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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  
**2012**  
**Open to Public Inspection**

**A For the 2012 calendar year, or tax year beginning 07-01-2012, 2012, and ending 06-30-2013**

**B** Check if applicable:  
 Address change  
 Name change  
 Initial return  
 Terminated  
 Amended return  
 Application pending

**C** Name of organization: CHRISTUS CONTINUING CARE  
 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 Suite  
 City or town, state or country, and ZIP + 4: Irving, TX 75038

**D** Employer identification number: 74-2898615  
**E** Telephone number: (469) 282-2000  
**G** Gross receipts \$ 87,685,904

**F** Name and address of principal officer: Chris Karam, 2600 St Michael Drive, Texarkana, TX 75503

**H(a)** Is this a group return for affiliates?  Yes  No  
**H(b)** Are all affiliates included?  Yes  No  
 If "No," attach a list (see instructions)  
**H(c)** Group exemption number: 0928

**I** Tax-exempt status:  501(c)(3)  501(c) ( ) (Insert no )  4947(a)(1) or  527

**J** Website: www.christushomecare.org, www.dubuis.org

**K** Form of organization:  Corporation  Trust  Association  Other  
**L** Year of formation: 1998 **M** State of legal domicile: TX

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities CHRISTUS CONTINUING CARE IS A NONPROFIT CORPORATION PROVIDING NON-PROFIT HEALTH CARE SERVICES, INCLUDING HOME HEALTH AND HOSPICE SERVICES		
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	<b>3</b>	9
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	<b>4</b>	8
	<b>5</b> Total number of individuals employed in calendar year 2012 (Part V, line 2a)	<b>5</b>	2,705
	<b>6</b> Total number of volunteers (estimate if necessary)	<b>6</b>	150
	<b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12	<b>7a</b>	1,216,749
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	<b>7b</b>	76,540	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	<b>Prior Year</b>	<b>Current Year</b>
	<b>9</b> Program service revenue (Part VIII, line 2g)	1,825,764	1,065,796
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	90,977,673	82,508,243
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	218,922	1,380
	<b>12</b> Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	5,243,033	4,110,485
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	98,265,392	87,685,904
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	14,075	69,758
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0	0
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	64,703,458	61,261,922
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25)	0	0
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	33,628,921	30,440,173
	<b>18</b> Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	98,346,454	91,771,853
<b>19</b> Revenue less expenses Subtract line 18 from line 12	-81,062	-4,085,949	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	<b>Beginning of Current Year</b>	<b>End of Year</b>
	<b>21</b> Total liabilities (Part X, line 26)	15,981,665	16,418,224
	<b>22</b> Net assets or fund balances Subtract line 21 from line 20	24,539,287	29,051,140
		-8,557,622	-12,632,916

**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: Mike Murray CFO  
 Date: 2014-05-12

**Paid Preparer Use Only**  
 Preparer's name: Ernst & Young US LLP  
 Preparer's signature: [Signature]  
 Date: [Date]  
 Check  if self-employed  
 PTIN: [PTIN]  
 Firm's name: ERNST & YOUNG US LLP  
 Firm's EIN: [EIN]  
 Firm's address: 201 MAIN STREET SUITE 1100  
 Phone no: (817) 335-1900  
 FORT WORTH, TX 76102

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'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 CHRISTUS HEALTH, AND THE ETHICAL AND RELIGIOUS DIRECTIVES 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 ASSISTANCE TO, AND TO INVEST, TRANSFER AND/OR DISPOSE OF FUNDS OF THE CORPORATION FOR THE USE AND BENEFIT OF, AND IN FURTHERANCE OF THE PURPOSES OF, CHRISTUS HEALTH THE CORPORATION'S PURPOSES ARE ALSO TO MAKE GIFTS, GRANTS, AND CONTRIBUTIONS TO OTHER QUALIFYING TAX-EXEMPT ORGANIZATIONS, PARTICULARLY THOSE DESIGNATED TO SUPPORT AND BENEFIT THE HEALTH AND WELFARE OF THE POOR AND UNDERSERVED

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 [X] 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 [X] 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 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 \$ 78,121,694 including grants of \$ 69,758 ) (Revenue \$ 82,508,243 )
CHRISTUS CONTINUING CARE IS A NONPROFIT CORPORATION PROVIDING HEALTH CARE AND HOSPICE SERVICES THE MISSION OF CHRISTUS CONTINUING CARE IS TO EXTEND THE HEALING MINISTRY OF JESUS CHRIST THE MISSION IS FULFILLED THROUGH COMMUNITY PROGRAMS AND QUALITY HOME CARE THAT CONSIDERS PHYSICAL, SOCIAL AND SPIRITUAL NEEDS OF THE PATIENTS SERVED CHRISTUS HEALTH IS THE SOLE CORPORATE MEMBER OF CHRISTUS CONTINUING CARE IN ORDER TO CONTINUE TO IMPROVE AND ENHANCE THE HOME CARE AND HOSPICE SERVICES PROVIDED TO PATIENTS, CHRISTUS CONTINUING CARE HAS CONSOLIDATED THE HOME CARE AND HOSPICE SERVICES IN SEVERAL CHRISTUS HEALTH REGIONS DURING THE FISCAL YEAR ENDING JUNE 30, 2013, CHRISTUS CONTINUING CARE PROVIDED \$96,440 HOME HEALTH VISITS, \$116,541 HOSPICE PATIENT DAYS, \$792,091 BILLABLE HOURS OF COMMUNITY BASED PROGRAMS, AND \$29,524 LONG-TERM ACUTE CARE PATIENT DAYS CHRISTUS CONTINUING CARE IS PART OF CHRISTUS HEALTH, FORMED IN 1999 TO STRENGTHEN THE 148-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, 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

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

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









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

4e Total program service expenses 78,121,694

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> <input checked="" type="checkbox"/>	Yes	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> (see instructions)? <input checked="" type="checkbox"/>	Yes	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		No
<b>4</b> <b>Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		No
<b>5</b> 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? <i>If "Yes," complete Schedule C, Part III</i>		No
<b>6</b> 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? <i>If "Yes," complete Schedule D, Part I</i> <input checked="" type="checkbox"/>		No
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> <input checked="" type="checkbox"/>		No
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> <input checked="" type="checkbox"/>		No
<b>9</b> Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i> <input checked="" type="checkbox"/>		No
<b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> <input checked="" type="checkbox"/>		No
<b>11</b> 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		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> <input checked="" type="checkbox"/>	Yes	
<b>b</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? <i>If "Yes," complete Schedule D, Part VII</i> <input checked="" type="checkbox"/>		No
<b>c</b> 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? <i>If "Yes," complete Schedule D, Part VIII</i> <input checked="" type="checkbox"/>		No
<b>d</b> 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? <i>If "Yes," complete Schedule D, Part IX</i> <input checked="" type="checkbox"/>		No
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>	Yes	
<b>f</b> 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)? <i>If "Yes," complete Schedule D, Part X</i> <input checked="" type="checkbox"/>	Yes	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> <input checked="" type="checkbox"/>		No
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> <input checked="" type="checkbox"/>	Yes	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		No
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States?		No
<b>b</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? <i>If "Yes," complete Schedule F, Parts I and IV</i>		No
<b>15</b> 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 United States? <i>If "Yes," complete Schedule F, Parts II and IV</i>		No
<b>16</b> 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 United States? <i>If "Yes," complete Schedule F, Parts III and IV</i>		No
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I (see instructions)</i>		No
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		No
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		No
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> <input checked="" type="checkbox"/>	Yes	
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? <input checked="" type="checkbox"/>	Yes	

**Part IV Checklist of Required Schedules** (continued)

<b>21</b>	Did the organization report more than \$5,000 of grants and other assistance to any government or organization in the United States on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> . . . . . 	<b>21</b>	Yes	
<b>22</b>	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? <i>If "Yes," complete Schedule I, Parts I and III</i> . . . . . 	<b>22</b>		No
<b>23</b>	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> . . . . . 	<b>23</b>	Yes	
<b>24a</b>	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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25</i> . . . . .	<b>24a</b>		No
<b>b</b>	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? . . . . .	<b>24b</b>		
<b>c</b>	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? . . . . .	<b>24c</b>		
<b>d</b>	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? . . . . .	<b>24d</b>		
<b>25a</b>	<b>Section 501(c)(3) and 501(c)(4) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	<b>25a</b>		No
<b>b</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? <i>If "Yes," complete Schedule L, Part I</i> . . . . .	<b>25b</b>		No
<b>26</b>	Was a loan to or by a current or former officer, director, trustee, key employee, highest compensated employee, or disqualified person outstanding as of the end of the organization's tax year? <i>If "Yes," complete Schedule L, Part II</i> . . . . .	<b>26</b>		No
<b>27</b>	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> . . . . .	<b>27</b>		No
<b>28</b>	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)			
<b>a</b>	A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<b>28a</b>		No
<b>b</b>	A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<b>28b</b>		No
<b>c</b>	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> . . . . .	<b>28c</b>		No
<b>29</b>	Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<b>29</b>		No
<b>30</b>	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> . . . . .	<b>30</b>		No
<b>31</b>	Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> . . . . .	<b>31</b>		No
<b>32</b>	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> . . . . .	<b>32</b>		No
<b>33</b>	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> . . . . . 	<b>33</b>		No
<b>34</b>	Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> . . . . . 	<b>34</b>	Yes	
<b>35a</b>	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	<b>35a</b>	Yes	
<b>b</b>	If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . . 	<b>35b</b>	Yes	
<b>36</b>	<b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> . . . . . 	<b>36</b>		No
<b>37</b>	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? <i>If "Yes," complete Schedule R, Part VI</i> 	<b>37</b>		No
<b>38</b>	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? <b>Note.</b> All Form 990 filers are required to complete Schedule O . . . . .	<b>38</b>	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
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable . . . . .		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable . . . . .		
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? . . . . .	Yes	
<b>2a</b>	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 . . . . .		
<b>2b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) . . . . .	Yes	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year? . . . . .	Yes	
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," provide an explanation in Schedule O . . . . .	Yes	
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? . . . . .		No
<b>b</b>	If "Yes," enter the name of the foreign country <input type="checkbox"/> _____ See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts . . . . .		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . . . . .		No
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? . . . . .		No
<b>5c</b>	If "Yes," to line 5a or 5b, did the organization file Form 8886-T? . . . . .		
<b>6a</b>	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 as charitable contributions? . . . . .		No
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? . . . . .		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>a</b>	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? . . . . .		No
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided? . . . . .		
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? . . . . .		No
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year . . . . .		
<b>7e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? . . . . .		No
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . . . . .		No
<b>7g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? . . . . .		
<b>7h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? . . . . .		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.</b> Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? . . . . .		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9a</b>	Did the organization make any taxable distributions under section 4966? . . . . .		
<b>9b</b>	Did the organization make a distribution to a donor, donor advisor, or related person? . . . . .		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12 . . . . .		
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities . . . . .		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter		
<b>11a</b>	Gross income from members or shareholders . . . . .		
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them) . . . . .		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041? . . . . .		
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year . . . . .		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>13a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O . . . . .		
<b>13b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans . . . . .		
<b>13c</b>	Enter the amount of reserves on hand . . . . .		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year? . . . . .		No
<b>14b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O . . . . .		

