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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
- [x] Address change
- [ ] Name change
- [ ] Initial return
- [ ] Terminated
- [ ] Amended return
- [ ] Application pending

**C** Name of organization
Christus Health Southeast Texas

Doing Business As
See Schedule O

Number and street (or P O box if mail is not delivered to street address) | Room/suite
919 Hidden Ridge Drive

City or town, state or country, and ZIP + 4
Irving, TX 75038

**D Employer identification number**
76-0591590

**E Telephone number**
(469) 282-2000

**G** Gross receipts $ 428,247,147

**F** Name and address of principal officer
Ellen Jones
2830 CALDER STREET
Beaumont, TX 77726

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

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

**H(c)** Group exemption number ▶ 0928

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

**J Website:** ▶ www christushealthsoutheasttexas org

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

**L** Year of formation 1999

**M** State of legal domicile TX

## Part I Summary

**1** Briefly describe the organization's mission or most significant activities
Supporting the health care ministries of the Sponsoring Congregations in extending the healing ministry of Jesus Christ in conformity with the ethical and moral teachings of the Roman Catholic Church

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

Activities & Governance

| | | | |
|---|---|---|---|
| **3** | Number of voting members of the governing body (Part VI, line 1a) | **3** | 19 |
| **4** | Number of independent voting members of the governing body (Part VI, line 1b) | **4** | 16 |
| **5** | Total number of individuals employed in calendar year 2011 (Part V, line 2a) | **5** | 2,673 |
| **6** | Total number of volunteers (estimate if necessary) | **6** | 149 |
| **7a** | Total unrelated business revenue from Part VIII, column (C), line 12 | **7a** | 1,730,838 |
| **b** | Net unrelated business taxable income from Form 990-T, line 34 | **7b** | 495,866 |

| | | Prior Year | Current Year |
|---|---|---|---|
| **8** | Contributions and grants (Part VIII, line 1h) | 462,061 | 3,738,118 |
| **9** | Program service revenue (Part VIII, line 2g) | 424,453,282 | 419,565,482 |
| **10** | Investment income (Part VIII, column (A), lines 3, 4, and 7d ) | 24,588 | 823,250 |
| **11** | Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) | 2,167,798 | 2,078,684 |
| **12** | Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12) | 427,107,729 | 426,205,534 |
| **13** | Grants and similar amounts paid (Part IX, column (A), lines 1–3 ) | 33,069,209 | 25,549,811 |
| **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) | 151,324,553 | 150,868,641 |
| **16a** | Professional fundraising fees (Part IX, column (A), line 11e) | 0 | 0 |
| **b** | Total fundraising expenses (Part IX, column (D), line 25) ▶ 17,642 | | |
| **17** | Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e) | 222,482,697 | 226,707,249 |
| **18** | Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25) | 406,876,459 | 403,125,701 |
| **19** | Revenue less expenses Subtract line 18 from line 12 | 20,231,270 | 23,079,833 |

Revenue

Expenses

| | | Beginning of Current Year | End of Year |
|---|---|---|---|
| **20** | Total assets (Part X, line 16) | 508,769,022 | 532,098,636 |
| **21** | Total liabilities (Part X, line 26) | 111,923,933 | 114,715,819 |
| **22** | Net assets or fund balances Subtract line 21 from line 20 | 396,845,089 | 417,382,817 |

Net Assets or Fund Balances

## 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: 2013-05-01

Bill Hecht CFO
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 US LLP<br>1401 MCKINNEY SUITE 1200<br>HOUSTON, TX 77010 | | EIN ▶<br>Phone no ▶ (713) 750-1500 |

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

**Part III Statement of Program Service Accomplishments**

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

**1** Briefly describe the organization's mission

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

**2** Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ 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 $ 112,226,997 including grants of $ 0 ) (Revenue $ 231,303,440 )

COMMITMENT TO BENEFITING OUR COMMUNITIES - PATIENT CARE SERVICES CHRISTUS HEALTH SOUTHEAST TEXAS IS PART OF CHRISTUS HEALTH, FORMED IN 1999 TO STRENGTHEN THE 147-YEAR-OLD, FAITH-BASED HEALTH CARE MINISTRIES OF THE CONGREGATIONS OF THE SISTERS OF CHARITY OF THE INCARNATE WORD OF HOUSTON AND SAN ANTONIO FOUNDED ON THE MISSION "TO EXTEND THE HEALING MINISTRY OF JESUS CHRIST," CHRISTUS IS CHALLENGED TO REACH OUT TO, AND BEYOND, THE MORE THAN 60 COMMUNITIES WE SERVE TO HELP THOSE IN NEED THE VISION OF CHRISTUS HEALTH AS A CATHOLIC, FAITH-BASED MINISTRY IS TO BE A LEADER, A PARTNER AND AN ADVOCATE IN THE CREATION OF INNOVATIVE HEALTH AND WELLNESS SOLUTIONS THAT IMPROVE THE LIVES OF INDIVIDUALS AND COMMUNITIES SO THAT ALL MAY EXPERIENCE GOD'S HEALING PRESENCE AND LOVE CHRISTUS HEALTH SOUTHEAST TEXAS RESPONDS TO THE HEALTH CARE NEEDS OF THE COMMUNITY THROUGH SERVICES PROVIDED AT THREE CAMPUSES, THE 431-BED CHRISTUS HOSPITAL - ST ELIZABETH IN BEAUMONT, THE 227-BED CHRISTUS HOSPITAL - ST MARY IN PORT ARTHUR, AND CHRISTUS JASPER MEMORIAL HOSPITAL, A 59-BED HOSPITAL IN JASPER EACH OF THE FACILITIES OF CHRISTUS HEALTH SOUTHEAST TEXAS SHARES ONE OBJECTIVE -- WHICH IS TO LEAD THE WAY TO A HEALTHIER COMMUNITY CHRISTUS HEALTH SOUTHEAST TEXAS IS LOCATED IN FAR SOUTHEAST TEXAS, AND ITS SERVICE AREA EXTENDS TO THE SOUTHEAST COAST OF THE STATE, INTO SOUTHWESTERN LOUISIANA AND NORTHWARD INTO EAST TEXAS, AN AREA WHICH INCLUDES A POPULATION OF MORE THAN 585,000 INDIVIDUALS IN FISCAL YEAR 2012 ALONE, WE SERVED HUNDREDS OF THOUSANDS OF INDIVIDUALS IN VARIOUS WAYS INCLUDING 87,935 VISITS TO OUR EMERGENCY DEPARTMENT, 7,100 INPATIENT SURGERY PROCEDURES, 19,797 OUTPATIENT SURGERY PROCEDURES, 24,875 PATIENTS WHO WERE ADMITTED TO OUR HOSPITALS FOR CARE AND 280,781 PATIENTS WHO RECEIVED OUTPATIENT CARE AT OUR FACILITIES TOUCHING THE LIVES OF THE PEOPLE AROUND US IS WHAT MAKES CHRISTUS HEALTH SOUTHEAST TEXAS STAND APART ALLOWING OTHERS TO TOUCH US GIVES US A VISION FOR THE MEDICALLY NEEDY IN EACH OF THE COMMUNITIES WE SERVE WHETHER IT IS THE LIFE OF A CHILD EXPECTING A FUTURE FILLED WITH MIRACLES, THE LIFE OF A MAN IN NEED OF A CRITICAL HEART SURGERY, OR THE LIFE OF A WOMAN ABOUT TO GIVE BIRTH TO HER FIRST CHILD, CHRISTUS HEALTH SOUTHEAST TEXAS' HEALTH CARE SERVICES WORK TO PROVIDE THE BEST CARE POSSIBLE REGARDLESS OF AN INDIVIDUAL'S ABILITY TO PAY BY COLLABORATING WITH COMMUNITIES, CHURCHES, BUSINESSES, AND OTHER HEALTH CARE ORGANIZATIONS, CHRISTUS HEALTH SOUTHEAST TEXAS' VARIOUS ENTITIES HAVE STRENGTHENED THEIR ROLES AS MAJOR PROVIDERS OF COMPREHENSIVE, ACCESSIBLE HEALTH CARE SERVICES THESE PARTNERSHIPS WITH THE COMMUNITY HAVE BEEN A BLESSING BY HELPING CHRISTUS HEALTH SOUTHEAST TEXAS FURTHER CARE FOR THOSE IN NEED FURTHERMORE, INVESTMENT IN COMMUNITY SERVICES WOULD NOT BE POSSIBLE WITHOUT DEDICATED EMPLOYEES AND VOLUNTEERS THEY HELP TO BUILD STRONG RELATIONSHIPS BETWEEN THE HOSPITALS AND OTHER HEALTH CARE MINISTRIES AND THE COMMUNITIES, NURTURING CHRISTUS' MISSION TO MEET THE NEEDS AND MAKE A DIFFERENCE IN THE LIVES OF OTHERS OUR EMPLOYEES WORK BOTH INSIDE AND OUTSIDE THE WALLS OF OUR HEALTH CARE FACILITIES AND ARE COMMITTED TO REACHING BEYOND THE TRADITIONAL HOSPITAL WALLS TO HELP OUR COMMUNITIES MAINTAIN GOOD HEALTH UNDERSTANDING THE NEED TO PROVIDE ACCESS TO HEALTH CARE TO AS MUCH OF OUR PUBLIC AS POSSIBLE, CHRISTUS HEALTH PARTICIPATES IN GOVERNMENT-SPONSORED HEALTH CARE PROGRAMS, INCLUDING MEDICAID, MEDICARE, CHAMPUS, TRICARE AND OTHERS IN ADDITION, WE PROVIDE SPECIFIC PROGRAMS TO PROVIDE DISCOUNTED SERVICES TO THOSE IN NEED WHO DO NOT HAVE MEDICAL INSURANCE OR WHO DO NOT PARTICIPATE IN GOVERNMENT-SPONSORED PROGRAMS CHRISTUS HEALTH SOUTHEAST TEXAS PROVIDES A FULL RANGE OF INPATIENT AND OUTPATIENT SERVICES TO THE PEOPLE FROM THE COMMUNITIES IT SERVES IT CONDUCTS ITS ACTIVITIES AND SERVES ITS HEALTH CARE PURPOSE WITHOUT REGARD TO RACE, COLOR, CREED, RELIGION, GENDER, ORIENTATION, DISABILITY, AGE OR NATIONAL ORIGIN EACH OF THE THREE HOSPITALS OF CHRISTUS SOUTHEAST TEXAS PROVIDES A 24-HOUR EMERGENCY DEPARTMENT THAT IS OPEN TO SERVE ALL THOSE IN NEED OF EMERGENT CARE, REGARDLESS OF THEIR ABILITY TO PAY CHRISTUS HEALTH SOUTHEAST TEXAS ALSO SUPPORTS MANY LOCAL COMMUNITY HEALTH SERVICES, INCLUDING THREE RURAL CLINICS IN JASPER, KIRBYVILLE AND RAYBURN AS A NOT-FOR-PROFIT ORGANIZATION AND AS PART OF CHRISTUS HEALTH, A REGIONAL GOVERNING BOARD COMPRISED LARGELY OF INDEPENDENT COMMUNITY MEMBERS REPRESENTING THE MAKEUP OF THE AREA WE SERVE GUIDES CHRISTUS HEALTH SOUTHEAST TEXAS WE HAVE AN OPEN MEDICAL STAFF COMPRISED OF QUALIFIED PHYSICIANS WHO WORK WITH US TO PROVIDE CARE TO OUR COMMUNITIES ALL QUALIFIED PHYSICIANS WHO ARE GRANTED PRIVILEGES TO SERVE WITH US IN OUR HOSPITALS MUST UNDERGO A THOROUGH AND COMPREHENSIVE CREDENTIALING PROCESS

**4b** (Code ) (Expenses $ 154,880,501 including grants of $ 0 ) (Revenue $ 131,059,593 )

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

**4c** (Code ) (Expenses $ 40,809,369 including grants of $ 0 ) (Revenue $ 57,202,449 )

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

**4d** Other program services (Describe in Schedule O )

(Expenses $ 50,329,985 including grants of $ 25,549,811 ) (Revenue $ 0 )

**4e Total program service expenses** ▶ $ 358,246,852

## Part IV Checklist of Required Schedules

| | | | Yes | No |
|---|---|---|---|---|
| 1 | Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A* | 1 | Yes | |
| 2 | Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)? | 2 | Yes | |
| 3 | Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I* | 3 | | No |
| 4 | **Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II* | 4 | Yes | |
| 5 | Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III* | 5 | | No |
| 6 | Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I* | 6 | | No |
| 7 | Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas or historic structures? *If "Yes," complete Schedule D, Part II* | 7 | | No |
| 8 | Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III* | 8 | | No |
| 9 | Did the organization report an amount in Part X, line 21, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV* | 9 | | No |
| 10 | Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V* | 10 | | No |
| 11 | If the organization's answer to any of the following questions is 'Yes,' then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable | | | |
| a | Did the organization report an amount for land, buildings, and equipment in Part X, line10? *If "Yes," complete Schedule D, Part VI.* | 11a | Yes | |
| b | Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII.* | 11b | | No |
| c | Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII.* | 11c | | No |
| d | Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX.* | 11d | | No |
| e | Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X.* | 11e | Yes | |
| f | Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X.* | 11f | 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** | Yes | |
| **23** | Did the organization answer "Yes" to Part VII, Section A, questions 3, 4, or 5, about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J* | **23** | Yes | |
| **24a** | Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer questions 24b–24d and complete Schedule K. If "No," go to line 25* | **24a** | | No |
| **b** | Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? | **24b** | | |
| **c** | Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? | **24c** | | |
| **d** | Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? | **24d** | | |
| **25a** | **Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I* | **25a** | | No |
| **b** | Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I* | **25b** | | No |
| **26** | Was a loan to or by a current or former officer, director, trustee, key employee, highly compensated employee, or disqualified person outstanding as of the end of the organization's tax year? *If "Yes," complete Schedule L, Part II* | **26** | | 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** | | No |
| **b** | A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV* | **28b** | | No |
| **c** | An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or owner? *If "Yes," complete Schedule L, Part IV* | **28c** | Yes | |
| **29** | Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M* | **29** | Yes | |
| **30** | Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M* | **30** | | No |
| **31** | Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I* | **31** | | No |
| **32** | Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II* | **32** | | No |
| **33** | Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I* | **33** | | No |
| **34** | Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Parts II, III, IV, and V, line 1* | **34** | Yes | |
| **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** | 336 | | |
| **b** | Enter the number of Forms W-2G included in line 1a *Enter -0-* if not applicable | **1b** | 0 | | |
| **c** | Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . . | | | **1c** | Yes | |
| **2a** | Enter the number of employees reported on Form W-3, *Transmittal of Wage and Tax Statements* filed for the calendar year ending with or within the year covered by this return . . . . . | **2a** | 2,673 | | | |
| **b** | If at least one is reported on line 2a, did the organization file all required federal employment tax returns? | | | **2b** | Yes | |
| | **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) | | | | | |
| **3a** | Did the organization have unrelated business gross income of $1,000 or more during the year? . . . . . | | | **3a** | Yes | |
| **b** | If "Yes," has it filed a Form 990-T for this year? *If "No," provide an explanation in Schedule O* . . . . . | | | **3b** | Yes | |
| **4a** | At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account or securities account)? . . . . . | | | **4a** | | No |
| **b** | If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts | | | | | |
| **5a** | Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . | | | **5a** | | No |
| **b** | Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? | | | **5b** | | No |
| **c** | If "Yes" to line 5a or 5b, did the organization file Form 8886-T? . . . . . | | | **5c** | | |
| **6a** | Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible? . . . . . | | | **6a** | | No |
| **b** | If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . . | | | **6b** | | |
| **7** | **Organizations that may receive deductible contributions under section 170(c).** | | | | | |
| **a** | Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor? . . . . . | | | **7a** | Yes | |
| **b** | If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . . | | | **7b** | Yes | |
| **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 | 19 | | |
| b | Enter the number of voting members included in line 1a, above, who are independent . . . . . | 1b | 16 | | |
| 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 | Yes | |
| 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 ▶

WILLIAM HECHT
2830 CALDER STREET
Beaumont, TX 77726
(409) 899-8191

## 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 | | | | | | | | | | |
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**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 | | | | | | | | | | |
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| **1b** **Sub-Total** | | | | | | | | | | |
| **c** **Total from continuation sheets to Part VII, Section A** | | | | | | | | | | |
| **d** **Total (add lines 1b and 1c)** | | | | | | | | 3,200,648 | 1,772,291 | 936,864 |

**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 ▶ 90

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

## Section B. Independent Contractors

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

| (A) Name and business address | (B) Description of services | (C) Compensation |
|---|---|---|
| HOSPITAL HOUSEKEEPING SYS LTD<br>216 E 4th St<br>AUSTIN, TX 78701 | Housekeeping | 4,696,947 |
| SODEXHO INC AFFILIATES<br>9801 Washingtonian Blvd<br>GAITHERSBURG, MD 20878 | Food Services | 4,067,550 |
| DANIELS BLDG CONSTRUCTION INC<br>2898 W Cedar St<br>BEAUMONT, TX 77702 | CONSTRUCTION | 2,535,320 |
| QUANTUM PLUS INC<br>5000 Hopyard Rd Ste 100<br>PLEASANTON, CA 94588 | HOSPITALIST SERVICES | 1,907,355 |
| GOSS BUILDING<br>2455 W Cardinal Drive<br>BEAUMONT, TX 77705 | CONSTRUCTION | 1,753,099 |

**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 ▶ 66

## 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 | 5,645 | | | |
| | d | Related organizations | 1d | 1,063,996 | | | |
| | e | Government grants (contributions) | 1e | 2,019,858 | | | |
| | f | All other contributions, gifts, grants, and similar amounts not included above | 1f | 648,619 | | | |
| | g | Noncash contributions included in lines 1a-1f $ 271,791 | | | | | |
| | h | **Total.** Add lines 1a-1f | | 3,738,118 | | | |
| Program Service Revenue | | | Business Code | | | | |
| | 2a | Net Patient Service Revenue | 621990 | 409,689,924 | 407,988,176 | 1,701,748 | |
| | b | Rent Related to Exempt Purpose | 531120 | 6,621,664 | 6,621,664 | | |
| | c | Wellness Center | 713940 | 2,429,743 | 2,412,728 | 17,015 | |
| | d | Program Related Investment Income | 900099 | 632,728 | 632,728 | | |
| | e | Physician Interest Income | 900099 | 59,228 | 59,228 | | |
| | f | All other program service revenue | | 132,195 | 131,987 | 208 | |
| | g | **Total.** Add lines 2a–2f | | 419,565,482 | | | |
| | 3 | Investment income (including dividends, interest and other similar amounts) | | 428 | | | 428 |
| | 4 | Income from investment of tax-exempt bond proceeds | | 0 | | | |
| | 5 | Royalties | | 1,733 | | | 1,733 |
| | | | (i) Real | (ii) Personal | | | |
| | 6a | Gross rents | | | | | |
| | b | Less rental expenses | | | | | |
| | c | Rental income or (loss) | | | | | |
| | d | Net rental income or (loss) | | | | | |
| | | | (i) Securities | (ii) Other | | | |
| | 7a | Gross amount from sales of assets other than inventory | | 2,859,497 | | | |
| | b | Less cost or other basis and sales expenses | | 2,036,675 | | | |
| | c | Gain or (loss) | | 822,822 | | | |
| | d | Net gain or (loss) | | 822,822 | | | 822,822 |
| Other Revenue | 8a | Gross income from fundraising events (not including $ 5,645 of contributions reported on line 1c) See Part IV, line 18 | a 1,770 | | | | |
| | b | Less direct expenses | b 4,938 | | | | |
| | c | Net income or (loss) from fundraising events | | -3,168 | | | -3,168 |
| | 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 | | | | |
| | b | Less cost of goods sold | b | | | | |
| | c | Net income or (loss) from sales of inventory | | 0 | | | |
| | | Miscellaneous Revenue | Business Code | | | | |
| | 11a | Food Service | 722320 | 1,604,069 | | | 1,604,069 |
| | b | Purchase Discounts | 900099 | 285,594 | | | 285,594 |
| | c | Print Shop | 323100 | 24,901 | | | 24,901 |
| | d | All other revenue | | 165,555 | | 11,867 | 153,688 |
| | e | **Total.** Add lines 11a–11d | | 2,080,119 | | | |
| | 12 | **Total revenue.** See Instructions | | 426,205,534 | 417,846,511 | 1,730,838 | 2,890,067 |

## 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 | 25,356,311 | 25,356,311 | | |
| 2 | Grants and other assistance to individuals in the United States See Part IV, line 22 | 193,500 | 193,500 | | |
| 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 . . . . | 2,645,567 | 2,381,188 | 264,379 | |
| 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 | 118,528,817 | 106,683,901 | 11,844,916 | |
| 8 | Pension plan contributions (include section 401(k) and section 403(b) employer contributions) . . . . | 6,976,895 | 6,956,363 | 10,325 | 10,207 |
| 9 | Other employee benefits . . . . . | 14,254,616 | 12,339,063 | 1,915,553 | |
| 10 | Payroll taxes . . . . . | 8,462,746 | 7,869,581 | 585,770 | 7,395 |
| 11 | Fees for services (non-employees) | | | | |
| a | Management . . . . . | 478,086 | 475,632 | 2,454 | |
| b | Legal . . . . . | 545,068 | 6,023 | 539,045 | |
| c | Accounting . . . . . | 18,184 | 18,184 | | |
| d | Lobbying . . . . . | 4,915 | 3,583 | 1,332 | |
| e | Professional fundraising *See Part IV, line 17* . . | 0 | | | |
| f | Investment management fees . . . . . | 0 | | | |
| g | Other . . . . . | 33,568,442 | 19,071,222 | 14,497,220 | |
| 12 | Advertising and promotion . . . . | 1,005,275 | 79,976 | 925,299 | |
| 13 | Office expenses . . . . . | 29,639,546 | 23,367,131 | 6,272,375 | 40 |
| 14 | Information technology . . . . . | 14,862,986 | 13,684,249 | 1,178,737 | |
| 15 | Royalties . . | 0 | | | |
| 16 | Occupancy . . . . . | 10,311,584 | 6,683,862 | 3,627,722 | |
| 17 | Travel . . . . . | 297,894 | 127,411 | 170,483 | |
| 18 | Payments of travel or entertainment expenses for any federal, state, or local public officials . . . . . | 0 | | | |
| 19 | Conferences, conventions, and meetings . . . . | 547,543 | 160,013 | 387,530 | |
| 20 | Interest . . . . . | 3,707,716 | 3,706,854 | 862 | |
| 21 | Payments to affiliates . . . . . | 0 | | | |
| 22 | Depreciation, depletion, and amortization . . . . . | 24,048,587 | 23,421,287 | 627,300 | |
| 23 | Insurance . . . . . | 8,388,123 | 8,388,123 | | |
| 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 | MEDICAL SUPPLIES | 65,452,425 | 65,414,001 | 38,424 | |
| b | Provision for Uncollectible Ac | 31,966,025 | 31,652,983 | 313,042 | |
| c | Income Tax | 801,306 | | 801,306 | |
| d | Dues and Memberships | 330,868 | 94,377 | 236,491 | |
| e | | | | | |
| f | All other expenses | 732,676 | 112,034 | 620,642 | |
| 25 | **Total functional expenses.** Add lines 1 through 24f | 403,125,701 | 358,246,852 | 44,861,207 | 17,642 |
| 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 | | 273,645,716 | 1 | 308,547,610 |
| | 2 | Savings and temporary cash investments | | 0 | 2 | 0 |
| | 3 | Pledges and grants receivable, net | | 0 | 3 | 0 |
| | 4 | Accounts receivable, net | | 49,367,624 | 4 | 40,800,504 |
| | 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 | | 241,435 | 7 | 194,418 |
| | 8 | Inventories for sale or use | | 9,905,533 | 8 | 9,642,312 |
| | 9 | Prepaid expenses and deferred charges | | 814,143 | 9 | 894,451 |
| | 10a | Land, buildings, and equipment cost or other basis *Complete Part VI of Schedule D* | 10a 642,234,303 | | | |
| | b | Less accumulated depreciation | 10b 476,615,774 | 171,562,867 | 10c | 165,618,529 |
| | 11 | Investments—publicly traded securities | | 0 | 11 | 0 |
| | 12 | Investments—other securities See Part IV, line 11 | | 0 | 12 | 0 |
| | 13 | Investments—program-related See Part IV, line 11 | | 1,831,254 | 13 | 1,836,073 |
| | 14 | Intangible assets | | 0 | 14 | 557,152 |
| | 15 | Other assets See Part IV, line 11 | | 1,400,450 | 15 | 4,007,587 |
| | 16 | **Total assets.** Add lines 1 through 15 (must equal line 34) | | 508,769,022 | 16 | 532,098,636 |
| Liabilities | 17 | Accounts payable and accrued expenses | | 26,925,150 | 17 | 32,006,464 |
| | 18 | Grants payable | | 0 | 18 | 0 |
| | 19 | Deferred revenue | | 57,896 | 19 | 2,231,071 |
| | 20 | Tax-exempt bond liabilities | | 0 | 20 | 0 |
| | 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 | | 84,940,887 | 25 | 80,478,284 |
| | 26 | **Total liabilities.** Add lines 17 through 25 | | 111,923,933 | 26 | 114,715,819 |
| 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 | | 395,549,866 | 27 | 417,067,672 |
| | 28 | Temporarily restricted net assets | | 1,295,223 | 28 | 315,145 |
| | 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 | | 396,845,089 | 33 | 417,382,817 |
| | 34 | Total liabilities and net assets/fund balances | | 508,769,022 | 34 | 532,098,636 |

