excess of expenses	**153,719**	226,045
Revenues in excess of expenses attributable to noncontrolling interest	**(26,736)**	(19,705)
Revenues in excess of expenses attributable to the System	**126,983**	206,340
Other changes in net assets:		
Change in unfunded pension obligation	**(46,548)**	30,889
Contributions and grants received and other changes in net assets, net	**8,050**	14,413
Change in noncontrolling interests	**1,682**	1,982
Change in net assets	**90,167**	253,624
Net assets at beginning of year	**1,924,246**	1,670,622
Net assets at end of year	**$ 2,014,413**	$ 1,924,246

See accompanying notes

Memorial Hermann Healthcare System

Combined Statements of Cash Flows

	Year Ended June 30 2012	2011
	(In Thousands)	
Operating activities		
Cash received for patient services	**$ 3,143,966**	$ 2,981,888
Cash paid to or on behalf of employees	**(1,441,939)**	(1,402,497)
Cash paid for supplies and services	**(1,439,909)**	(1,252,687)
Other receipts from operations	**159,876**	127,946
Investment gains realized	**(29,152)**	64,390
Interest paid	**(81,755)**	(80,818)
Net cash provided by operating activities	**311,087**	438,222
Investing activities		
Capital expenditures, net	**(168,141)**	(230,152)
Change in assets limited as to use	**(26,502)**	(42,121)
Change in investments	**(366,309)**	(220,666)
Other	**24**	(134)
Net cash used in investing activities	**(560,928)**	(493,073)
Financing activities		
Proceeds of issuance of long-term debt and note payable	**197,269**	310,364
Payments on long-term debt and note payable	**(229,408)**	(285,362)
Restricted contributions	**31,492**	37,163
Deferred financing costs	**–**	(2,006)
Noncontrolling interest	**(25,054)**	(17,723)
Net cash (used in) provided by financing activities	**(25,701)**	42,436
Net (decrease) in cash and cash equivalents	**(275,542)**	(12,415)
Cash and cash equivalents at beginning of year	**623,842**	636,257
Cash and cash equivalents at end of year	**$ 348,300**	$ 623,842
Supplemental information – reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	**$ 90,167**	$ 253,624
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**221,125**	217,298
Unrealized net gain on investments	**(9,761)**	(33,154)
(Gain) on sale of assets	**–**	(5,187)
Change in unfunded pension losses	**46,548**	(30,889)
Loss on bond refunding	**–**	4,995
Other changes in net assets	**17,293**	1,311
Change in patient accounts receivable	**(43,599)**	(19,910)
Change in other assets	**(25,653)**	7,297
Change in accounts payable, accrued payroll, and other accrued expenses	**(20,250)**	51,917
Change in other long-term obligations	**35,217**	(9,080)
	220,920	184,598
Net cash provided by operating activities	**$ 311,087**	$ 438,222
Supplemental information for noncash activities		
Additions to property, plant, and equipment obtained through capital leases	**$ 5,825**	$ 57,649

See accompanying notes

Memorial Hermann Healthcare System

Notes to Combined Financial Statements

June 30, 2012

1. Mission and Organization

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

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

2. Significant Accounting Policies

Use of Estimates

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

Subsequent Events

On September 6, 2012, the Board of Directors of the System approved a corporate re-organization, to become effective on January 1, 2013. Under this re-organization, Memorial Hermann Hospital System will be merged with Memorial Hermann Healthcare System, with the successor renamed Memorial Hermann Health System (Health System). The Health System Board of Directors will exercise governance control for the System and retain significant reserved powers regarding its' affiliates. Several subsidiary organizations will also be merged to simplify the System's organizational structure. All of these mergers will be intra-System; there will be no external organization involved and no transfer of assets outside of the System. The tax

2. Significant Accounting Policies (continued)

identification number of the former Memorial Hermann Hospital System (now Health System), and the hospital provider numbers, will survive. This re-organization is expected to be approved by the corporate members of Memorial Hermann Healthcare System on October 31, 2012.

The System evaluates the impact of subsequent events, events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the combined financial statements as of the balance sheet date or disclosure in the notes to the combined financial statements. The System evaluated events occurring subsequent to June 30, 2012 through September 27, 2012, the date on which the accompanying combined financial statements were issued.

Net Assets and Contributions

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

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

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

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

At June 30, 2012 and 2011, the System had $82,858,000 and $74,935,000 in temporarily restricted net assets and $9,060,000 and $9,060,000, respectively in permanently restricted net assets, respectively. For the years ended June 30, 2012 and 2011, the System received

2. Significant Accounting Policies (continued)

$31,492,000 and $37,163,000, respectively, in restricted contributions and income. During 2012 and 2011, $29,052,000 and $30,692,000, respectively, in net assets were used for their restricted purpose.

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

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

Contributions are recorded as revenue at the present value of estimated future cash flows when an unconditional promise is received. At June 30, 2012 and 2011, the System had $20,432,000 and $20,056,000, respectively, in pledges receivable, net of discount and allowance for uncollectibles of $7,351,000 and $7,546,000, respectively. Pledges receivable are recorded as assets limited as to use in the accompanying combined balance sheets and are due, based on gross pledges, as follows:

	Pledges
June 30, 2013	$ 9,683,000
June 30, 2014	4,950,000
June 30, 2015	4,496,000
June 30, 2016	3,499,000
Thereafter	5,155,000

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

2. Significant Accounting Policies (continued)

Net Patient Service Revenue and Patient Accounts Receivable

Net patient service revenue is reported at the estimated net realizable amounts from patients or third-party payors for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Patient accounts receivable are reported net of estimated allowances for contractual allowances, bad debt and other discounts. The System's recorded allowances for bad debt are based on expected net collections, after contractual adjustments, primarily from patients. Management routinely assesses these recorded allowances relative to changes in payor mix, cash collections, write-offs, recoveries, and market dynamics. Unpaid accounts are written off as bad debts upon reaching delinquent status. Charity care accounts are written off as identified or qualified under the System's charity care policy. The System's concentration of credit risk with respect to patient accounts receivable is limited due to the variety of customers and payors.