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 . . . . . [X]

Section A. Governing Body and Management

Table with 3 columns: Question, Yes, No. Rows include: 1a Enter the number of voting members of the governing body at the end of the tax year (9); 1b Enter the number of voting members included in line 1a, above, who are independent (8); 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? (No); 3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? (No); 4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed? (No); 5 Did the organization become aware during the year of a significant diversion of the organization's assets? (No); 6 Did the organization have members or stockholders? (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? (Yes); 7b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body? (Yes); 8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following: 8a The governing body? (Yes); 8b Each committee with authority to act on behalf of the governing body? (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 (No).

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

Table with 3 columns: Question, Yes, No. Rows include: 10a Did the organization have local chapters, branches, or affiliates? (No); 10b 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?; 11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form? (Yes); 11b Describe in Schedule O the process, if any, used by the organization to review this Form 990; 12a Did the organization have a written conflict of interest policy? If "No," go to line 13 (Yes); 12b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts? (Yes); 12c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done (Yes); 13 Did the organization have a written whistleblower policy? (Yes); 14 Did the organization have a written document retention and destruction policy? (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? 15a The organization's CEO, Executive Director, or top management official (Yes); 15b Other officers or key employees of the organization (Yes); 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? (No); 16b 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?

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 [X] Upon request [ ] Other (explain in Schedule O); 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 during the tax year; 20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization: MICHAEL MURRAY 919 HIDDEN RIDGE DRIVE IRVING, TX (469) 282-2299

**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 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 organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) DAVID W STRONG Chairperson	1 0	X		X			0	0	0	
(2) SISTER BRIGID MARIE CLARKE Director	1 0	X					0	0	0	
(3) REBECCA A CROES Director	1 0	X					0	0	0	
(4) LYNN W HAMBY Director	1 0	X					0	0	0	
(5) SISTER MIRIAM THERESE MILLER Director	1 0	X					0	0	0	
(6) GREGORY C PULIDO Director	1 0	X					0	0	0	
(7) BILL J CHEN Director	1 0	X					0	0	0	
(8) HONG YANG LIU MD Director	1 0	X					0	0	0	
(9) Christopher Karam President/CEO	8 0 32 0	X		X			121,533	486,130	126,714	
(10) Paul Veillon CFO (Term 3/2013)	20 0 20 0			X			119,400	119,400	34,350	
(11) Mike Murray CFO (eff 3/8/2013)	1 0			X			0	0	0	
(12) Marie Marquez Asst Corporate Secretary	1 0			X			47,232	0	1,063	
(13) William L Pardue Deputy Corp Sec (Term 12/2012)	1 0 32 0			X			0	146,813	18,497	
(14) Chakia Guevara Deputy Corp Sec (EFF 3/8/13)	1 0			X			0	0	0	
(15) MARY SILVA DEPUTY CORP SEC (TERM 12/12)	20 0 20 0			X			0	91,342	1,324	
(16) Tracey Richard COO-CHRISTUS DUBUIS HLTH SYS	40 0				X		184,009	0	14,936	
(17) Jan Hamilton Crawford VP Operations (EFF 10/2012)	40 0				X		229,010	0	5,018	

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

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) KEITH M ROGERS REGIONAL ADMINISTRATOR	40 0					X		180,705	0	21,446
(19) PETER B JOHNSON DIRECTOR OF PHARMACY	40 0					X		161,331	0	34,833
(20) Mike Sullivan VP MISSION & ORG ETHICS	40 0 0 0					X		0	201,484	51,962
(21) Pearl Mohnkem VP HR	40 0 0 0					X		0	243,142	9,722
(22) Pamela Kennedy VP HUMAN RESOURCES	40 0 0 0					X		0	211,881	66,106
(23) Patrick Carrier FMR PRES/CEO(TERM 2/27/10)	0 0 40 0						X	0	631,456	155,604
(24) Linda McClung FMR BD MBR/INT CEO/PRES	0 0 40 0						X	0	721,259	159,607
(25) Tom Permetti VP STRATEGY (TERM 5/30/10)	0 0 40 0						X	0	414,481	104,742
<b>1b Sub-Total</b>										
<b>c Total from continuation sheets to Part VII, Section A</b>										
<b>d Total (add lines 1b and 1c)</b>								1,043,220	3,267,388	805,924

**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 **89**

	Yes	No
<b>3</b> Did the organization list any <b>former</b> officer, director or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	3 Yes	
<b>4</b> 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? <i>If "Yes," complete Schedule J for such individual</i>	4 Yes	
<b>5</b> Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>	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
Christus Health Southeast Texas , PO BOX 840973 DALLAS TX 75284	Ancillary Services	3,392,781
ST FRANCES CABRINI HOSPITAL , 3330 MASONIC DRIVE ALEXANDRIA LA 71301	Ancillary Services	1,732,669
ST JOSEPH REGIONAL HEALTH CENTER , 2801 FRANCISCAN DRIVE BRYAN TX 77802	Ancillary Services	1,303,121
PARIS REGIONAL MEDICAL CENTER , PO BOX 9070 PARIS TX 75461	Ancillary Services	1,067,310
ACHIEVE MEDICAL STAFFING LLC , PO BOX 159 DRY PRONG LA 71423	Contract Labor	660,175

**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 **36**

**Part VIII Statement of Revenue**

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

		(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512, 513, or 514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1a</b> Federated campaigns . . . <b>1a</b>					
	<b>b</b> Membership dues . . . . . <b>1b</b>					
	<b>c</b> Fundraising events . . . . . <b>1c</b>					
	<b>d</b> Related organizations . . . . . <b>1d</b>					
	<b>e</b> Government grants (contributions) <b>1e</b>					
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above <b>1f</b>	1,065,796				
	<b>g</b> Noncash contributions included in lines 1a-1f \$					
	<b>h Total.</b> Add lines 1a-1f . . . . .	1,065,796				
<b>Program Service Revenue</b>	<b>2a</b> NET PATIENT SERVICE REVENUE					
		Business Code				
		621610	82,743,800	82,743,800		
	<b>b</b> PROGRAM RELATED INVESTMENT INCOME	900099	-235,557	-235,557		
	<b>c</b>					
	<b>d</b>					
	<b>e</b>					
<b>f</b> All other program service revenue						
<b>g Total.</b> Add lines 2a-2f . . . . .		82,508,243				
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts) . . . . .		1,380		1,380	
	<b>4</b> Income from investment of tax-exempt bond proceeds . . . . .		0			
	<b>5</b> Royalties . . . . .		0			
	<b>6a</b> Gross rents	(i) Real				
		(ii) Personal				
		<b>b</b> Less rental expenses				
		<b>c</b> Rental income or (loss)	0	0		
	<b>d</b> Net rental income or (loss) . . . . .		0			
	<b>7a</b> Gross amount from sales of assets other than inventory	(i) Securities				
		(ii) Other				
		<b>b</b> Less cost or other basis and sales expenses				
		<b>c</b> Gain or (loss)				
	<b>d</b> Net gain or (loss) . . . . .		0			
	<b>8a</b> Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c) See Part IV, line 18 . . . . .	<b>a</b>				
		<b>b</b> Less direct expenses . . . . . <b>b</b>				
<b>c</b> Net income or (loss) from fundraising events . . . . .			0			
<b>9a</b> Gross income from gaming activities See Part IV, line 19 . . . . .	<b>a</b>					
	<b>b</b> Less direct expenses . . . . . <b>b</b>					
	<b>c</b> Net income or (loss) from gaming activities . . . . .		0			
<b>10a</b> Gross sales of inventory, less returns and allowances . . . . .	<b>a</b>					
	<b>b</b> Less cost of goods sold . . . . . <b>b</b>					
	<b>c</b> Net income or (loss) from sales of inventory . . . . .		0			
Miscellaneous Revenue		Business Code				
<b>11a</b> MANAGEMENT FEE REVENUE	561000	4,087,089		1,201,749	2,885,340	
<b>b</b> LIFELINE	623990	15,000		15,000		
<b>c</b> All other revenue	900099	8,396			8,396	
<b>d</b> All other revenue . . . . .						
<b>e Total.</b> Add lines 11a-11d . . . . .		4,110,485				
<b>12 Total revenue.</b> See Instructions . . . . .		87,685,904	82,508,243	1,216,749	2,895,116	

**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)

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

<b>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</b>		<b>(A)</b> Total expenses	<b>(B)</b> Program service expenses	<b>(C)</b> Management and general expenses	<b>(D)</b> Fundraising expenses
<b>1</b>	Grants and other assistance to governments and organizations in the United States. See Part IV, line 21	69,758	69,758		
<b>2</b>	Grants and other assistance to individuals in the United States. See Part IV, line 22	0			
<b>3</b>	Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16	0			
<b>4</b>	Benefits paid to or for members	0			
<b>5</b>	Compensation of current officers, directors, trustees, and key employees	685,939	607,303	78,636	
<b>6</b>	Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
<b>7</b>	Other salaries and wages	49,864,750	44,148,243	5,716,507	
<b>8</b>	Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	2,281,852	2,090,775	191,077	
<b>9</b>	Other employee benefits	5,078,279	4,644,892	433,387	
<b>10</b>	Payroll taxes	3,351,102	2,891,457	459,645	
<b>11</b>	Fees for services (non-employees)				
<b>a</b>	Management	0			
<b>b</b>	Legal	14,489	5	14,484	
<b>c</b>	Accounting	0			
<b>d</b>	Lobbying	0			
<b>e</b>	Professional fundraising services. See Part IV, line 17	0			
<b>f</b>	Investment management fees	0			
<b>g</b>	Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	1,490,005	1,078,673	411,332	
<b>12</b>	Advertising and promotion	91,452	40,952	50,500	
<b>13</b>	Office expenses	1,795,070	1,590,582	204,488	
<b>14</b>	Information technology	2,899,134	2,899,134		
<b>15</b>	Royalties	0			
<b>16</b>	Occupancy	4,314,779	3,761,702	553,077	
<b>17</b>	Travel	1,575,454	1,326,053	249,401	
<b>18</b>	Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
<b>19</b>	Conferences, conventions, and meetings	166,725	33,579	133,146	
<b>20</b>	Interest	13,599	3,004	10,595	
<b>21</b>	Payments to affiliates	0			
<b>22</b>	Depreciation, depletion, and amortization	1,723,839	495,929	1,227,910	
<b>23</b>	Insurance	671,745	172,895	498,850	
<b>24</b>	Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
<b>a</b>	MEDICAL SUPPLIES	5,200,177	5,198,922	1,255	
<b>b</b>	BAD DEBT EXPENSE	380,501	380,501		
<b>c</b>	TAXES	290,990	57,383	233,607	
<b>d</b>	EQUIPMENT RENTAL	1,751,071	1,739,253	11,818	
<b>e</b>	All other expenses	8,061,143	4,890,699	3,170,444	
<b>25</b>	<b>Total functional expenses.</b> Add lines 1 through 24e	91,771,853	78,121,694	13,650,159	0
<b>26</b>	<b>Joint costs.</b> Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation. Check here <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