## 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 | 426,205,534 |
| 2 | Total expenses (must equal Part IX, column (A), line 25) | 2 | 403,125,701 |
| 3 | Revenue less expenses Subtract line 2 from line 1 | 3 | 23,079,833 |
| 4 | Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) | 4 | 396,845,089 |
| 5 | Other changes in net assets or fund balances (explain in Schedule O) | 5 | -2,542,105 |
| 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 | 417,382,817 |

## 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
Christus Health Southeast Texas

**Employer identification number**
76-0591590

**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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# SCHEDULE C
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

# Political Campaign and Lobbying Activities

**For Organizations Exempt From Income Tax Under section 501(c) and section 527**

▶ **Complete if the organization is described below.**

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

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

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

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

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

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

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

| Name of the organization | Employer identification number |
|---|---|
| Christus Health Southeast Texas | 76-0591590 |

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

| | | |
|---|---|---|
| 1 | Provide a description of the organization's direct and indirect political campaign activities on behalf of or in opposition to candidates for public office in Part IV | |
| 2 | Political expenditures ▶ | $ 0 |
| 3 | Volunteer hours | |

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

| | | |
|---|---|---|
| 1 | Enter the amount of any excise tax incurred by the organization under section 4955 ▶ | $ 0 |
| 2 | Enter the amount of any excise tax incurred by organization managers under section 4955 ▶ | $ |
| 3 | If the organization incurred a section 4955 tax, did it file Form 4720 for this year? | ☐ Yes ☐ No |
| 4a | Was a correction made? | ☐ Yes ☐ No |
| b | If "Yes," describe in Part IV | |

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

| | | |
|---|---|---|
| 1 | Enter the amount directly expended by the filing organization for section 527 exempt function activities ▶ | $ |
| 2 | Enter the amount of the filing organization's funds contributed to other organizations for section 527 exempt funtion activities ▶ | $ |
| 3 | Total exempt function expenditures Add lines 1 and 2 Enter here and on Form 1120-POL, line 17b ▶ | $ |
| 4 | Did the filing organization file **Form 1120-POL** for this year? | ☐ Yes ☐ No |

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

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

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

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

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

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

| If the amount on line 1e, column (a) or (b) is: | The lobbying nontaxable amount is: |
|---|---|
| Not over $500,000 | 20% of the amount on line 1e |
| Over $500,000 but not over $1,000,000 | $100,000 plus 15% of the excess over $500,000 |
| Over $1,000,000 but not over $1,500,000 | $175,000 plus 10% of the excess over $1,000,000 |
| Over $1,500,000 but not over $17,000,000 | $225,000 plus 5% of the excess over $1,500,000 |
| Over $17,000,000 | $1,000,000 |

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

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

### Lobbying Expenditures During 4-Year Averaging Period

| Calendar year (or fiscal year beginning in) | (a) 2008 | (b) 2009 | (c) 2010 | (d) 2011 | (e) Total |
|---|---|---|---|---|---|
| **2a** Lobbying non-taxable amount | | | | | |
| **b** Lobbying ceiling amount (150% of line 2a, column(e)) | | | | | |
| **c** Total lobbying expenditures | | | | | |
| **d** Grassroots non-taxable amount | | | | | |
| **e** Grassroots ceiling amount (150% of line 2d, column (e)) | | | | | |
| **f** Grassroots lobbying expenditures | | | | | |

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

| | | (a) Yes | (a) No | (b) Amount |
|---|---|---|---|---|
| 1 | During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of | | | |
| a | Volunteers? | | No | |
| b | Paid staff or management (include compensation in expenses reported on lines 1c through 1i)? | Yes | | |
| c | Media advertisements? | | No | |
| d | Mailings to members, legislators, or the public? | Yes | | 3,083 |
| e | Publications, or published or broadcast statements? | | No | |
| f | Grants to other organizations for lobbying purposes? | | No | |
| g | Direct contact with legislators, their staffs, government officials, or a legislative body? | Yes | | 10,034 |
| h | Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means? | | No | |
| i | Other activities? If "Yes," describe in Part IV | Yes | | 4,915 |
| j | Total lines 1c through 1i | | | 18,032 |
| 2a | Did the activities in line 1 cause the organization to be not described in section 501(c)(3)? | | No | |
| b | If "Yes," enter the amount of any tax incurred under section 4912 | | | |
| c | If "Yes," enter the amount of any tax incurred by organization managers under section 4912 | | | |
| d | If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year? | | | |

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

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

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

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

## Part IV Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| Lobbying Description | Form 990, Schedule C, Part II-B | HEALTHCARE POLICY IS CRITICAL TO ALL AMERICANS, AND CHRISTUS HEALTH SOUTHEAST TEXAS BELIEVES THAT HEALTH CARE PROVIDERS MUST PARTICIPATE IN FORMING HEALTH CARE POLICY BY INTERACTING WITH NATIONAL, STATE AND LOCAL REPRESENTATIVES AND THEIR STAFF MEMBERS TO HELP THEM BETTER UNDERSTAND THE COMPLEXITIES AND RAMIFICATIONS OF KEY HEALTH CARE POLICIES THE REPORTED EXPENSES ASSOCIATED WITH THESE ACTIVITIES INCLUDE STAFF COMPENSATION AND RELATED ALLOCABLE OVERHEAD PART II-B, LINES 1D & 1G At the federal level, Christus Health Southeast Texas employees personally visited with Texas Congressional members and their staff to discuss health care reform, federal budget, sequestration, Medicaid, Medicare, long-term care, health information technology, drug shortages, and pediatric medical/physician issues E-mail and phone communications were used with Congressional members and/or staff on Medicaid, Medicare, CHGME funding and reauthorization, sequestration, 25% rule, and health care reform The federal bills at issue that are included in the lobbying expenses are 1 The Budget Control Act of 2011 (Pub L No 112-25, S, 365) provisions relating to the use of sequestration and payment cuts to hospitals 2 H R 1852/S 958 Funding for the childrens hospital graduate medical education program 3 The Long-Term Care Hospital Improvement Act of 2011 (S 1486) Relating to the creation of patient criteria and elimination of the 25 percent rule 4 The Temporary Payroll Tax Cut Continuation Act of 2011 (H R 3630) provisions related to Medicare physician payments, cuts to hospital reimbursement, and the elimination of rural hospital payment programs 5 Provided education to Members of Congress and their staff about the submission of a Medicare 1115 Waiver by the State of Texas to modify payments made under the federal Upper Payment Limit (UPL) Program 6 The Equal Access and Parity for Multi-Campus Hospitals Act (H R 2500) incentive payments to hospitals for the implementations of electronic health records and achieving meaningful use 7 The Rural Hospital Access Act of 2012 (H R 5943) legislation would reauthorize the Medicare-Dependent Hospital Program and extend the low-volume Medicare adjustment for prospective payment system hospitals for one year through September 2013 8 Requested members sign a letter to Secretary Kathleen Sebelius that expressed concern regarding the recently proposed FY2013 Medicare update rule for long-term care hospitals 9 The Preserving Access to Life Saving Medications Act (H R 2245/S 296) and the Drug Shortage Prevention Act (H R 3839) legislation that addresses prescription drug shortages and processes at the Food & Drug Administration 10 The provisions of the Patient Protection and Affordable Care Act that relate to the expansion of health insurance coverage and $155 billion in cuts to hospital payments PART II-B, LINE 1I "OTHER ACTIVITIES" REPORTS THE PORTION OF FY 2012 PROFESSIONAL AND MEMBERSHIP ASSOCIATION DUES ALLOCATED TO LOBBYING EFFORTS BY THE RESPECTIVE ASSOCIATIONS TOTALING $4,915 CHRISTUS HEALTH SOUTHEAST TEXAS DID NOT SUBSTANTIALLY LOBBY DURING THE FISCAL YEAR ENDING 6-30-12 |

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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**
Christus Health Southeast Texas

**Employer identification number**
76-0591590

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| | (a) Current Year | (b) Prior Year | (c) Two Years Back | (d) Three Years Back | (e) Four Years Back |
|---|---|---|---|---|---|
| 1a Beginning of year balance | | | | | |
| b Contributions | | | | | |
| c Investment earnings or losses | | | | | |
| d Grants or scholarships | | | | | |
| e Other expenditures for facilities and programs | | | | | |
| f Administrative expenses | | | | | |
| g End of year balance | | | | | |

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

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

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

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

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

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

| Description of property | (a) Cost or other basis (investment) | (b) Cost or other basis (other) | (c) Accumulated depreciation | (d) Book value |
|---|---|---|---|---|
| 1a Land | | 17,122,523 | | 17,122,523 |
| b Buildings | | 342,479,335 | 235,152,571 | 107,326,764 |
| c Leasehold improvements | | 1,016,650 | 791,171 | 225,479 |
| d Equipment | | 278,665,758 | 240,450,377 | 38,215,381 |
| e Other | | 2,950,037 | 221,655 | 2,728,382 |
| **Total.** Add lines 1a-1e *(Column (d) should equal Form 990, Part X, column (B), line 10(c).)* ▶ | | | | 165,618,529 |

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

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

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

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

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

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

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

| 1 (a) Description of Liability | (b) Amount |
|---|---|
| Federal Income Taxes | 0 |
| Christus Bond Fund Payable | 80,478,284 |
| | |
| | |
| | |
| | |
| | |
| | |
| | |
| **Total.** *(Column (b) should equal Form 990, Part X, col (B) line 25 )* ▶ | 80,478,284 |

**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 |
|---|---|---|
| Cash - Non-Interest Bearing | Form 990, Schedule D, Part X, Line 1 | Christus Health System maintains a centralized cash management system This cash management system (CMS) includes a concentration account wherein deposits and disbursements for related Christus exempt organizations flow through this account and over to the managed investment accounts Each participating organization reports a balance in the CMS reflective of its cumulative cash activity Cash Balances for each Christus organization are reported on Form 990 in accordance with financial statement reporting CMS ownership is maintained by Christus Health (EIN 76-0590551) and all associated investment income is properly reported on the Christus Health Form 990 |
| Uncertain Tax Positions Under ASC 740 | Form 990, Schedule D, Part X, Line 2 | Per footnote 3 in the Consolidated Financial Statements, there are no material unrecorded tax liabilities as of June 30, 2012 and 2011 |

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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**
Christus Health Southeast Texas

**Employer identification number**
76-0591590

## 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<br>☑ Applied uniformly to all hospitals ☐ Applied uniformly to most hospitals<br>☐ 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<br>☐ 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<br>☐ 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) | | | 29,354,538 | 0 | 29,354,538 | 7 900 % |
| b Medicaid (from Worksheet 3, column a) | | | 39,250,583 | 57,202,437 | -17,951,854 | 0 % |
| c Costs of other means-tested government programs (from Worksheet 3, column b) | | | 0 | 0 | 0 | 0 % |
| d **Total** Charity Care and Means-Tested Government Programs | | | 68,605,121 | 57,202,437 | 11,402,684 | 3 070 % |
| **Other Benefits** | | | | | | |
| e Community health improvement services and community benefit operations (from (Worksheet 4) | 10 | 345 | 67,883 | 0 | 67,883 | 0 020 % |
| f Health professions education (from Worksheet 5) | 1 | 93 | 1,190 | 0 | 1,190 | |
| g Subsidized health services (from Worksheet 6) | | 0 | 0 | 0 | 0 | 0 % |
| h Research (from Worksheet 7) | | 0 | 0 | 0 | 0 | 0 % |
| i Cash and in-kind contributions for community benefit (from Worksheet 8) | 14 | 1,170 | 24,953,057 | 2,250 | 24,950,807 | 6 720 % |
| j **Total** Other Benefits | 25 | 1,608 | 25,022,130 | 2,250 | 25,019,880 | 6 740 % |
| k **Total.** Add lines 7d and 7j | 25 | 1,608 | 93,627,251 | 57,204,687 | 36,422,564 | 9 810 % |

## 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 | 0 | 15,012 | 0 | 15,012 | |
| 2 | Economic development | 1 | 0 | 13,779 | 0 | 13,779 | |
| 3 | Community support | 1 | 0 | 1,457 | 0 | 1,457 | |
| 4 | Environmental improvements | | 0 | 0 | 0 | 0 | 0 % |
| 5 | Leadership development and training for community members | | 0 | 0 | 0 | 0 | 0 % |
| 6 | Coalition building | | 0 | 0 | 0 | 0 | 0 % |
| 7 | Community health improvement advocacy | 3 | 0 | 36,142 | 0 | 36,142 | 0 010 % |
| 8 | Workforce development | | 0 | 0 | 0 | 0 | 0 % |
| 9 | Other | | 0 | 0 | 0 | 0 | 0 % |
| 10 | **Total** | 7 | 0 | 66,390 | 0 | 66,390 | 0 010 % |

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

### Section A. Bad Debt Expense

| | | | | Yes | No |
|---|---|---|---|---|---|
| 1 | Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15? | 1 | Yes | | |
| 2 | Enter the amount of the organization's bad debt expense | 2 | 31,652,983 | | |
| 3 | Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's charity care policy | 3 | 1,199,648 | | |
| 4 | Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense In addition, describe the costing methodology used in determining the amounts reported on lines 2 and 3, and rationale for including a portion of bad debt amounts as community benefit | | | | |

### Section B. Medicare

| | | | |
|---|---|---|---|
| 5 | Enter total revenue received from Medicare (including DSH and IME) | 5 | 94,332,013 |
| 6 | Enter Medicare allowable costs of care relating to payments on line 5 | 6 | 105,892,235 |
| 7 | Subtract line 6 from line 5 This is the surplus or (shortfall) | 7 | -11,560,222 |
| 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 | SETX PAIN MNGMT CTR | PAIN MANAGEMENT | 51 000 % | 49 000 % | 49 000 % |
| 2 | ST ELZBTH REHAB PTNR | REHABILITATION SERVICES | 51 000 % | | 31 380 % |
| 3 | SETX CANCER CENTERS | CANCER TREATMENT | 49 000 % | | 51 000 % |
| 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? 3

| | 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 | CHRISTUS St Elizabeth Hospital<br>2830 Calder<br>Beaumont, TX 77702 | X | X | | | | | X | | |
| 2 | Christus St Mary Hospital<br>3600 Gates Blvd<br>Port Arthur, TX 77642 | X | X | | | | | X | | |
| 3 | Christus Jasper Memorial Hospital<br>1275 Marvin Hancock Dr<br>Jasper, TX 75951 | X | X | | | | | X | | |
| | | | | | | | | | | |
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## Part V Facility Information *(continued)*

### Section B. Facility Policies and Practices.

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

**Name of Hospital Facility:** CHRISTUS St Elizabeth Hospital

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

| | | Yes | No |
|---|---|---|---|
| **Community Health Needs Assessment** (Lines 1 through 7 are optional for 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 __% | | | |
| | 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 | | No |
| 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:** Christus St Mary 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 __% | | | |
| | 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 | | No |
| 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)

Christus Jasper Memorial Hospital

**Name of Hospital Facility:**

**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 __% | | | |
| | 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 | | No |
| 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? **4**