Self-pay revenues are derived primarily from patients who do not have any form of healthcare coverage. The revenues associated with self-pay patients are generally reported at the System's gross charges. The System evaluates these patients, after the patient's medical condition is determined to be stable, for their ability to pay based upon federal and state poverty guidelines, qualifications for Medicaid or other governmental assistance programs, as well as the System's policy for charity care. The System provides care without charge to certain patients that qualify under its charity care policy. The System's management estimates its costs of care provided under its charity care programs utilizing a calculated ratio of costs to gross charges multiplied by the System's gross charity care charges provided.

A summary of activity in the System's allowance for doubtful accounts is as follows (in thousands):

	Balances at Beginning of Year	Provision for Bad Debt, Net of Recoveries	Accounts Written Off	Balances at End of Year
Year ended June 30, 2012	**$ 574,471**	**$ 542,930**	**$ (479,622)**	**$ 637,779**
Year ended June 30, 2011	505,539	435,444	(366,512)	574,471

2. Significant Accounting Policies (continued)

For participants in the Medicare and Medicaid programs and certain managed care programs, the System ultimately collects amounts that are generally less than standard charges. Medicare and Medicaid are federal and state programs generally designed to provide services to elderly and indigent patients. Medicare and Medicaid together constituted 49% of the System's standard charges in 2012 and 2011.

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

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

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

At June 30, 2012 and 2011, aggregate accruals and allowances for possible settlements, and pending reviews, as discussed above, of $88,283,000 and $65,883,000, respectively, are included in the accompanying combined balance sheets in other accrued expenses (2012: $13,018,000; 2011: $7,434,000) and other long-term obligations (2012: $75,265,000; 2011: $58,449,000). It is

2. Significant Accounting Policies (continued)

reasonably possible that these estimates could differ from actual settlements and, thus, change in the near term by material amounts.

During 2012 and 2011, the System recognized $31,845,000 and $17,264,000, respectively, in net patient service revenue from differences between estimated and actual cost report settlements and appeals. In addition, in May 2012, the System recognized $16,000,000 in net patient service revenue relating to the Medicare Rural Floor Budget Neutrality settlement (Settlement). This Settlement with the Centers for Medicare and Medicaid Services involved approximately 2,200 hospitals nationwide and was made to resolve a challenge made by the plaintiff hospitals for underpayment of inpatient Medicare services dating back to 1999.

Additionally, the federal Medicaid rules allow for hospitals to be reimbursed for some of the uncompensated cost of treating Medicaid and uninsured patients up to an Upper Payment Limit (UPL). UPL programs act as mechanisms to draw federal Medicaid dollars into local communities. The Texas Medicaid program has chosen a county-specific UPL strategy to receive supplemental federal matching funds. Medicaid supplemental payments, which include Medicaid Disproportionate Share and UPL payments, net of assessments, of approximately $72,433,000 and $153,767,000 were recorded in 2012 and 2011, respectively. These funds are received as a result of an increasing indigent patient population that is served by the System. Net patient service revenue includes all Medicaid supplemental funds as a reduction of contractual allowances. During 2012, the proposed changes to Medicaid in Texas under the Medicaid Transformation and Quality Improvement Program and the March 2012 legislatively-mandated expansion of Managed Medicaid has resulted in the discontinuation of the UPL supplemental payment program in the state. The new programs created going forward to continue these supplemental payments are Uncompensated Care (UC) and Delivery System Reform Incentive Payments (DSRIP). The amounts of future reimbursements under these programs cannot be assured beyond the state's fiscal year 2012; however, the historic UPL program has continued to make distributions throughout their current fiscal year. At June 30, 2012 and 2011, the System has receivables recorded of $23,900,000 and $25,500,000 for UPL proceeds earned, respectively. These amounts are included in other current assets in the accompanying combined balance sheets.

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

2. Significant Accounting Policies (continued)

prospectively determined daily rates. Together, the revenues derived from under these agreements constituted 38.0% and 38.5% of the System's standard charges in 2012 and 2011, respectively. During 2012 and 2011, the System recognized $48,027,000 and $9,750,000, respectively, in net settlements received from Managed Care companies for adjudication of amounts owed to the System.

The System's gross revenues by payor and approximate percentages of revenues were as follows for the years ended June 30 (in thousands):

	2012		2011	
	Amount	**Ratio**	**Amount**	**Ratio**
Medicare	**$ 3,536,299**	**35.4%**	$ 3,288,758	35.3%
Medicaid	**1,370,630**	**13.7**	1,318,280	14.1
Managed Care	**3,799,548**	**38.0**	3,582,644	38.5
Self Pay	**962,514**	**9.6**	817,243	8.8
Other	**330,029**	**3.3**	311,813	3.3
Total	**$ 9,999,020**	**100%**	$ 9,318,738	100%

Cash Equivalents

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

Investments and Investment Income

Investments are reflected as investments or assets limited as to use in the combined balance sheets and include U.S. government securities, pooled funds, mortgage-backed securities, corporate obligations, corporate equities, and alternative investments. Pooled funds are professionally managed and include institutional mutual funds, fixed income funds, equity funds, and commingled accounts. Investments in equity securities with readily determinable fair values and all debt securities are stated at fair value.

2. Significant Accounting Policies (continued)

Alternative investments include ownership interests in hedge funds and limited partnerships that may employ various investment strategies through the use of publicly traded securities, market neutral arbitrage, floating rate loans and debt securities, and fixed income swaps. The System's alternative investments include certain investments whose reported values had been estimated by fund managers in the absence of readily available market values or cannot otherwise be substantiated. Because of the inherent uncertainty of valuations, fund managers' estimates of fair value may differ from the values that would have been used had a ready market for the securities existed, and the differences could be material. Additionally, risks in certain of the System's alternative investments include limited transparency where funds are not required to disclose the holdings in their portfolios to the System and limitations on liquidity as funds may impose lock-up periods or hold-back provisions that limit the System's ability to redeem those investments. At June 30, 2012 and 2011, the System's investments in alternative investments are $6,701,000 and $4,806,000, respectively.