**Part X Balance Sheet**

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

		(A)		(B)
		Beginning of year		End of year
<b>Assets</b>	<b>1</b> Cash—non-interest-bearing . . . . .	27,938	<b>1</b>	737,159
	<b>2</b> Savings and temporary cash investments . . . . .	0	<b>2</b>	0
	<b>3</b> Pledges and grants receivable, net . . . . .	0	<b>3</b>	0
	<b>4</b> Accounts receivable, net . . . . .	11,164,195	<b>4</b>	12,693,040
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L . . . . .	0	<b>5</b>	0
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L . . . . .	0	<b>6</b>	0
	<b>7</b> Notes and loans receivable, net . . . . .	23,601	<b>7</b>	29,712
	<b>8</b> Inventories for sale or use . . . . .	361,980	<b>8</b>	349,501
	<b>9</b> Prepaid expenses and deferred charges . . . . .	186,886	<b>9</b>	165,802
	<b>10a</b> Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D . . . . .	<b>10a</b> 19,949,543		
	<b>b</b> Less accumulated depreciation . . . . .	<b>10b</b> 18,417,482	2,374,664	<b>10c</b> 1,532,061
	<b>11</b> Investments—publicly traded securities . . . . .	104,636	<b>11</b>	118,404
	<b>12</b> Investments—other securities See Part IV, line 11 . . . . .	0	<b>12</b>	0
	<b>13</b> Investments—program-related See Part IV, line 11 . . . . .	747,669	<b>13</b>	493,712
	<b>14</b> Intangible assets . . . . .	319,000	<b>14</b>	298,833
	<b>15</b> Other assets See Part IV, line 11 . . . . .	671,096	<b>15</b>	0
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) . . . . .	15,981,665	<b>16</b>	16,418,224	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses . . . . .	10,458,762	<b>17</b>	9,337,305
	<b>18</b> Grants payable . . . . .	0	<b>18</b>	0
	<b>19</b> Deferred revenue . . . . .	8,926,117	<b>19</b>	6,696,724
	<b>20</b> Tax-exempt bond liabilities . . . . .	0	<b>20</b>	0
	<b>21</b> Escrow or custodial account liability Complete Part IV of Schedule D . . . . .	0	<b>21</b>	0
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L . . . . .	0	<b>22</b>	0
	<b>23</b> Secured mortgages and notes payable to unrelated third parties . . . . .	64,167	<b>23</b>	13,657
	<b>24</b> Unsecured notes and loans payable to unrelated third parties . . . . .	0	<b>24</b>	0
	<b>25</b> 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 . . . . .	5,090,241	<b>25</b>	13,003,454
	<b>26 Total liabilities.</b> Add lines 17 through 25 . . . . .	24,539,287	<b>26</b>	29,051,140
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets . . . . .	-8,930,295	<b>27</b>	-12,941,834
	<b>28</b> Temporarily restricted net assets . . . . .	354,607	<b>28</b>	290,852
	<b>29</b> Permanently restricted net assets . . . . .	18,066	<b>29</b>	18,066
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds . . . . .		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building or equipment fund . . . . .		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds . . . . .		<b>32</b>	
<b>33</b> Total net assets or fund balances . . . . .	-8,557,622	<b>33</b>	-12,632,916	
<b>34</b> Total liabilities and net assets/fund balances . . . . .	15,981,665	<b>34</b>	16,418,224	

**Part XI Reconciliation of Net Assets**

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

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	87,685,904
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	91,771,853
<b>3</b>	Revenue less expenses Subtract line 2 from line 1	<b>3</b>	-4,085,949
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	-8,557,622
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	
<b>6</b>	Donated services and use of facilities	<b>6</b>	
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	10,655
<b>10</b>	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	-12,632,916

**Part XII Financial Statements and Reporting**

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

	Yes	No
<b>1</b> Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
<b>2a</b> Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		No
<b>2b</b> Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	Yes	
<b>2c</b> If "Yes," to line 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	Yes	
<b>3a</b> 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?		No
<b>3b</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		

**SCHEDULE A**  
(Form 990 or 990EZ)

**Public Charity Status and Public Support**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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.

Name of the organization  
CHRISTUS CONTINUING CARE

Employer identification number

74-2898615

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

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

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E )
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II )
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II )
- 8  A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II )
- 9  An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2)**. (Complete Part III )
- 10  An organization organized and operated exclusively to test for public safety See **section 509(a)(4)**.
- 11  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3)**. Check the box that describes the type of supporting organization and complete lines 11e through 11h  
 a  Type I b  Type II c  Type III - Functionally integrated d  Type III - Non-functionally integrated
- 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?  
 (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 supported organization?  
 (ii) A family member of a person described in (i) above?  
 (iii) A 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s)

	Yes	No
<b>11g(i)</b>		
<b>11g(ii)</b>		
<b>11g(iii)</b>		

(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?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U S ?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
<b>Total</b>									

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

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

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>4 Total.</b> Add lines 1 through 3						
<b>5</b> 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)						
<b>6 Public support.</b> Subtract line 5 from line 4						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>7</b> Amounts from line 4						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on						
<b>10</b> Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV )						
<b>11 Total support</b> (Add lines 7 through 10)						
<b>12</b> Gross receipts from related activities, etc (see instructions)					<b>12</b>	
<b>13 First five years.</b> 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 <b>stop here</b> . . . . . ▶						

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2012 (line 6, column (f) divided by line 11, column (f))	<b>14</b>	
<b>15</b> Public support percentage for 2011 Schedule A, Part II, line 14	<b>15</b>	
<b>16a 33 1/3% support test—2012.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization ▶		
<b>b 33 1/3% support test—2011.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization ▶		
<b>17a 10%-facts-and-circumstances test—2012.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶		
<b>b 10%-facts-and-circumstances test—2011.</b> 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 <b>stop here.</b> Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶		
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶		

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants.")						
<b>2</b> 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						
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge						
<b>6 Total.</b> Add lines 1 through 5						
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons						
<b>b</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						
<b>c</b> Add lines 7a and 7b						
<b>8 Public support</b> (Subtract line 7c from line 6)						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2008	(b) 2009	(c) 2010	(d) 2011	(e) 2012	(f) Total
<b>9</b> Amounts from line 6						
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
<b>c</b> Add lines 10a and 10b						
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV.)						
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)						
<b>14 First five years.</b> 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 <b>stop here</b> <input type="checkbox"/>						

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2012 (line 8, column (f) divided by line 13, column (f))	<b>15</b>	
<b>16</b> Public support percentage from 2011 Schedule A, Part III, line 15	<b>16</b>	

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for <b>2012</b> (line 10c, column (f) divided by line 13, column (f))	<b>17</b>	
<b>18</b> Investment income percentage from <b>2011</b> Schedule A, Part III, line 17	<b>18</b>	

- 19a 33 1/3% support tests—2012.** 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—2011.** 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.** Complete this part to provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

<b>Facts And Circumstances Test</b>
-------------------------------------

<b>Explanation</b>

SCHEDULE D (Form 990)

OMB No 1545-0047

Supplemental Financial Statements

2012

Open to Public Inspection

Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b. Attach to Form 990. See separate instructions.

Department of the Treasury Internal Revenue Service

Name of the organization CHRISTUS CONTINUING CARE

Employer identification number 74-2898615

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.

Table with 3 columns: (a) Donor advised funds, (b) Funds and other accounts, and a Yes/No column. Rows include total number at end of year, aggregate contributions, aggregate grants, aggregate value, and questions about donor advised funds and grant purposes.

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

Form for Part II Conservation Easements. Includes checkboxes for various purposes (land for public use, natural habitat, open space, historic structure), questions about monitoring, expenses, and reporting requirements.

Table titled 'Held at the End of the Year' with rows 2a, 2b, 2c, and 2d.

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.

Form for Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Includes questions about reporting requirements and amounts for revenues and assets.

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

**3** Using the organization's acquisition, 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 XIII

**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 XIII and complete the following table

	Amount
<b>1c</b>	
<b>1d</b>	
<b>1e</b>	
<b>1f</b>	

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

**b** If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

**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
<b>1a</b> Beginning of year balance . . . . .					
<b>b</b> Contributions . . . . .					
<b>c</b> Net investment earnings, gains, and losses					
<b>d</b> Grants or scholarships . . . . .					
<b>e</b> Other expenditures for facilities and programs . . . . .					
<b>f</b> Administrative expenses . . . . .					
<b>g</b> End of year balance . . . . .					

**2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a** Board designated or quasi-endowment ▶
  - b** Permanent endowment ▶
  - c** Temporarily restricted endowment ▶
- The percentages in lines 2a, 2b, and 2c should equal 100%

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

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

**4** Describe in Part XIII 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
<b>1a</b> Land . . . . .				
<b>b</b> Buildings . . . . .		113,712	8,719	104,993
<b>c</b> Leasehold improvements . . . . .		4,324,519	3,343,082	981,437
<b>d</b> Equipment . . . . .		15,511,312	15,065,681	445,631
<b>e</b> Other . . . . .				
<b>Total.</b> Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c).) . . . . .				1,532,061



**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return**

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

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return**

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

**Part XIII 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, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Identifier	Return Reference	Explanation
Cash Non-Bearing Interest	Form 990, 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, 2013 and 2012

SCHEDULE H (Form 990)

Hospitals

OMB No 1545-0047

2012

Open to Public Inspection

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

Department of the Treasury Internal Revenue Service

Name of the organization CHRISTUS CONTINUING CARE

Employer identification number 74-2898615

Part I Financial Assistance and Certain Other Community Benefits at Cost

1a Did the organization have a financial assistance policy during the tax year? 1b If "Yes," was it a written policy? 2 If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year 3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year 3a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing free care? 3b Did the organization use FPG as a factor in determining eligibility for providing discounted care? 4 Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"? 5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year? 5b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount? 5c 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 eligible for free or discounted care? 6a Did the organization prepare a community benefit report during the tax year? 6b If "Yes," did the organization make it available to the public?

7 Financial Assistance and Certain Other Community Benefits at Cost

Table with 7 columns: (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. Rows include Financial Assistance and Means-Tested Government Programs (a-d) and Other Benefits (e-k).