| | Name and address | Type of Facility (Describe) |
|---|---|---|
| 1 | Southeast Texas Cancer Centers LP<br>10101 Woodloch Forest<br>THE WOODLANDS,TX 77380 | Cancer Treatment Facility |
| 2 | Southeast Texas Pain Management LLC<br>PO Box 5405<br>BEAUMONT,TX 77726 | Pain Management Clinic |
| 3 | Port Arthur Day Surgery LTD<br>2927 Park Plaza Lane<br>PORT ARTHUR,TX 77642 | Surgery Center |
| 4 | Kate Dishman Rehabilitation Hospital<br>2830 Calder Street<br>BEAUMONT,TX 77702 | Rehabilitation Hospital |
| 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 |
|---|---|---|
| Part I, Line 5 | Budgeted Charity Care | The organization budgets charity care for internal financial review purposes only The provision of charity care is not limited to amounts established for budgetary purposes |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part I, Line 6a | Annual Community Benefit Report | A REPORT OF COMMUNITY BENEFIT IS INCLUDED IN A WRITTEN ANNUAL REPORT FOR CHRISTUS HEALTH, THE ORGANIZATION'S PARENT COMPANY CHRISTUS HEALTH IS AN INTERNATIONAL, CATHOLIC, FAITH BASED, NONPROFIT HEALTH SYSTEM FORMED IN 1999 WITH A MISSION "TO EXTEND THE HEALING MINISTRY OF JESUS CHRIST " THE ANNUAL COMMUNITY BENEFIT REPORT SUMMARIZES ACTIVITIES AND PROGRAMS CONDUCTED DURING THE PAST YEAR TO IMPROVE HEALTH INCLUDING PROACTIVE COMMUNITY HEALTH SERVICES HOWEVER, THE ANNUAL REPORT IS ONLY A SNAPSHOT OF HOW THE ORGANIZATION DISTINGUISHES ITSELF IN ITS VISION TO BE A LEADER, A PARTNER, AND AN ADVOCATE IN CREATING INNOVATIVE HEALTH AND WELLNESS SOLUTIONS THAT IMPROVE THE LIVES OF INDIVIDUALS AND COMMUNITIES |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part I, Line 7b | Unreimbursed Medicaid | Christus Health Southeast Texas reinvests all surplus funds back in to the communities we serve through expanded health services, new technologies, and better facilities |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part I, Line 7, column (f) | Percent of Total Expense | TOTAL EXPENSE FROM FORM 990, PART IX, LINE 25, COLUMN (A) IS $403,125,701 THE BAD DEBT EXPENSE INCLUDED IN THIS AMOUNT IS $31,652,983 THIS LEAVES A TOTAL EXPENSE OF $371,472,718 FOR PURPOSES OF CALCULATING LINE 7, COLUMN (F) |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part I, Line 7, Column (f) | | Description of Financial Assistance and Other Community Benefits as Percentage of Total Costs The organization's total community benefit expense as reported on Part I, Line 7k, Column (c) as a percentage of total expense is 25 20%, which exceeds the amount reported on Part I, Line 7k Column (f) which is computed using net community benefit expense |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| PART I, LINE 7I | Cash and In-Kind Contributions | CHRISTUS HEALTH SOUTHEAST TEXAS MADE OVER $24,900,000 IN CASH AND IN KIND CONTRIBUTIONS DURING FISCAL YEAR 2012 THE AFOREMENTIONED AMOUNT IS DETERMINED IN ACCORDANCE WITH REPORTING RULES FOR SCHEDULE H, WORKSHEET 8 AS SUCH THIS AMOUNT DIFFERS FROM GRANTS REPORTED AT FORM 990, SCHEDULE I, GRANTS AND OTHER ASSISTANCE TO ORGANIZATIONS, GOVERNMENTS, AND INDIVIDUALS AND PART IX, LINES 1 THROUGH 3 GRANTS AND OTHER ASSISTANCE CHRISTUS HEALTH ESTABLISHED THE CHRISTUS FUND, A GRANT FUND TO PROVIDE RESOURCES TO NONPROFIT AGENCIES AND GROUPS WHOSE VISION, MISSION, AND GOALS ARE CONSISTENT WITH CHRISTUS HEALTH'S MISSION, VALUES AND PHILOSOPHY OF A HEALTHY COMMUNITY CHRISTUS FUND GRANTS TOTALING $190,598 WERE DONATED BY CHRISTUS HEALTH TO NONPROFIT ORGANIZATIONS LOCATED IN THE COMMUNITY SERVED BY CHRISTUS HEALTH SOUTHEAST TEXAS THE GRANT DOLLARS WERE USED TO SUPPORT PROGRAMS THAT PROMOTE THE HEALTH OF THE COMMUNITY THAT CHRISTUS HEALTH SOUTHEAST TEXAS SERVES, INCLUDING SUPPORT TO PROGRAMS THAT PROVIDES HEALTH CARE SERVICES TO THE UNINSURED ALL GRANTS MADE TO OUTSIDE ORGANIZATIONS THROUGH THE CHRISTUS FUND ARE MADE TO NONPROFIT ORGANIZATIONS THAT SUPPORT THE HEALTH OF THE COMMUNITY THESE GRANT DOLLARS ARE NOT INCLUDED ON SCHEDULE H, PART I, LINE 7(I) CHRISTUS HEALTH HAS ALSO ESTABLISHED AN EDUCATION AND RESEARCH FUND CHRISTUS HEALTH SOUTHEAST TEXAS RECEIVED $10,069 FROM THE FUND AND USED SUCH RESOURCES TO BENEFIT THE COMMUNITY BY PROVIDING RESEARCH AND EDUCATIONAL PROGRAMS SPONSORED BY THE REGION Indigent Funding Expense of $24,681,358 is included in Schedule H, Part I, Line 7(i) |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part I, Line 7 | | Line 7a Ratio of patient care cost to charges based on Schedule H, worksheet 2 Line 7b Ratio of patient care cost to charges based on Schedule H, worksheet 2 Line 7e Actual expenses less any direct offsetting revenue Line 7f Actual expenses less any direct offsetting revenue Line 7i Actual expense of the contributions |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part II | COMMUNITY BUILDING ACTIVITIES | THE CHRISTUS HEALTH BOARD OF DIRECTORS APPROVED FUNDING OF A COMMUNITY DIRECT INVESTMENT (CDI) LOAN PROGRAM TO ENSURE THAT THE WORK OF SOCIAL ACCOUNTABILITY AND MORAL AND ETHICAL STEWARDSHIP CONTINUES IN SPITE OF CHALLENGING FISCAL CONDITIONS FACED BY LOCAL OPERATING ENTITIES THE PURPOSE OF THE CDI PROGRAM IS TO SUPPORT COMMUNITY DRIVEN INITIATIVES, PRIMARILY FOR AFFORDABLE HOUSING AND ECONOMIC DEVELOPMENT BY PROVIDING FINANCING AT BELOW MARKET INTEREST RATES TO NONPROFIT ORGANIZATIONS AT TERMS NOT EXCEEDING MORE THAN FIVE YEARS THE INCOME EARNED AT THE MARKET RATE LESS OUR LOAN RATE (FOREGONE INCOME) IS CONSIDERED A COMMUNITY BENEFIT FOR REPORTING PURPOSES THOUGH OUTSTANDING LOAN BALANCES VARY THROUGHOUT THE YEAR, THE OUTSTANDING LOAN BALANCE AT THE END OF FISCAL YEAR 2012 WAS $978,796 THE FOREGONE INTEREST FOR CHRISTUS SOUTHEAST TEXAS IN FISCAL YEAR ENDING JUNE 30, 2012 WAS $28,791 DURING FY2012, CHRISTUS HEALTH ADVOCATED FOR IMPROVING PUBLIC POLICIES, WORKED TO ESTABLISH, AND IN SOME INSTANCES AUGMENT, GRASSROOTS ADVOCACY AND GREATER ACCESS TO HEALTH CARE SERVICES FOR THE COMMUNITIES WE SERVE |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part III, Section A, Line 1 | Bad Debt Reporting in Accordance with HFMA Statement 15 | CHRISTUS Health follows in principle Healthcare Financial Management Association Statement No 15 The system has adopted an uncompensated care policy where revenue from services provided to the uninsured is recognized at the time of payment, rather than at the time of service This policy is the result of a lack of reasonable assurance of collection for services provided to the uninsured due to the system's historically low collection rate Management has estimated that the difference between recording revenue from the uninsured on a cash basis, rather than the accrual basis, is immaterial Accordingly, all accounts receivable from the uninsured have been fully reserved in the allowance for uncompensated care |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part III, Section A, Line 2 | Methodology Used in Determining Bad Debt | The organization's total bad debt expense (total of all hospital facilities) is in accordance with the organization's financial statements, which is computed as bad debt net of contractual allowance, payments received and recoveries of bad debt previously written off |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part III, Section A, Line 3 | | Estimate of Bad Debt Expense Attributable to Patients Eligible Under Organization's Charity Care Policy The filing organization recognizes that some patients are unable or unwilling to seek financial assistance due to barriers such as educational level, literacy, documentation requirements, or being intimidated by the application process In order to estimate the amount of the organization's bad debt expense attributable to patients who may be eligible for financial assistance but have not submitted an application, the organization engaged PARO Decision Support, LLC PARO Charity Score is designed to identify patients that likely qualify for financial assistance based on a predictive model and other financial and asset estimates for the patient derived from public record sources In order to assess the bad debt accounts that would likely qualify for charity care, the following criteria were established based on an analysis of historical data of Christus Health and its related organizations 1 PARO Score of less than or equal to 586, which is a predictor defining the likely socioeconomic conditions for the patient, 2 Estimated Federal Poverty Level of less than or equal to 226%, which is based on estimated household size and household estimated income, and 3 Third party data available on patient accounts which indicate that the patient is not a homeowner or a probable homeowner For the fiscal year ending June 30, 2011, the organization reported that 30% of bad debt expenses were attributable to patients who may have been eligible for financial assistance but were not responsive to the application process existing at that time This figure was based on the PARO analysis and estimates of patients' financial needs that examined whether patients were characteristic of others who historically qualified for assistance under the traditional application process The presumptive charity care analysis performed for the prior fiscal year determined a benchmark of bad debt accounts in the Christus Health System that lacked the information to qualify for charity care under the filing organization's customary process but would have likely qualified for assistance During the fiscal year ending June 30, 2012, the organization utilized the PARO score to identify the accounts of individual patients that were likely eligible for financial assistance despite having not completed an application, and such analysis determined that 26 21% of such accounts were likely eligible for financial assistance The organization granted presumptive eligibility for these accounts and they were reclassified under our financial assistance policy These amounts were not reported as bad debt The amount reported on Schedule H, Part III, Line 3 is the difference between the presumptive charity care benchmark established in the previous fiscal year ending June 30, 2011 and the aggregate of individual accounts for which the organization granted presumptive eligibility in the fiscal year ending June 30, 2012 Thus, the organization estimates that only 3 79% of the bad debt expenses in fiscal year ending June 30, 2012 are attributable to patients who would likely have qualified for financial assistance It is important to note that the figure calculated for fiscal year ending June 30, 2011 was estimated and not exact, and therefore the difference between the amounts qualified as presumptive charity care in any fiscal year may vary from the benchmark established in fiscal year ending June 30, 2011 |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part III, Section A, Line 4 | Bad Debt Expense Footnote | The footnote to the CHRISTUS Health consolidated financial statements says, "The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management of the system to make assumptions, estimates, and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any The system considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements, including the following recognition of net patient revenues, which include contractual allowances, provisions for bad debt, reserves for losses and expenses related to health care professional and general liabilities, determination of fair values of certain financial instruments, determination of fair value of certain goodwill and long-lived assets, and risks and assumptions for measurement of pension and retiree medical liabilities Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgment and estimates Actual results could differ materially from these estimates " |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part III, Section B, Line 8 | Extent to which shortfall should be treated as community benefit | Costing Methodology The shortfall on Part III, Line 7 is not counted as a community benefit The amount on Schedule H, Part III, Line 6 is determined by calculating Medicare Allowable Costs using worksheet A of the Medicare Cost Report Worksheet A of the Medicare Cost Report requires the organization to remove non-allowable expenses from total expenses via the adjustments to expenses worksheets within the Medicare Cost Report The amount reported on Schedule H, Part III, Line 6 does not take into account all costs incurred by the filing organization associated with the filing organization's provisions of services to Medicare patients Schedule H, Part III, Line 7 would equal a shortfall of ($39,840,997) if total expenses allocable to Medicare services were substituted on Schedule H, Part III, Line 6 |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part III, Section C, Line 9b | Collection Policy | It is the policy of the organization to pursue collections of patient balances from patients who have the ability to pay for these services CHRISTUS Health applies its collection efforts consistently and fairly to all patients regardless of insurance If a patient does not have the financial resources to pay their outstanding balances, the goal of the organization is to qualify these patients through the organization's charity policy or screen the patients through organization's presumptive charity tests If the patient qualifies under either policy the account will be written off based upon level of qualification These policies support the mission and vision of the organization and are approved by senior leadership Part V, Section B, Line 10 Determination of eligibility for discounted care The hospital facility provides discounted care to all uninsured patients In order to determine discounts for uninsured patients, the facility utilizes a sliding scale based on federal poverty guidelines and other criteria applied to a uniform fee schedule The facility has implemented a 3 tier uninsured fee schedule wherein individuals between 201-300% of the Federal Poverty Level receive a specific discount percentage off of the uninsured discounted price, individuals between 301%-400% of the Federal Poverty Level receive a specific discount percentage off of the uninsured discounted price, and individuals above 401% of the Federal Poverty Level receive no additional discount off of the uninsured discounted price There is no Federal Poverty Limit for the uninsured population to receive discounted care because all charges by the facility are based on the uninsured discounted price The uninsured discounted price is based on the FY 2009 managed care average reimbursement rate, excluding implant and drug contribution dollars Part V, Section B, Lines 13 & 13g How the hospital facility publicizes the financial assistance policy The hospital facility's complete financial assistance policy is not posted in the facility's emergency rooms, waiting rooms or admissions offices, however, a notice that the financial assistance policy is available at the business office and online is posted in the facility's emergency rooms, waiting rooms and admission offices Part V, Section B, Line 14 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy that explained action the hospital facility may take upon non-payment? The organization does not have a policy that addresses actions in the event of non-payment The organization does not pursue any of the listed actions at lines 15 or 16 in pursuit of collections from individuals prior to making a reasonable effort to determine the patient's eligibility for financial assistance under CHRISTUS Health Management Directive 11 Part V, Section B, Line 19d Determine the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care The hospital facility used the average managed care reimbursement rate from the fiscal year ending 6-30-09 in order to determine the maximum amounts that can be charged to FAP-eligible patients The average managed care rate is the average reimbursement received for specific categories of services from the collective group of private insurers that reimburse all hospital facilities within the Christus Health System except St Vincent Hospital and Christus Continuing Care |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part VI, Line 2 | NEEDS ASSESSMENT | CHRISTUS HEALTH SOUTHEAST TEXAS HAS DEVELOPED THE 2012 COMMUNITY BENEFIT PLAN BASED UPON PRIORITIZATION OF THE COMMUNITY HEALTH NEEDS ASSESSMENT CHRISTUS HEALTH SOUTHEAST TEXAS' FACILITIES HAVE THE COMMON GOAL OF STRIVING TOWARD ENSURING THAT BEST PRACTICES AND STANDARDS OF CARE ARE PRACTICAL AS WELL AS REALISTIC THE OBJECTIVES FOR FY 2012 ARE PROPOSED TO MEET THE IDENTIFIED NEEDS IN THE COMMUNITIES WE SERVE BY DEVELOPING AND IMPLEMENTING PROGRAMS TO PROVIDE CARE IN CLINICALLY APPROPRIATE SETTINGS, THUS REDUCING EMERGENCY DEPARTMENT VISITS AND PREVENTABLE HOSPITALIZATIONS THE COMMUNITY HEALTH PRIORITIES OF CHRISTUS HEALTH SOUTHEAST TEXAS ARE TO RESPOND TO THE HEALTH CARE NEEDS THROUGH ITS THREE-CAMPUS HOSPITAL SYSTEM, HEALTH CARE CLINICS, PHYSICIAN PRACTICES, OUTPATIENT SERVICES AND COMMUNITY BASED PROGRAMS COUNTIES LOCATED IN SOUTHEAST TEXAS WERE CONSIDERED TO BE MEDICALLY UNDERSERVED ACCORDING TO THE CHRONIC DISEASE BURDEN REPORT OF 2010 FROM THE TEXAS DEPARTMENT OF STATE HEALTH SERVICES, COUNTIES IN SOUTHEAST TEXAS HAVE HIGHER THAN STATE AVERAGES FOR PERSONS WITH CARDIOVASCULAR DISEASE, CHRONIC LOWER RESPIRATORY DISEASE, AND DIABETES ALL DATA IS AVAILABLE TO THE PUBLIC COMMUNITY DELIVERY WILL CONTINUE TO FOCUS ON THE UNINSURED WITH ADDED EMPHASIS ON CHRONIC ILLNESSES SERVICES ARE BASED ON BEST PRACTICES DEVELOPMENT AND IMPLEMENTATION OF EVIDENCE-BASED COMMUNITY HEALTH SERVICES |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part VI, Line 3 | Patient education of eligibility for assistance | CHRISTUS Health Southeast Texas makes every effort to educate patients on its Charity and Discount Policy and about their eligibility for assistance under federal, state, or local government programs during registration, pre registration (for scheduled tests and surgeries), post registration (during their hospitalization) and following discharge (telephone or written inquiry) in languages appropriate for the population being served Patients are given information and forms by a financial counselor who helps them complete the forms during their inpatient and outpatient visits Patients are asked to bring or mail supporting documentation to determine income, assets and household expenses The Business Office reviews the application based on the information provided by the patient If the patient qualifies for charity care or a discount, a new bill is generated Patients who do not provide the required documentation are considered ineligible and are billed accordingly If the documentation is provided at a later time, the patient may then be determined to be eligible for charity care or a discount Documentation is retained by the billing office for seven years A public notice regarding the charity care policy is posted in prominent places throughout the hospitals, including but not limited to the emergency room waiting areas and the admissions office waiting areas, as required by both the State of Texas Community Benefit Standard (which addresses the duties and responsibilities of nonprofit hospitals) and CHRISTUS Health Community Benefit Guidelines #050 In addition, a public notice regarding the charity care policy and information on financial assistance are also posted on the CHRISTUS HEALTH website The information on financial assistance includes explanations on the availability of financial assistance, who qualifies, and how to apply for financial assistance |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part VI, Line 4 | COMMUNITY INFORMATION | CHRISTUS HEALTH SOUTHEAST TEXAS IS LOCATED IN FAR SOUTHEAST TEXAS, AND ITS NINE COUNTY SERVICE AREA EXTENDS TO THE SOUTHEAST COAST OF THE STATE INTO SOUTHWESTERN LOUISIANA AND NORTHWARD INTO EAST TEXAS THE NINE COUNTY SERVICE AREA INCLUDES THE FOLLOWING COUNTIES CHAMBERS, HARDIN, JASPER, JEFFERSON, LIBERTY, NEWTON, ORANGE, SABINE AND TYLER THE SERVICE AREA IS COMPRISED OF A POPULATION OF MORE THAN 585,000 INDIVIDUALS CHRISTUS HEALTH SOUTHEAST TEXAS HAS A HIGHER PERCENTAGE OF SENIOR CITIZENS COMPARED TO STATE AND NATIONAL BENCHMARKS THE LARGEST POPULATION GROWTH IS ANTICIPATED IN THE AGE 65 AND OLDER POPULATION IN THE NINE COUNTY SERVICE AREAS, 18 PERCENT OF HOUSEHOLDS ARE AT OR BELOW POVERTY THE POPULATION CONSISTS OF 62 PERCENT CAUCASIAN, 21 PERCENT AFRICAN AMERICAN, AND 13 PERCENT HISPANIC THE HEALTH CARE PAYOR MIX IS 12 PERCENT MEDICAID AND 43 PERCENT MEDICARE OTHER HEALTH SYSTEMS IN THE NINE COUNTY AREA INCLUDE BAPTIST HOSPITAL OF SOUTHEAST TEXAS, MEMORIAL HEALTH SYSTEM OF EAST TEXAS, MEMORIAL HERMANN BAPTIST ORANGE, THE MEDICAL CENTER OF SOUTHEAST TEXAS, AND THE WOODLAND HEIGHTS MEDICAL CENTER |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part VI, Line 5 | PROMOTION OF COMMUNITY HEALTH | THE CHRISTUS SOUTHEAST TEXAS REGION PROVIDES HEALTH CARE SERVICES AT THREE CAMPUSES, INCLUDING THE 431-BED CHRISTUS HOSPITAL ST ELIZABETH IN BEAUMONT, TEXAS, THE 227-BED CHRISTUS HOSPITAL ST MARY IN PORT ARTHUR TEXAS, AND CHRISTUS JASPER MEMORIAL HOSPITAL, A 59-BED HOSPITAL IN JASPER, TEXAS EACH OF THE THREE HOSPITALS IN THE CHRISTUS SOUTHEAST TEXAS REGION PROVIDES A 24 HOUR EMERGENCY DEPARTMENT THAT IS OPEN TO SERVE THOSE IN NEED OF EMERGENCY CARE, REGARDLESS OF THEIR ABILITY TO PAY CHRISTUS HEALTH SOUTHEAST TEXAS PROVIDES A FULL RANGE OF INPATIENT AND OUTPATIENT SERVICES TO THE PEOPLE IN THE COMMUNITIES IT SERVES IT CONDUCTS ITS ACTIVITIES AND SERVES ITS HEALTH CARE PURPOSE WITHOUT REGARD TO RACE, COLOR, CREED, RELIGION, GENDER, ORIENTATION, DISABILITY, AGE OR NATIONAL ORIGIN CHRISTUS HEALTH SOUTHEAST TEXAS ALSO SUPPORTS MANY LOCAL COMMUNITY HEALTH SERVICES, INCLUDING THREE RURAL CLINICS IN JASPER, TEXAS, KIRBYVILLE, TEXAS AND RAYBURN, TEXAS CHRISTUS HEALTH SOUTHEAST TEXAS IS A PARTNER IN JEFFERSON COUNTY CLINICAL SERVICES, INC WHICH PROVIDES PHYSICIAN HEALTH CARE SERVICES TO MEDICAID PATIENTS IN ADDITION, THE ORGANIZATION HAS PARTIAL OWNERSHIP IN SOUTHEAST TEXAS PAIN MANAGEMENT, L L C , A PAIN MANAGEMENT FACILITY, ST ELIZABETH REHABILITATION PARTNERS, LLP, A REHABILITATION CENTER, AND SOUTHEAST TEXAS CANCER CENTERS, LP, A CANCER TREATMENT ORGANIZATION THE FACILITIES OF CHRISTUS HEALTH SOUTHEAST TEXAS SHARE ONE OBJECTIVE, WHICH IS TO LEAD THE WAY TO A HEALTHIER COMMUNITY CHRISTUS HEALTH SOUTHEAST TEXAS COLLABORATES WITH COMMUNITIES, CHURCHES, BUSINESSES, AND OTHER HEALTH CARE ORGANIZATIONS TO FACILITATE AND STRENGTHEN ACCESSIBILITY OF QUALITY COMPREHENSIVE HEALTH CARE SERVICES FOR ALL, INCLUDING THE MOST VULNERABLE AND UNDERSERVED POPULATIONS IN AN EFFORT TO MEET AND ADDRESS THE IDENTIFIED HEALTH CARE NEEDS IN THE COMMUNITIES WE SERVE, CHRISTUS HEALTH SOUTHEAST TEXAS PROVIDES ACCESS TO HEALTH CARE SERVICES THROUGH PROGRAMS AND LOCAL COMMUNITY PARTNERS AND SERVICE ORGANIZATIONS CHRISTUS HEALTH SOUTHEAST TEXAS ALSO PROVIDES SERVICES FOR THE BROADER COMMUNITY AS A PART OF THE OVERALL COMMUNITY BENEFIT A LARGE SHARE OF THESE EXPENSES IS FOR EDUCATING HEALTH PROFESSIONALS INCLUDING NURSING STUDENTS AND OTHER ALLIED HEALTH PROFESSIONALS HELPING TO PREPARE FUTURE HEALTH CARE PROFESSIONALS IS A DISTINGUISHING CHARACTERISTIC OF NONPROFIT HEALTH CARE AND CONSTITUTES A SIGNIFICANT COMMUNITY BENEFIT THE THREE FACILITIES OF CHRISTUS SOUTHEAST TEXAS (CHRISTUS HOSPITAL - ST ELIZABETH, CHRISTUS HOSPITAL-ST MARY AND JASPER MEMORIAL HOSPITAL) PROVIDE A NUMBER OF SERVICES FOR THE BENEFIT OF THE COMMUNITY INCLUDING LEADERSHIP ACTIVITIES UNDERSTANDING THE NEED TO PROVIDE ACCESS TO HEALTH CARE TO AS MUCH OF THE PUBLIC AS POSSIBLE, CHRISTUS HEALTH PARTICIPATES IN GOVERNMENT SPONSORED HEALTH CARE PROGRAMS, INCLUDING MEDICAID, MEDICARE, CHAMPUS, TRICARE AND OTHER GOVERNMENT PROGRAMS IN ADDITION, CHRISTUS HEALTH SOUTHEAST TEXAS PROVIDES SPECIFIC PROGRAMS TO PROVIDE DISCOUNTED SERVICES TO THOSE IN NEED WHO LACK MEDICAL INSURANCE OR WHO DO NOT PARTICIPATE IN GOVERNMENT SPONSORED PROGRAMS CHRISTUS HEALTH SOUTHEAST TEXAS BELIEVES THAT BY WORKING TOGETHER, WE CAN MAKE A PROFOUND DIFFERENCE IN THE QUALITY OF PEOPLES' LIVES AND CREATE SUSTAINABLE HEALTH IN OUR COMMUNITIES BY COLLABORATING WITH COMMUNITIES, CHURCHES, BUSINESSES, AND OTHER HEALTH CARE ORGANIZATIONS, CHRISTUS HEALTH SOUTHEAST TEXAS' VARIOUS ENTITIES HAVE STRENGTHENED THEIR ROLES AS MAJOR PROVIDERS OF COMPREHENSIVE, ACCESSIBLE HEALTH CARE SERVICES CHRISTUS HEALTH SOUTHEAST TEXAS ALSO USED CASH DONATIONS AS A VEHICLE TO HELP OUR COMMUNITIES WE MADE CASH DONATIONS IN ADDITION TO GRANTS AWARDED THROUGH THE CHRISTUS FUND, TO HELP SUCH CAUSES LIKE THE FIGHT AGAINST CANCER, DIABETES, HEART DISEASE, AND THE PROVISION OF A CONTINUUM OF CARE FOR OUR ELDERLY AND THOSE SUFFERING FROM HIV/AIDS AS A NONPROFIT ORGANIZATION AND AS A PART OF CHRISTUS HEALTH, A REGIONAL GOVERNING BOARD COMPRISED LARGELY OF INDEPENDENT COMMUNITY MEMBERS REPRESENTING THE MAKE-UP OF THE AREA WE SERVE GUIDES CHRISTUS HEALTH SOUTHEAST TEXAS WE ARE PRIVILEGED TO HAVE AN OPEN MEDICAL STAFF COMPRISED OF QUALIFIED PHYSICIANS WHO WORK WITH US TO PROVIDE CARE TO OUR COMMUNITIES ALL QUALIFIED PHYSICIANS WHO ARE GRANTED PRIVILEGES TO SERVE WITH US IN OUR HOSPITALS MUST UNDERGO A THOROUGH AND COMPREHENSIVE CREDENTIALING AND ORIENTATION PROCESS ALL PERSONS EMPLOYED AND AFFILIATED WITH CHRISTUS Health Southeast Texas ARE REQUIRED TO COMPLETE ANNUAL CONFLICT OF INTEREST STATEMENTS CHRISTUS HEALTH REINVESTS ALL SURPLUS FUND BACK INTO THE COMMUNITIES IT SERVES THROUGH EXPANDED HEATLH SERVICES, NEW TECHNOLOGIES, AND BETTER FACILITIES DURING FY 2012, CHRISTUS HEALTH ADVOCATED FOR IMPROVEMENT IN PUBLIC POLICIES AND WORKED TO ESTABLISH, AND IN SOME INSTANCES AUGMENT, GRASSROOTS ADVOCACY FOR GREATER ACCESS TO HEALTH CARE SERVICES FOR ALL |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part VI, Line 6 | Affiliated health care system | CHRISTUS Health Southeast Texas is part of CHRISTUS Health, an international, Catholic, faith based, nonprofit health system comprised of almost 350 services and facilities including more than 60 hospitals and long term care facilities, 175 clinics and outpatient centers, and other community health ministries and community development ventures CHRISTUS services can be found in Arkansas, Georgia, Iowa, Louisiana, Missouri, New Mexico, Texas, and in six provinces of Mexico A common mission, core values, and vision unite the health system Each region, including CHRISTUS Health Southeast Texas, develops five-year and ten-year strategic plans that help set the yearly operational plans and budgets Regional strategic goals are set in collaboration with CHRISTUS Health and include metrics that will be used to measure community benefit, clinical outcomes, patient satisfaction, and Associate engagement CHRISTUS Health provides updated market, demographics, and health indicator data on an annual basis The data supplied from CHRISTUS Health along with the system wide strategic initiatives are consistent with the community needs assessment of the region CHRISTUS Health Southeast Texas, in turn, partners with other nonprofit groups (churches, health care providers, and government agencies) to create collaborations where health needs can be addressed and the general health of individuals and the community is improved |

| Identifier | ReturnReference | Explanation |
|---|---|---|
| Part VI, Line 7 | Community Benefit Report | A community benefit report is filed for the State of Texas in the form of the Annual Statement of Community Benefits Standard (ASCBS) form as required by the Health and Safety Code, Sections 311 045 and 311 046 The Code requires nonprofit hospitals to file the ASCBS form and annual report of the Community Benefits Plan with the Texas Department of State Health Services (DSHS) The 2012 ASCBS form is expanded to collect the information on charity care policies and community benefits in a standardized format All CHRISTUS Health entities including facilities located in states that do not require annual community benefit reporting (i e , Louisiana, and New Mexico), follow the same reporting rules as outlined in the Catholic Health Association Guide to Planning and Reporting Community Benefit, copyright 2008 Total community benefit for CHRISTUS Health is also reported in the annual report prepared and distributed by the system office State Filing of Community Benefit Report TX |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493130021473

**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
Christus Health Southeast Texas

**Employer identification number**
76-0591590

## Part I General Information on Grants and Assistance

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

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

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

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

| (a) Name and address of organization or government | (b) EIN | (c) IRC Code section if applicable | (d) Amount of cash grant | (e) Amount of non-cash assistance | (f) Method of valuation (book, FMV, appraisal, other) | (g) Description of non-cash assistance | (h) Purpose of grant or assistance |
|---|---|---|---|---|---|---|---|
| (1) Golden Plains Community Hospital200 S McGee Borger,TX 79007 | 26-0328929 | | 944,451 | | | | Indigent Funding for Hutchinson County |
| (2) Jefferson County Clinical Services Inc2801 Via Fortuna Ste 500 Austin,TX 78746 | 26-4368737 | | 830,000 | | | | Indigent Funding for Jefferson County |
| (3) Bexar County Clinical Services Inc2801 Via Fortuna Ste 500 Austin,TX 78746 | 87-0781228 | | 23,320,016 | | | | Indigent Funding for Bexar County |
| (4) American Heart Association7272 Greenville Ave Dallas,TX 75231 | 13-5613797 | 501(c)(3) | 25,060 | | | | Program Support |
| (5) Symphony of Southeast Texas4345 PHELAN BLVD SUITE 105 BEAUMONT,TX 77657 | 13-5613797 | 501(c)(3) | 8,216 | | | | Program Support |
| (6) AMERICAN CANCER SOCIETY920 PIERREMONT ROAD SUITE 300 SHREVEPORT,TX 71106 | 74-1185665 | 501(c)(3) | 9,750 | | | | Program support |
| (7) CHRISTUS Health Foundation of SETX2830 Calder Beaumont,TX 77662 | 76-0132674 | 501(c)(3) | 10,125 | | | | Support Children's Miracle Network and Hospital Facilities |
| (8) Bethany World Ministries Inc7568 Texas State Hwy 62 Buna,TX 77612 | 27-3919732 | 501(c)(3) | | 127,194 | FMV | Medical Supplies | Medical Program Support |
| (9) Burke Center4101 South Medford Drive Lufkin,TX 75901 | 75-1442393 | 501(c)(3) | 23,714 | | | | Support Psychiatric Emergency Services |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . . ▶ 6

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

**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 |
|---|---|---|---|---|---|
| (1) Funding for Indigent Patients | 341 | | 193,500 | Cost | See Part IV |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

**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 |
|---|---|---|
| Form 990, Schedule I, Part I, Line 2 | Description of Organization's Procedures for Monitoring the Use of Grants | The Organization follows CHRISTUS Health Management Directive No 0006, "Contributions/Donations to Other Organizations" Before any donation is made, two criteria are addressed (1) Organization Test and (2) IRS Test The organization test ensures that donations are exclusively for charitable, scientific, educational, and religious purposes, and in furtherance of our purpose of supporting the healing ministry of Jesus Christ and advancing, promoting, and supporting the healthcare ministries of the Sponsoring Congregations Contributions can be made to support CHRISTUS System members and to other qualifying tax-exempt organizations, particularly those designed to support and benefit the poor and underserved The organization considered for donations must be an IRS Section 501(c)(3) organization and documentation to that effect obtained To satisfy the IRS test contributions given must be dedicated to achieving charitable purposes not for personal benefit but for public benefit Contributions are prohibited to organizations that contribute to political campaigns, candidates for office, or conduct more than incidental lobbying Documentation must support how the donation meets organizational purposes and furtherance of mission Donations should be modest in scope THE FILING ORGANIZATION PROVIDES INDIGENT FUNDING GRANTS TO THE COUNTIES IN WHICH Christus Health Affiliated Hospitals SERVE VIA GRANTS PAID TO OTHER HOSPITALS AND HEALTHCARE ORGANIZATIONS LOCATED WITHIN SUCH COUNTIES This charitable donation helps relieve the additional expense of healthcare for the indigent population within Christus Health's communities that the filing organization may not directly serve in one of its hospitals This is a result of our mission to extend the healing ministry of Jesus Christ, especially to the poor and underserved Form 990, Schedule I, Part III, Column (F) Description of Non-Cash Assistance Medical Equipment Rentals, Nursing Home/Rehab care, pharmaceuticals, cab rides, home health care, uninsured clinic vouchers for indigent patients |

**Additional Data**

Return to Form

**Software ID:**
**Software Version:**
**EIN:** 76-0591590
**Name:** Christus Health Southeast Texas

**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 |
|---|---|---|---|---|---|---|---|
| Golden Plains Community Hospital200 S McGee Borger,TX 79007 | 26-0328929 | | 944,451 | | | | Indigent Funding for Hutchinson County |
| Jefferson County Clinical Services Inc2801 Via Fortuna Ste 500 Austin,TX 78746 | 26-4368737 | | 830,000 | | | | Indigent Funding for Jefferson County |

**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 |
|---|---|---|---|---|---|---|---|
| Bexar County Clinical Services Inc2801 Via Fortuna Ste 500 Austin,TX 78746 | 87-0781228 | | 23,320,016 | | | | Indigent Funding for Bexar County |
| American Heart Association7272 Greenville Ave Dallas,TX 75231 | 13-5613797 | 501(c)(3) | 25,060 | | | | Program Support |