Assets limited as to use are funds legally restricted by bond indentures, internally restricted in connection with self-insurance programs, externally restricted by donor specifications, restricted by resident agreements, or internally restricted for charity care or other purposes. Assets limited as to use are classified as noncurrent assets, except for assets limited as to use that are required to meet current liabilities which are classified as current assets. Investments have been classified as current assets based on the System's intent and ability to utilize these assets to meet current obligations, capital, and other cash flow needs.

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

2. Significant Accounting Policies (continued)

Deferred Financing Costs

Costs associated with the issuance of revenue bonds have been capitalized and included with other assets and are amortized over the relevant terms of the respective bond issues on a straight-line basis which approximates the effective-interest method. Deferred financing costs net of accumulated amortization were $10,542,000 and $11,757,000 as of June 30, 2012 and 2011, respectively.

Property, Plant, and Equipment

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

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

Interest Rate Swap Agreements

The System records net interest payments under swaps as a component of services and other expenses.

2. Significant Accounting Policies (continued)

Investments in Joint Ventures

The System has entered into multiple joint venture and partnership arrangements for the provision of medical services to patients and the development and construction of certain facilities, including medical office buildings adjacent to its hospitals. For those ventures where the System has a controlling interest through majority ownership, management control, or both, the ventures' assets, liabilities, and operating results have been consolidated into the combined financial statements of the System. At June 30, 2012 and 2011, the System has recognized net assets attributable to noncontrolling interest of $10,846,000 and $9,164,000, respectively, representing the venture partners' interest in the equity and undistributed earnings of the consolidated ventures. For those ventures where the System does not maintain a controlling interest, the System accounts for its investment under the equity method of accounting. At June 30, 2012 and 2011, the System had investments representing its equity in these unconsolidated ventures of $8,175,000 and $7,210,000, respectively, recorded in other assets. For the years ended June 30, 2012 and 2011, the System recognized a $3,349,000 net gain and $3,457,000 net gain, respectively, recorded in investment gains (losses) in the accompanying combined statements of operations and changes in net assets relating to unconsolidated ventures.

Goodwill

The System records goodwill arising from a business combination as the excess of the purchase price and related costs over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed. At June 30, 2012 and 2011, the System had goodwill of $39,329,000 and $30,265,000, respectively, and relates to the purchase of several entities from 2009 to 2012. Beginning in July 1, 2011, the amortization of goodwill ceased and goodwill is tested at least annually for impairment at the reporting unit level. Impairment is the condition that exists when the carrying value of goodwill exceeds its implied fair value.

Meaningful Use of Certified Electronic Health Record (EHR)

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent

2. Significant Accounting Policies (continued)

on providers demonstrating meaningful use of EHR technology in each period over a four-year period ending in 2016. Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology. Providers must demonstrate continued meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

The System accounts for EHR incentive payments as other operating revenue. The System utilizes a grant accounting model to recognize EHR incentive revenues and records incentive revenue ratably throughout the incentive reporting period when it is reasonably assured that the respective eligible provider will meet the meaningful use objectives for the reporting period and that the grants will be received. The EHR reporting period for hospitals is based on the federal fiscal year, which runs from October 1 through September 30. The System attested for meaningful use and received incentive payments of approximately $22,621,000 during the year ended June 30, 2012. Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit. In addition, the System's compliance with the meaningful use criteria is subject to audit by the federal government.

Taxes

The System, MHHS, and certain other affiliates are Texas not-for-profit corporations and have been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code. The System owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and, therefore, subject to tax. Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the accompanying combined balance sheets. The tax returns are subject to Internal Revenue Service (IRS) review for three years subsequent to the dates they are filed. There are no ongoing IRS tax reviews as of June 30, 2012. The System has net operating losses (NOL) tax carryforwards that will expire between 2013 and 2027. Due to the age of these NOLs and the fact that management is uncertain that the full amount of the NOLs will be realized in the future, no deferred tax asset has been recorded.

2. Significant Accounting Policies (continued)

Performance Indicator

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

Accounting Pronouncements Adopted

In September 2011, the Financial Accounting Standards Board (FASB) issued ASU 2011-8, *Intangibles – Goodwill and Other (Topic 350): Testing Goodwill for Impairment.* Previously, entities were required to test goodwill for impairment, on at least an annual basis, by first comparing the fair value of a reporting unit with its carrying amount, including goodwill. If the resulting fair value of a reporting unit was less than its carrying amount, then the second step of the test would be performed to measure the amount of the impairment loss, if any. ASU 2011-8 permits an entity to first assess qualitative factors to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step goodwill impairment test is unnecessary. Additionally, ASU 2011-8 permits an entity to resume performing the qualitative assessment in any subsequent period. The System adopted the provisions of ASU 2011-8 in 2012. There was no impairment of goodwill or other indefinite-lived intangible assets recognized in 2012 or 2011.

In January 2010, the FASB released ASU 2010-06, *Fair Value Measurements and Disclosures (Topic 820): Improving Disclosures about Fair Value Measurements*. ASU 2010-06 was issued to improve disclosure requirements related to the fair value measurements and disclosures topic (overall Subtopic 820-10) of the Accounting Standards Codification (ASC). The new disclosures

2. Significant Accounting Policies (continued)

are effective for interim and annual reporting periods beginning after December 15, 2009, except for the disclosures in the rollforward of activity in Level 3 fair value measurements. Those disclosures are effective for fiscal years beginning after December 15, 2010. Effective July 1, 2011, the System adopted this guidance and has included the additional required footnote disclosures. The adoption of ASU 2010-06 did not have an impact on the overall results of operations, financial position, or cash flows.