**Part II Community Building Activities** Complete this table if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support	3	480	17,971		17,971	0.020 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building	1	200,000	773		773	
7 Community health improvement advocacy	2		8,178		8,178	0.010 %
8 Workforce development						
9 Other						
10 Total	6	200,480	26,922		26,922	0.030 %

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

Section A. Bad Debt Expense		Yes	No
1	Did the organization report bad debt expense in accordance with Healthcare Financial Management Association Statement No. 15?	1 Yes	
2	Enter the amount of the organization's bad debt expense. Explain in Part VI the methodology used by the organization to estimate this amount.		2 380,501
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy. Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit.		3 14,421
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements.		
Section B. Medicare			
5	Enter total revenue received from Medicare (including DSH and IME).		5 28,438,614
6	Enter Medicare allowable costs of care relating to payments on line 5.		6 52,772,261
7	Subtract line 6 from line 5. This is the surplus (or shortfall).		7 -24,333,647
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: <input type="checkbox"/> Cost accounting system <input checked="" type="checkbox"/> Cost to charge ratio <input type="checkbox"/> Other		
Section C. Collection Practices			
9a	Did the organization have a written debt collection policy during the tax year?	9a Yes	
9b	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** (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

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

**Part V Facility Information**

**Section A. Hospital Facilities**

(list in order of size from largest to smallest—see instructions)  
 How many hospital facilities did the organization operate during the tax year?  
6

Name, address, and primary website address

		Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
1	MERCY CONTINUING CARE HOSP ST LOUIS 13190 SOUTH OUTER 40 ROAD LEVEL 1 ST LOUIS, MO 63017	X								LONG-TERM ACUTE CARE FACILITY	
2	DUBUIS HOSPITAL OF BEAUMONT 2830 CALDER AVE 4TH FLOOR BEAUMONT, LA 77702	X								LONG-TERM ACUTE CARE FACILITY	
3	DUBUIS HOSPITAL OF ALEXANDRIA 3330 MASONIC DRIVE 4TH FLOOR ALEXANDRIA, LA 71301	X								LONG-TERM ACUTE CARE FACILITY	
4	DUBUIS HOSPITAL OF BRYAN 1600 ST JOSEPH DR 2ND FLOOR BRYAN, TX 77802	X								LONG-TERM ACUTE CARE FACILITY	
5	DUBUIS HOSPITAL OF PORT ARTHUR 3600 GATES BLVD 3RD FLOOR PORT ARTHUR, TX 77643	X								LONG-TERM ACUTE CARE FACILITY	
6	DUBUIS HOSPITAL OF PARIS 820 Clarksville 6th Floor PARIS, TX 75460	X								LONG-TERM ACUTE CARE FACILITY	

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)  
 MERCY CONTINUING CARE HOSP ST LOUIS

Name of hospital facility or facility reporting group \_\_\_\_\_

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 1

		Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
<b>1</b>	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input checked="" type="checkbox"/> Demographics of the community		
<b>c</b>	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input checked="" type="checkbox"/> How data was obtained		
<b>e</b>	<input checked="" type="checkbox"/> The health needs of the community		
<b>f</b>	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA <u>2012</u>		
<b>3</b>	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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.	Yes	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI		No
<b>5</b>	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> Hospital facility's website		
<b>b</b>	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>c</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
<b>a</b>	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b>	<input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b>	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b>	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b>	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b>	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b>	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b>	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>7</b>	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs.	Yes	
<b>8a</b>	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		No
<b>8b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
<b>c</b>	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V Facility Information** (continued)

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b> Yes	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>10</b> Yes	
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . 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	<b>11</b>	No
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input type="checkbox"/> State regulation		
<b>h</b>	<input checked="" type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b> Yes	
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	<b>14</b> Yes	
<b>a</b>	<input type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input checked="" type="checkbox"/> Other (describe in Part VI)		

<b>Billing and Collections</b>			
<b>15</b>	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? . . . . .	<b>15</b>	No
<b>16</b>	Check all of the following 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		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b>	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? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	<b>17</b>	No
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information** *(continued)*

**18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- a**  Notified individuals of the financial assistance policy on admission
- b**  Notified individuals of the financial assistance policy prior to discharge
- c**  Notified individuals 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)

**Policy Relating to Emergency Medical Care**

**19** 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? . . . . .

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)

	Yes	No
<b>19</b>		No

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

**20** 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 its 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)

**21** During the tax year, did the hospital facility charge any FAP-eligible individuals 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? . . . . .

If "Yes," explain in Part VI

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>21</b>		No
<b>22</b>		No

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

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

DUBUIS HOSPITAL OF BEAUMONT

Name of hospital facility or facility reporting group \_\_\_\_\_

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 2

		Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
<b>1</b>	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	<b>1</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input checked="" type="checkbox"/> Demographics of the community		
<b>c</b>	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input checked="" type="checkbox"/> How data was obtained		
<b>e</b>	<input checked="" type="checkbox"/> The health needs of the community		
<b>f</b>	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA <u>20 12</u>		
<b>3</b>	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 . . . . .	<b>3</b> Yes	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	No
<b>5</b>	Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	<b>5</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Hospital facility's website		
<b>b</b>	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>c</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
<b>a</b>	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b>	<input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b>	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b>	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b>	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b>	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b>	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b>	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>7</b>	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	<b>7</b> Yes	
<b>8a</b>	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	<b>8a</b>	No
<b>b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>8b</b>	
<b>c</b>	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V Facility Information** (continued)

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b> Yes	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>10</b> Yes	
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>  </u> % If "No," explain in Part VI the criteria the hospital facility used	<b>11</b>	No
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b> Yes	
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	<b>14</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input checked="" type="checkbox"/> Other (describe in Part VI)		

<b>Billing and Collections</b>			
<b>15</b>	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? . . . . .	<b>15</b>	No
<b>16</b>	Check all of the following 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		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b>	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? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	<b>17</b>	No
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information** *(continued)*

**18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- a**  Notified individuals of the financial assistance policy on admission
- b**  Notified individuals of the financial assistance policy prior to discharge
- c**  Notified individuals 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)

**Policy Relating to Emergency Medical Care**

**19** 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? . . . . .

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)

	Yes	No
<b>19</b>	Yes	

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

**20** 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 its 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)

**21** During the tax year, did the hospital facility charge any FAP-eligible individuals 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? . . . . .

If "Yes," explain in Part VI

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>21</b>		No
<b>22</b>		No

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

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

DUBUIS HOSPITAL OF ALEXANDRIA

Name of hospital facility or facility reporting group \_\_\_\_\_

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 3

	Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)		
<b>1</b> During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	<b>1</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b> <input checked="" type="checkbox"/> Demographics of the community		
<b>c</b> <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b> <input checked="" type="checkbox"/> How data was obtained		
<b>e</b> <input checked="" type="checkbox"/> The health needs of the community		
<b>f</b> <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b> <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b> <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b> <input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>2</b> Indicate the tax year the hospital facility last conducted a CHNA <u>20 12</u>		
<b>3</b> In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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 . . . . .	<b>3</b> Yes	
<b>4</b> Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI . . . . .	<b>4</b>	No
<b>5</b> Did the hospital facility make its CHNA report widely available to the public? . . . . . If "Yes," indicate how the CHNA report was made widely available (check all that apply)	<b>5</b> Yes	
<b>a</b> <input checked="" type="checkbox"/> Hospital facility's website		
<b>b</b> <input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>c</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>6</b> If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
<b>a</b> <input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b> <input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b> <input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b> <input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b> <input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b> <input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b> <input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b> <input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b> <input type="checkbox"/> Other (describe in Part VI)		
<b>7</b> Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs . . . . .	<b>7</b> Yes	
<b>8a</b> Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)? . . . . .	<b>8a</b>	No
<b>b</b> If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax? . . . . .	<b>8b</b>	
<b>c</b> If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V Facility Information** (continued)

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b> Yes	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>10</b> Yes	
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>   </u> % If "No," explain in Part VI the criteria the hospital facility used	<b>11</b>	No
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b> Yes	
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	<b>14</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input checked="" type="checkbox"/> Other (describe in Part VI)		

<b>Billing and Collections</b>			
<b>15</b>	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? . . . . .	<b>15</b>	No
<b>16</b>	Check all of the following 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		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b>	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? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	<b>17</b>	No
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information** *(continued)*

**18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- a**  Notified individuals of the financial assistance policy on admission
- b**  Notified individuals of the financial assistance policy prior to discharge
- c**  Notified individuals 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)

**Policy Relating to Emergency Medical Care**

**19** 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? . . . . .

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)

	Yes	No
<b>19</b>	Yes	

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

**20** 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 its 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)

**21** During the tax year, did the hospital facility charge any FAP-eligible individuals 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? . . . . .

If "Yes," explain in Part VI

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>21</b>		No
<b>22</b>		No

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

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

DUBUIS HOSPITAL OF BRYAN

Name of hospital facility or facility reporting group \_\_\_\_\_

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 4

		Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
<b>1</b>	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input checked="" type="checkbox"/> Demographics of the community		
<b>c</b>	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input checked="" type="checkbox"/> How data was obtained		
<b>e</b>	<input checked="" type="checkbox"/> The health needs of the community		
<b>f</b>	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA <u>20 12</u>		
<b>3</b>	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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.	Yes	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI		No
<b>5</b>	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> Hospital facility's website		
<b>b</b>	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>c</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
<b>a</b>	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b>	<input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b>	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b>	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b>	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b>	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b>	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b>	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>7</b>	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs.	Yes	
<b>8a</b>	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		No
<b>8b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
<b>c</b>	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V Facility Information** (continued)

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b> Yes	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>10</b> Yes	
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . 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	<b>11</b>	No
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b> Yes	
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	<b>14</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input checked="" type="checkbox"/> Other (describe in Part VI)		

<b>Billing and Collections</b>			
<b>15</b>	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? . . . . .	<b>15</b>	No
<b>16</b>	Check all of the following 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		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b>	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? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	<b>17</b>	No
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information** *(continued)*

**18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- a**  Notified individuals of the financial assistance policy on admission
- b**  Notified individuals of the financial assistance policy prior to discharge
- c**  Notified individuals 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)

**Policy Relating to Emergency Medical Care**

**19** 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? . . . . .

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)

	Yes	No
<b>19</b>	Yes	

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

**20** 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 its 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)

**21** During the tax year, did the hospital facility charge any FAP-eligible individuals 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? . . . . .

If "Yes," explain in Part VI

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>21</b>		No
<b>22</b>		No

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

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

DUBUIS HOSPITAL OF PORT ARTHUR

Name of hospital facility or facility reporting group \_\_\_\_\_

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) 5

		Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
<b>1</b>	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input checked="" type="checkbox"/> Demographics of the community		
<b>c</b>	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input checked="" type="checkbox"/> How data was obtained		
<b>e</b>	<input checked="" type="checkbox"/> The health needs of the community		
<b>f</b>	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA <u>20 12</u>		
<b>3</b>	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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.	Yes	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI		No
<b>5</b>	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> Hospital facility's website		
<b>b</b>	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>c</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
<b>a</b>	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b>	<input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b>	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b>	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b>	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b>	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b>	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b>	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>7</b>	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs.	Yes	
<b>8a</b>	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		No
<b>8b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
<b>c</b>	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V Facility Information** (continued)

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b> Yes	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>10</b> Yes	
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>  </u> % If "No," explain in Part VI the criteria the hospital facility used	<b>11</b>	No
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b> Yes	
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	<b>14</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input checked="" type="checkbox"/> Other (describe in Part VI)		

<b>Billing and Collections</b>			
<b>15</b>	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? . . . . .	<b>15</b>	No
<b>16</b>	Check all of the following 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		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b>	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? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	<b>17</b>	No
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information** *(continued)*

**18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- a**  Notified individuals of the financial assistance policy on admission
- b**  Notified individuals of the financial assistance policy prior to discharge
- c**  Notified individuals 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)

**Policy Relating to Emergency Medical Care**

**19** 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? . . . . .

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)

	Yes	No
<b>19</b>	Yes	

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

**20** 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 its 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)

**21** During the tax year, did the hospital facility charge any FAP-eligible individuals 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? . . . . .