**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 |
|---|---|---|---|---|---|---|---|
| Symphony of Southeast Texas 4345 PHELAN BLVD SUITE 105 BEAUMONT,TX 77657 | 13-5613797 | 501(c)(3) | 8,216 | | | | Program Support |
| AMERICAN CANCER SOCIETY920 PIERREMONT ROAD SUITE 300 SHREVEPORT,TX 71106 | 74-1185665 | 501(c)(3) | 9,750 | | | | Program support |

**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 |
|---|---|---|---|---|---|---|---|
| CHRISTUS Health Foundation of SETX 2830 Calder Beaumont,TX 77662 | 76-0132674 | 501(c)(3) | 10,125 | | | | Support Children's Miracle Network and Hospital Facilities |
| Bethany World Ministries Inc7568 Texas State Hwy 62 Buna,TX 77612 | 27-3919732 | 501(c)(3) | | 127,194 | FMV | Medical Supplies | Medical Program Support |

**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 |
|---|---|---|---|---|---|---|---|
| Burke Center4101 South Medford Drive Lufkin,TX 75901 | 75-1442393 | 501(c)(3) | 23,714 | | | | Support Psychiatric Emergency Services |

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493130021473

**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**
Christus Health Southeast Texas

**Employer identification number**
76-0591590

## 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** | Yes | |
| **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** | | No |
| **8** | Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regs section 53 4958-4(a)(3)? If "Yes," describe in Part III | **8** | | No |
| **9** | If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)? | **9** | | |

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

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

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

| (A) Name | | (B) Breakdown of W-2 and/or 1099-MISC compensation | | | (C) Retirement and other deferred compensation | (D) Nontaxable benefits | (E) Total of columns (B)(i)-(D) | (F) Compensation reported in prior Form 990 or Form 990-EZ |
|---|---|---|---|---|---|---|---|---|
| | | (i) Base compensation | (ii) Bonus & incentive compensation | (iii) Other reportable compensation | | | | |
| (1) Ellen Jones | (i) | 310,575 | 0 | 76,845 | 97,250 | 22,249 | 506,919 | 56,047 |
| | (ii) | 212,971 | 178,371 | 198 | 47,997 | 0 | 439,537 | 0 |
| (2) William Hecht | (i) | 184,578 | 0 | 44,421 | 48,512 | 18,687 | 296,198 | 19,203 |
| | (ii) | 127,924 | 101,893 | 354 | 23,362 | 0 | 253,533 | 0 |
| (3) Deborah Wiegand | (i) | 160,550 | 0 | 25,485 | 37,733 | 8,579 | 232,347 | 18,685 |
| | (ii) | 0 | 51,891 | 0 | 0 | 0 | 51,891 | 0 |
| (4) D Wayne Moore | (i) | 219,582 | 0 | 17,209 | 49,817 | 1,778 | 288,386 | 16,044 |
| | (ii) | 0 | 69,938 | 0 | 0 | 0 | 69,938 | 0 |
| (5) Richard Tyler MD | (i) | 279,859 | 0 | 23,673 | 64,765 | 18,407 | 386,704 | 16,126 |
| | (ii) | 0 | 91,424 | 0 | 0 | 0 | 91,424 | 0 |
| (6) Paul Trevino | (i) | 297,337 | 0 | 79,098 | 75,825 | 22,407 | 474,667 | 48,360 |
| | (ii) | 0 | 97,576 | 0 | 0 | 0 | 97,576 | 0 |
| (7) Mary Eagan | (i) | 199,381 | 0 | 178,180 | 35,192 | 14,733 | 427,486 | 170,980 |
| | (ii) | 0 | 65,638 | 0 | 0 | 0 | 65,638 | 0 |
| (8) Jane Rawls | (i) | 127,783 | 0 | 8,797 | 32,551 | 7,807 | 176,938 | 8,450 |
| | (ii) | 0 | 35,390 | 0 | 0 | 0 | 35,390 | 0 |
| (9) Heather Boler | (i) | 111,089 | 0 | 15,431 | 27,119 | 15,724 | 169,363 | 0 |
| | (ii) | 78,944 | 54,360 | 0 | 13,553 | 0 | 146,857 | 0 |
| (10) Tom Permetti | (i) | 130,200 | 0 | 139 | 24,385 | 0 | 154,724 | 0 |
| | (ii) | 185,265 | 103,545 | 74,350 | 58,521 | 26,588 | 448,269 | 41,903 |
| (11) Charles Foster | (i) | 122,184 | 0 | 57,390 | 40,784 | 23,772 | 244,130 | 41,757 |
| | (ii) | 87,600 | 59,347 | 198 | 15,766 | 0 | 162,911 | 0 |
| (12) Karen McRight | (i) | 81,778 | 36,726 | 62,521 | 11,051 | 5,897 | 197,973 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| (13) Thomas Welch | (i) | 149,704 | 4,404 | 13,818 | 16,783 | 16,310 | 201,019 | 0 |
| | (ii) | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | | | | | | | | |
| | | | | | | | | |
| | | | | | | | | |

## Part III Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| FORM 990, PART VII SECTION A AND SCHEDULE J, PART II | Supplemental Compensation Information | DIRECTORS AND EX-OFFICIO DIRECTORS PROVIDE THEIR SERVICES AS MEMBERS OF THE BOARD WITHOUT COMPENSATION OR BENEFITS ANY COMPENSATION AND BENEFITS DISCLOSED FOR SUCH PERSONS IS EARNED IN THE RESPECTIVE INDIVIDUAL'S ROLE AS AN OFFICER OR EMPLOYEE OF THE ORGANIZATION, NOT FOR THE INDIVIDUAL'S ROLE AS A BOARD MEMBER OR DIRECTOR SISTERS' COMPENSATION IS PAID TO THE RELIGIOUS CONGREGATION AND NOT THE INDIVIDUAL OFFICERS, KEY EMPLOYEES AND HIGHEST PAID EMPLOYEES ARE FULL-TIME EMPLOYEES BOARD MEMBERS SPEND TIME AS NEEDED FOR BOARD MEETINGS AND FUNCTIONS GIRISH B KANSARA, M D RECEIVED $12,750 FOR SERVICES AS A MEDICAL DIRECTOR SHE RECEIVED NO COMPENSATION FOR SERVING AS A DIRECTOR TAMERLA D CHAVIS, M D RECEIVED $68,557 FOR PHYSICIAN CALL SERVICES SHE RECEIVED NO COMPENSATION FOR SERVING AS A DIRECTOR JOHN A ICETON, MD RECEIVED $48,139 FOR SERVICES AS A MEDICAL DIRECTOR AND PHYSICIAN CALL SERVICES HE RECEIVED NO COMPENSATION FOR SERVING AS DIRECTOR THE RELATED COMPENSATION REPORTED TO THE FOLLOWING PERSONS WAS FOR IPADS PROVIDED TO SUCH PERSONS BY CHRISTUS HEALTH AS A REQUISITE FOR SERVING AS A BOARD MEMBER OF THE FILING ENTITY MARTIN BROUSSARD, TAMERLA CHAVIS, MD, KATHRYN BOMMER, MD, JUDGE GUADALUPE FLORES, MARY ANN REID, SCOTT KACY, MD, AND PAMELA ST AMAND, MD FORM 990, PART VII AND SCHEDULE J, PART II SUPPLEMENTAL COMPENSATION INFORMATION SISTER ANN MARGARET SAVANT, WHO IS LISTED AS A DIRECTOR ON PART VII, RECEIVES COMPENSATION FROM A RELATED ORGANIZATION, BUT HER COMPENSATION IS PAID DIRECTLY TO THE RELIGIOUS CONGREGATION AND NOT TO HER INDIVIDUALLY SINCE THIS COMPENSATION GOES TO THE CONGREGATION, NO FORM W-2 IS ISSUED, AND THUS NO AMOUNTS ARE LISTED ON PART VII, SECTION A OR SCHEDULE J FOR INFORMATIONAL PURPOSES, COMPENSATION PAID FROM CHRISTUS Health Southwestern Louisiana on behalf of Sister Ann Margaret Savant was $34,093 for services as an Admitting Representative Form 990, Schedule J, Part I, Line 1a Companion Travel TAXABLE COMPENSATION WAS REPORTED TO VARIOUS OFFICERS AND BOARD MEMBERS RELATED TO COMPANION TRAVEL TO CHRISTUS MEETINGS FORM 990, SCHEDULE J, PART I, QUESTION 3 EXPLANATION OF RELATED ORGANIZATION DETERMINING CEO COMPENSATION THE FILING ORGANIZATION'S CEO/EXECUTIVE DIRECTOR IS AN EMPLOYEE OF CHRISTUS HEALTH, A RELATED ORGANIZATION AS A RESULT, COMPENSATION IS ESTABLISHED AT THE CHRISTUS HEALTH LEVEL AND THE FILING ORGANIZATION DOES NOT HAVE A ROLE IN IMPLEMENTING THE METHODS USED TO ESTABLISH COMPENSATION OR IN DETERMINING CEO/EXECUTIVE DIRECTOR COMPENSATION CHRISTUS HEALTH USES AN EXECUTIVE COMPENSATION COMMITTEE TO ESTABLISH AND APPROVE THE COMPENSATION OF THE FILING ORGANIZATION'S CEO/EXECUTIVE DIRECTOR THIS COMMITTEE USES AN INDEPENDENT COMPENSATION CONSULTANT WHO PERFORMS BI-ANNUAL COMPENSATION SURVEY FORM 990, SCHEDULE J, PART I, QUESTION 4A SEVERANCE OR CHANGE IN CONTROL PAYMENT KAREN MCRIGHT RECEIVED $46,656 IN SEVERANCE PAYMENT DURING CALENDAR YEAR 2011 FORM 990, SCHEDULE J, PART I, QUESTION 4B SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN DEFERRED COMPENSATION INCLUDES EXECUTIVE DEFERRED INCOME ACCOUNT, SUPPLEMENTAL EXECUTIVE RETIREMENT AND RETENTION PLAN, AND PENSION RESTORATION PLAN ESTIMATED PENSION BENEFITS WERE CALCULATED BASED ON THE PROVISIONS OF THE CURRENT PENSION RESTORATION PLAN AT 6% OF PENSIONABLE EARNINGS WHICH ARE OVER THE IRS LEGISLATIVE COMPENSATION LIMIT SOME ASSOCIATES ARE GRANDFATHERED UNDER AN EARLIER LEGACY PENSION PLAN IF A PARTICIPANT HAS PROTECTED PENSION BENEFITS UNDER SUCH LEGACY PLANS, HIS/HER PERCENTAGE IS ZERO UNDER THE SUPPLEMENTAL EXECUTIVE RETIREMENT AND RETENTION PLAN, AS THE PROTECTED BENEFIT IS ALREADY EQUAL TO OR BETTER THAN CURRENT MARKET SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN PAYMENT Form 990, schedule J, part I, Line 4b and Form 990, Schedule J, Part II, Column (F), Compensation reported as deferred in Prior Year MARY EAGAN RECEIVED $170,980 DURING CALENDAR YEAR 2011 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN CHARLES FOSTER RECEIVED $41,757 DURING CALENDAR YEAR 2011 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN WILLIAM HECHT RECEIVED $19,203 DURING CALENDAR YEAR 2011 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN ELLEN JONES RECEIVED $56,047 DURING CALENDAR YEAR 2011 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN D WAYNE MOORE RECEIVED $16,041 DURING CALENDAR YEAR 2011 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN TOM PERMETTI RECEIVED $41,903 DURING CALENDAR YEAR 2011 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN PAUL TREVINO RECEIVED $48,360 DURING CALENDAR YEAR 2011 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN RICHARD TYLER RECEIVED $16,126 DURING CALENDAR YEAR 2011 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN DEBORAH WIEGAND RECEIVED $18,685 DURING CALENDAR YEAR 2011 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN JANE RAWLS RECEIVED $8,450 DURING CALENDAR YEAR 2011 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN FORM 990, SCHEDULE J, PART II, COLUMN B(II) SUPPLEMENTAL COMPENSATION INFORMATION BONUS AND INCENTIVE COMPENSATION MAY INCLUDE AMOUNTS THAT WERE DEFERRED IN A PRIOR YEAR BUT PAID OUT IN CALENDAR YEAR 2011 FORM 990, PART VII, SECTION A AND SCHEDULE J, PART II SUPPLEMENTAL COMPENSATION INFORMATION THE BONUS AND INCENTIVE COMPENSATION REPORTED AS RELATED COMPENSATION WAS PAID TO THE FOLLOWING PERSONS BY CHRISTUS HEALTH, A RELATED ORGANIZATION OF THE FILING ENTITY ELLEN JONES, WILLIAM HECHT, HEATHER BOLER, TOM PERMETTI, CHARLES FOSTER, DEBORAH WIEGAND, D WAYNE MOORE, RICHARD TYLER, MD, PAUL TREVINO, MARY EAGAN AND JANE RAWLS FORM 990, SCHEDULE J, PART II, COLUMN C DEFERRED COMPENSATION DEFERRED COMPENSATION INCLUDES EXECUTIVE DEFERRED INCOME ACCOUNT, SUPPLEMENTAL EXECUTIVE RETIREMENT AND RETENTION PLAN, EMPLOYER CONTRIBUTION TO 403(B) MATCHED SAVINGS PLAN, PENSION RESTORATION PLAN AND ESTIMATED PENSION BENEFITS UNDER CHRISTUS HEALTH CASH BALANCE PLAN ESTIMATED PENSION BENEFITS WERE CALCULATED BASED ON THE PROVISIONS OF THE CURRENT CASH BALANCE PLAN AT 6% OF PENSIONABLE EARNINGS SOME ASSOCIATES ARE GRANDFATHERED UNDER AN EARLIER PENSION PLAN THESE GRANDFATHERED PARTICIPANTS, BASED ON COMPUTATION AT THE TIME OF THEIR RETIREMENT, WILL RECEIVE THE LARGER OF THE RETIREMENT BENEFIT COMPUTED UNDER THE CASH BALANCE PLAN COMPARED TO THE PREVIOUS PENSION PLAN DUE TO THE COMPLEXITY OF CALCULATING AN ACCURATE BENEFIT COST FOR GRANDFATHERED PARTICIPANTS, THE FORM 990 REPORTS AS PENSION BENEFITS THEIR ANNUAL ESTIMATED CASH BALANCE PLAN ACCRUAL FORM 990, SCHEDULE J, PART II SUPPLEMENTAL COMPENSATION INFORMATION W-2 COMPENSATION MAY INCLUDE PAYMENTS RELATED TO COMPENSATION DEFERRED IN PRIOR YEARS DEFERRED COMPENSATION MAY INCLUDE DEFERRALS OF CURRENT YEAR COMPENSATION UNDER EXECUTIVE DEFERRED INCOME ACCOUNT, SUPPLEMENTAL EXECUTIVE RETIREMENT AND RETENTION PLAN AND PENSION RESTORATION PLAN |

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**Schedule L** (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

# Transactions with Interested Persons

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

**Name of the organization**
Christus Health Southeast Texas

**Employer identification number**
76-0591590

## 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) CHRISTUS SOUTHEAST TEXAS PHO INC | WILLIAM HECHT,OFC,BRD MBR | 236,588 | SEE PART V | | No |
| (2) CHRISTUS SOUTHEAST TEXAS PHO INC | D W MOORE,KEY EMP,BRD MBR | 236,588 | SEE PART V | | No |
| (3) SOUTHEAST TEXAS PAIN MANAGEMENT LL | WILLIAN HECHT,OFC,BRD MBR | 385,979 | SEE PART V | | No |
| (4) SOUTHEAST TEXAS PAIN MANAGEMENT LL | MARY EAGAN,KEY EMP,BRDMBR | 385,979 | SEE PART V | | No |
| (5) SOUTHEAST TEXAS PAIN MANAGEMENT LL | WILLIAN HECHT,OFC,BRD MBR | 1,349,616 | SEE PART V | | No |
| (6) SOUTHEAST TEXAS PAIN MANAGEMENT LL | MARY EAGAN,KEY EMP,BRDMBR | 1,349,616 | SEE PART V | | No |

## Part V Supplemental Information

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

| Identifier | Return Reference | Explanation |
|---|---|---|
| BUSINESS TRANSACTIONS WITH INTERESTED PERSONS | SCHEDULE L, PART IV | 1) DESCRIPTION OF SERVICES REIMBURSEMENT FOR RENT, SALARIES AND BENEFITS PAID BY CHRISTUS SOUTHEAST TEXAS PHO, INC William Hecht is an officer of CHRISTUS Health Southeast Texas and a board member of CHRISTUS Southeast Texas PHO, inc 2) DESCRIPTION OF SERVICES REIMBURSEMENT FOR RENT, SALARIES AND BENEFITS PAID BY CHRISTUS SOUTHEAST TEXAS PHO, INC D Wayne Moore is a key employee of CHRISTUS Health Southeast Texas and a board member of CHRISTUS Southeast Texas PHO, Inc 3) DESCRIPTION OF SERVICES Physician Fees paid to Southeast Texas Pain Management, LLC William Hecht is an officer of CHRISTUS Health Southeast Texas and a MANAGING board member of Southeast Texas Pain Management, LLC 4) DESCRIPTION OF SERVICES Physician Fees paid to Southeast Texas Pain Management, LLC Mary Eagan is a key employee of CHRISTUS Health Southeast Texas and a MANAGING board member of Southeast Texas Pain Management, LLC 5) THE AMOUNT LISTED IN COLUMN C is the ending capital account per Christus Health Southeast Texas' SCHEDULE K-1 FOR YEAR ENDING 12/31/2011 THIS AMOUNT REPRESENTS Christus Health Southeast Texas' CUMULATIVE INVESTMENT SINCE Southeast Texas Pain Management, LLC's INCEPTION William Hecht is an officer of CHRISTUS Health Southeast Texas and a MANAGING board member of Southeast Texas Pain Management, LLC 6) THE AMOUNT LISTED IN COLUMN C is the ending capital account per Christus Health Southeast Texas' SCHEDULE K-1 FOR YEAR ENDING 12/31/2011 THIS AMOUNT REPRESENTS Christus Health Southeast Texas' CUMULATIVE INVESTMENT SINCE Southeast Texas Pain Management, LLC's INCEPTION Mary Eagan is a key employee of CHRISTUS Health Southeast Texas and a MANAGING board member of Southeast Texas Pain Management, LLC |

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SCHEDULE M (Form 990)

Department of the Treasury
Internal Revenue Service

# NonCash Contributions

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

OMB No 1545-0047

2011

Open to Public Inspection

Name of the organization
Christus Health Southeast Texas

Employer identification number
76-0591590

## Part I Types of Property

| | | (a) Check if applicable | (b) Number of Contributions or items contributed | (c) Contribution amounts reported on Form 990, Part VIII, line 1g | (d) Method of determining contribution amounts |
|---|---|---|---|---|---|
| 1 | Art—Works of art | | | | |
| 2 | Art—Historical treasures | | | | |
| 3 | Art—Fractional interests | | | | |
| 4 | Books and publications | | | | |
| 5 | Clothing and household goods | | | | |
| 6 | Cars and other vehicles | | | | |
| 7 | Boats and planes | | | | |
| 8 | Intellectual property | | | | |
| 9 | Securities—Publicly traded | | | | |
| 10 | Securities—Closely held stock | | | | |
| 11 | Securities—Partnership, LLC, or trust interests | | | | |
| 12 | Securities—Miscellaneous | | | | |
| 13 | Qualified conservation contribution—Historic structures | | | | |
| 14 | Qualified conservation contribution—Other | | | | |
| 15 | Real estate—Residential | | | | |
| 16 | Real estate—Commercial | | | | |
| 17 | Real estate—Other | | | | |
| 18 | Collectibles | | | | |
| 19 | Food inventory | | | | |
| 20 | Drugs and medical supplies | | | | |
| 21 | Taxidermy | | | | |
| 22 | Historical artifacts | | | | |
| 23 | Scientific specimens | | | | |
| 24 | Archeological artifacts | | | | |
| 25 | Other ▸ ( Supplies and Equipment ) | X | 25 | 271,791 | Cost / Selling Price |
| 26 | Other ▸( ) | | | | |
| 27 | Other ▸( ) | | | | |
| 28 | Other ▸ ( ) | | | | |

29 Number of Forms 8283 received by the organization during the tax year for contributions for which the organization completed Form 8283, Part IV, Donee Acknowledgement . . . | 29 |

| | | | Yes | No |
|---|---|---|---|---|
| 30a | During the year, did the organization receive by contribution any property reported in Part I, lines 1-28 that it must hold for at least three years from the date of the initial contribution, and which is not required to be used for exempt purposes for the entire holding period? | 30a | | No |
| b | If "Yes," describe the arrangement in Part II | | | |
| 31 | Does the organization have a gift acceptance policy that requires the review of any non-standard contributions? | 31 | Yes | |
| 32a | Does the organization hire or use third parties or related organizations to solicit, process, or sell non-cash contributions? | 32a | | No |
| b | If "Yes," describe in Part II | | | |
| 33 | If the organization did not report revenues in column (c) for a type of property for which column (a) is checked, describe in Part II | | | |

## Part II

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

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

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|---|---|---|

**SCHEDULE O**
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

# Supplemental Information to Form 990 or 990-EZ

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

OMB No 1545-0047

**2011**

**Open to Public Inspection**

| Name of the organization | Employer identification number |
|---|---|
| Christus Health Southeast Texas | 76-0591590 |