In August 2010, the FASB issued ASU 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure* ASU 2010-23 is intended to reduce the diversity in practice regarding the measurement basis used in the disclosure of charity care. ASU 2010-23 requires that cost be used as the measurement basis for charity care disclosure purposes and that cost be identified as the direct and indirect costs of providing the charity care, and requires disclosure of the method used to identify or determine such costs. This ASU is effective for fiscal years beginning after December 15, 2010, with retrospective application required. Effective July 1, 2011, the System adopted this guidance and has included the additional required retrospective footnote disclosures. The adoption of ASU 2010-23 did not have an impact on the overall results of operations, financial position, or cash flows.

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*. The amendments in the ASU clarify that a healthcare entity may not net insurance recoveries against related claim liabilities. In addition, the amount of the claim liability must be determined without consideration of insurance recoveries. This ASU is effective for fiscal years beginning after December 15, 2010. Effective July 1, 2011, the System adopted this guidance. The adoption of ASU 2010-24 did not have a material impact on the overall results of operations, financial position, or cash flows.

New and Pending Accounting Pronouncements

In July 2011, the FASB released ASU 2011-7, *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 Entities.* ASU 2011-7 requires health care entities to change the presentation of their statements of operations by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction for patient service revenue (net of contractual allowances and discounts). Additionally, enhanced disclosures

2. Significant Accounting Policies (continued)

will be required surrounding the entity's policies for recognizing revenue and assessing bad debts. ASU 2011-7 is effective for fiscal years and interim periods within those fiscal years beginning after December 15, 2011. The System will adopt ASU 2011-7 in fiscal year 2013. The System is currently evaluating the impact of the adoption of this standard.

Reclassifications

Certain amounts have been reclassified in the prior year's combined financial statements to conform with the current year presentation. The change in the fair value of the System's interest rate swap agreements is now separately presented as a component of nonoperating activities on the accompanying combined statement of operations and changes in net assets. Additionally, there have been reclassifications within the Level 1 fair value measurement disclosure in Note 8 to more accurately describe the underlying investments within the Level 1 hierarchy.

3. Community Service

In accordance with its purpose and values, the System is committed to providing high-quality, cost-effective healthcare services to the community, including such underserved groups as the indigent and the elderly. Self-pay revenues are derived primarily from patients who do not have any form of healthcare coverage. The revenues associated with self-pay patients are generally reported at the System's gross charges. The System evaluates these patients, after the patient's medical condition is determined to be stable, for their ability to pay based upon federal and state poverty guidelines, qualifications for Medicaid or other governmental assistance programs, as well as the System's policy for charity care. The System provides care without charge to certain patients that qualify under the local charity care policy. For the years ended June 30, 2012 and 2011, the System estimates that its costs of care provided under its charity care programs approximated $131,050,000 and $115,627,000, respectively. The System's management estimates its costs of care provided under its charity care programs utilizing a calculated ratio of costs to gross charges multiplied by the System's gross charity care charges provided. The System's gross charity care charges include only services provided to patients who are unable to pay and qualify under the System's charity care policies. To the extent the System receives reimbursement through the various governmental assistance programs in which it participates to subsidize its care of indigent patients, the System does not include these patients charges in its cost of care provided under its charity care program. Additionally, the System does not report a charity care patient's charges in revenues or in the provision for doubtful accounts as it is the

3. Community Service (continued)

System's policy not to pursue collection of amounts related to these patients. Previously, the System reported its estimates of services provided under its charity care programs based on the difference between standard rate charges and the amount ultimately collected related to services provided to patients who were financially and medically indigent (charity care). In addition to charity care provided to the community, the System's unreimbursed cost for the treatment of Medicaid patients was $182,094,000 and $82,789,000, respectively for the fiscal year ended June 30, 2012 and 2011.

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

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

As a part of its approval of the 1997 merger between Memorial Hermann Hospital System and Hermann Hospital Estate, a Harris County District Court entered an Agreed Order stipulating that MHHS will continue providing charity care and community service in the amount of 6% of net revenue or $22,500,000, whichever is greater. This amount is an additional 1% above the percentage required of all Texas nonprofit hospitals under the charity care provision of the Texas Health & Safety Code. During fiscal years 2012 and 2011, MHHS believes it has met all stipulations of the agreement. Revenues of the other System entities are not obligated under the agreement. Assets in a related charity endowment fund may be used to subsidize charity in excess of these amounts. The charity endowment fund is classified as an asset limited as to use in the accompanying combined balance sheets and as of June 30, 2012 and 2011, had a value of $7,293,000 and $6,243,000, respectively. During 2012 and 2011, the System made no transfers from the charity endowment to operating funds in reimbursement for charity care provided.

4. Investments and Assets Limited as to Use

Investments

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

The investments and assets limited as to use by weighted-average asset allocation categories are set forth in the following table:

	2012	2011
Asset category:		
Money market funds	**6%**	6%
Fixed income	**79**	79
Domestic equity	**11**	11
International equity	**3**	4
Private equity	**1**	–
Total	**100%**	100%

Assets Limited as to Use

The following table sets forth the restricted purpose of the System's assets limited as to use:

	June 30	
	2012	2011
	(In Thousands)	
Bond indenture agreements	**$ 43,982**	$ 44,107
Self-insurance programs	**60,034**	58,167
Donor restrictions	**91,387**	83,313
Resident agreements	**9,282**	10,033
Charity care and depreciation funds	**7,772**	6,723
	212,457	202,343
Less current portion required for current liabilities	**(15,887)**	(8,307)
	$ 196,570	$ 194,036

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

Investment Income

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

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Interest and dividend income	**$ 26,578**	$ 13,497
Realized gains, net	**3,187**	8,247
Unrealized gains, net, including equity in earnings of alternative investments	**12,598**	36,427
	$ 42,363	$ 58,171

5. Property, Plant, and Equipment

Property, plant, and equipment consists of the following:

	June 30	
	2012	**2011**
	(In Thousands)	
Buildings and improvements	**$ 2,264,869**	$ 2,127,185
Building and equipment under capital lease	**688,079**	693,834
Equipment	**1,391,006**	1,297,503
Less accumulated depreciation	**(2,230,596)**	(2,038,900)
	2,113,358	2,079,622
Land	**88,044**	92,885
Construction-in-progress	**68,878**	150,757
	$ 2,270,280	$ 2,323,264

At June 30, 2012, the System had remaining commitments for planned construction of approximately $38,521,000.