If "Yes," explain in Part VI

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>21</b>		No
<b>22</b>		No

**Part V Facility Information** (continued)

**Section B. Facility Policies and Practices**

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

DUBUIS HOSPITAL OF PARIS

Name of hospital facility or facility reporting group \_\_\_\_\_

For single facility filers only: line Number of Hospital Facility (from Schedule H, Part V, Section A) \_\_\_\_\_ 6 \_\_\_\_\_

		Yes	No
<b>Community Health Needs Assessment</b> (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)			
<b>1</b>	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9 If "Yes," indicate what the CHNA report describes (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
<b>b</b>	<input checked="" type="checkbox"/> Demographics of the community		
<b>c</b>	<input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
<b>d</b>	<input checked="" type="checkbox"/> How data was obtained		
<b>e</b>	<input checked="" type="checkbox"/> The health needs of the community		
<b>f</b>	<input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
<b>g</b>	<input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
<b>h</b>	<input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
<b>i</b>	<input checked="" type="checkbox"/> Information gaps that limit the hospital facility's ability to assess the community's health needs		
<b>j</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>2</b>	Indicate the tax year the hospital facility last conducted a CHNA 20 <u>12</u>		
<b>3</b>	In conducting its most recent CHNA, did the hospital facility take into account input from representatives of the community served by the hospital facility, including those with special knowledge of or expertise in public health? 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	Yes	
<b>4</b>	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI		No
<b>5</b>	Did the hospital facility make its CHNA report widely available to the public? If "Yes," indicate how the CHNA report was made widely available (check all that apply)	Yes	
<b>a</b>	<input checked="" type="checkbox"/> Hospital facility's website		
<b>b</b>	<input checked="" type="checkbox"/> Available upon request from the hospital facility		
<b>c</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>6</b>	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply to date)		
<b>a</b>	<input checked="" type="checkbox"/> Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA		
<b>b</b>	<input checked="" type="checkbox"/> Execution of the implementation strategy		
<b>c</b>	<input checked="" type="checkbox"/> Participation in the development of a community-wide plan		
<b>d</b>	<input checked="" type="checkbox"/> Participation in the execution of a community-wide plan		
<b>e</b>	<input checked="" type="checkbox"/> Inclusion of a community benefit section in operational plans		
<b>f</b>	<input checked="" type="checkbox"/> Adoption of a budget for provision of services that address the needs identified in the CHNA		
<b>g</b>	<input checked="" type="checkbox"/> Prioritization of health needs in its community		
<b>h</b>	<input checked="" type="checkbox"/> Prioritization of services that the hospital facility will undertake to meet health needs in its community		
<b>i</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>7</b>	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	Yes	
<b>8a</b>	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?		No
<b>8b</b>	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?		
<b>c</b>	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$ _____		

**Part V Facility Information** (continued)

<b>Financial Assistance Policy</b>		<b>Yes</b>	<b>No</b>
<b>9</b>	Did the hospital facility have in place during the tax year a written financial assistance policy that explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	<b>9</b> Yes	
<b>10</b>	Used federal poverty guidelines (FPG) to determine eligibility for providing <i>free</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for free care <u>200</u> % If "No," explain in Part VI the criteria the hospital facility used	<b>10</b> Yes	
<b>11</b>	Used FPG to determine eligibility for providing <i>discounted</i> care? . . . . . If "Yes," indicate the FPG family income limit for eligibility for discounted care <u>   </u> % If "No," explain in Part VI the criteria the hospital facility used	<b>11</b>	No
<b>12</b>	Explained the basis for calculating amounts charged to patients? . . . . . If "Yes," indicate the factors used in determining such amounts (check all that apply)	<b>12</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> Income level		
<b>b</b>	<input type="checkbox"/> Asset level		
<b>c</b>	<input checked="" type="checkbox"/> Medical indigency		
<b>d</b>	<input checked="" type="checkbox"/> Insurance status		
<b>e</b>	<input checked="" type="checkbox"/> Uninsured discount		
<b>f</b>	<input checked="" type="checkbox"/> Medicaid/Medicare		
<b>g</b>	<input type="checkbox"/> State regulation		
<b>h</b>	<input type="checkbox"/> Other (describe in Part VI)		
<b>13</b>	Explained the method for applying for financial assistance? . . . . .	<b>13</b> Yes	
<b>14</b>	Included measures to publicize the policy within the community served by the hospital facility? . . . . . If "Yes," indicate how the hospital facility publicized the policy (check all that apply)	<b>14</b> Yes	
<b>a</b>	<input checked="" type="checkbox"/> The policy was posted on the hospital facility's website		
<b>b</b>	<input type="checkbox"/> The policy was attached to billing invoices		
<b>c</b>	<input type="checkbox"/> The policy was posted in the hospital facility's emergency rooms or waiting rooms		
<b>d</b>	<input type="checkbox"/> The policy was posted in the hospital facility's admissions offices		
<b>e</b>	<input type="checkbox"/> The policy was provided, in writing, to patients on admission to the hospital facility		
<b>f</b>	<input checked="" type="checkbox"/> The policy was available upon request		
<b>g</b>	<input checked="" type="checkbox"/> Other (describe in Part VI)		

<b>Billing and Collections</b>			
<b>15</b>	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? . . . . .	<b>15</b>	No
<b>16</b>	Check all of the following 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		
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		
<b>17</b>	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? . . . . . If "Yes," check all actions in which the hospital facility or a third party engaged	<b>17</b>	No
<b>a</b>	<input type="checkbox"/> Reporting to credit agency		
<b>b</b>	<input type="checkbox"/> Lawsuits		
<b>c</b>	<input type="checkbox"/> Liens on residences		
<b>d</b>	<input type="checkbox"/> Body attachments		
<b>e</b>	<input type="checkbox"/> Other similar actions (describe in Part VI)		

**Part V Facility Information** *(continued)*

**18** Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- a**  Notified individuals of the financial assistance policy on admission
- b**  Notified individuals of the financial assistance policy prior to discharge
- c**  Notified individuals 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)

**Policy Relating to Emergency Medical Care**

**19** 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? . . . . .

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)

	Yes	No
<b>19</b>	Yes	

**Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)**

**20** 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 its 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)

**21** During the tax year, did the hospital facility charge any FAP-eligible individuals 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? . . . . .

If "Yes," explain in Part VI

**22** During the tax year, did the hospital facility charge any FAP-eligible individuals an amount equal to the gross charge for any service provided to that individual? . . . . .

If "Yes," explain in Part VI

<b>21</b>		No
<b>22</b>		No

**Part V Facility Information** *(continued)***Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?

11

Name and address	Type of Facility (describe)
See Additional Data Table	

**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, Part V, Section A, and Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22
- 2 Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any needs assessments reported in Part V, Section B
- 3 Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's 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
- 8 Facility reporting group(s).** If applicable, for each hospital facility in a facility reporting group provide the descriptions required for Part V, Section B, lines 1j, 3, 4, 5c, 6l, 7, 10, 11, 12h, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22

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
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 Continuing Care reinvests all surplus funds back in to the communities we serve through expanded health services, new technologies, and better facilities
Part I, Line 7, column (f)	Percent of Total Expense	TOTAL EXPENSE FROM FORM 990, PART IX, LINE 25, COLUMN (A) IS \$91,771,853 THE BAD DEBT EXPENSE INCLUDED IN THIS AMOUNT IS \$380,501 THIS LEAVES A TOTAL EXPENSE OF \$91,391,352 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 20.24%, which exceeds the amount reported on Part I, Line 7k Column (f) which is computed using net community benefit expense
Part I, Line 7i	Cash and In-Kind Contributions	CHRISTUS CONTINUING CARE MADE OVER \$63,885 IN CASH AND IN KIND CONTRIBUTIONS DURING FISCAL YEAR 2013 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 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 ADVOCACY DEPARTMENT WORKS IN PARTNERSHIP WITH LOCAL, STATE AND FEDERAL POLICY MAKERS TO ENSURE ACTIVITIES AND PROGRAMS ARE IN PLACE THAT WILL ENHANCE PUBLIC HEALTH THROUGH IMPROVED ACCESS TO HEALTH SERVICES AND ADVANCED GENERAL KNOWLEDGE DURING THE FY 2013, CHRISTUS HEALTH ADVOCATED FOR IMPROVING PUBLIC POLICIES BY WORKING TO ESTABLISH, AND IN SOME INSTANCES AUGMENT, GRASSROOTS ADVOCACY AND GREATER ACCESS TO HEALTHCARE SERVICES FOR THE CONSTITUENTS WE SERVE ADVOCACY EFFORTS FOCUS ON THE NEEDS OF CHILDREN AND SENIORS, AS WELL AS OTHER VULNERABLE POPULATIONS, TO PROMOTE PROGRAMS SUCH AS HEALTH SCREENINGS, EDUCATION FOR EARLY DETECTION OF CANCER AND HEART DISEASE, AND IMMUNIZATIONS
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
Part III, Section A, Line 3	ESTIMATED BAD DEBT EXPENSE ATTRIBUTABLE TO PATIENTS ELIGIBLE UNDER	ORGANIZATION'S CHARITY CARE POLICY TO ESTIMATE THE AMOUNT OF THE ORGANIZATION'S BAD DEBT EXPENSE (AT COST) ATTRIBUTABLE TO PATIENTS WHO ARE ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY, THE ORGANIZATION REVIEWS PATIENT FILES THAT WERE INITIALLY DEEMED AS INCOMPLETE TO DETERMINE WHETHER A PATIENT WOULD BE ELIGIBLE UNDER THE ORGANIZATION'S CHARITY CARE POLICY TO THE EXTENT THE FILE HAS SUFFICIENT DOCUMENTATION INDICATING FINANCIAL AND/OR MEDICAL INDIGENCE, THE BAD DEBT ASSOCIATED WITH SUCH PATIENT ACCOUNT COULD BE DEEMED CHARITY CARE IN ADDITION TO SCREENING PATIENTS TO DETERMINE THE APPLICABILITY OF FINANCIAL ASSISTANCE AND CHARITY CARE AT THE TIME OF ADMISSION AND DISCHARGE, CHRISTUS CONTINUING CARE FOLLOWS A POLICY AND SUPPORTING PROCEDURES FOR REVIEWING ALL ACTIVE SELF-PAY PATIENT RECEIVABLES THE SCREENING PROCEDURES SUBSEQUENT TO DISCHARGE TO DETERMINE CHARITY CARE AND DISCOUNT APPLICABILITY INCLUDE REQUESTING THE REFERRING HOSPITAL'S RECORDS OF PATIENTS WHO SUBMITTED CHARITY CARE APPLICATIONS OR OTHER FINANCIAL INFORMATION, MAKING CONTACT WITH PATIENTS THROUGH MAILED NOTICE FOLLOWED BY PHONE CALL, USING A FINANCIAL ASSISTANCE QUESTIONNAIRE, AND VIEWING CREDIT REPORTS

Identifier	ReturnReference	Explanation
Part III, Section A, Line 4	Bad Debt Expense Footnote	<p>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."</p>
Part III, Section B, Line 8	Extent to which shortfall should be treated as community benefit	<p>Costing Methodology 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 (\$ 24,333,647) if total expenses allocable to Medicare services were substituted on Schedule H, Part III, Line 6.</p>