| Identifier | Return Reference | Explanation |
|---|---|---|
| SUPPLEMENTAL INFORMATION | FORM 990, PAGE 1, ITEM C | DOING BUSINESS AS CHRISTUS HEALTH SOUTHEAST TEXAS OPERATES UNDER THE FOLLOWING NAMES CHRI STUS Hospital CHRISTUS Hospital-St Elizabeth CHRISTUS Hospital-St Mary Healthy Options C afe CHRISTUS Care Advantage Southeast Texas CHRISTUS Outpatient Center CHRISTUS Jasper Mem orial Hospital CHRISTUS Spine and Orthopedic Specialty Center CHRISTUS Orthopedic Specialt y Center St Mary CHRISTUS Orthopedic Specialty Center CHRISTUS Jasper Memorial Center for Rehabilitation Medicine CHRISTUS Vein Specialists CHRISTUS Pain Management Center St El izabeth Form 990, Part III, Line 4d Descr iption of Other Program Services COMMUNITY SERVICE S FOR THE POOR AND UNDERSERVED ROOTED IN OUR MISSION AND TRADITION, THE FOUNDERS AND SPONS ORS OF CHRISTUS HEALTH AND THOSE WHO CO-MINISTER WITH THEM SEEK NEW AND INNOVATIVE WAYS OF DELIVERING QUALITY HEATH CARE THAT ARE BOTH AFFORDABLE AND ACCESSIBLE TO ALL TODAY, MORE THAN EVER, WE MUST AIM TO IMPROVE THE TOTAL HEALTH STATUS OF THE COMMUNITY THROUGH PROGRA MS THAT PLACE OUR SERVICES WHERE THEY ARE NEEDED MOST, WITH SPECIAL ATTENTION AND PREFEREN CE GIVEN TO PROGRAMS THAT SUPPORT AND BENEFIT THE HEALTH AND WELFARE OF THE POOR AND UNDER SERVED COMMUNITY SERVICES FOR THE POOR AND UNDERSERVED REPRESENT THE UNPAID COST OF SERVI CES PROVIDED FOR WHICH A PATIENT IS NOT BILLED, OR FOR WHICH A FEE HAS BEEN ASSESSED THAT RECOVERS ONLY A PORTION OF THE COST OF THE RENDERED SERVICE. THIS CATEGORY INCLUDES INITIA TIVES THAT REACH OUT TO THOSE IN NEED THROUGH COMMUNITY HEALTH AND SOCIAL PROGRAMS THESE PROGRAMS SEEK JUSTICE FOR THE VULNERABLE AND WORK TO BRING ABOUT CHANGES IN OUR POLITICAL AND ECONOMIC SYSTEMS THE PROGRAMS COVER A BROAD SPECTRUM OF SERVICES FROM COMMUNITY CLINI CS TO IMMUNIZATIONS FOR CHILDREN AND SENIORS, MEALS ON WHEELS, TRANSPORTATION SERVICES, HO ME REPAIR PROJECTS AND A VARIETY OF OTHER SOCIAL SERVICES ONE EXAMPLE OF CHRISTUS HEALTH COMMUNITY BENEFITS ACCOUNTED FOR UNDER COMMUNITY SERVICES FOR THE POOR AND UNDERSERVED INC LUDE THE CHRISTUS COMMUNITY DIRECT INVESTMENT PROGRAM (CDI) THE CHRISTUS BOARD OF DIRECTO RS APPROVED THE FUNDING OF A CDI LOAN PROGRAM TO ENSURE THAT THE WORK OF SOCIAL ACCOUNTABI LITY AND MORAL AND ETHICAL STEWARDSHIP CONTINUES IN SPITE OF CHALLENGING FISCAL CONDITIONS FACED BY THE LOCAL OPERATING ENTITIES THE PURPOSE OF THE CDI PROGRAM IS TO SUPPORT COMMU NITY-DRIVEN INITIATIVES PRIMARILY FOR AFFORDABLE HOUSING AND ECONOMIC DEVELOPMENT BY PROVI DING FINANCING AT BELOW-MARKET INTEREST RATES TO NONPROFIT ORGANIZATIONS AT TERMS NOT EXCE EDING MORE THAN FIVE YEARS THE INCOME THAT IS LOST FROM THE MARKET RATE LESS OUR LOAN RAT E (FOREGONE INCOME) IS CONSIDERED A COMMUNITY BENEFIT FOR REPORTING PURPOSES THE COST OF THIS PROGRAM IS NOT INCLUDED IN THE PROGRAM SERVICE EXPENSES FOR CHRISTUS HEALTH SOUTHEAST TEXAS THOUGH OUTSTANDING LOAN BALANCES VARY THROUGHOUT THE YEAR, THE OUTSTANDING LOAN BA LANCE AT THE END OF FISCAL YEAR 2012 WAS $978,796 THE FOREGONE INTEREST FOR CHRISTUS HEAL TH SOUTHEAST TEXAS IN FY 2012 WAS $28,791 CHRISTUS HEALTH HAS ESTABLISHED THE CHRISTUS FU ND TO PROVIDE RESOURCES TO NONPROFIT AGENCIES AND GROUPS WHOSE VISION, MISSION AND GOALS A RE CONSISTENT WITH CHRISTUS HEALTH'S MISSION, VALUES AND PHILOSOPHY OF A HEALTHY COMMUNITY WE BELIEVE THAT BY WORKING TOGETHER, WE CAN MAKE A PROFOUND DIFFERENCE IN THE QUALITY OF PEOPLES' LIVES AND CREATE SUSTAINABLE HEALTH IN OUR COMMUNITIES DURING FY2012, THE TOTAL GRANT MONEY DISTRIBUTED BY CHRISTUS HEALTH TO THE SOUTHEAST TEXAS REGION WAS $190,598 TH E COST OF THESE GRANTS IS NOT INCLUDED IN THE PROGRAM SERVICE EXPENSES FOR CHRISTUS HEALTH SOUTHEAST TEXAS SEVERAL CHRISTUS REGIONS PROVIDE INDIGENT FUNDING DONATIONS OR "GRANTS" TO AID THE COUNTIES IN WHICH THEY, OR ANOTHER CHRISTUS REGION, SERVE SUCH GRANTS MAY BE P AID TO THE COUNTY DIRECTLY OR VIA ANOTHER HOSPITAL OR HEALTHCARE ORGANIZATION IN THE AREA THIS CHARITABLE DONATION HELPS RELIEVE THE ADDITIONAL EXPENSE OF HEALTHCARE FOR THE INDIG ENT POPULATION WITHIN THE COMMUNITIES THAT CHRISTUS MAY NOT DIRECTLY SERVE IN ONE OF OUR H OSPITALS THIS IS A RESULT OF OUR MISSION TO EXTEND THE HEALING MINISTRY OF JESUS CHRIST, ESPECIALLY TO THE POOR AND UNDERSERVED PROGRAM SERVICE EXPENSE = $49,986,775 GRANTS = $25 ,287,967 PROGRAM SERVICE REVENUE = $0 DESCRIPTION OF OTHER PROGRAM SERVICES COMMUNITY SERV ICES FOR THE BROADER COMMUNITY THE GREATEST SHARE OF THESE EXPENSES IS SPENT EDUCATING HEA LTH PROFESSIONALS HELPING TO PREPARE FUTURE HEALTH CARE PROFESSIONALS IS A DISTINGUISHING CHARACTERISTIC OF NONPROFIT HEALTH CARE AND CONSTITUTES A SIGNIFICANT COMMUNITY BENEFIT THE THREE FACILITIES (CHRISTUS HOSPITAL - ST ELIZABETH, CHRISTUS HOSPITAL - ST MARY AND CHRISTUS JASPER MEMORIAL HOSPITAL) PROVIDE A NUMBER OF SERVICES FOR THE BENEFIT OF THE COM MUNITY -- INCLUDING LEADERSHIP ACTIVITIES CHRISTUS HEALTH ALSO USED CASH DONATIONS AS A V EHICLE TO HELP OUR COMMUNITIES WE MADE CASH DONATIONS, IN ADDITION TO GRANTS AWARDED THRO UGH THE CHRISTUS FUND, TO SUPPORT CAUSES LIKE THE |

| Identifier | Return Reference | Explanation |
|---|---|---|
| SUPPLEMENTAL INFORMATION | FORM 990, PAGE 1, ITEM C | FIGHT AGAINST CANCER, PROVISION OF A CONTINUUM OF CARE FOR OUR ELDERLY, HIV/AIDS, AND FOR MANY OTHER EQUALLY WORTHY PURPOSES DURING FY 2012, CHRISTUS HEALTH ADVOCATED FOR IMPROVIN G PUBLIC POLICIES, WORKING TO ESTABLISH, AND IN SOME INSTANCES AUGMENT, GRASSROOTS ADVOCAC Y AND GREATER ACCESS TO HEALTH CARE SERVICES FOR THE CONSTITUENTS WE SERVE. PROGRAM SERVIC E EXPENSE = $343,210 GRANTS = $261,844 PROGRAM SERVICE REVENUE = $0 |

| Identifier | Return Reference | Explanation |
|---|---|---|
| FORM 990, PART VI, LINE 2 | DESCRIPTION OF RELATIONSHIP | DIRECTORS ROY STEINHAGEN AND TOM HERBST HAVE A FAMILY RELATIONSHIP WILLIAM HECHT, D WAYNE MOORE AND PAUL TREVINO HAVE A BUSINESS RELATIONSHIP BECAUSE EACH PERSON IS AN OFFICER OR BOARD MEMBER OF HEALTH VENTURES OF SOUTHEAST TEXAS WILLIAM HECHT AND D WAYNE MOORE HAVE A BUSINESS RELATIONSHIP BECAUSE EACH PERSON SERVES AS AN OFFICER OR BOARD MEMBER OF CHRISTUS SOUTHEAST TEXAS PHO, INC WILLIAM HECHT AND MARY EAGAN HAVE A BUSINESS RELATIONSHIP BE CAUSE EACH PERSON SERVES AS AN OFFICER OF SOUTHEAST TEXAS PAIN MANAGEMENT, LLC FORM 990, PART VI, LINE 6 DESCRIPTION OF CLASSES OF MEMBERS OR STOCKHOLDERS CHRISTUS HEALTH IS THE SOLE CORPORATE MEMBER OF THE FILING ORGANIZATION FORM 990, PART VI, LINE 7A DESCRIPTIONS OF CLASSES OF PERSONS AND THE NATURE OF THEIR RIGHTS CHRISTUS HEALTH, THE SOLE CORPORATE MEMBER OF THE FILING ORGANIZATION, HAS THE POWER TO APPOINT ALL MEMBERS OF THE FILING ORGANIZATION'S GOVERNING BODY FORM 990, PART VI, LINE 7B DECISIONS OF THE GOVERNING BODY SUBJECT TO APPROVAL CHRISTUS HEALTH'S BOARD OF DIRECTORS HAS THE FOLLOWING POWERS APPROVE, CHANGE AND/OR INTERPRET THE FILING ORGANIZATION'S PHILOSOPHY, MISSION AND VISION, APPROVE THE ADOPTION OR AMENDMENT OF THE FILING ORGANIZATION'S ARTICLES OF INCORPORATION AND BYLAWS, APPOINT AND REMOVE MEMBERS OF THE FILING ORGANIZATION'S BOARD OF DIRECTORS, APPOINT AND REMOVE THE FILING ORGANIZATION'S CHAIR OF THE BOARD OF DIRECTORS AND VICE CHAIRPERSON OF BOARD OF DIRECTORS, APPROVE INCURRENCE OF DEBT THAT EXCEEDS $5 MILLION PER INCURRENCE OR $25 MILLION ANNUALLY, APPROVE ANY MERGER, CONSOLIDATION, ACQUISITION, DISSOLUTION OR LIQUIDATION BY THE FILING ORGANIZATION, APPROVE THE IMPLEMENTATION OF SYSTEM-WIDE POLICIES FOR THE FILING ORGANIZATION, APPROVE SYSTEM-WIDE CONSOLIDATED BUDGET AND PERFORMANCE INDICATORS FOR THE FILING ORGANIZATION, APPROVE THE INDEPENDENT AUDIT REPORTS OF THE FILING ORGANIZATION, APPROVE CAPITAL PROJECTS GREATER THAN $10 MILLION FOR THE FILING ORGANIZATION, APPROVE ANY TRANSACTION BY THE FILING ORGANIZATION THE EFFECT OF WHICH IS TO CREATE A NEW LEGAL ENTITY OR JOINT VENTURE, ANY TRANSACTION INVOLVING A SYSTEM PARTICIPANT OR LOCAL ENTITY WHICH CREATES A NEW LEGAL ENTITY OR JOINT VENTURE, OR CHANGES IN BUSINESS PURPOSE OR RELATIONSHIP OF ANY LOCAL ENTITY, AND APPROVE AND AUTHORIZE ACTIONS RESERVED IN ORGANIZATION DOCUMENTS OR SIMILAR GOVERNANCE DOCUMENTS THE CHRISTUS HEALTH CEO HAS THE FOLLOWING POWERS POWER TO APPOINT AND REMOVE THE PRESIDENT OF THE FILING ORGANIZATION, APPROVE THE SALE, LEASE, MORTGAGE, TRANSFER, EASEMENT OR ENCUMBRANCE OF THE FILING ORGANIZATION'S REAL PROPERTY DESIGNATED AS NON-DESIGNATED MINISTRY PROPERTY UNDER $5 MILLION BUT MORE THAN $1 MILLION, APPROVE THE INCURRENCE OF DEBT UP TO A $5 MILLION CAP OR $25 MILLION ANNUALLY BY THE FILING ORGANIZATION, APPROVE STRATEGIC PLANS OF THE FILING ORGANIZATION, APPROVE THE FILING ORGANIZATION'S BUDGET, SET THE THRESHOLD OF CAPITAL PROJECTS LESS THAN $10 MILLION BY THE FILING ORGANIZATION, AND APPROVE MANAGEMENT DIRECTIVES FOR THE FILING ORGANIZATION THE CHRISTUS HEALTH MEMBERS ARE THE CONGREGATION OF SISTERS OF CHARITY OF THE INCARNATE WORD, HOUSTON, TEXAS AND THE CONGREGATION OF SISTERS OF CHARITY OF THE INCARNATE WORD (OF SAN ANTONIO) THE CHRISTUS HEALTH MEMBERS HAVE THE FOLLOWING POWERS APPROVE THE ADOPTION AND AMENDMENT OF ARTICLES OF INCORPORATION AND BYLAWS OF THE FILING ORGANIZATION IF THE CHANGE IS RELATED TO RESERVED POWERS OF MEMBERS, APPROVE THE SALE, LEASE, MORTGAGE, TRANSFER, EASEMENT OR ENCUMBRANCE OF REAL PROPERTY IN EXCESS OF A $5 MILLION THRESHOLD DOLLAR AMOUNT REQUIRED BY CANON LAW FOR THE FILING ORGANIZATION, APPROVE THE SALE, LEASE, MORTGAGE, TRANSFER, EASEMENT, OR ENCUMBRANCE OF REAL PROPERTY DESIGNATED AS DESIGNATED MINISTRY PROPERTY BY THE FILING ORGANIZATION, BUT NOT IN EXCESS OF $5 MILLION, APPROVE THE CHANGE OF OWNERSHIP, MANAGEMENT OR CONTROL, (EXCEPT IN THE ORDINARY COURSE OF BUSINESS OFFICE AND SPACE LEASES) THE FUNDAMENTAL USE BY CHANGE IN LICENSE THAT WOULD SIGNIFICANTLY CHANGE A FACILITY, OR THE ELIMINATION OF OB, PED, PSYCH OR EMERGENCY SERVICES ON REAL PROPERTY PROVIDED IN CONNECTION WITH DESIGNATED MINISTRY PROPERTY OWNED BY THE FILING ORGANIZATION, AND APPROVE THE MERGER, CONSOLIDATION, ACQUISITION, DISSOLUTION OR LIQUIDATION OF THE FILING ORGANIZATION IF IT OWNS DESIGNATED MINISTRY PROPERTY FORM 990, PART VI, LINE 11B PROCESS USED TO REVIEW FORM 990 THE FORM 990 IS PREPARED AND REVIEWED BY THE ORGANIZATION'S EXTERNAL INDEPENDENT ACCOUNTANTS THE CHRISTUS HEALTH ACCOUNTING DEPARTMENT WORKS WITH AN EXTERNAL ACCOUNTING FIRM IN PREPARATION AND REVIEW OF THE FORM 990 THE FILING ORGANIZATION'S CFO, OR OTHER DESIGNEE, REVIEWS THE FORM 990 THE FINAL FORM 990 THAT WILL BE FILED WITH THE IRS IS POSTED TO A SECURE INTERNET PORTAL FOR ALL MEMBERS OF THE BOARD OF DIRECTORS TO VIEW REVIEW OF THE FINAL FORM 990 OCCURS PRIOR TO FILING WITH THE IRS IN THE SPRING OF 2013 VIA A WEB PORTAL POLLING TOOL BY THE RESPECTIVE CHRISTUS ORGANIZATIO |

| Identifier | Return Reference | Explanation |
|---|---|---|
| FORM 990, PART VI, LINE 2 | DESCRIPTION OF RELATIONSHIP | N'S BOARD, BASED ON A SET OF SUGGESTED REVIEW PROCESSES DEVELOPED BY CHRISTUS HEALTH FORM 990, PART VI, LINE 12C DESCRIPTION OF PROCESS TO MONITOR TRANSACTIONS FOR CONFLICT OF INT EREST AT THE END OF EACH CALENDAR YEAR, THE CHRISTUS HEALTH CORPORATE SECRETARY DISTRIBUTE S A CONFLICT OF INTEREST QUESTIONNAIRE TO ALL OF THE ORGANIZATION'S BOARD AND COMMITTEE ME MBERS FOR COMPLETION PRIOR TO THE 1ST OF JANUARY IN THE NEXT YEAR THE CORPORATE SECRETARY THOROUGHLY REVIEWS ALL COMPLETED AND EXECUTED CONFLICT OF INTEREST QUESTIONNAIRE FORMS TO ENSURE ACCURACY AND THAT NO POTENTIAL OR IDENTIFIED CONFLICT IS DISCLOSED OR EXISTS THE ORGANIZATION'S BOARD OF DIRECTORS IS RESPONSIBLE FOR ENFORCEMENT OF THE CONFLICT OF INTERE ST POLICY OF THE ORGANIZATION |

| Identifier | Return Reference | Explanation |
|---|---|---|
| FORM 990, PART VI, LINES 15A & 15B | COMPENSATION DETERMINATION PROCESS | THE EXECUTIVE COMPENSATION COMMITTEE OF CHRISTUS HEALTH DETERMINES THE COMPENSATION OF THE CEO (OR EXECUTIVE DIRECTOR, AS APPLICABLE), OFFICERS AND KEY EMPLOYEES OF CHRISTUS HEALTH AND CERTAIN OTHER OFFICERS AND KEY EMPLOYEES OF RELATED ORGANIZATIONS,including CHRISTUS Health Southeast Texas THE EXECUTIVE COMPENSATION COMMITTEE IS COMPOSED OF INDIVIDUALS WH O HAVE NO CONFLICT OF INTEREST WITH THE COMPENSATION ARRANGEMENTS AT HAND THE EXECUTIVE C OMPENSATION COMMITTEE OF THE CHRISTUS HEALTH BOARD SELECTS AN INDEPENDENT EXTERNAL FIRM TO PERFORM AN INDEPENDENT COMPENSATION REVIEW, TO ENSURE THAT ALL COMPENSATION IS REASONABLE AND COMPARABLE TO OTHER SIMILARLY SITUATED ORGANIZATIONS, FOR SIMILARLY QUALIFIED PERSONS IN FUNCTIONALLY COMPARABLE POSITIONS, AND TO PROVIDE SUPPORTING INFORMATION OF COMPENSATI ON DECISIONS ON AN ANNUAL BASIS THE EXTERNAL CONSULTANT 1 DEVELOPS THE MERIT INCREASE R ECOMMENDATIONS FOR ALL DESIGNATED SYSTEM EXECUTIVES BASED ON MARKET COMPARABILITY 2 RECO MMENDS THE CHANGES IN THE COMPENSATION STRUCTURE (GRADES) BASED ON THE MARKET CHANGES 3 COMPLETES A REVIEW AND EVALUATION OF NEWLY CREATED POSITIONS TO RECOMMEND A GRADE PLACEMEN T TO THE COMMITTEE FOR ITS DISCUSSION AND APPROVAL ON A BI-ANNUAL BASIS, THE EXTERNAL CON SULTANT COMPLETES A DETAILED REVIEW OF ALL OTHER DESIGNATED SYSTEM EXECUTIVES' COMPENSATIO N AND BENEFITS THIS GROUP INCLUDES ALL TOP MANAGEMENT OFFICIALS, OTHER OFFICERS AND KEY L EADERS OF THE ORGANIZATION THE REVIEW INCLUDES RECOMMENDATIONS TO THE COMMITTEE ON ANY CH ANGES NECESSARY IN EITHER SPECIFIC COMPENSATION OR COMPENSATION STRUCTURE TO ENSURE MARKET COMPETITIVENESS, REASONABLENESS AND INTERNAL EQUITY UPON RECOMMENDATIONS FROM THE INDEPE NDENT EXTERNAL FIRM, THE EXECUTIVE COMPENSATION COMMITTEE MAKES FINAL COMPENSATION DECISIO NS ADDITIONALLY, THE EXECUTIVE COMPENSATION COMMITTEE REVIEWS ALL COMPENSATION PAY MENTS F OR EXCESS BENEFIT TRANSACTIONS THE DISCUSSION AND DECISIONS OF THE COMMITTEE ARE DOCUMENT ED AND FORMALIZED IN THE COMMITTEE MINUTES AND MAINTAINED ON RECORD THE FILING ORGANIZATI ON DETERMINES THE COMPENSATION OF THE SECRETARY BY USE OF AN INDEPENDENT AND EXTERNAL CONS ULTANT THE CONSULTANT HELPS DETERMINE PAY RATES FOR THE ASSOCIATES OF THE FILING ORGANIZA TION, TAKING INTO ACCOUNT MARKET DATA AND SHIFT DIFFERENTIAL THE COMPENSATION RATES ARE A PPROVED BY THE FILING ORGANIZATION BASED ON THE AFOREMENTIONED PROCEDURE, THE SECRETARY'S COMPENSATION IS NOT REVIEWED BY A COMPENSATION COMMITTEE FORM 990, PART VI, LINE 18 PUBL IC DISCLOSURE OF 1023 AND FORMS 990 & 990-T CHRISTUS HEALTH AND MOST OF ITS AFFILIATED ENT ITIES DO NOT HAVE FORMS 1023 BECAUSE OF THEIR INCLUSION IN THE IRS GROUP RULING WITH THE U NITED STATES CONFERENCE OF CATHOLIC BISHOPS, WHICH COVERS THE ORGANIZATIONS LISTED IN THE ANNUAL OFFICIAL CATHOLIC DIRECTORY CHRISTUS HEALTH'S WEBSITE DISPLAYS THE IRS GROUP RULIN G AND RELEVANT ANNUAL OFFICIAL CATHOLIC DIRECTORY PAGES FOR THE ORGANIZATIONS RELATED TO C HRISTUS HEALTH FORMS 990 AND 990-T ARE MADE AVAILABLE UPON REQUEST FORM 990, PART VI, LI NE 19 AVAIL OF GOVERNING DOCS, CONFLICT OF INTEREST POLICY AND FIN STMTS THE CONSOLIDATED AUDITED FINANCIAL STATEMENTS OF CHRISTUS HEALTH ARE MADE AVAILABLE TO THE PUBLIC VIA THE C HRISTUS HEALTH WEBSITE THE ORGANIZATION'S GOVERNING DOCUMENTS AND CONFLICT OF INTEREST PO LICY ARE NOT MADE AVAILABLE TO THE PUBLIC FORM 990, PART VII HOURS WORKED FOR A RELATED O RGANIZATION Average hours per w eek listed on Form 990, Part VII, Section A are the average hours devoted to the respective person's position w hile serving the organization ELLEN J ONES DEVOTES AN AVERAGE OF 15 HOURS PER WEEK TO CHRISTUS HEALTH GULF COAST, A RELATED ORGA NIZATION OF THE FILING ENTITY ELLEN IS THE PRESIDENT/CEO OF CHRISTUS HEALTH GULF COAST E LLEN JONES DEVOTES AN AVERAGE OF 2 HOURS PER WEEK TO CHRISTUS FOUNDATION FOR HEALTHCARE, A RELATED ORGANIZATION OF THE FILING ENTITY ELLEN IS A DIRECTOR OF CHRISTUS FOUNDATION FOR HEALTHCARE WILLIAM HECHT DEVOTES AN AVERAGE OF 16 HOURS PER WEEK TO CHRISTUS HEALTH GULF COAST, A RELATED ORGANIZATION OF THE FILING ENTITY WILLIAM IS THE CHIEF FINANCIAL OFFICE R OF CHRISTUS HEALTH GULF COAST THOMAS PERMETTI DEVOTES AN AVERAGE OF 24 HOURS PER WEEK T O CHRISTUS HEALTH GULF COAST, A RELATED ORGANIZATION OF THE FILING ENTITY THOMAS IS THE C HIEF OPERATING OFFICER AND ADMINISTRATOR OF CHRISTUS HEALTH GULF COAST CHARLES FOSTER DEV OTES AN AVERAGE OF 16 HOURS PER WEEK TO CHRISTUS HEALTH GULF COAST, A RELATED ORGANIZATION OF THE FILING ENTITY CHARLES IS THE VICE PRESIDENT OF HUMAN RESOURCES OF CHRISTUS HEALTH GULF COAST HEATHER BOLER DEVOTES AN AVERAGE OF 16 HOURS PER WEEK TO CHRISTUS HEALTH GULF COAST, A RELATED ORGANIZATION OF THE FILING ENTITY HEATHER IS THE REGIONAL VICE PRESIDEN T OF STRATEGY, BUSINESS DEVELOPMENT, MARKETING AND COMMUNICATIONS OF CHRISTUS HEALTH GULF COAST SISTER ANN MARGARET SAVANT DEVOTES AN AVERAGE OF 39 HOURS PER WEEK TO CHRISTUS HEAL TH SOUTHWESTERN LOUISIANA, A RELATED ORGANIZATION |

| Identifier | Return Reference | Explanation |
|---|---|---|
| FORM 990, PART VI, LINES 15A & 15B | COMPENSATION DETERMINATION PROCESS | OF THE FILING ENTITY SISTER ANN MARGARET SAVANT IS AN ADMITTING REPRESENTATIVE AT CHRISTU S HEALTH SOUTHWESTERN LOUISIANA MARY SILVA DEVOTES AN AVERAGE OF 22 HOURS PER WEEK TO CHR ISTUS HEALTH, A RELATED ORGANIZATION OF THE FILING ENTITY MARY IS THE DEPUTY CORPORATE SE CRETARY OF CHRISTUS HEALTH MARY SILVA DEVOTES AN AVERAGE OF 5 HOURS PER WEEK TO CHRISTUS CONTINUING CARE, A RELATED ORGANIZATION OF THE FILING ENTITY MARY IS THE DEPUTY CORPORATE SECRETARY OF CHRISTUS CONTINUING CARE MARY SILVA DEVOTES AN AVERAGE OF 1 HOUR PER WEEK T O CHRISTUS HEALTH FOUNDATION, A RELATED ORGANIZATION OF THE FILING ENTITY MARY IS THE SEC RETARY OF CHRISTUS HEALTH FOUNDATION EFFECTIVE 8/22/11, MARY SILVA DEVOTES AN AVERAGE OF 1 HOUR PER WEEK TO CHRISTUS HEALTH PLAN, A RELATED ORGANIZATION OF THE FILING ENTITY MARY IS THE DEPUTY CORPORATE SECRETARY OF CHRISTUS HEALTH PLAN |

| Identifier | Return Reference | Explanation |
|---|---|---|
| Other Changes in Net Assets or Fund Balances | Form 990, Part XI, Line 5 | Pension Liability Expense = $6,437,583 Pension Funding = ($6,703,053) Transfer from Net Assets to Revenue = ($704,440) Transfer out of Temporarily Restricted Net Assets (Release of Deferred Grant Revenue) = ($276,840) In-Kind Contribution booked to Revenue = $53,825 Transfer of Restricted Donations to Revenue = $748,219 Contribution Revenue booked to Deferred Revenue = ($1,959,456) In-Kind Rent = $12,000 In-Kind Donation Expense = ($149,943) Total = ($2,542,105) |

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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**
Christus Health Southeast Texas