6. Indebtedness

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

	2012	2011
	(In Thousands)	
Series 1997A serial and term bonds due each June 1 through 2024, at interest rate of 6.00%, including bond premiums, net, of $228 and $579, respectively	**$ 10,093**	$ 20,139
Series 1998 serial and term bonds due each June 1 through 2027, at interest rate of 5.50%, including bond premiums, net, of $1,245 and $1,715, respectively	**30,640**	39,905
Series 2004A term bonds due each December 1 through 2024, at interest rates of 5.00% to 5.25%, including bond premiums, net, of $1,527 and $1,943, respectively	**79,247**	83,843
Series 2008A due each June 1, 2016 through 2027, at a variable rate	**184,800**	184,800
Series 2008B term bonds due each December 1, 2027 through 2035, at interest rates of 7.00% to 7.25%, including bond discount, net, of $742 and $812, respectively	**226,258**	226,188
Series 2008C due each June 1, 2014 through 2024 at a variable rate	**121,400**	121,400
Series 2008D due each June 1, 2025 through 2029 at a variable rate	**133,200**	133,200
Series 2010A serial and term bonds due each June 1 through 2024, at interest rates of 2.375% to 5.00%, including bond discount, net, of $138 and $47, respectively	**64,217**	68,518
Series 2010B due each June 1, 2029 through 2032, at a variable rate	**162,400**	162,400
Bank loan, due monthly through June 1, 2013 at a variable rate	**9,167**	19,167
Bank loan, due quarterly beginning October 1, 2012 through June 1, 2017, at interest rate of 2.65%	**10,000**	–
Capitalized lease obligations	**702,265**	700,138
Other notes	**27,864**	33,992
	1,761,551	1,793,690
Less current portion	**(45,480)**	(46,465)
Less long-term debt callable or subject to remarketing agreement	**–**	(27,410)
	$ 1,716,071	$ 1,719,815

6. Indebtedness (continued)

Debt Obligations

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

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

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

On September 13, 2011, the System converted the mode on the 2008A bonds from variable-rate bonds supported by a standby Bond Purchase Agreement to floating-rate notes purchased directly by two banks. These notes have no "put feature" for a term of five years.

The bank notes associated with the 2010B and the 2008A bonds contain certain criteria under which the respective banks can call for the repayment of the debt in advance of the stated maturities. Management has evaluated these criteria and believes the debt is appropriately classified as long-term.

On June 26, 2012, a majority-owned partnership (Katy Rehab LLC) entered into a $10,000,000 bank note representing a five year (15-year amortization) loan. The proceeds of the note repaid working capital loans provided to the venture by the System.

At June 30, 2012, the System has several issues of variable-rate demand bonds outstanding (Series 2008C and 2008D), which are supported by letters of credit or standby Bond Purchase Agreements. The System's continued participation in these debt programs depends on its ability to extend or replace the existing credit facilities supporting the respective standby purchase agreements. If these credit facilities are not available, the System will likely refund these outstanding series with available funds or funds derived from fixed-rate series proceeds. As of June 30, 2012, principal payments for outstanding debt (excluding capital leases) for the next

6. Indebtedness (continued)

five fiscal years are as follows: $37,092,000 in 2013, $29,695,000 in 2014, $30,695,000 in 2015, $32,970,000 in 2016, and $34,095,000 in 2017.

Other notes consist of secured loans by financial institutions to finance the equipment purchases of the System's joint venture partnerships. The estimated fair value of the System's serial and term fixed-rate bonds and notes payable at June 30, 2012 and 2011, was approximately $1,113,721,000 and $1,125,521,000, respectively. The valuation of the bonds was derived from market quotes obtained from an investment banker and the valuation of the notes was derived from net present value calculations of future payments.

On July 18, 2012, the System entered into a syndicated revolving line of credit agreement with seven banks in the amount of $230,000,000. The purpose of this line of credit facility is to provide a source of liquidity in the case of emergency or disaster, or to provide a means of bridge-financing in advance of any permanent debt financing transaction. As of September 27, 2012, there have not been any draw downs under this agreement.

Leases

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

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

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

6. Indebtedness (continued)

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

The System also leases office space and equipment under noncancelable leases. Rental expense under noncancelable leases, including the operating leases discussed above, aggregated $77,070,000 and $75,655,000 in 2012 and 2011, respectively.

As of June 30, 2012, minimum future rentals under noncancelable leases, for the next five fiscal years and in aggregate, are as follows:

	Capital Leases	Operating Leases
2013	$ 42,914,267	$ 72,416,869
2014	42,275,554	61,181,719
2015	44,556,516	55,988,003
2016	46,911,248	49,815,211
2017–2045	1,696,796,379	209,879,152
Total minimum lease payments	1,873,453,964	$ 449,280,954
Less portion representing interest	(1,171,188,964)	
Capital lease obligations	$ 702,265,000	

7. Interest Rate Swap Agreements

The System periodically utilizes interest rate swap agreements to manage its interest rate exposure. The following table summarizes the System's swap portfolio, the fair values at June 30, 2012 and 2011, the change in value, and the net amounts paid and received for the years ended June 30, 2012 and 2011, in thousands:

Swap Description	Term Date	Interest Rate Agreements	Aggregate Notional Amount	Fair Value Asset (Liability)		Change in Fair Value		Settlement Activity Paid (Received)	
				6/30/12	6/30/11	6/30/12	6/30/11	6/30/12	6/30/11
LIBOR-based to Fixed (5 3425%)	2032	1	$ 113.120	**$ (46,700)**	$ (21.899)	**$ (24,801)**	$ 5.103	**$ 6,075**	$ 5.515
LIBOR-based to Fixed (3 629%)	2029	3	131.700	**(33,690)**	(16.536)	**(17,155)**	3.542	**6,581**	6.593
LIBOR-based to Fixed (3 635%)	2024	2	120.000	**(20,025)**	(13.709)	**(6,316)**	1.384	**4,046**	4.088
LIBOR-based to Fixed (3 685%)	2027	3	184.800	**(39,003)**	(23.237)	**(15,765)**	3.124	**4,438**	4.702
		9	$ 549.620	**$ (139,418)**	$ (75.381)	**$ (64,037)**	$ 13.153	**$ 21,140**	$ 20.898

The notional amounts under each of the interest rate swap agreements are reduced in conjunction with the System's principal payments on the associated bonds. At June 30, 2012 and 2011, the fair value of swap agreements was $139,418,000 and $75,381,000, respectively, and has been included in other long-term liabilities. As of June 30, 2012, none of the System's swap agreements include provisions that would require posting of collateral.

The System classified the net interest cost on its interest rate swaps for the years ended June 30, 2012 and 2011, of $21,140,000 and $20,898,000, respectively, in services and other expenses.

8. Fair Value Measurement

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

8. Fair Value Measurement (continued)

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

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

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

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

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

8. Fair Value Measurement (continued)

Financial assets and liabilities measured at fair value on a recurring basis were determined using the following inputs at June 30, 2012 and 2011. The following table presents financial instruments carried at fair value as of June 30, 2012. The table does not include cash and cash equivalents of $38,123,000, contributions receivable of $20,432,000, and real estate and other investments of $5,832,000, which are not carried at fair value and are included in assets limited as to use.

	June 30, 2012			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets				
Investments:				
U.S. government securities	$ 130,279	$ –	$ –	$ 130,279
Pooled funds:				
Domestic equities	134,379	–	–	134,379
Global equities	39,392	–	–	39,392
Fixed income	442,940	–	–	442,940
Agency mortgage-backed securities	1,153	–	–	1,153
Corporate obligations	229,135	82,504	–	311,639
Corporate equities	24,005	–	–	24,005
Assets limited as to use:				
U.S. government securities	26,382	–	–	26,382
Pooled funds:				
Domestic equities	16,025	–	–	16,025
Global equities	12,266	–	–	12,266
Fixed income	68,566	–	–	68,566
Hedge fund	–	–	6,701	6,701
Fixed maturity securities	219	–	–	219
Other	100	–	–	100
Corporate obligations	1,750	–	–	1,750
Corporate equities	174	–	–	174
Total assets	$ 1,126,765	$ 82,504	$ 6,701	$ 1,215,970
Liabilities				
Interest rate swap agreements	$ –	$ 139,418	$ –	$ 139,418
Total liabilities	$ –	$ 139,418	$ –	$ 139,418

8. Fair Value Measurement (continued)

The following table presents financial instruments carried at fair value as of June 30, 2011. The table does not include cash and cash equivalents of $44,968,000, contributions receivable of $20,056,000, and real estate and other investments of $5,356,000, which are not carried at fair value and are included in assets limited as to use.

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets				
Investments:				
U.S. government securities	$ 14,706	$ –	$ –	$ 14,706
Pooled funds:				
Domestic equities	121,753	–	–	121,753
Global equities	46,117	–	–	46,117
Fixed income	412,952	–	–	412,952
Agency mortgage-backed securities	1,325	–	–	1,325
Corporate obligations	38,050	48,980	–	87,030
Corporate equities	23,597	–	–	23,597
Assets limited as to use:				
U.S. government securities	24,669	–	–	24,669
Pooled funds:				
Domestic equities	20,665	–	–	20,665
Global equities	5,576	–	–	5,576
Fixed income	63,909	–	–	63,909
Hedge fund	–	–	4,468	4,468
Fixed maturity securities	217	–	–	217
Other	100	–	–	100
Corporate obligations	3,879	–	–	3,879
Corporate equities	173	–	–	173
Total assets	$ 777,688	$ 48,980	$ 4,468	$ 831,136
Liabilities				
Interest rate swap agreements	$ –	$ 75,381	$ –	$ 75,381
Total liabilities	$ –	$ 75,381	$ –	$ 75,381

8. Fair Value Measurement (continued)

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

9. Pension Plans

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

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

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

9. Pension Plans (continued)

The following tables set forth the plan's funding status as of the measurement dates, amounts recognized in the combined financial statements, and assumptions used. For 2012 and 2011, the plan's measurement date was June 30, 2012 and 2011, with a participant census date of July 1, 2011 and 2010, respectively.

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Change in projected benefit obligation:		
Benefit obligation, beginning	**$ 462,412**	$ 418,998
Service cost	**33,207**	33,105
Interest cost	**22,995**	22,172
Actuarial losses, net	**35,718**	14,834
Benefits paid	**(40,874)**	(23,840)
Administrative expenses paid	**(3,589)**	(2,857)
Projected benefit obligation (including $476,109 and $434,804, respectively, in accumulated benefit obligation), at end of year	**$ 509,869**	$ 462,412
Change in plan assets:		
Fair value of assets, beginning	**$ 474,111**	$ 376,410
Employer contributions	**70,000**	60,000
Return on plan assets	**12,474**	64,398
Benefits paid	**(40,874)**	(23,840)
Administrative expenses paid	**(3,589)**	(2,857)
Fair value of assets, at end of year	**$ 512,122**	$ 474,111
Funded status:		
Prepaid pension cost recorded in other assets in the combined balance sheets	**$ 2,253**	$ 11,699

9. Pension Plans (continued)

At June 30, 2012, unrestricted net assets include $171,552,821 primarily of unrecognized actuarial losses of the System's defined benefit plan that have not yet been recognized in net periodic benefit cost. Amounts recognized in unrestricted net assets expected to be recognized in net periodic benefit cost during fiscal 2013 are $13,268,115.