Identifier	ReturnReference	Explanation
Part III, Section C, Line 9b	Collection Policy	<p>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 3 INPUT FROM PERSONS WHO REPRESENT THE COMMUNITY COMMUNITY ASSESSMENT WAS CONDUCTED FOR THE 1.4 MILLION RESIDENTS OF THE FOUR AREAS DEFINING CHRISTUS CONTINUING CARE (CCC) CCC IS COMPRISED OF CHRISTUS DUBUIS PARIS, ALEXANDRIA COMMUNITY, BEAUMONT PORT ARTHUR, AND BRYAN COMMUNITY CHRISTUS DUBUIS HOSPITAL OF PARIS PARIS REGIONAL MEDICAL CENTER - NORTH, PARIS REGIONAL MEDICAL CENTER - SOUTH CHRISTUS DUBUIS HOSPITAL OF ALEXANDRIA AVOYELLES HOSPITAL, BUNKIE GENERAL HOSPITAL, NO HOSPITALS IN PARISH, ALEXANDRIA VA HEALTH CARE SYSTEM, CENTRAL LOUISIANA STATE HOSPITAL, CENTRAL LOUISIANA SURGICAL HOSPITAL, CHRISTUS ST FRANCES CABRINI HOSPITAL, CROSSROADS REGIONAL HOSPITAL, HEALTHSOUTH REHABILITATION HOSPITAL, HUEY P LONG MEDICAL CENTER, OCEANS BEHAVIORAL HOSPITAL OF ALEXANDRIA, RAPIDES REGIONAL MEDICAL CENTER, RIVERSIDE HOSPITAL OF LA CHRISTUS DUBUIS HOSPITAL OF BRYAN COLLEGE STATION MEDICAL CENTER, ST JOSEPH REGIONAL HEALTH CENTER, THE PHYSICIANS CENTRE HOSPITAL, BURLESON ST JOSEPH CENTER, GRIMES SAINT JOSEPH HEALTH CENTER, MADISON SAINT JOSEPH HEALTH CENTER, CENTRAL TEXAS HOSPITAL, RICHARDS MEMORIAL HOSPITAL, ASPIRE BEHAVIORAL HOSPITAL, CONROE REGIONAL MEDICAL CENTER, HEALTH SOUTH REHABILITATION HOSPITAL, KINGWOOD MEDICAL CENTER, MEMORIAL HERMANN THE WOODLANDS HOSPITAL, NEXUS SPECIALTY HOSPITAL, NEXUS SPECIALTY HOSPITAL RELIANT NORTH HOUSTON, SAINT LUKE'S LAKESIDE HOSPITAL, SOLARA HOSPITAL, TOUCHSTONE NEURORECOVERY CENTER, SCOTT &amp; WHITE HOSPITAL CHRISTUS DUBUIS HOSPITAL OF BEAUMONT PORT ARTHUR HARBOR HOSPITAL, HEALTHSOUTH, KATE DISHMAN REHAB HOSPITAL, MID-JEFFERSON HOSPITAL, THE MEDICAL CENTER OF SOUTHEAST TEXAS, VICTORY MEDICAL CENTER, BEAUMONT BONE AND JOINT INSTITUTE, BAPTIST HOSPITAL OF SOUTHEAST TEXAS THIS SUMMARY IS DOCUMENTATION THAT CHRISTUS CONTINUING CARE, IS IN COMPLIANCE WITH THE IRS REQUIREMENTS FOR CONDUCTING COMMUNITY HEALTH NEEDS ASSESSMENTS Part V, Section B, Line 11</p> <p>Determination of eligibility for discounted care The organization's policy includes provisions for discounted care to 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 2012 managed care average reimbursement rate Part V, Section B, Line 12(h) (MERCY CONTINUING CARE HOSPITAL OF ST LOUIS)</p> <p>Basis for Determining charges to patients The criteria factors for calculating charges to patients qualified for financial assistance includes family size, employment status and future earning capacity and the amount and frequency of hospital/medical bills Part V, Section B, Lines 14 &amp; 14g</p> <p>How the hospital facility publicizes the financial assistance policy The organization's only operations are Long Term Acute Care services (LTAC) that comprise a floor within an existing hospital(s) As LTAC facility does not provide on-demand emergency medical services/elective treatments, the admissions process is an advance screening and clinical assessment during which both medical and financial information is discussed If there is no insurance coverage financial assistance is discussed and determined Part V, Section B, Line 15</p> <p>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 16 or 17 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 19 (MERCY CONTINUING CARE HOSPITAL OF ST LOUIS) Written Policy Relating to Emergency Medical Care As a long-term acute care facility ("LTAC"), the facility does not provide emergency medical services to members of the public on a walk-in basis A notice stating that the LTAC does not provide emergency room services to the public, but rather that emergency room services are provided to the public by the hospital facility in which the LTAC is located, is posted on the first floor of the building in which the LTAC sits Part V, Section B, Line 20d</p> <p>Determine the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care LTAC FACILITIES DO NOT PROVIDE EMERGENCY MEDICAL CARE, CHARGES TO FINANCIAL ASSISTANCE POLICY ELIGIBLE PATIENTS ARE BASED ON THE AVERAGE MANAGED CARE REIMBURSEMENT RATES FOR THE FISCAL YEAR ENDING JUNE 30, 2011 The average managed care rate is the average reimbursement received for LTAC services from the collective group of private insurers contracted with CHRISTUS Continuing Care contracted with CHRISTUS Continuing Care MANAGED CARE REIMBURSEMENT RATES FOR THE FISCAL YEAR ENDING JUNE 30, 2011 The average managed care rate is the average reimbursement received for LTAC services from the collective group of private insurers contracted with CHRISTUS Continuing Care contracted with CHRISTUS Continuing Care</p>
Part VI, Line 2	NEEDS ASSESSMENT	<p>CHRISTUS CONTINUING CARE HAS DEVELOPED A COMMUNITY BENEFIT PLAN BASED UPON PRIORITIZATION OF THE COMMUNITY HEALTH NEEDS ASSESSMENT CHRISTUS CONTINUING CARE STRIVES TO ENSURE BEST PRACTICES AND STANDARDS OF CARE ARE MET CHRISTUS CONTINUING CARE PROVIDES CARE TO PATIENTS WHO REQUIRE ACUTE CARE OVER AN EXTENDED PERIOD OF TIME OUR STAFF PROVIDES SPECIALTY CARE THAT IS TAILORED TO THE INDIVIDUAL NEEDS OF EVERY PATIENT, RESULTING IN EXCELLENT CLINICAL OUTCOMES CHRISTUS CONTINUING CARE WORKS WITH EACH CHRISTUS REGION IN IDENTIFYING AND PRIORITIZING THE SERVICES TO BE PROVIDED IN ORDER TO MEET THE COMMUNITY NEEDS THE SERVICES PROVIDED ARE VERY NARROW, SO THE TARGET POPULATIONS WILL BE LIMITED TO THE SERVICES WHICH CHRISTUS CONTINUING CARE PROVIDES</p>