**Employer identification number**
76-0591590

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

| (a) Name, address, and EIN of related organization | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Direct controlling entity | (e) Predominant income (related, unrelated, excluded from tax under sections 512-514) | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproportionate allocations? Yes | (h) No | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? Yes | (j) No | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **(1)** ST ELIZABETH REHAB PARTNERS LLP<br>2830 CALDER<br>BEAUMONT, TX<br>777021809<br>20-5657181 | HEALTHCARE SRVCS | TX | HLTH VT OF SETX | N/A | | | | No | 0 | | No | |
| **(2)** SOUTHEAST TEXAS PAIN MNGMNT LLC<br>PO BOX 5405<br>BEAUMONT, TX 77726<br>26-1678856 | PAIN MGMT HLTH SV | TX | SETX | RELATED | 188,433 | 1,440,134 | | No | 0 | Yes | | 51 000 % |
| | | | | | | | | | | | | |
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**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)** CHRISTUS SOUTHEAST TX PHYS HOSP ORG<br>3010 HARRISON STREET SUITE 202<br>BEAUMONT, TX 77702<br>76-0429902 | MEDICAL SERVICES | TX | SETX | C Corp | 215,631 | 637,966 | 100 000 % |
| **(2)** HEALTH VENTURES OF SOUTHEAST TEXAS INC<br>1700 WEST LOOP SOUTH SUITE 400A<br>HOUSTON, TX 77027<br>76-0397263 | BUILDING RENT | TX | SETX | C Corp | 375,608 | 1,975,406 | 100 000 % |
| **(3)** CHRISTUS Muguerza SAPI de CV<br>Hidalgo PTE 2525 COL<br>Obispado, Monterrey, N L 64060<br>MX | HEALTHCARE SRVCS | MX | CH | C Corp | | | |
| **(4)** Emerald Assurance Cayman LTD<br>PO Box 1051<br>GRAND CAYMAN KY1-1102<br>CJ<br>98-0407545 | INSURANCE | CJ | CH | C CORP | | | |
| | | | | | | | |
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## Part V Transactions With Related Organizations (Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35, 35A, or 36.)

| | | Yes | No |
|---|---|---|---|
| **Note.** Complete line 1 if any entity is listed in Parts II, III or IV | | | |
| **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 | Yes | |
| **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 | | No |
| **g** Purchase of assets from related organization(s) | 1g | | No |
| **h** Exchange of assets with related organization(s) | 1h | | No |
| **i** Lease of facilities, equipment, or other assets to related organization(s) | 1i | 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 | Yes | |
| **l** Performance of services or membership or fundraising solicitations by related organization(s) | 1l | Yes | |
| **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 | | No |
| **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)** See Additional Data Table | | | |
| **(2)** | | | |
| **(3)** | | | |
| **(4)** | | | |
| **(5)** | | | |
| **(6)** | | | |

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

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

| (a) Name, address, and EIN of entity | (b) Primary activity | (c) Legal domicile (state or foreign country) | (d) Predominant income(related, unrelated, excluded from tax under sections 512-514) | (e) Are all partners section 501(c)(3) organizations? | | (f) Share of total income | (g) Share of end-of-year assets | (h) Disproprtionate allocations? | | (i) Code V—UBI amount in box 20 of Schedule K-1 (Form 1065) | (j) General or managing partner? | | (k) Percentage ownership |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Yes | No | | | Yes | No | | Yes | No | |
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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:** 76-0591590
**Name:** Christus Health Southeast Texas

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

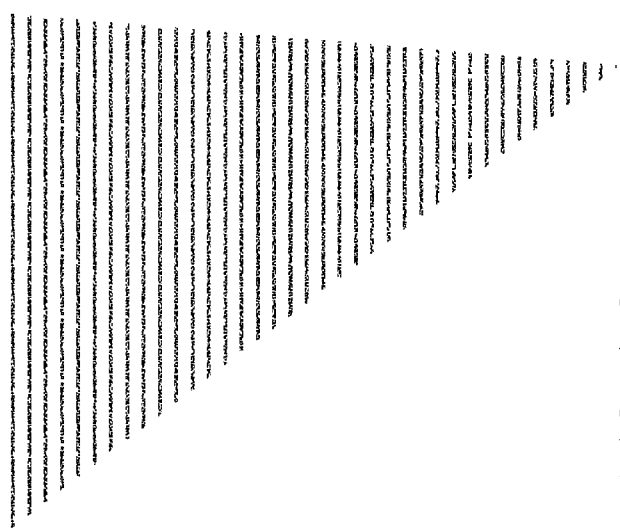
| (a) Name, address, and EIN of related organization | (b) Primary Activity | (c) Legal Domicile (State or Foreign Country) | (d) Exempt Code section | (e) Public charity status (if 501(c)(3)) | (f) Direct Controlling Entity | g Section 512 (b)(13) controlled organization | |
|---|---|---|---|---|---|---|---|
| CHRISTUS HEALTH ARK-LA-TEX<br><br>2600 ST MICHAEL DRIVE<br>TEXARKANA, TX 75503<br>75-2796815 | HLTHCARE SVC | TX | 501(c)(3) | 3 | CH | Yes | |
| CHRISTUS HEALTH CENTRAL LOUISIANA<br><br>3330 MASONIC DRIVE<br>ALEXANDRIA, LA 71301<br>72-0408984 | HLTHCARE SVC | LA | 501(c)(3) | 3 | CH | Yes | |
| CHRISTUS HEALTH GULF COAST<br><br>PO BOX 922037<br>HOUSTON, TX 77292<br>76-0591592 | HLTHCARE SVC | TX | 501(c)(3) | 3 | CH | Yes | |
| CHRISTUS HEALTH NORTHERN LOUISIANA<br><br>ONE SAINT MARY PLACE<br>SHREVEPORT, LA 71101<br>72-0408982 | HLTHCARE SVC | LA | 501(c)(3) | 3 | CH | Yes | |
| CHRISTUS SPOHN HEALTH SYSTEM CORPORATION<br><br>600 ELIZABETH STREET<br>CORPUS CHRISTI, TX 78404<br>74-1109836 | HLTHCARE SVC | TX | 501(c)(3) | 3 | CH | Yes | |
| CHRISTUS Health<br><br>919 Hidden Ridge Drive<br>HOUSTON, TX 75038<br>76-0590551 | SUPT HLTH SVC | TX | 501(c)(3) | 11 - Type I | NA | | No |
| CHRISTUS HEALTH SOUTHWESTERN LOUISIANA<br><br>524 DR MICHAEL DEBAKEY DRIVE<br>LAKE CHARLES, LA 70601<br>72-0411322 | HLTHCARE SVC | LA | 501(c)(3) | 3 | CH | Yes | |
| CHRISTUS SANTA ROSA HEALTH CARE CORP<br><br>333 N SANTA ROSA STREET<br>SAN ANTONIO, TX 78207<br>74-1109665 | HLTHCARE SVC | TX | 501(c)(3) | 3 | CH | Yes | |
| CHRISTUS HEALTH UTAH<br><br>919 Hidden Ridge Drive<br>HOUSTON, TX 75038<br>87-0231682 | HLTHCARE SVC | UT | 501(c)(3) | 9 | CH | Yes | |
| CHRISTUS Continuing Care<br><br>1700 West Loop South Ste 1100<br>HOUSTON, TX 77027<br>74-2898615 | HLTHCARE SVC | TX | 501(c)(3) | 3 | CH | Yes | |
| CH WILKINSON PHYSICIAN NETWORK<br><br>1700 WEST LOOP SOUTH STE 400B<br>HOUSTON, TX 77027<br>76-0422435 | HLTHCARE SVC | TX | 501(c)(3) | 11 - TYPE 1 | CH | Yes | |
| ST JOSEPH COMMUNITY FOUNDATION<br><br>2800 LAMAR AVE CAPITAL ONE<br>PARIS, TX 75460<br>42-1619230 | SUPT HLTH SVC | TX | 501(c)(3) | 11 - TYPE 1 | CH | Yes | |
| CHRISTUS STEHLIN FND FOR CANCER RESEARCH<br><br>10301 STELLA LINK SUITE A<br>HOUSTON, TX 77025<br>74-1622404 | CANCER RSCH | TX | 501(c)(3) | 9 | CH | Yes | |
| DUBUIS HEALTH SYSTEM INC<br><br>1700 W Loop South Ste 1100A<br>HOUSTON, TX 77027<br>72-1270964 | HLTHCARE SVC | TX | 501(c)(3) | 3 | CH | Yes | |
| CHRISTUS HEALTH FOUNDATION<br><br>919 Hidden Ridge Drive<br>HOUSTON, TX 75038<br>61-1500100 | SUPT HLTH SVC | TX | 501(c)(3) | 11 - TYPE 1 | CH | Yes | |
| CHRISTUS HEALTH FND OF SETX<br><br>2830 CALDER<br>BEAUMONT, TX 77702<br>76-0136274 | SUPT HLTH SVC | TX | 501(c)(3) | 11 - TYPE 1 | SETX | Yes | |
| Christus Health Liability Retention TRST<br><br>919 Hidden Ridge Drive<br>Houston, TX 75038<br>76-0259623 | Insurance | TX | 501(c)(3) | 11 - TYPE 1 | CH | Yes | |

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

| | (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount Involved ($) | (d) Method of determining amount involved |
|---|---|---|---|---|
| (1) | CHRISTUS HEALTH FOUNDATION SOUTHEAST TEXAS | C | 537,605 | ACCRUAL |
| (2) | CH WILKINSON PHYSICIAN NETWORK | K | 76,266 | ACCRUAL |
| (3) | CHRISTUS CONTINUING CARE | k | 15,913,903 | ACCRUAL |
| (4) | ST ELIZABETH REHAB PARTNERS LLP | k | 2,329,238 | ACCRUAL |
| (5) | CHRISTUS HEALTH FOUNDATION SOUTHEAST TEXAS | n | 141,590 | ACCRUAL |
| (6) | CHRISTUS HEALTH GULF COAST | n | 880,008 | ACCRUAL |
| (7) | CHRISTUS SOUTHEAST TX PHYSICIAN HOSPITAL ORG | n | 175,896 | ACCRUAL |
| (8) | CHRISTUS CONTINUING CARE | A(IV) | 1,209,463 | ACCRUAL |
| (9) | CH WILKINSON PHYSICIAN NETWORK | A(IV) | 458,000 | ACCRUAL |
| (10) | ST ELIZABETH REHAB PARTNERS LLP | A(IV) | 249,724 | ACCRUAL |
| (11) | SOUTHEAST TEXAS PAIN MANAGEMENT CENTER LLC | I | 509,359 | ACCRUAL |
| (12) | CH WILKINSON PHYSICIAN NETWORK | I | 1,216,946 | ACCRUAL |
| (13) | CHRISTUS CONTINUING CARE | L | 12,990,839 | ACCRUAL |
| (14) | ST ELIZABETH REHAB PARTNERS LLP | L | 2,076,361 | ACCRUAL |
| (15) | CHRISTUS SOUTHEAST TX PHYSICIAN HOSPITAL ORG | I | 96,000 | ACCRUAL |
| (16) | CH WILKINSON PHYSICIAN NETWORK | P | 106,435 | ACCRUAL |
| (17) | ST ELIZABETH REHAB PARTNERS LLP | p | 55,256 | ACCRUAL |
| (18) | CHRISTUS HEALTH GULF COAST | p | 121,454 | ACCRUAL |
| (19) | SOUTHEAST TEXAS PAIN MANAGEMENT CENTER LLC | p | 142,755 | ACCRUAL |
| (20) | CHRISTUS HEALTH GULF COAST | o | 395,441 | ACCRUAL |

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

| | (a) Name of other organization | (b) Transaction type(a-r) | (c) Amount Involved ($) | (d) Method of determining amount involved |
|---|---|---|---|---|
| (21) | CHRISTUS HEALTH LIABILITY RETENTION TRUST | o | 1,049,830 | ACCRUAL |
| (22) | CHRISTUS SANTA ROSA HEALTH CARE CORP | o | 133,587 | ACCRUAL |
| (23) | CHRISTUS HEALTH FOUNDATION SOUTHEAST TEXAS | A(IV) | 12,000 | ACCRUAL |
| (24) | CHRISTUS SOUTHEAST TX PHYSICIAN HOSPITAL ORG | A(IV) | 21,540 | ACCRUAL |



# Consolidated Financial Statements and Supplementary Information

CHRISTUS Health
Years Ended June 30, 2012 and 2011
With Report of Independent Auditors

Ernst & Young LLP

ERNST & YOUNG

CHRISTUS Health

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2012 and 2011

## Contents

Ernst & Young LLP
One Victory Park
Suite 2000
2323 Victory Avenue
Dallas, TX 75219
Tel: +1 214 969 8000
Fax: +1 214 969 3587
www.ey.com

# Independent Auditors' Report

The Board of Directors
CHRISTUS Health

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

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of CHRISTUS Health at June 30, 2012 and 2011, and the results of its consolidated operations and changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Ernst & Young LLP

September 27, 2012

# CHRISTUS Health

## Consolidated Balance Sheets

| | June 30 2012 | June 30 2011 |
|---|---|---|
| | *(In Thousands)* | |
| **Assets** | | |
| Current assets: | | |
| Cash and cash equivalents | **$ 366,043** | $ 418,376 |
| Short-term investments | **366,527** | 444,893 |
| Equity investments in managed funds | **163,211** | 100,721 |
| Assets whose use is limited or restricted, required for current liabilities | **56,903** | 71,367 |
| Patient accounts receivable, net of allowance for uncompensated care of $200,508 and $171,310 at June 30, 2012 and 2011, respectively | **334,971** | 313,652 |
| Notes and other receivables | **57,499** | 125,705 |
| Inventories | **89,658** | 88,432 |
| Assets held for sale | **617** | 2,150 |
| Securities pledged to creditors | **46,518** | 40,211 |
| Security lending collateral | **46,257** | 39,155 |
| Other current assets | **51,167** | 38,690 |
| Total current assets | **1,579,371** | 1,683,352 |
| Assets whose use is limited or restricted, less current portion | **907,962** | 812,963 |
| Property, plant, and equipment, net of accumulated depreciation | **1,719,060** | 1,786,833 |
| Other assets: | | |
| Investments in unconsolidated organizations | **209,938** | 188,550 |
| Derivative financial instruments | **–** | 12,375 |
| Goodwill | **101,858** | 91,569 |
| Other assets | **74,472** | 81,074 |
| Other restricted assets | **15,540** | 13,453 |
| Total other assets | **401,808** | 387,021 |
| Total assets | **$ 4,608,201** | $ 4,670,169 |

| | June 30 | |
|---|---|---|
| | **2012** | **2011** |
| | *(In Thousands)* | |
| **Liabilities and net assets** | | |
| Current liabilities: | | |
| Accounts payable and accrued expenses | **$ 358,097** | $ 365,852 |
| Accrued employee compensation and benefits | **172,633** | 163,645 |
| Accrued pension benefits, current portion | **7,755** | 6,927 |
| Estimated third-party settlements | **33,267** | 42,081 |
| Current portion of long-term debt | **48,405** | 57,904 |
| Payable under security lending agreement | **47,288** | 39,462 |
| Total current liabilities | **667,445** | 675,871 |
| Long-term debt, less current portion | **1,124,556** | 1,175,036 |
| Accrued pension benefits, long-term portion | **197,177** | 116,446 |
| Derivative financial instruments | **136,786** | 72,348 |
| Other long-term obligations – primarily related to self-funded liabilities, less current portion | **176,799** | 180,428 |
| Total liabilities | **2,302,763** | 2,220,129 |
| Net assets: | | |
| Unrestricted: | | |
| Attributable to CHRISTUS Health | **2,115,411** | 2,261,844 |
| Attributable to noncontrolling interest | **119,299** | 113,249 |
| Total unrestricted | **2,234,710** | 2,375,093 |
| Temporarily restricted | **54,183** | 61,396 |
| Permanently restricted | **16,545** | 13,551 |
| Total net assets | **2,305,438** | 2,450,040 |
| Total liabilities and net assets | **$ 4,608,201** | $ 4,670,169 |

*See accompanying notes*

# CHRISTUS Health

## Consolidated Statements of Operations and Changes in Net Assets

| | Year Ended June 30 | |
|---|---|---|
| | **2012** | **2011** |
| | *(In Thousands)* | |
| Unrestricted revenues: | | |
| Net patient service revenue | **$ 3,417,777** | $ 3,410,683 |
| Premium revenue | **174,283** | 164,735 |
| Other revenue | **182,736** | 172,118 |
| Equity in income of unconsolidated organizations | **27,539** | 33,417 |
| Total revenues | **3,802,335** | 3,780,953 |
| Expenses: | | |
| Employee compensation and benefits | **1,625,972** | 1,629,067 |
| Services and other | **1,021,156** | 984,578 |
| Supplies | **638,700** | 631,169 |
| Depreciation and amortization | **218,352** | 220,933 |
| Provision for uncollectible accounts | **205,977** | 172,703 |
| Interest | **42,166** | 42,803 |
| Total expenses | **3,752,323** | 3,681,253 |
| Operating gain | **50,012** | 99,700 |
| Nonoperating investment (loss) gain | **(91,519)** | 114,785 |
| Other nonoperating gain (loss) | **112** | (18,435) |
| Revenues in (deficit) excess of expenses | **(41,395)** | 196,050 |
| Less revenues in excess of expenses attributable to noncontrolling interest | **12,601** | 18,717 |
| Revenues in (deficit) excess of expenses attributable to CHRISTUS Health | **(53,996)** | 177,333 |

# CHRISTUS Health

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

| | Year Ended June 30 | |
|---|---|---|
| | **2012** | **2011** |
| | *(In Thousands)* | |
| Changes in unrestricted net assets: | | |
| Revenues in (deficit) excess of expenses attributable to CHRISTUS Health | **$ (53,996)** | $ 177,333 |
| Net change in unrealized (loss) gain on investments | **(6,390)** | 5,823 |
| Change in pension liabilities | **(89,525)** | 100,462 |
| Change in noncontrolling interest | **6,050** | 9,535 |
| Other | **3,478** | 939 |
| Changes in unrestricted net assets before effect of change in accounting principle | **(140,383)** | 294,092 |
| Effect of change in accounting principle (*Note 3*) | **–** | (34,752) |
| Changes in unrestricted net assets | **(140,383)** | 259,340 |
| Temporarily restricted net assets: | | |
| Contributions | **3,229** | 11,823 |
| Net change in unrealized (loss) gain on investments | **(2,190)** | 1,943 |
| Net assets released from restrictions and other | **(8,252)** | (10,276) |
| Changes in temporarily restricted net assets | **(7,213)** | 3,490 |
| Changes in permanently restricted net assets | **2,994** | 431 |
| Changes in net assets | **(144,602)** | 263,261 |
| Net assets – beginning of year | **2,450,040** | 2,186,779 |
| Net assets – end of year | **$ 2,305,438** | $ 2,450,040 |

*See accompanying notes*

# CHRISTUS Health

## Consolidated Statements of Cash Flows

| | Year Ended June 30 | |
|---|---|---|
| | **2012** | **2011** |
| | *(In Thousands)* | |
| **Operating activities** | | |
| Changes in net assets: | **$ (144,602)** | $ 263,261 |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Change in pension liabilities | **80,731** | (100,702) |
| Contributions of temporarily restricted net assets | **(3,229)** | (11,823) |
| Equity in income of unconsolidated organizations | **(27,539)** | (33,417) |
| Equity earnings on investments in managed funds | **5,493** | (10,591) |
| Depreciation and amortization | **218,352** | 220,933 |
| Provision for uncollectible accounts | **205,977** | 172,703 |
| Change in derivative fair value | **76,813** | (29,803) |
| Loss on early extinguishment of debt | **–** | 508 |
| Gain on disposal of property, plant, and equipment | **(2,716)** | (3,779) |
| Impairment of goodwill | **–** | 34,752 |
| Impairment of long-lived assets | **–** | 7,041 |
| Changes in operating assets and liabilities, net of acquisitions: | | |
| Increase in net patient accounts receivable | **(227,296)** | (180,236) |
| Decrease (increase) in trading securities | **1,084** | (387,208) |
| Decrease (increase) in notes and other receivables | **68,206** | (36,220) |
| (Increase) decrease in inventories | **(1,226)** | 995 |
| Decrease in other current assets | **234** | 6,342 |
| Increase in accounts payable, accrued expenses, and accrued employee compensation and benefits | **4,193** | 66,221 |
| (Decrease) increase in net third-party payor settlements | **(8,815)** | 27,599 |
| Increase in liability for self-funded liabilities | **3,782** | 14,773 |
| Net cash provided by operating activities | **249,442** | 21,349 |
| **Investing activities** | | |
| Purchases of property, plant, and equipment | **(166,264)** | (143,707) |
| Proceeds from sale or disposal of property, plant, and equipment | **8,633** | 24,119 |
| (Increase) decrease in equity investments in managed funds | **(71,234)** | 5,110 |
| Decrease in investments in unconsolidated organizations | **6,151** | 19,447 |
| (Increase) decrease in securities pledged to creditors | **(6,307)** | 8,445 |
| (Increase) decrease in other assets | **(6,120)** | 10,650 |
| (Increase) decrease in security lending collateral | **(7,102)** | 9,982 |
| Net cash used in investing activities | **(242,243)** | (65,954) |

# CHRISTUS Health

## Consolidated Statements of Cash Flows (continued)

| | Year Ended June 30 | |
|---|---|---|
| | **2012** | **2011** |
| | *(In Thousands)* | |
| **Financing activities** | | |
| Contributions of temporarily restricted net assets | **$ 3,229** | $ 11,823 |
| Other costs associated with debt refinancing/conversion | **(859)** | (1,295) |
| Proceeds from debt issuance | **–** | 99,617 |
| Payments on long-term debt | **(69,728)** | (161,323) |
| Increase (decrease) in payable under security lending agreements | **7,826** | (10,104) |
| Net cash used in financing activities | **(59,532)** | (61,282) |
| Net decrease in cash and cash equivalents | **(52,333)** | (105,887) |
| Cash and cash equivalents – beginning of year | **418,376** | 524,263 |
| Cash and cash equivalents – end of year | **$ 366,043** | $ 418,376 |
| **Noncash investing and financing transactions** | | |
| Capital lease obligations incurred for property, plant, and equipment | **$ 1,064** | $ 15,022 |
| **Supplemental disclosure of cash flow information** | | |
| Cash paid during the year for interest (net of amount capitalized) | **$ 45,372** | $ 43,736 |

*See accompanying notes*

## 1. Mission, Vision, and Organization of CHRISTUS Health

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

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

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

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

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

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

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

**2. Community Health**

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

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

*Charity Care* – In accordance with the Catholic Health Association (CHA) guidelines, charity care represents the unpaid costs of free or discounted health services provided to persons who cannot afford to pay and who meet the organization's criteria for financial assistance. Traditional charity care is defined by the state of Texas as the unreimbursed costs of providing, funding, or otherwise financially supporting the health care services provided to a person with income at or below 200% of the federal poverty level. Charity care services provided to these patients are not reported as revenue in the consolidated statements of operations and changes in net assets as there is minimal or no expectation of payment. The amount of traditional charity care provided, determined on the basis of cost, excluding the provision for bad debt expense, was approximately $168,645,000 and $172,473,000 for the years ended June 30, 2012 and 2011, respectively.

*Unpaid Costs of Medicaid and Other Public Programs for the Indigent* – This category represents the cost of providing services to beneficiaries of public programs, including state Medicaid and indigent care programs, in excess of any payments received from all sources.

**2. Community Health (continued)**

*Community Services for the Poor and Underserved* – This category represents the unpaid cost of services provided for which a patient is not billed, or for which a fee has been assessed that recovers only a portion of the cost of the rendered service. This category includes services to those in need through community health programs. The programs cover a broad spectrum of services, from community health centers to immunizations for children and seniors, Meals on Wheels, transportation services, home repair projects, and a variety of other social services. These programs may also seek justice for the vulnerable and work to bring about changes in political and economic systems.

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

- The CHRISTUS Community Direct Investment (CDI) Program was established to support community-driven initiatives primarily for affordable housing and economic development by providing financing at below-market interest rates. The majority of the support is provided to programs in the CHRISTUS operating regions. The amount the System would have earned on these monies is the forgone income that is considered a community benefit.

- The CHRISTUS Fund was established for the purpose of providing grants to support community planning, healthy community initiatives, and community-based programs, with a focus on the poor and underserved areas where CHRISTUS Health ministries and sponsoring congregations are involved.

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

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

*Other Community Services* – This category represents leadership activities, community planning, and advocacy.

## 3. Summary of Significant Accounting Policies

### Basis of Consolidation

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

### Use of Estimates

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

### Cash and Cash Equivalents

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

### Investments

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

**3. Summary of Significant Accounting Policies (continued)**

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

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

**Derivative Financial Instruments**

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

**Inventories**

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

**Property, Plant, and Equipment**

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

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

**3. Summary of Significant Accounting Policies (continued)**

**Assets Held for Sale**

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

**Asset Impairment**

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

**Investments in Unconsolidated Organizations**

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

**Securities Lending**

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

**3. Summary of Significant Accounting Policies (continued)**

**Goodwill**

The System records goodwill arising from a business combination as the excess of purchase price over the fair value of identifiable tangible and intangible assets acquired and liabilities assumed. At June 30, 2012 and 2011, the System had goodwill of $101,858,000 and $91,569,000, respectively. Beginning in fiscal year 2011 with the adoption of Accounting Standards Update (ASU) 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions*, the amortization of goodwill ceased and goodwill is tested at least annually for impairment at the reporting unit level. Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value. The System has determined that its reporting units are the various geographic Regions of the System. The first step in the impairment process is to determine the fair value of the reporting unit and then compare it to the carrying value, including goodwill. If the fair value exceeds the carrying value, no further action is required and no impairment loss is recognized.