	Year Ended June 30	
	2012	**2011**
	(In Thousands)	
Components of net periodic cost:		
Service cost	**$ 33,208**	$ 33,105
Interest cost	**22,995**	22,171
Expected return on plan assets	**(33,574)**	(29,611)
Amortization of prior service cost	**389**	418
Amortization of losses and other, net	**9,533**	11,832
Net periodic cost included in salaries, benefits, and related personnel costs in the combined financial statements	**$ 32,551**	$ 37,915
Weighted-average assumptions for determining benefit obligations at end of year and net periodic costs for the year:		
Discount rates – benefit obligations	**4.29%**	5.41%
Discount rates – net periodic costs	**5.41%**	5.47%
Rates of increase in future compensation levels	**4.00%**	4.00%
Expected long-term rate of return on plan assets	**7.25%**	7.25%

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

9. Pension Plans (continued)

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

	2012	2011
Asset category:		
Cash and cash equivalents	**8%**	4%
Debt securities	**40**	40
Equity securities	**42**	45
Alternative investments and other assets	**10**	11
Total	**100%**	100%

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

The Plan's assets measured at fair value on a recurring basis was determined using the following inputs at June 30, 2012 (in thousands):

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 41,229	$ –	$ –	$ 41,229
Pooled funds:				
Domestic equities	143,640	–	–	143,640
Global equities	39,119	–	–	39,119
Fixed income	202,747	–	–	202,747
Hedge fund	–	–	51,873	51,873
Corporate equities	33,514	–	–	33,514
Total	$ 460,249	$ –	$ 51,873	$ 512,122

9. Pension Plans (continued)

For the year ended June 30, 2012, the changes in the fair value of the Plan's investments, for which Level 3 inputs were used, are as follows (in thousands):

Balance at July 1, 2011	$ 52,499
Purchases of investments	–
Sales of investments	–
Net change in unrealized appreciation on investments	(634)
Net realized investment income	8
Ending investments at fair value	$ 51,873

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

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 16,715	$ –	$ –	$ 16,715
Pooled funds:				
Domestic equities	136,212	–	–	136,212
Global equities	45,749	–	–	45,749
Fixed income	189,307	–	–	189,307
Hedge funds	–	–	52,499	52,499
Corporate equities	33,629	–	–	33,629
Total	$ 421,612	$ –	$ 52,499	$ 474,111

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

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

9. Pension Plans (continued)

At June 30, 2012 and 2011, the Plan's investment in alternative investments of $51,873,000 and $52,499,000, respectively, is included in hedge funds. Alternative investments include ownership interests in limited liability corporations and limited partnerships that may employ various investment strategies through the use of publicly traded securities, market neutral arbitrage, floating-rate loans and debt securities, and fixed-income swaps. ASU 2009-12, *Fair Values Measurements and Disclosures (Topic 820): Investments in Certain Entities that Calculate Net Asset Value Per Share (or its Equivalent)*, allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value.

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

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

	Estimated *(In Thousands)*
Expected employer contributions for fiscal year 2013	$ 60,000
Expected benefit payments estimated for fiscal years:	
2013	42,590
2014	42,888
2015	44,307
2016	46,478
2017	47,733
Subsequent five years combined	235,837

9. Pension Plans (continued)

In addition to the defined benefit plan discussed above, eligible employees participate in certain other retirement plans, including a defined contribution plan that resulted in additional employer matches of $20,654,000 for 2012 and $20,044,000 for 2011.

10. Self-Funded Liabilities

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

The Health Professionals Insurance Company, Ltd. (HePIC), a wholly owned subsidiary, is a captive insurance company that provides professional liability, general liability, and other insurance coverage for the System affiliates. The System funds HePIC's required insurance reserves. Funding amounts are based on actuarial recommendations. The assets of HePIC and the established liability for self-funded losses are reported in the combined balance sheets. Investment income from the assets and the provision for estimated self-funded losses and administrative costs are reported in the combined statements of operations and changes in net assets. The System's established liability for self-funded losses was $78,109,000 and $79,110,000 as of June 30, 2012 and 2011, respectively, and is recorded in other long-term obligations in the accompanying combined balance sheets.

11. Commitments and Contingencies

Litigation

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

11. Commitments and Contingencies (continued)

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

Other

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

Under terms of an agreement, as amended, dated January 1, 1968, the System and the University of Texas Health Science Center at Houston (the University) affiliated to operate and maintain a patient care, medical teaching, research, and community service facility. The agreement specifies that Memorial Hermann Hospital will serve as the primary private hospital teaching site for the University and operate and maintain a fully accredited hospital while maintaining final authority over operational policy. The University agrees to offer the hospital the opportunity to accommodate all teaching programs and clinical programs, maintain fully accredited educational programs, and conduct research activities while utilizing Memorial Hermann Hospital. Mutual commitments include administrative appointments and sharing of certain operational and research costs. Expenses for obligations to the University for the years ended June 30, 2012 and 2011, totaled $121,959,000 and $98,822,000, respectively. This agreement expires on September 1, 2019, with automatic renewals for 10 consecutive one-year terms unless otherwise terminated by Memorial Hermann Hospital or the University.

Letters of credit in the amount of $12,767,000 and $14,452,000 have been issued by the System for June 30, 2012 and 2011, respectively, in favor of certain insurance contracts to secure the System's liabilities under the reinsurance agreements. The letter of credit was supported to the extent needed by the pledging of certain fixed-maturity securities as collateral. This letter of credit was renewed on July 6, 2012, and in the process of renewal the investments were released from collateralization in return for a guarantee by the System. In addition, the System has a letter of credit of $6,505,000 at June 30, 2012 and 2011, associated with its obligations in connection with its participation in the UPL program.