Identifier	ReturnReference	Explanation
Part VI, Line 3	PATIENT EDUCATION OF ELIGIBILITY FOR ASSISTANCE	CHRISTUS CONTINUING CARE 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 THE REGISTRATION PROCESS IN ADDITION, A PUBLIC NOTICE REGARDING THE CHARITY CARE POLICY AND INFORMATION ON FINANCIAL ASSISTANCE ARE ALSO POSTED AT THE FACILITIES THE INFORMATION ON FINANCIAL ASSISTANCE INCLUDES EXPLANATIONS ON THE AVAILABILITY OF FINANCIAL ASSISTANCE, WHO QUALIFIES, AND HOW TO APPLY FOR FINANCIAL ASSISTANCE AFTER THE REGISTRATION PROCESS, PATIENTS THAT ARE UNABLE TO PAY ARE PROVIDED CHARITY CARE INFORMATION IN KEEPING WITH THE MISSION, VISION AND CORE VALUES OF CHRISTUS HEALTH, CHRISTUS CONTINUING CARE PROVIDES CHARITY CARE SERVICES IN A MANNER THAT RESPECTS THE DIGNITY OF THE PATIENTS AND THEIR FAMILIES CHARITY CARE IS OFFERED WITH THE RESOURCES AVAILABLE AND MEETS THE LEGAL REQUIREMENTS FOR SERVING FINANCIALLY AND/OR MEDICALLY INDIGENT PATIENTS THE DETERMINATION AS TO THE AMOUNT CHARGED, IF ANY, IS MADE IN ACCORDANCE WITH THE PATIENT'S ABILITY TO PAY AS DETERMINED BY THE ELIGIBILITY CRITERIA ESTABLISHED WITHIN PROCEDURAL GUIDELINES AND IN ACCORDANCE WITH APPLICABLE LAWS AND REGULATIONS
Part VI, Line 4	COMMUNITY INFORMATION	CHRISTUS CONTINUING CARE SERVICES AREAS IN TEXAS INCLUDE LONG TERM ACUTE CARE FACILITIES LOCATED IN ALEXANDRIA, BRYAN, BEAUMONT, PARIS AND PORT ARTHUR HOME HEALTH AND HOSPICE SERVICE AREAS IN TEXAS INCLUDE CORPUS CHRISTI, COPPELL, HOUSTON, NEW BRAUNFELS AND SAN ANTONIO THE ORGANIZATION'S SERVICE AREA IN LOUISIANA INCLUDES A LONG TERM ACUTE CARE FACILITY IN ALEXANDRIA AND SHREVEPORT, AS WELL AS HOME HEALTH AND HOSPICE SERVICES IN ALEXANDRIA, LAKE CHARLES, AND SHREVEPORT THE PATIENT SERVICE AREAS ALSO INCLUDE MANAGED LONG TERM ACUTE CARE LOCATIONS IN TEXAS, LOUISIANA, ARKANSAS, AND GEORGIA CHRISTUS CONTINUING CARE'S ALEXANDRIA, LOUISIANA SERVICE AREA INCLUDES RAPIDES PARISH AND THE CONTIGUOUS PARISHES OF AVOYELLES AND GRANT 20% OF THE POPULATION IN THE SERVICE AREA HAS INCOME AT OR BELOW THE FEDERAL POVERTY INCOME LEVEL AS DEFINED BY THE FEDERAL GOVERNMENT, AND THE AREA HAS A POPULATION OF 14% OF PERSONS AGES 65 YEARS AND OVER ALL OF THE PARISHES IN CENTRAL LOUISIANA HAVE BEEN DESIGNATED AS HEALTH PROFESSIONAL SHORTAGE AREAS (HPSA) THE ORGANIZATION'S SHREVEPORT, LOUISIANA SERVICE AREA INCLUDES THE NORTHWESTERN CORNER OF LOUISIANA THE SHREVEPORT SERVICE AREA, CONSISTENT WITH NATIONAL TRENDS, IS ANTICIPATING ITS LARGEST GROWTH IN POPULATION OF PERSONS AGES 65 AND OLDER, AND PERSONS FALLS IN SUCH AGE RANGE MAKE UP 13.2% OF THE POPULATION THE SERVICE AREA'S POVERTY RATE IS 22%, WHICH IS HIGHER THAN THE STATE POVERTY RATE OF 18.4% LAKE CHARLES, LOUISIANA'S SERVICE AREA IS COMPOSED OF A FIVE-PARISH REGION (ALLEN, BEAUREGARD, CAMERON, CALCASIEU, AND JEFF DAVIS) WITH A POPULATION OF NEARLY 300,000 THE POPULATION IS MADE UP OF APPROXIMATELY 13.9% OF INDIVIDUALS AGES 65 YEARS AND OLDER, AND THE SERVICE AREA'S POVERTY RATE IS 22.2% THE REGION HAS HIGH POVERTY RATES AS COMPARED TO THE STATE AND NATION, DUE TO A COMBINATION OF LOW WAGE PER JOB AND HIGH UNEMPLOYMENT THE REGION AND STATE HAVE A HIGHER RATE OF UNINSURED PERSONS THAN THE NATION CHRISTUS CONTINUING CARE'S BEAUMONT AND PORT ARTHUR FACILITIES SERVICE SOUTHEAST TEXAS, ROUGHLY A NINE COUNTY SERVICE AREA THE NINE COUNTY AREA INCLUDES A POPULATION OF APPROXIMATELY 12.9% OF PERSONS AGES 65 AND ABOVE APPROXIMATELY 18.9% OF HOUSEHOLDS ARE AT OR BELOW THE FEDERAL POVERTY LEVEL IN THIS NINE COUNTY AREA THE BRYAN, TEXAS FACILITY SERVES BRAZOS COUNTY, WHERE THE POPULATION IS COMPOSED OF 7.8% OF PERSONS AGES 65 AND OLDER, AND WHERE 29.7% OF INDIVIDUALS LIVE AT OR BELOW THE FEDERAL POVERTY LEVEL THE PARIS, TEXAS FACILITY SERVES LAMAR COUNTY, WHERE THE POPULATION IS COMPOSED OF 17.6% OF PERSONS AGES 65 AND OLDER, AND WHERE 17% OF INDIVIDUALS LIVE AT OR BELOW THE FEDERAL POVERTY LEVEL HOUSTON, TEXAS IS THE FOURTH LARGEST CITY IN THE UNITED STATES, AND IT IS THE LARGEST CITY IN THE STATE OF TEXAS IN THE CITY OF HOUSTON, PERSONS AGES 65 YEARS AND OVER COMPOSE 9% OF THE POPULATION, AND 21.5% OF INDIVIDUALS LIVE AT OR BELOW THE FEDERAL POVERTY LEVEL CHRISTUS CONTINUING CARE'S CORPUS CHRISTI, TEXAS SERVICE AREA IS LOCATED ALONG THE LOWER TEXAS COASTAL AREA (OFTEN CALLED THE COASTAL BEND), AND ITS SERVICE AREA INCLUDES A 14-COUNTY AREA WITH A POPULATION OF MORE THAN 602,000 INDIVIDUALS APPROXIMATELY 11.9% OF THE POPULATION IS COMPOSED OF PERSONS AGES 65 AND OVER, AND THE LARGEST GROWTH IN THIS AGE GROUP APPROXIMATELY 18.5% OF PERSONS IN THE REGION LIVE AT OR BELOW THE FEDERAL POVERTY LEVEL, WITH THE MEDIAN HOUSEHOLD INCOME IN THE REGION BEING APPROXIMATELY \$45,267 NEARLY 50 PERCENT OF THE POPULATION IS ON MEDICAID OR UNINSURED THE COPPELL, TEXAS SERVICE AREA IS LOCATED IN NORTH TEXAS JUST OUTSIDE OF DALLAS, TEXAS, WHICH IS THE NINTH LARGEST CITY IN THE UNITED STATES THE POPULATION IN THE CITY OF DALLAS IS COMPOSED OF APPROXIMATELY 5.3% OF INDIVIDUALS AGES 65 AND OLDER, AND 2.9% OF THE POPULATION LIVES AT OR BELOW THE FEDERAL POVERTY LEVEL THE NEW BRAUNFELS, TEXAS SERVICE AREA IS LOCATED JUST OUTSIDE OF SAN ANTONIO, TEXAS, WHICH IS THE SEVENTH LARGEST CITY IN THE UNITED STATES AND THE SECOND LARGEST CITY IN THE STATE OF TEXAS THE POPULATION IN THE CITY OF SAN ANTONIO IS COMPOSED OF APPROXIMATELY 13.7% OF INDIVIDUALS AGES 65 AND OLDER, AND 11.5% OF THE POPULATION LIVES AT OR BELOW THE FEDERAL POVERTY LEVEL THE ORGANIZATION'S TEXARKANA, TEXAS SERVICE AREA SERVES AND SERVICES NORTHEAST TEXAS, NORTHWEST LOUISIANA, SOUTHWEST ARKANSAS, AND SOUTHEAST OKLAHOMA, WHICH COVERS A POPULATION OF APPROXIMATELY 338,000 PERSONS TEXARKANA, TEXAS AND TEXARKANA, ARKANSAS ARE THE LARGEST CITIES IN THE REGION, MAKING UP APPROXIMATELY 50 PERCENT OF THE TOTAL POPULATION THEY ARE LOCATED IN BOWIE AND MILLER COUNTIES, RESPECTIVELY BOTH COUNTIES FALL BELOW THE STATE'S MEDIAN HOUSEHOLD INCOME, AND HAVE AN APPROXIMATE POPULATION OF 14.2% OF PERSONS AGES 65 AND OLDER

Identifier	ReturnReference	Explanation
Part VI, Line 5	Promotion of Community Health	<p>CHRISTUS CONTINUING CARE RESPONDS TO THE HEALTH CARE NEEDS OF THE COMMUNITIES IT SERVES BY PROVIDING LONG-TERM ACUTE CARE, HOME HEALTH AND HOME HOSPICE SERVICES THAT ARE DELIVERED BY INTERDISCIPLINARY TEAMS OF HEALTH CARE PROFESSIONALS. THE ORGANIZATION OWNS FIVE LONG-TERM ACUTE CARE HOSPITALS FOCUSING ON VENTILATOR DEPENDENCY, WOUND CARE AND REHABILITATION, AND SUCH FACILITIES ARE LOCATED IN ALEXANDRIA, LA, BEAUMONT, TX, BRYAN, TX, PARIS, TX, AND PORT ARTHUR, TX. CHRISTUS CONTINUING CARE MANAGES EIGHT LONG TERM ACUTE CARE FACILITIES FOR OTHER HEALTH SYSTEMS LOCATED IN ARKANSAS, GEORGIA, LOUISIANA, AND TEXAS. IN ADDITION THE ORGANIZATION PROVIDES HOME HEALTH AND HOSPICE SERVICES IN CORPUS CHRISTI, TX, HOUSTON, TX, NEW BRAUNFELS, TX, SAN ANTONIO, TX, COPPELL, TX, ALEXANDRIA, LA, LAKE CHARLES, LA, AND SHREVEPORT, LA. CHRISTUS HOME HEALTH AGENCIES ARE ACCREDITED BY THE COMMUNITY HEALTH ACCREDITATION PROGRAM (CHAP), TEXAS AGENCIES ARE LICENSED AND CERTIFIED BY THE TEXAS DEPARTMENT OF AGING AND DISABILITY SERVICES (DADS,) AND LOUISIANA AGENCIES ARE LICENSED AND CERTIFIED BY THE LOUISIANA DEPARTMENT OF HEALTH AND HOSPITALS. CHRISTUS CONTINUING CARE IS ACCREDITED BY THE JOINT COMMISSION ON ACCREDITATION OF HEALTH CARE ORGANIZATIONS AND CERTIFIED BY MEDICARE AND MEDICAID. CHRISTUS HEALTH REINVESTS ALL SURPLUS FUNDS BACK INTO THE COMMUNITIES IT SERVES THROUGH EXPANDED HEALTH SERVICES, NEW TECHNOLOGIES, AND BETTER FACILITIES. DURING FY 2013, 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 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 CONTINUING CARE. 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 CONTINUING CARE ARE REQUIRED TO COMPLETE ANNUAL CONFLICT OF INTEREST STATEMENTS. THE LEADERSHIP OF CHRISTUS CONTINUING CARE, INCLUDING THE BOARD, ARE ALL COMMITTED TO ENSURE THAT THE ORGANIZATION FULFILLS ITS REGULATORY OBLIGATIONS AS WELL AS ITS MISSION RELATED OBLIGATIONS TO THE COMMUNITIES AND HAVE DETERMINED THAT COMMUNITY BENEFIT SHOULD FOCUS ON THE AREAS IN WHICH EACH FACILITY DETERMINES NEEDS BASED ON THE TYPES OF PATIENTS SERVICED. LONG TERM ACUTE CARE IS TARGETING HEART DISEASE AND DIABETES. THE COMPASSION OF THE CHRISTUS CONTINUING CARE STAFF REACHES FAR BEYOND THE WALLS OF OUR FACILITIES. EACH YEAR, OUR EMPLOYEES VOLUNTEER HUNDREDS OF HOURS AND RAISE THOUSANDS OF DOLLARS FOR THE BETTERMENT OF THE COMMUNITIES WE SERVE. AS WE MOVE TOWARD THE FUTURE, WE AT CHRISTUS CONTINUING CARE ARE FOREVER MINDFUL OF OUR PAST. FOR IT IS THE TRADITION OF BISHOP DUBUIS AND THE SISTERS THAT EMPOWERS US TO CONTINUE THIS HEALING MINISTRY AND IT IS THEIR LEGACY OF JUSTICE, COMPASSION AND TRUST THAT, IN PARTNERSHIP WITH GOD, HELPS US CREATE OUR UNIQUE ENVIRONMENT.</p>
Part VI, Line 6	Affiliated health care system	<p>CHRISTUS Continuing Care 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 Continuing Care, 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 Continuing Care, 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.</p>

Identifier	ReturnReference	Explanation
Part VI, Line 7	Community Benefit Report	<p>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 2013 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.</p>
part vi, line 8	facility reporting group(s)	<p>The narrative information provided for the applicable lines in Part VI, Line 1 applies to all hospital facilities under this legal entity.</p>



**Additional Data****Software ID:****Software Version:****EIN:** 74-2898615**Name:** CHRISTUS CONTINUING CARE**Form 990 Schedule H, Part V Section C. Other Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility****Section C. Other Health Care 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 health care facilities did the organization operate during the tax year?