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

Additional impairment assessments may be performed on an interim basis if the System encounters events or changes in circumstances that would indicate that it is more likely than not that the carrying value of goodwill has been impaired. The System performed a transitional impairment test as of July 1, 2010, upon adoption of the guidance in ASU 2010-07 As a result of the transitional impairment test, goodwill at the Northern Louisiana, Central Louisiana, and Spohn Regions totaling $34,752,000 was written off, which is recorded as the effect of a change in accounting principle in the consolidated statement of operations and changes in net assets in fiscal year 2011.

**3. Summary of Significant Accounting Policies (continued)**

The System elected early adoption of ASU 2011-08, *Intangibles – Goodwill and Other: Testing Goodwill for Impairment*. A qualitative impairment analysis concluded that it was more likely than not that the carrying value exceeded the fair value of the applicable reporting units. Therefore, no two-step impairment analysis was required and no impairment charges were recorded in fiscal year 2012.

**Deferred Financing Costs**

Deferred financing costs, net of accumulated amortization, included in other assets at June 30, 2012 and 2011, are $18,576,000 and $20,019,000, respectively, which are being amortized using the interest method over the terms of the indebtedness to which they relate.

**Temporary and Permanently Restricted Net Assets**

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

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

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

The System has adopted an uncompensated care policy whereby revenue from services provided to the uninsured is recognized at the time of payment, rather than at the time of service. This policy is a result of the lack of reasonable assurance of collection for services provided to the uninsured due to the System's historically low collection rate. Management has estimated that the difference between recording this revenue on the cash basis versus the accrual basis is immaterial to net patient service revenue for fiscal years 2012 and 2011. Accordingly, all

**3. Summary of Significant Accounting Policies (continued)**

accounts receivable from the uninsured have been fully reserved in the allowance for uncompensated care. The resulting adjustment is recorded as revenue deductions from gross charges to arrive at net patient service revenue.

**Electronic Health Record Incentive Payments**

The American Recovery and Reinvestment Act of 2009 (ARRA) 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 on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

CHRISTUS accounts for HITECH incentive payments under the grant accounting model as grants related to income. Income from Medicare incentive payments is recognized as revenue after CHRISTUS has determined it is reasonably assured to comply with the meaningful use criteria over the entire applicable compliance period and the cost report period that will be used to determine the final incentive payment has ended. CHRISTUS recognized revenue from Medicaid incentive payments after it adopted certified EHR technology. Incentive payments totaling $27,668,000 and $4,233,000 for the years ended June 30, 2012 and 2011, respectively, are included in other operating revenue in the accompanying consolidated statements of operations and changes in net assets. 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. Additionally, CHRISTUS's compliance with the meaningful use criteria is subject to audit by the federal government.

**Accounts Receivable Allowance**

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

**3. Summary of Significant Accounting Policies (continued)**

**Premium Revenue and Associated Costs**

Premium revenue represents revenues derived under capitated arrangements with third parties. In return for these premiums, the contracting entity is responsible for providing essentially all health care services to enrolled participants. Costs for providing these services, including services provided by other health care providers, are included as operating expenses in the consolidated financial statements. At June 30, 2012 and 2011, the respective contracting entities have accrued expenses for incurred but not reported claims based upon claims experience. The contracting entities maintain stop-loss insurance coverage to limit exposure for certain catastrophic claims.

**Other Revenue**

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

**Donor-Restricted Gifts**

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

**3. Summary of Significant Accounting Policies (continued)**

**International Operations**

The System owns a 64.6% interest in CHRISTUS Muguerza, S.A. de C.V. (CHRISTUS Muguerza), headquartered in Monterrey, Mexico. CHRISTUS Muguerza is a private health care system and is subject to taxes in accordance with the regulations of the Republic of Mexico. The financial statements of CHRISTUS Muguerza are presented in accordance with accounting principles generally accepted in the United States and are consolidated in the CHRISTUS Health consolidated financial statements.

Effective May 3, 2012, CHRISTUS Health increased its ownership interest in CHRISTUS Muguerza from 59.6% to 64.6% by purchasing 11,300,168 additional shares for cash consideration in the amount of $6,000,000.

**Minimum Revenue Guarantees**

CHRISTUS enters into agreements with non-employed physicians that include minimum revenue guarantees. These guarantees primarily arise through physician recruiting efforts and vary by physician specialty. Generally, the term of these guarantees ranges from one to two years, with the majority including a forgiveness period that begins during the second year of the guarantees. The estimated amount of the liability for CHRISTUS' obligation under these guarantees was $9,129,000 and $6,798,000 at June 30, 2012 and 2011, respectively, and is included in accrued expenses and other long-term obligations in the accompanying consolidated balance sheets.

The maximum amount of future payments that the System could be required to make under all existing guarantees is approximately $25,814,000.

**Asset Retirement Obligations**

CHRISTUS estimates the conditional asset retirement obligation primarily associated with asbestos abatement to be $7,483,000 and $7,430,000 as of June 30, 2012 and 2011, respectively.

**3. Summary of Significant Accounting Policies (continued)**

**Uncertainty in Income Taxes**

The authoritative guidance in Accounting Standards Codification (ASC) Topic 740, *Income Taxes*, creates a single model to address uncertainty in tax positions and clarifies the accounting for income taxes by prescribing the minimum recognition threshold a tax position is required to meet before being recognized in the financial statements. Under the requirements of this guidance, tax-exempt organizations could be required to record an obligation as the result of a tax position they have historically taken on various tax exposure items. There are no material unrecorded tax liabilities as of June 30, 2012 and 2011.

**New and Pending Accounting Pronouncements**

In August 2010, the Financial Accounting Standards Board (FASB) issued ASU 2010-23, *Health Care Entities: 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 was effective for CHRISTUS on July 1, 2011. The adoption of this ASU resulted in the disclosure of the cost of providing charity care in Note 3.

In August 2010, the FASB issued ASU 2010-24, *Health Care Entities (Topic 954): Presentation of Insurance Claims and Related Insurance Recoveries*. The amendments in the ASU clarify that a health care entity may not net insurance recoveries against related claim liabilities. In addition, the amount of the claim liability must be determined without consideration of insurance recoveries. This ASU was effective for CHRISTUS on July 1, 2011. Due to the level of self-retention for such claims, the adoption of this ASU did not have a material effect on CHRISTUS's consolidated financial position at June 30, 2012.

In September 2011, the FASB issued ASU 2011-08. The amendments in the ASU permit 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 described in ASC Topic 350, *Intangibles – Goodwill and Impairment*. This ASU is effective for CHRISTUS on July 1, 2012, with early adoption permitted. CHRISTUS early adopted the guidance in this ASU for purposes of its annual goodwill impairment test performed on April 1, 2012.

**3. Summary of Significant Accounting Policies (continued)**

In July 2011, the FASB issued ASU 2011-07, *Health Care Entities (Topic 954): Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*. The amendments in the ASU require CHRISTUS to change the presentation of its consolidated statement of operations and changes in net assets by reclassifying the provision for bad debts associated with patient service revenue from an operating expense to a deduction from patient service revenue (net of contractual allowances and discounts). Additionally, the ASU requires enhanced disclosure about CHRISTUS's policies for recognizing revenue and assessing bad debts, patient service revenue (net of contractual allowances and discounts), and qualitative and quantitative information about changes in the allowance for doubtful accounts. This ASU is effective for CHRISTUS on July 1, 2012, with early adoption permitted. CHRISTUS does not believe its adoption of ASU 2011-07 will have a material effect on its consolidated financial position and results of operations from the adoption of this pronouncement.

**4. Net Patient Service Revenue**

Net patient service revenue is reported at the estimated net realizable amounts from third-party payors and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Amounts subject to retroactive adjustments are estimated and recorded in the period the related services are rendered and adjusted in future periods as final settlements are determined. The estimated settlements recorded at June 30, 2012 and 2011, could differ from actual settlements. Inpatient acute care services and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient diagnosis-related group classification system that is based on clinical, diagnostic, and other factors.

For fiscal years 2012 and 2011, net patient service revenue increased approximately $16,629,000 and $16,403,000, respectively, related to changes in estimates for cost report re-openings, appeals, and tentative and final cost report settlements on filed cost reports, of which some are still subject to audit, additional re-opening, and/or appeal.

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

**4. Net Patient Service Revenue (continued)**

Revenue from the Medicare and Medicaid programs accounted for approximately 26.8% and 2.4%, respectively, of the System's net patient revenue for the fiscal year ended June 30, 2012, and 26.6% and 3.5%, respectively, of the System's net patient revenue for the fiscal year ended June 30, 2011. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

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

Federal law requires that state Medicaid programs make special payments to hospitals that serve a disproportionately large number of Medicaid and low-income patients. Such hospitals are called disproportionate share hospitals and receive disproportionate share funding under the program known as "DSH." DSH funds are different from most other Medicaid payments because they are not tied to specific services for Medicaid-eligible patients. There were 172 and 182 Texas hospitals that qualified to receive such payments in 2012 and 2011, respectively. The state of Texas has been making DSH payments to providers since 1987.

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) as modified by the 1115(b) demonstration waiver further discussed below. UPL programs act as mechanisms to draw federal Medicaid dollars into local communities. The Texas Medicaid program has chosen a county-specific UPL strategy to receive supplemental federal matching funds. Under these programs, various hospital participants in the respective counties have elected to provide health care services to the indigent population in the county as charity services and, as such, no third party has an obligation to pay for these services. Separately, and with no legal obligation or link to the hospitals' provision of charity services, the tax-supported governmental entity may choose, entirely at its discretion, to contribute a portion of its tax revenues into the state's Medicaid program. The amounts transferred by the governmental entity to the state Medicaid program are then matched at the federal level, and the total amount (the amount transferred to the state Medicaid program by the governmental entity and the related federal match) is then paid to the hospital participants based upon each hospital's individual applicable funding entitlement. In addition to the allocations received by the Medicaid program, hospital participants in some communities may make charity community benefit transfers to each other throughout the year to reach a previously agreed-upon sharing ratio.

**4. Net Patient Service Revenue (continued)**

Medicaid supplemental payments, which include Medicaid DSH and UPL payments, net of settlements and amounts transferred between program participants, of approximately $252,756,000 and $334,267,000 were recorded in 2012 and 2011, respectively. Net patient service revenue in the accompanying consolidated statements of operations and changes in net assets includes all Medicaid supplemental funds.

The Texas Health and Human Services Commission (HHSC) filed an application with the Centers for Medicare and Medicaid Services (CMS) to approve a 1115(b) demonstration waiver (the 1115(b) waiver) from traditional Medicaid financial and eligibility rules. CMS approved the five-year waiver in December 2011 and it allowed for one transition year to ensure proper transitions for providers. The transition year ends and the mechanics of the waiver program (year two) begin October 1, 2012. The waiver could impact the amount of revenue the System receives under the Medicaid supplemental payments, and the amounts of future reimbursements under these programs cannot be assured beyond September 30, 2012.While DSH and UPL funds are separate, the implementation of the 1115b waiver created a disincentive for transferring hospitals to participate in the DSH program, jeopardizing the full funding of the program. These funds helped to offset the uncompensated cost of care due to the State of Texas's limited Medicaid funding and the growing uninsured population.

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

**5. Cash and Investments**

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

| | 2012 | 2011 |
|---|---|---|
| Cash and cash equivalents | **$ 549,591** | $ 615,867 |
| Certificates of deposit | **9,428** | 25,465 |
| Domestic equities and equity funds | **240,732** | 283,297 |
| Preferred stocks | **494** | 1,712 |
| Fixed-income securities and fixed-income funds | **705,134** | 547,914 |
| International equities | **97,290** | 110,466 |
| U.S. government securities | **115,257** | 158,907 |
| Equity in managed funds | **188,642** | 144,806 |
| Other investments | **596** | 97 |
| | **$ 1,907,164** | $ 1,888,531 |

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

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

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

**5. Cash and Investments (continued)**

**Fixed Income**

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

**Equities**

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

**Equity Investments in Managed Funds**

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

*Nonregulation Risk* – Some of these funds are not required to register with the Securities and Exchange Commission (SEC) and are not subject to regulatory controls.

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

**5. Cash and Investments (continued)**

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

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

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

The System has no commitments for funding to equity investments in managed funds as of June 30, 2012.

Assets whose use is limited or restricted consisted of the following at June 30 (in thousands):

| | 2012 | 2011 |
|---|---|---|
| Assets whose use is limited or restricted, required for current bond indenture and self-insurance liabilities | **$ 56,903** | $ 71,367 |
| Other investments, internally designated for capital expansion and other purposes | **577,105** | 499,205 |
| Under bond indenture agreement – held by trustee | **83,555** | 81,475 |
| Under liability retention and self-insurance funding arrangement – held by trustee | **12,572** | 10,968 |
| Under Emerald Assurance funding arrangements | **177,423** | 158,930 |
| Restricted cash and investments | **57,307** | 62,385 |
| Total assets whose use is limited or restricted | **$ 964,865** | $ 884,330 |

**5. Cash and Investments (continued)**

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

| | 2012 | 2011 |
|---|---|---|
| Operating interest and dividend income | **$ 5,189** | $ 5,094 |
| Operating gain, realized and unrealized | **5,881** | 17,413 |
| Equity investment (loss) earnings on managed funds | **(894)** | 250 |
| Total operating investment income | **10,176** | 22,757 |
| | | |
| Nonoperating interest and dividend income | **13,191** | 12,555 |
| Nonoperating (loss) gain, realized and unrealized | **(14,327)** | 80,170 |
| Equity investment (loss) earnings on managed funds | **(3,994)** | 9,850 |
| Net swap agreement activity | **(86,389)** | 12,210 |
| Total nonoperating investment (loss) gain | **(91,519)** | 114,785 |
| Total investment (loss) gain | **$ (81,343)** | $ 137,542 |

**6. Fair Value Measurements**

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

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

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

**6. Fair Value Measurements (continued)**

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

| | 2012 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets** | | | | |
| Investments: | | | | |
| Cash and cash equivalents | $ 545,853 | $ 3,738 | $ – | $ 549,591 |
| Certificates of deposit | – | 9,428 | – | 9,428 |
| Domestic equities and equity funds | 240,732 | – | – | 240,732 |
| Preferred stocks | 494 | – | – | 494 |
| Fixed-income securities and fixed-income funds | – | 705,134 | – | 705,134 |
| International equities | 97,290 | – | – | 97,290 |
| U.S. government securities | – | 115,257 | – | 115,257 |
| Other investments | – | 596 | – | 596 |
| Total investments | 884,369 | 834,153 | – | 1,718,522 |
| Total assets at fair value | $ 884,369 | $ 834,153 | $ – | $ 1,718,522 |
| **Liabilities** | | | | |
| Interest rate swap agreements | $ – | $ 136,786 | $ – | $ 136,786 |
| Total liabilities at fair value | $ – | $ 136,786 | $ – | $ 136,786 |

**6. Fair Value Measurements (continued)**

| | 2011 | | | |
|---|---|---|---|---|
| | **Level 1** | **Level 2** | **Level 3** | **Total** |
| **Assets** | | | | |
| Investments: | | | | |
| Cash and cash equivalents | $ 613,726 | $ 2,141 | $ – | $ 615,867 |
| Certificates of deposit | – | 25,465 | – | 25,465 |
| Domestic equities and equity funds | 201,054 | 82,243 | – | 283,297 |
| Preferred stocks | 1,712 | – | – | 1,712 |
| Fixed-income securities and fixed-income funds | – | 547,914 | – | 547,914 |
| International equities | 110,466 | – | – | 110,466 |
| U.S. government securities | – | 158,907 | – | 158,907 |
| Other investments | – | 97 | – | 97 |
| Total investments | 926,958 | 816,767 | – | 1,743,725 |
| Interest rate swap asset | – | 12,375 | – | 12,375 |
| Total assets at fair value | $ 926,958 | $ 829,132 | $ – | $ 1,756,100 |
| **Liabilities** | | | | |
| Interest rate swap agreements | $ – | $ 72,348 | $ – | $ 72,348 |
| Total liabilities at fair value | $ – | $ 72,348 | $ – | $ 72,348 |

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

- *Investments* – Investments valued at quoted prices available in an active market are classified within Level 1 of the valuation hierarchy. Investments valued based on evaluated bid prices provided by third-party pricing services where quoted market prices are not available are classified within Level 2 of the valuation hierarchy.

- *Interest rate swap agreements* – Interest rate swap agreements are valued using third-party models that use observable market conditions as their input and are classified within Level 2 of the valuation hierarchy.

**6. Fair Value Measurements (continued)**

At June 30, 2012 and 2011, the System's financial instruments included cash and cash equivalents, accounts receivable, assets limited as to use, accounts payable and accrued expenses, estimated third-party payor settlements, and long-term debt. The carrying amounts reported in the consolidated balance sheets for these financial instruments, except for long-term debt, approximate their fair values.

The System's fixed-rate debt is enhanced with bond insurance. The estimated fair value of the fixed-rate debt, if it were not enhanced by insurance, approximates $627,055,000 at June 30, 2012, as compared to its carrying value of $562,587,000.

At June 30, 2012, the System has several issues of variable-rate demand and auction-rate bonds outstanding. The System's continued participation in these debt programs depends on its ability to extend or replace the existing credit facilities supporting the respective standby purchase agreements. If these credit facilities are not available, the System will likely refund these outstanding series with available funds or funds derived from fixed-rate series proceeds. It is not practicable to estimate the fair value of the variable-rate demand and auction-rate bonds separate from the value supported by the credit facilities.

**7. Property, Plant, and Equipment**

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

| | 2012 | 2011 |
|---|---|---|
| Land | **$ 211,243** | $ 217,307 |
| Land improvements | **73,229** | 73,391 |
| Buildings and fixed equipment | **2,373,120** | 2,330,211 |
| Major movable equipment | **1,868,107** | 1,822,097 |
| Less accumulated depreciation | **(2,861,319)** | (2,710,751) |
| | **1,664,380** | 1,732,255 |
| Construction-in-progress (estimated cost to complete is $82 million and $75 million at June 30, 2012 and 2011, respectively) | **54,680** | 54,578 |
| Total | **$ 1,719,060** | $ 1,786,833 |

**7. Property, Plant, and Equipment (continued)**

Depreciation expense for the System for fiscal years 2012 and 2011 totaled $209,018,000 and $210,668,000, respectively.

**8. Investments in Unconsolidated Organizations**

The System has unrestricted investments in unconsolidated organizations of $209,938,000 and $188,550,000 at June 30, 2012 and 2011, respectively. The following investments account for 95% of the System's total investments in unconsolidated organizations in both 2012 and 2011:

*Baptist St Anthony's Health System*

CHRISTUS Health has a 50% membership interest in Baptist St. Anthony's Health System (BSAHS), a Texas nonprofit corporation. BSAHS is a market leader in the Amarillo area. CHRISTUS Health's recorded investment in BSAHS, accounted for under the equity method, was $184,367,000 and $162,488,000 at June 30, 2012 and 2011, respectively. The 2012 and 2011 balances include $11,592,000 and $8,648,000, respectively, of restricted net assets that are included in other restricted assets. CHRISTUS Health recorded its share of BSAHS's gains from operations of $19,906,000 and $24,707,000 in 2012 and 2011, respectively. The System also recorded its share of the change in unrealized losses on investments of $538,460 at June 30, 2012, and unrealized gains on investments of $249,000 at June 30, 2011, as changes in unrestricted net assets. The System is currently marketing its membership interest in BSAHS for sale.

*Preferred Professional Insurance Company*

CHRISTUS Health has a 13.1% ownership interest in Preferred Professional Insurance Company (PPIC), a taxable Nebraska corporation. This corporation, formed in 1988, was established to provide excess professional and general liability insurance. CHRISTUS Health's recorded investment in PPIC, accounted for under the cost method, was $17,059,000 at both June 30, 2012 and 2011. The System recorded income from its investment in PPIC in fiscal years 2012 and 2011 of $296,000 and $789,000, respectively.

**8. Investments in Unconsolidated Organizations (continued)**

*CS/USP Surgery Centers, L P*

CHRISTUS Spohn Health System Corporation has a 50% ownership interest in a Texas limited liability partnership with United Surgical Partners International, Inc. for the purpose of owning and operating ambulatory surgery centers in Corpus Christi, Texas. The venture consists of two surgery centers near the campus of Spohn Shoreline, specifically Corpus Christi Outpatient Surgery and SurgiCare. CHRISTUS Health's recorded investment, accounted for under the equity method, was $5,755,000 and $5,762,000 at June 30, 2012 and 2011, respectively. The System recorded its share of income from operations in fiscal years 2012 and 2011 of $754,000 and $645,000, respectively.

*Omega Lab Joint Venture*

CHRISTUS Health has a 40% ownership interest in Omega Lab Joint Venture. At June 30, 2012 and 2011, the System's recorded investment in Omega Lab Joint Venture, accounted for under the equity method, was $3,088,000 and $3,152,000, respectively. The System recorded its share of Omega Lab Joint Venture income from operations in fiscal years 2012 and 2011 of $702,000 and $520,000, respectively.

**9. Long-Term Debt**

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

| | 2012 | 2011 |
|---|---|---|
| Revenue bonds, in variable-rate demand mode, with weighted-average trading rates of .16% and .25% in fiscal 2012 and 2011, respectively, due in 2047 | **$ 268,795** | $ 269,250 |
| Revenue bonds, in auction mode, with weighted-average interest rates of .64% and 1.17% in fiscal 2012 and 2011, respectively, due in 2031 | **212,150** | 219,125 |
| Revenue bonds, in fixed-rate mode, bearing interest from 3.00% to 6.50% | **562,587** | 592,506 |
| Capital lease payable to Nueces County Hospital District, bearing interest at a fixed rate of 6.9%, with annual principal payments through 2026, secured by the assets of CHRISTUS Spohn Hospital Memorial | **45,043** | 46,907 |
| Capital lease payable to Bee County, bearing interest at a fixed rate of 6.0%, with annual principal payments through 2030, secured by the assets of CHRISTUS Spohn Hospital Beeville | **9,033** | 9,367 |
| Nonobligated bank notes and capital leases related to CHRISTUS Muguerza investment | **41,672** | 55,263 |
| Other note and capital lease note obligations | **33,681** | 40,522 |
| | **1,172,961** | 1,232,940 |
| Less current portion | **(48,405)** | (57,904) |
| Total | **$ 1,124,556** | $ 1,175,036 |

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

**9. Long-Term Debt (continued)**

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

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

CHRISTUS Health has letter of credit bank agreements on Series 2008C and 2009B variable-rate demand bonds (VRDB). The Series 2009B VRDBs are supported by letters of credit issued by The Bank of New York Mellon that expire on July 31, 2014. The outstanding Series 2008C VRDBs are supported by letters of credit issued by Bank of America that expire on December 17, 2015. In December 2010, CHRISTUS Health converted $93,380,000 of auction-rate securities to fixed-rate bonds through a reoffering of the Series 2005 A-5 and 2005 A-6 bonds. The fixed-rate bonds are insured by Assured Guaranty Municipal Corp (AGMC).

**9. Long-Term Debt (continued)**

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

| | |
|---|---|
| 2013 | $ 48,405 |
| 2014 | 60,048 |
| 2015 | 56,608 |
| 2016 | 59,314 |
| 2017 | 59,927 |
| Thereafter | 888,659 |
| Total debt | $ 1,172,961 |

**10. Derivative Financial Instruments**

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

The interest rate swap contracts contain certain collateral provisions applicable to both parties to mitigate credit risk. CHRISTUS has complied with these provisions as required. No collateral was posted at June 30, 2012. The System does not anticipate nonperformance by its counterparties.

Market risk is the adverse effect on the value of a financial instrument that results from a change in interest rates. The market risk associated with interest rate changes is managed by establishing and monitoring parameters that limit the types and degrees of market risk that may be undertaken. Management also mitigates risk through periodic reviews of their derivative positions in the context of their blended cost of capital. As of June 2012, CHRISTUS Health has interest rate swap agreements to manage interest rate risk exposure, not designated as hedging instruments, with a total notional amount of $961,435,000.

**10. Derivative Financial Instruments (continued)**

At June 30, 2012, the fair value of these swap agreements was a liability of $136,786,000 recorded as a liability on the balance sheet. At June 30, 2011, the fair value of these swap agreements was a net liability of $59,973,000, with $72,348,000 recorded as a liability and $12,375,000 recorded as an asset on the consolidated balance sheet. The change in fair value of ($76,813,000) and $29,803,000 for the years ended June 30, 2012 and 2011, respectively, is combined with the payments, net of receipts made under the agreements, of $9,576,000 and $17,592,000 for the years ended June 30, 2012 and 2011, respectively. This total is included in nonoperating investment (loss) gain in the statements of operations and changes in net assets.

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

On December 28, 2011, CHRISTUS Health entered into a swap novation with Citibank, N.A. as transferor and Wells Fargo Bank, N.A. as transferee of the Fixed Payer Swap with a notional of $212,175,000 and had an effective date of January 4, 2012. The original transaction with Citibank, N.A. had a notional amount of $225,925,000, a trade date of July 13, 2005, and an effective date of November 8, 2005. The original transaction was insured by FSA (now – Assured Guaranty Municipal Corp.). The swap insurance was terminated in connection with the novation. The payment terms, expiration, events of default and termination events remain substantially the same. The collateral posting threshold under the novated swap increased from $15 million to $45 million.