11. Commitments and Contingencies (continued)

In March 2010, the Patient Protection and Affordability Care Act (the Act), a comprehensive healthcare reform bill, was signed into law. The legislation is complex and will be phased in over several years, with the most significant parts beginning to take effect in 2014. The System is in the process of assessing the potential impact of this reform on its operations but does not have enough information or data to predict the effects with certainty. However, it is possible that the Act could have an adverse impact on the operations or financial results of the System.

Supplementary Information

Memorial Hermann Healthcare System

Combined Balance Sheet

Year Ended June 30, 2012

	Memorial Hermann Hospital System	University Place	Memorial Hermann Foundation	Memorial Hermann Community Benefits Corporation	Other Corporations	Reclasses and Eliminations	Memorial Hermann Healthcare System
Assets							
Current assets							
Cash and cash equivalents	$ 345,401	$ 988	$ 61,820	$ –	$ 1,911	$ (61,820)	$ 348,300
Investments	1,083,787	–	–	–	–	–	1,083,787
Patient accounts receivable, net	447,215	–	–	–	–	(1,552)	445,663
Other current assets	105,763	2	20,135	–	3,522	(20,135)	109,287
Total current assets	1,982,166	990	81,955	–	5,433	(83,507)	1,987,037
Property, plant, and equipment, net	2,204,724	1,878	–	653	63,025	–	2,270,280
Assets limited as to use, less current portion	84,557	–	–	–	4,051	–	88,608
Other assets	72,279	64	100	–	4,715	(100)	77,058
Intercompany receivables	2,416,734	6,301	5,775	26,009	699,615	(3,154,434)	–
Restricted funds	14,527	9,282	1,195	–	–	82,958	107,962
Total assets	$ 6,774,987	$ 18,515	$ 89,025	$ 26,662	$ 776,839	$ (3,155,083)	$ 4,530,945
Liabilities and net assets							
Current liabilities							
Accounts payable	$ 144,485	$ 380	$ 404	$ 18	$ 2,876	$ (404)	$ 147,759
Accrued payroll and related expenses	172,591	57	85	279	6,780	(85)	179,707
Other accrued expenses	87,822	777	–	1	10,524	(3,632)	95,492
Current portion of long-term debt, including capital lease obligations	63,690	–	–	–	–	(18,210)	45,480
Total current liabilities	468,588	1,214	489	298	20,180	(22,331)	468,438
Long-term debt, including capital lease obligations	1,697,861	–	–	–	–	18,210	1,716,071
Other long-term obligations	313,634	19,940	(127)	–	192,542	(193,966)	332,023
Intercompany payables	2,346,713	17,767	5,040	21,717	738,803	(3,130,040)	–
Total liabilities	4,826,796	38,921	5,402	22,015	951,525	(3,328,127)	2,516,532
Minority interest in consolidated subsidiaries	10,846	–	–	–	–	–	10,846
Net assets, including noncontrolling interest	1,925,879	(8,940)	82,888	4,647	17,856	(18,763)	2,003,567
Total liabilities and net assets	$ 6,763,521	$ 29,981	$ 88,290	$ 26,662	$ 969,381	$ (3,346,890)	$ 4,530,945

Memorial Hermann Healthcare System

Combined Statement of Operations

Year Ended June 30, 2012

	Memorial Hermann Hospital System	University Place	Memorial Hermann Foundation	Memorial Hermann Community Benefits Corporation	Other Corporations	Reclasses and Eliminations	Memorial Hermann Healthcare System
Revenues, gains, and other support							
Net patient service revenue	$ 3,731,064	$ –	$ –	$ –	$ –	$ (569)	$ 3,730,495
Other revenue	135,787	6,181	3,877	5,189	38,846	(26,102)	163,778
Total revenues, gains, and other support	3,866,851	6,181	3,877	5,189	38,846	(26,671)	3,894,273
Expenses							
Salaries, benefits, and related personnel costs	1,399,739	1,384	2,042	2,903	15,110	(568)	1,420,610
Services and other	914,612	3,129	1,406	1,963	24,512	(19,428)	926,194
Supplies and medicines	528,565	718	429	109	954	–	530,775
Provision for bad debts	542,930	–	–	–	–	–	542,930
Depreciation and amortization	216,424	205	–	161	4,335	–	221,125
Interest	81,647	384	–	–	–	(674)	81,357
Total expenses	3,683,917	5,820	3,877	5,136	44,911	(20,670)	3,722,991
Operating income before gain attributable to hurricane	182,934	361	–	53	(6,065)	(6,001)	171,282
Gain attributable to hurricane loss reimbursement	–	–	–	–	–	1,828	1,828
Operating gain (loss)	182,934	361	–	53	(6,065)	(4,173)	173,110
Nonoperating activities							
Investment income	(22,512)	427	–	–	1,087	(676)	(21,674)
Net loss attributable to noncontrolling interest	(26,736)	–	–	–	–	–	(26,736)
Other income (expense), net	4,111	–	–	–	–	(1,828)	2,283
Revenues (less than) in excess of expenses	137,797	788	–	53	(4,978)	(6,677)	126,983
Other changes in net assets							
Change in unfunded pension losses	(46,548)	–	–	–	–	–	(46,548)
Change in noncontrolling interest	1,682	–	–	–	–	–	1,682
Contributions and grants received and other changes in net assets, net	(6,615)	–	8,377	7	6,280	1	8,050
Change in net assets	86,316	788	8,377	60	1,302	(6,676)	90,167
Net assets at beginning of year	1,850,409	(9,728)	76,511	4,587	16,554	(14,087)	1,924,246
Net assets at end of year	$ 1,936,725	$ (8,940)	$ 84,888	$ 4,647	$ 17,856	$ (20,763)	$ 2,014,413

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