## 10. Derivative Financial Instruments (continued)

The following tables summarize the fair value at June 30, 2012 and 2011, and the income (loss) recorded related to the interest rate swap agreements as of and for the years ended June 30, 2012 and 2011, in thousands.

| Counterparty | Description | Termination Date | Interest Rate Agreements | Notional Amount | Fair Value | | Change in Fair Value | | Paid/(Received) | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 6/30/2012 | 6/30/2011 | 6/30/2012 | 6/30/2011 | 6/30/2012 | 6/30/2011 |
| Merrill Lynch | Variable basis | 2021–2023 | 6 | $ 470 000 | $ (7 910) | $ (7 093) | $ (818) | $ 7 317 | $ (197) | $ 248 |
| *Wells Fargo | Fixed payor | 2022 and 2031 | 1 2 | 212 175 217 805 | (35 107) | (23 084) | (12 022) | 4 427 | 13 649 | 8 264 |
| Citigroup | **Constant maturity | 2022 | 0 1 | 0 200 000 | – | 12 375 | (12 375) | 7 551 | (12 975) | – |
| Citigroup | Fixed payor | 2047 | 2 | 166 100 | (56 095) | (25 414) | (30 681) | 6 242 | 5 435 | 5 423 |
| Citigroup | Fixed payor | 2047 | 1 | 113 160 | (37 674) | (16 757) | (20 917) | 4 266 | 3 665 | 3 657 |
| | | | | $ 961 435 | | | | | | |
| | | | 12 | 1 167 065 | $ (136 786) | $ (59 973) | $ (76 813) | $ 29 803 | $ 9 577 | $ 17 592 |

*Citigroup was the counterparty prior to the novation effective January 4 2012 The swap originally scheduled to terminate in 2022 was early terminated August 26 2011

**CHRISTUS amended and restated the Constant Maturity Swap which was modified to include suspension of cash flows from June 5 2009 through September 1 2012

CHRISTUS Health is required to post collateral for negative valuations on each of its swaps according to the terms of (i) the swap insurance agreements, where applicable and (ii) the agreement with each counterparty. CHRISTUS Health has complied with this requirement. At June 30, 2011 and 2012, no collateral was posted. The fixed payor swaps are insured by either AMBAC (terminated August 26, 2011), Assured Guaranty Municipal Corp, previously known as FSA (insurance terminated in connection with novation effective January 4, 2012), or MBIA.

CHRISTUS Health currently voluntarily posts, on a quarterly basis, selected information relating to its outstanding interest rate swap transactions on the Municipal Securities Rulemaking Board's (MSRB) Electronic Municipal Market Access system (EMMA) and the Texas State Repository – Texas Municipal Advisory Council (MAC). No assurances can be given that CHRISTUS Health will continue to post such information in the future.

## 11. Cash Balance Plan and Postretirement Health Care Benefits

### Cash Balance Plan

The System has established a noncontributory, defined-benefit retirement plan that operates as a cash balance plan and covers substantially all CHRISTUS Health employees who meet age and service requirements. The plan benefits are calculated based on a cash balance formula wherein participants earn an annual accrual of 6% of compensation and participant account balances accrue interest at a rate that tracks 10-year treasury notes; the maximum rate is 8% and the minimum rate is 2%.

### Postretirement Health Care Benefits

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

### Simplified Early Retirement Plan (SERP)

Prior to the formation of CHRISTUS, a plan for executives was curtailed prospectively. Under this plan, eligible participants receive a cash benefit payment until death and participate in the System's retiree health, dental, and group term life program. Fewer than two dozen participating retirees currently maintain benefit payment status. Benefits are recalculated when participants attain the age of 65 and remain constant thereafter. At June 30, 2012 and 2011, the total liability recorded pertaining to this SERP was $5,215,000 and $5,175,000, respectively.

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

### Restoration Plan

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

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

| | Cash Balance Plan | | Postretirement | | SERP | | Restoration Plan | |
|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Service cost | $ 41,937 | $ 43,135 | $ 512 | $ 578 | $ – | $ – | $ 187 | $ 203 |
| Interest cost | 40,431 | 37,887 | 1,039 | 1,056 | – | – | 135 | 103 |
| Expected return on assets | (41,929) | (44,720) | – | – | – | – | – | – |
| Amortization of prior service cost | (642) | (775) | (3) | – | – | – | 103 | 103 |
| Recognized net actuarial loss (gain) | 7,897 | 19,589 | – | – | 40 | (306) | – | (67) |
| Net benefit cost | $ 47,694 | $ 55,116 | $ 1,548 | $ 1,634 | $ 40 | $ (306) | $ 425 | $ 342 |

At June 30, 2012 and 2011, unrestricted net assets have been reduced by $223,045,000 and $133,519,000, respectively, of amounts arising from defined-benefit plans that have not yet been recognized in net periodic benefit cost. Amounts recognized in unrestricted net assets expected to be recognized in net periodic benefit cost during fiscal 2013 are $18,575,000.

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

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

| | Cash Balance Plan | | Postretirement | | SERP | | Restoration Plan | |
|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Changes in benefit obligation | | | | | | | | |
| Benefit obligations – beginning of year | $ 802,683 | $ 800,271 | $ 21,507 | $ 21,987 | $ 5,175 | $ 5,481 | $ 2,877 | $ 2,374 |
| Service cost | 41,937 | 43,135 | 512 | 578 | – | – | 187 | 203 |
| Interest cost | 40,431 | 37,887 | 1,039 | 1,056 | – | – | 135 | 103 |
| Actuarial loss (gain) | 49,355 | (45,342) | (3,582) | (1,567) | 40 | (306) | 1,076 | 407 |
| Benefits paid | (33,632) | (33,268) | (388) | (547) | – | – | (161) | (210) |
| Benefit obligation – end of year | $ 900,774 | $ 802,683 | $ 19,088 | $ 21,507 | $ 5,215 | $ 5,175 | $ 4,114 | $ 2,877 |
| Change in plan assets | | | | | | | | |
| Fair value of plan assets – beginning of year | $ 688,606 | $ 585,018 | $ – | $ – | $ – | $ – | $ – | $ – |
| Actual return on plan assets | (4,523) | 80,991 | – | – | – | – | – | – |
| Employer contributions | 56,400 | 55,865 | 388 | 547 | – | – | 161 | 210 |
| Benefits paid | (33,632) | (33,268) | (388) | (547) | – | – | (161) | (210) |
| Fair value of plan assets – end of year | $ 706,851 | $ 688,606 | $ – | $ – | $ – | $ – | $ – | $ – |
| Funded status of the plans | | | | | | | | |
| Underfunded | $ (193,923) | $ (114,078) | $ (19,088) | $ (21,506) | $ (5,215) | $ (5,175) | $ (4,114) | $ (2,878) |
| Unrecognized net actuarial loss (gain) | 223,449 | 135,538 | (5,760) | (2,181) | – | – | 841 | (234) |
| Unrecognized prior service cost | (1,605) | (2,247) | – | – | – | – | 360 | 463 |
| Prepaid (accrued) benefit cost | $ 27,921 | $ 19,213 | $ (24,848) | $ (23,687) | $ (5,215) | $ (5,175) | $ (2,913) | $ (2,649) |

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

As of June 30, 2012 and 2011, the CHRISTUS cash balance plan had accumulated benefit obligations of $848,224,000 and $767,586,000, respectively. Assumptions used to determine benefit obligations and net periodic benefit cost for the fiscal years were as follows:

| | Cash Balance Plan | | Postretirement | | SERP | | Restoration Plan | |
|---|---|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Benefit obligations | | | | | | | | |
| Discount rate | **4.21%** | 5.15% | **3.79%** | 4.96% | **4.21%** | 5.15% | **4.21%** | 5.15% |
| Rate of compensation increase | **4.09** | 4.09 | **N/A** | N/A | **N/A** | 4.09 | **4.09** | 4.09 |
| Net periodic benefit cost | | | | | | | | |
| Discount rate | **5.15** | 4.83 | **4.96** | 4.92 | **5.15** | 4.83 | **5.15** | 4.83 |
| Expected long-term return on plan assets | **6.00** | 7.50 | **N/A** | N/A | **N/A** | N/A | **N/A** | N/A |
| Rate of compensation increase | **4.09** | 4.61 | **N/A** | N/A | **N/A** | 4.61 | **4.09** | 4.61 |

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

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

| | Postretirement | |
|---|---|---|
| | 2012 | 2011 |
| Assumed health care cost trend rates at June 30 | **8.5%** | 9.0% |
| Health care cost trend rate assumed for next year | **7.75** | 8.0 |
| Ratio to which the cost trend rate is assumed to decline (the ultimate trend rate) | **5.5** | 5.5 |
| Year that the rate reaches the ultimate trend rate | **2016** | 2015 |

| | Postretirement | |
|---|---|---|
| | 1% Point Increase | 1% Point Decrease |
| | *(In Thousands)* | |
| Effect on total of service cost and interest cost components | $ 121 | $ (107) |
| Effect on postretirement benefit obligation | 1,589 | (1,424) |

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

**Investment Policy and Asset Allocations**

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

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

| | 2012 | 2011 |
|---|---|---|
| Cash and cash equivalents | **$ 86,985** | $ 98,516 |
| Domestic common stocks | **108,304** | 165,710 |
| Fixed-income securities | **210,713** | 203,298 |
| International equities | **66,015** | 39,217 |
| Equity investments in managed funds | **233,568** | 179,676 |
| Other | **1,266** | 2,189 |
| Total | **$ 706,851** | $ 688,606 |

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

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

| | 2012 | 2011 |
|---|---|---|
| Allocation of plan assets by asset category: | | |
| Cash and cash equivalents | **12.0%** | 14.0% |
| Equity investments in managed funds (as discussed in *Note 5*) | **33.0** | 27.0 |
| Fixed-income securities | **30.0** | 29.0 |
| Equity securities | **25.0** | 30.0 |
| Total | **100.0%** | 100.0% |

The value of the plan assets measured at fair value on a recurring basis was determined using the following inputs, as described in Note 6, at June 30, 2012 (in thousands):

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| Assets | | | | |
| Investments: | | | | |
| Cash and cash equivalents | $ 416 | $ 86,569 | $ – | $ 86,985 |
| Domestic common stocks | 108,304 | – | – | 108,304 |
| Fixed-income securities | – | 210,713 | – | 210,713 |
| International equities | 66,015 | – | – | 66,015 |
| Equity investments in managed funds | – | – | 233,568 | 233,568 |
| Other | 1,266 | – | – | 1,266 |
| Total investments | 176,001 | 297,282 | 233,568 | 706,851 |
| Total assets at fair value | $ 176,001 | $ 297,282 | $ 233,568 | $ 706,851 |

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

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

| | Hedge Funds | Private Equity | Real Estate | Natural Resources |
|---|---|---|---|---|
| Fair value at June 30, 2011 | $ 100,760 | $ 61,340 | $ 12,453 | $ 5,123 |
| Purchases, issuances, and settlements | 42,685 | 17,473 | 509 | 2,066 |
| Actual return on plan assets | (5,835) | (5,633) | 1,405 | 1,222 |
| Fair value at June 30, 2012 | $ 137,610 | $ 73,180 | $ 14,367 | $ 8,411 |

The cash balance plan has $56,354,000 of funding commitments to equity investments in managed funds as of June 30, 2012.

**Contributions**

In fiscal year 2012, CHRISTUS expects to contribute $60,000,000 to the cash balance plan based on asset values for the plan year beginning January 1, 2012. Contributions to the cash balance plan of $56,400,000, and $55,865,000 were made for plan years beginning January 1, 2011 and 2010, respectively. Since the postretirement plan, SERP, and restoration plan are unfunded, no cash contributions are expected.

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

**Benefit Payments**

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

| | Cash Balance Plan | Post retirement | SERP | Restoration Plan |
|---|---|---|---|---|
| 2013 | $ 39,205 | $ 990 | $ 588 | $ 880 |
| 2014 | 42,411 | 1,132 | 569 | 345 |
| 2015 | 44,848 | 1,299 | 548 | 369 |
| 2016 | 47,335 | 1,413 | 525 | 388 |
| 2017 | 51,076 | 1,594 | 501 | 404 |
| Years 2018–2020 | 300,613 | 8,370 | 2,089 | 1,886 |

**Defined-Contribution Plans**

The System has a defined-contribution plan (the Matched Savings Plan) covering substantially all CHRISTUS Health employees. Annual employee contributions are limited to 50% of compensation, up to the Internal Revenue Service dollar limits. The System will match 50% of employee contributions, not to exceed 4% of annual compensation. Employer contributions vest to the employee over a five-year period. For the years ended June 30, 2012 and 2011, expenses attributable to the Matched Savings Plan amounted to $8,059,023 and $8,173,381, respectively.

CHRISTUS St. Vincent Regional Medical Center (St. Vincent) has two 403(b) defined-contribution plans for union and nonunion employees. St. Vincent makes a set lump-sum contribution per year for nurse union employees and a contribution of 3.5% of gross salaries for nonunion employees, as defined by the plans' agreements. For fiscal years 2012 and 2011, St. Vincent has incurred approximately $3,885,000 and $3,960,000 in expenses related to the plans, respectively.

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

**ExecuFLEX Benefit Plan**

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

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

The DIA Plan is a nonqualified, deferred compensation plan; eligibility is limited to designated executives. Benefits vest based on certain qualifying events and are paid to participants when fully vested. The funds contributed by participants to this component of the ExecuFLEX Plan are held in a Rabbi Trust until vesting requirements have been satisfied. The System has an asset recorded for the investments in the Rabbi Trust with a corresponding liability. As of June 30, 2012 and 2011, the total asset and the corresponding liability were $6,717,000 and $9,044,000, respectively.

**12. Self-Funded Liabilities**

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

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

**12. Self-Funded Liabilities (continued)**

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

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

**13. Concentrations of Credit Risk**

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

| | 2012 | 2011 |
|---|---|---|
| Medicare | **23.2%** | 24.6% |
| Medicaid | **6.1** | 5.3 |
| Managed care organizations | **37.3** | 36.6 |
| Commercial insurance | **6.4** | 4.6 |
| Self-pay | **16.9** | 15.9 |
| Others | **10.1** | 13.0 |
| | **100.0%** | 100.0% |

**14. Commitments and Contingencies**

**Operating Leases**

The System leases various equipment and facilities under noncancelable operating leases expiring at various dates through May 20, 2045. Total rental expense in 2012 and 2011 for all operating leases was approximately $47,617,000 and $46,948,000, respectively.

**14. Commitments and Contingencies (continued)**

The System's leases have varying terms, which may include renewal or purchase options and escalation clauses that are factored into determining minimum lease payments. The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2012, that have initial or remaining lease terms in excess of one year (in thousands):

| | |
|---|---|
| 2013 | $ 33,981 |
| 2014 | 29,128 |
| 2015 | 24,883 |
| 2016 | 18,558 |
| 2017 | 20,575 |
| Thereafter | 30,291 |
| Total | $ 157,416 |

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

CHRISTUS Health has received notification that several regions have been identified as part of the nationwide Department of Justice (DOJ) investigation to determine whether, in certain cases, implantable cardioverter defibrillators (ICD) were provided to certain Medicare beneficiaries in accordance with national coverage criteria. Through September 27, 2012, the DOJ has not asserted any claims against the System. The System continues to fully cooperate with the DOJ in its investigation. While maximum penalties could have a material impact on CHRISTUS Health's financial condition, management anticipates that any final settlement will not have a material adverse impact on its financial condition.

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

## 15. Functional Expenses

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

| | 2012 | 2011 |
|---|---|---|
| Health care services | **$ 2,716,421** | $ 2,721,502 |
| Physician services | **232,584** | 188,017 |
| General and administrative | **803,318** | 771,734 |
| Total | **$ 3,752,323** | $ 3,681,253 |

## 16. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets at June 30, are available for the following purposes (in thousands):

| | 2012 | 2011 |
|---|---|---|
| Purchase of equipment/capital improvement | **$ 11,123** | $ 13,263 |
| Indigent care | **2,536** | 2,744 |
| Health education | **1,959** | 1,985 |
| Health care services | **4,413** | 7,076 |
| Community outreach | **13,057** | 13,281 |
| Other | **21,095** | 23,047 |
| Total | **$ 54,183** | $ 61,396 |

**16. Temporarily and Permanently Restricted Net Assets (continued)**

Permanently restricted net assets at June 30, are restricted as follows (in thousands):

| | 2012 | 2011 |
|---|---|---|
| Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as operating income) | **$ 7,801** | $ 7,699 |
| Endowment requiring income to be added to original gift | **6,866** | 3,922 |
| Other | **1,878** | 1,930 |
| Total | **$ 16,545** | $ 13,551 |

**17. Assets Held for Sale**

During fiscal year 2009, the System implemented a plan to monetize nonoperational assets where appropriate. As a result, several properties were identified and marketing plans were developed. The System classified certain long-lived assets as held for sale in fiscal years 2012 and 2011. The System has classified $617,000 and $2,150,000 as assets held for sale at June 30, 2012 and 2011, respectively.

Approximately $353,000 of the assets held for sale balance at June 30, 2012, is land. The remaining $264,000 represents nonoperational buildings in several Regions. Approximately $617,000 of the assets held for sale at June 30, 2011, continue to be classified as held for sale at June 30, 2012. This classification is considered appropriate due to market conditions and length of time required to execute sale transactions. The assets are recorded at the lower of the book or estimated fair value at June 30, 2012.

## 18. Changes in Consolidated Unrestricted Net Assets

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

| | Controlling Interest | Noncontrolling Interest | Total |
|---|---|---|---|
| Balance, June 30, 2010 | $ 2,012,039 | $ 103,714 | $ 2,115,753 |
| Unrestricted revenues, gains, and other support in excess of expenses | 177,333 | 18,717 | 196,050 |
| Distributions | – | (11,592) | (11,592) |
| Other activities | 72,472 | 2,410 | 74,882 |
| Balance, June 30, 2011 | 2,261,844 | 113,249 | 2,375,093 |
| Unrestricted revenues, gains, and other support in excess of expenses | (53,996) | 12,601 | (41,395) |
| Distributions | – | (5,858) | (5,858) |
| Other activities | (92,437) | (693) | (93,130) |
| Balance, June 30, 2012 | $ 2,115,411 | $ 119,299 | $ 2,234,710 |

## 19. Significant Events

*Start-up of New CHRISTUS Health Plan*

The Texas Department of Health and Human Services awarded a contract to CHRISTUS Health Plan to provide managed care services to Medicaid managed care members and Children's Health Insurance Program (CHIP) members in Nueces County and surrounding areas. In November 2011, the Texas Department of Insurance issued a license to CHRISTUS Health Plan as a managed care organization to begin accepting members effective March 1, 2012. CHRISTUS Health Plan was capitalized with an initial investment of $12,500,000 as of June 30, 2012. Membership in CHRISTUS Health Plan was 7,796 as of June 30, 2012.

*Relocation of Corporate Office*

In January 2012, CHRISTUS Health announced the corporate functions located primarily in Irving, Houston, and San Antonio, Texas, would be consolidated into a new location in Irving, Texas. The relocation process resulted in the recognition of approximately $24,000,000 of

**19. Significant Events (continued)**

relocation related costs for the year ended June 30, 2012. This relates primarily to lease termination costs and certain employee severance costs, which are included in services and other expenses and employee compensation and benefits, respectively, in the consolidated statement of operations. Of these amounts, approximately $2,000,000 has been paid and the remaining balance is recorded in accounts payable and accrued expenses in the consolidated balance sheet at June 30, 2012. Other relocation costs, including moving and employee relocation expenses, will be recognized as incurred. The transition is scheduled to begin in August 2012 and be substantially complete by the spring of 2013. CHRISTUS does not expect to incur additional costs related to the relocation in fiscal year 2013 that will have a material effect on the System's consolidated financial statements.

*St Joseph Villa*

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

**20. Subsequent Events**

The System evaluated events and transactions occurring subsequent to June 30, 2012, and through September 27, 2012, the date of issuance of the accompanying consolidated financial statements. During this period, there were no subsequent events requiring recognition in the consolidated financial statements.

*CHRISTUS Santa Rosa City Center*

In April 2012, CHRISTUS Santa Rosa announced plans to transform the City Center campus in downtown San Antonio into a free-standing children's hospital. In July 2012, CHRISTUS Santa Rosa ceased adult services in the City Center facility.

**20. Subsequent Events (continued)**

The $135,000,000 facility expansion and renovation program is expected to be completed in 24 months. Once completed, the CHRISTUS Santa Rosa Children's Hospital will be licensed for 275 beds.

*CHRISTUS Spohn and Nueces County Hospital District Relationship*

CHRISTUS Spohn Health System (Spohn) is in negotiation with Nueces County Hospital District (NCHD) to enter into a co-membership agreement. The agreement will allow NCHD to have a percentage membership in Spohn entitling NCHD to a portion of the patient receipts, as well as change the current obligations regarding lease payments and funds flow for services delivered to the Nueces County indigent care patients.

Ernst & Young LLP

Assurance | Tax | Transactions | Advisory

**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 | | | |
| D Wayne Moore<br>Hospital Admin - St Mary | 40 0 | | | | X | | | 236,791 | 69,938 | 51,595 |
| Richard Tyler MD<br>CMO/VP Medical Affairs | 40 0 | | | | X | | | 303,532 | 91,424 | 83,172 |
| Paul Trevino<br>Hospital Admin - St Elizabeth | 40 0 | | | | X | | | 376,435 | 97,576 | 98,232 |
| Mary Eagan<br>Chief Nurse Executive | 40 0 | | | | X | | | 377,561 | 65,638 | 49,925 |
| Tom Permetti<br>Chief Operating Officer | 16 0 | | | | X | | | 130,339 | 363,160 | 109,494 |
| Jane Rawls<br>Chief Nursing Officer-St Mary | 40 0 | | | | | X | | 136,580 | 35,390 | 40,358 |
| Heather Boler<br>Regional VP Marketing | 24 0 | | | | | X | | 126,520 | 133,304 | 56,396 |
| Charles Foster<br>Regional VP HR | 24 0 | | | | | X | | 179,574 | 147,145 | 80,322 |
| Karen McRight<br>Reg Director- Mktg (Term 11/4) | 40 0 | | | | | X | | 181,025 | 0 | 16,948 |
| Thomas Welch<br>Regional Director - Pharmacy | 40 0 | | | | | X | | 167,926 | 0 | 33,093 |

## Additional Data

**Software ID:**
**Software Version:**
**EIN:** 76-0591590
**Name:** Christus Health Southeast Texas

### 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 | | | |
| Pamela A St Amand MD<br>Board member | 1 0 | X | | | | | | 0 | 982 | 0 |
| Kathryn E Bommer MD<br>Board member | 1 0 | X | | | | | | 0 | 982 | 0 |
| Kenneth J Brooks<br>Board member (Eff 1/1/12) | 1 0 | X | | | | | | 0 | 0 | 0 |
| Martin E Broussard<br>Board member | 1 0 | X | | | | | | 0 | 982 | 0 |
| Tamarla D Chavis MD<br>Board member | 1 0 | X | | | | | | 68,557 | 982 | 0 |
| Joseph F Domino<br>Chairperson | 1 0 | X | | X | | | | 0 | 0 | 0 |
| Judge Guadalupe R Flores<br>Board member | 1 0 | X | | | | | | 0 | 982 | 0 |
| Tom W Herbst<br>Vice Chairperson | 1 0 | X | | X | | | | 0 | 0 | 0 |
| John A Iceton MD<br>Board member (Eff 1/1/12) | 1 0 | X | | | | | | 48,139 | 0 | 0 |
| Ellen Jones<br>President/CEO | 23 0 | X | | X | | | | 387,420 | 391,540 | 167,496 |
| S Scott Kacy MD<br>Board member | 1 0 | X | | | | | | 0 | 982 | 0 |
| Mary Ann Reid<br>Board member | 1 0 | X | | | | | | 0 | 982 | 0 |
| Kevin J Roy<br>Board member | 1 0 | X | | | | | | 0 | 0 | 0 |
| Sr Guadalupe E Ruiz<br>Board member | 1 0 | X | | | | | | 0 | 0 | 0 |
| Sister Ann Margaret Savant<br>Board member | 1 0 | X | | | | | | 0 | 0 | 0 |
| Rebecca M Schneider MD<br>Board member (Eff 1/1/12) | 1 0 | X | | | | | | 0 | 0 | 0 |
| Martin E Gilliland MD<br>Board Member (Term 12/31/11) | 1 0 | X | | | | | | 0 | 0 | 0 |
| Roy N Steinhagen<br>Board Member | 1 0 | X | | | | | | 0 | 0 | 0 |
| Enrique R Henry Venta MSBS<br>Board member (Eff 1/1/12) | 1 0 | X | | | | | | 0 | 0 | 0 |
| Sabrina H Vrooman<br>Board member (Eff 1/1/12) | 1 0 | X | | | | | | 0 | 0 | 0 |
| Girish B Kansara MD<br>Board Member (Term 12/31/11) | 1 0 | X | | | | | | 12,750 | 0 | 0 |
| William Hecht<br>Chief Financial Officer | 24 0 | | | X | | | | 228,999 | 230,171 | 90,561 |
| Mary D Silva<br>Asst Corp Scrtry (Term 12/31) | 1 0 | | | X | | | | 0 | 88,240 | 6,537 |
| Cheryl Larson<br>Secretary | 40 0 | | | X | | | | 52,465 | 0 | 6,423 |
| Deborah Wiegand<br>Hospital Admin - Jasper | 40 0 | | | | X | | | 186,035 | 51,891 | 46,312 |