11

Name and address	Type of Facility (describe)
CHRISTUS VNA HOSPICE&PALLIATIVE CARE- SA 4241 WOODCOCK DRIVE STE A-100 SAN ANTONIO, TX 78228	hospice outpatient
CHRISTUS HOSP&PALL C ST FRANCES CABRINI 4801 JACKSON ST EXT STE B ALEXANDRIA, LA 71303	hospice outpatient
GRACE HOME SHREVEPORT 1035 MARGARET PLACE SHREVEPORT, LA 71101	hospice outpatient
CHRISTUS VNA HOSPICE & PALLIATIVE CARE 2707 N LOOP WEST STE 7307 HOUSTON, TX 77008	hospice outpatient
CHRISTUS HOMECARE - LAKE CHARLES 444 LAKE STREET LAKE CHARLES, LA 70605	hospice outpatient
GRACE HOME ALEXANDRIA 3330 MASONIC DRIVE 3RD FLOOR ALEXANDRIA, LA 71301	hospice outpatient
CHRISTUS SISTER MARY HOSPICE CENTER 5131 MEDICAL DRIVE STE 310 SAN ANTONIO, TX 78229	hospice outpatient
CHRISTUS HOSPICE & PALLIATIVE CARE - SCHUMPERT 1700 BUCKNER SQUARE STE SHREVEPORT, LA 71101	hospice outpatient
CHRISTUS HOSPICE & PALLIATIVE CARE - SPOHN 6200 SARATOGA BLVD CORPUS CHRISTI, TX 78414	hospice outpatient
CHRISTUS HomeCare - Coppell 1205 E Sandy Lake Road Suite 330 COPPELL, TX 75019	hospice outpatient
CHRISTUS HomeCare - New Braunfels 750 Landa Street NEW BRAUNFELS, TX 78130	hospice outpatient

Schedule I (Form 990)

OMB No 1545-0047

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

2012

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

Open to Public Inspection

Department of the Treasury Internal Revenue Service

Name of the organization CHRISTUS CONTINUING CARE

Employer identification number 74-2898615

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?
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. Part II can be duplicated if additional space is needed.

Table with 8 columns: (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, (g) Description of non-cash assistance, (h) Purpose of grant or assistance. Includes entries for American Heart Association and St Joseph Hospital Foundation.

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

**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.

Part III can be duplicated if additional space is needed.

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

**Part IV Supplemental Information.**

Complete this part to provide the information required in Part I, line 2, Part III, column (b), 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

**Schedule J**  
(Form 990)

**Compensation Information**

OMB No 1545-0047

**2012**

**Open to Public Inspection**

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.

Department of the Treasury  
Internal Revenue Service

Name of the organization  
CHRISTUS CONTINUING CARE

Employer identification number

74-2898615

**Part I Questions Regarding Compensation**

- 1a** Check the appropriate 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
- |  |  |
|--|--|
| <input type="checkbox"/> First-class or charter travel             | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input checked="" type="checkbox"/> Travel for companions          | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees   |
| <input type="checkbox"/> Discretionary spending account            | <input type="checkbox"/> 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 or provision of all of the expenses described above? If "No," complete Part III to explain

**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?

**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III

- |  |  |
|--|--|
| <input type="checkbox"/> Compensation committee              | <input type="checkbox"/> Written employment contract                     |
| <input type="checkbox"/> Independent compensation consultant | <input type="checkbox"/> Compensation survey or study                    |
| <input type="checkbox"/> Form 990 of other organizations     | <input type="checkbox"/> 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?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?  
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?
- b** Any related organization?

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?
- b** Any related organization?

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

**8** Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

**9** If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

	Yes	No
<b>1b</b>	Yes	
<b>2</b>	Yes	
<b>4a</b>	Yes	
<b>4b</b>	Yes	
<b>4c</b>		No
<b>5a</b>		No
<b>5b</b>		No
<b>6a</b>		No
<b>6b</b>		No
<b>7</b>		No
<b>8</b>		No
<b>9</b>		

**Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees.** Use duplicate copies if additional space is needed.

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

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

(A) Name and Title	(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 as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
See Additional Data Table							

**Part III Supplemental Information**

Complete this part to provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information.

Identifier	Return Reference	Explanation
Companion Travel	Form 990, Schedule J, Part I, Line 1A	TAXABLE COMPENSATION WAS REPORTED TO VARIOUS OFFICERS AND BOARD MEMBERS RELATED TO COMPANION TRAVEL TO CHRISTUS MEETINGS Process to Establish Compensation of the organization's CEO Form 990, Schedule J, Part I, Line 3 The filing organization's CEO/executive director is an employee of CHRISTUS Health, a related organization As a result, compensation is established at the CHRISTUS Health level and the filing organization does not have a role in implementing the methods used to establish compensation or in determining CEO/executive director compensation CHRISTUS Health uses an Executive Compensation Committee to establish and approve the compensation of the filing organization's CEO/executive director This committee uses an independent compensation consultant who performs bi-annual compensation survey Severance Payments Form 990 Schedule J, Part I, Line 4A SEVERANCE COMPENSATION REPORTED AS RELATED COMPENSATION WAS PAID TO THE FOLLOWING PERSONS BY CHRISTUS HEALTH, A RELATED ORGANIZATION OF THE FILING ENTITY CAROL SMITH \$13,845 Supplemental Nonqualified Retirement Plan Form 990 Schedule J, Part I, Line 4b Deferred compensation includes Executive Deferred Income Account, Supplemental Executive Retirement and Retention Plan, and Pension Restoration Plan Estimated pension benefits were calculated based on the provisions of the current Pension Restoration Plan at 6% of pensionable earnings which are over the IRS legislative compensation limit Some Associates are grandfathered under an earlier legacy pension plan If a participant has protected pension benefits under such legacy plans, his/her percentage is zero under the Supplemental Executive Retirement and Retention Plan, as the protected benefit is already equal to or better than current market Supplemental Nonqualified Retirement Plan Payments Form 990, Schedule J, Part I, Line 4B and FORM 990, SCHEDULE J, PART II, COLUMN(F) COMPENSATION REPORTED AS DEFERRED IN PRIOR Form 990 CHRISTOPHER KARAM RECEIVED \$48,681 DURING CALENDAR YEAR 2012 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN TOM PERMETTI RECEIVED \$35,130 DURING CALENDAR YEAR 2012 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN LINDA MCCLUNG RECEIVED \$38,908 DURING CALENDAR YEAR 2012 UNDER A SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN Supplemental Compensation Information Form 990, Part VII, Question 1a and Schedule J, Part II Directors and Ex-Officio Directors provide their services as members of the Board without compensation or benefits Any compensation and benefits disclosed for such persons is earned in the respective individual's role as an officer or employee of the organization, not for the individual's role as a board member or director Officers, key employees and highest paid employees are full-time employees Board members spend time as needed for board meetings and functions Supplemental Compensation Information Form 990, Part VII, Section A and Schedule J, Part II 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 Paul Veillon, Tracey Richard, Chris Karam, Michael Sullivan, Linda McClung, Tom Permetti and Patrick Carrier
Supplemental Compensation Information	Form 990, Schedule J, Part II	W-2 compensation may include payments related to compensation deferred in prior years Deferred Compensation may include deferrals of current year compensation under Executive Deferred Income Account, Supplemental Executive Retirement and Retention Plan and Pension Restoration Plan
Supplemental Compensation Information	Form 990, Schedule J, Part II, Column B(II)	Bonus and incentive compensation may include amounts that were deferred in a prior year but paid out in calendar year 2012
Deferred Compensation	Form 990, Schedule J, Part II, Column C	Deferred compensation includes Executive Deferred Income Account, Supplemental Executive Retirement and Retention Plan, Employer contribution to 403(b) Matched Savings Plan, Pension Restoration Plan and Estimated Pension Benefits under CHRISTUS Health Cash Balance Plan Estimated pension benefits were calculated based on the provisions of the current Cash Balance Plan at 6% of pensionable earnings Some associates are grandfathered under an earlier pension plan These grandfathered participants, based on computation at the time of their retirement, will receive the larger of the retirement benefit computed under the Cash Balance Plan 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

**Software ID:**  
**Software Version:**  
**EIN:** 74-2898615  
**Name:** CHRISTUS CONTINUING CARE

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Christopher Karam	(i)	83,222	21,448	16,863	20,506	4,837	146,876	0
	(ii)	332,887	85,790	67,453	82,022	19,349	587,501	48,681
Paul Veillon	(i)	108,469	4,281	6,650	10,157	7,018	136,575	0
	(ii)	108,469	4,281	6,650	10,157	7,018	136,575	0
William L Pardue	(i)	0	0	0	0	0	0	0
	(ii)	122,402	24,411	0	9,475	9,022	165,310	0
Tracey Richard	(i)	169,673	13,698	638	0	14,936	198,945	0
	(ii)	0	0	0	0	0	0	0
Jan Hamilton Crawford	(i)	153,807	75,203	0	0	5,018	234,028	0
	(ii)	0	0	0	0	0	0	0
KEITH M ROGERS	(i)	144,730	29,426	6,549	17,000	4,446	202,151	0
	(ii)	0	0	0	0	0	0	0
PETER B JOHNSON	(i)	136,247	18,157	6,927	17,000	17,833	196,164	0
	(ii)	0	0	0	0	0	0	0
Patrick Carrier	(i)	0	0	0	0	0	0	0
	(ii)	504,767	126,689	0	136,843	18,761	787,060	0
Linda McClung	(i)	0	0	0	0	0	0	0
	(ii)	464,742	167,412	89,105	129,860	29,747	880,866	38,908
Tom Permetti	(i)	0	0	0	0	0	0	0
	(ii)	325,542	34,127	54,812	77,231	27,511	519,223	35,130
Mike Sullivan	(i)	0	0	0	0	0	0	0
	(ii)	175,720	8,156	17,608	39,855	12,107	253,446	0
Pearl Mohnkern	(i)	0	0	0	0	0	0	0
	(ii)	191,443	20,489	31,210	0	9,722	252,864	0
Pamela Kennedy	(i)	0	0	0	0	0	0	0
	(ii)	178,484	27,902	5,495	49,580	16,526	277,987	0

**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

**2012**

**Open to Public Inspection**

Name of the organization  
CHRISTUS CONTINUING CARE

**Employer identification number**

74-2898615

Identifier	Return Reference	Explanation
Doing business as	Form 990, PAGE 1, ITEM C	CHRISTUS CONTINUING CARE OPERATES UNDER THE FOLLOWING NAMES CHRISTUS Visiting Nurse Association of Houston CHRISTUS Visiting Nurse Association Community Care San Antonio CHRISTUS VNA Hospice and Palliative Care San Antonio CHRISTUS HomeCare Spohn CHRISTUS Hospice and Palliative Care Spohn CHRISTUS VNA HomeCare San Antonio CHRISTUS HomeCare St Michael CHRISTUS HomeCare Pharmacy CHRISTUS VNA Hospice and Palliative Care of Houston CHRISTUS Dubuis Health System CHRISTUS DUBUIS Hospital of Beaumont CHRISTUS DUBUIS Hospital of Port Arthur CHRISTUS HomeCare CHRISTUS DUBUIS Hospital of Bryan DUBUIS Hospital of Paris CHRISTUS At Home CHRISTUS Sister Mary Hospice Center CHRISTUS DUBUIS HOSPITAL OF ALEXANDRIA CHRISTUS HOSPICE AND PALLIATIVE CARE - SCHUMPERT CHRISTUS HomeCare - Coppell CHRISTUS HomeCare - New Braunfels Description of Classes of Members or Stockholders Form 990, Part VI, Question 6 CHRISTUS Health is the sole corporate member of the filing organization CHRISTUS Health is the sole corporate member of the filing organization

Identifier	Return Reference	Explanation
Description of Classes of Persons and the Nature of Their Rights	Form 990, Part VI, Question 7a	Christus Health, the sole corporate member of the filing organization, has the power to appoint all members of the filing organization's governing body

Identifier	Return Reference	Explanation
Descr Classes of Persons, Decisions Requiring Appr & Type of Voting Rights	Form 990, Part VI, Question 7b	<p>THE POWERS RESERVED FOR CHRISTUS HEALTH, THE SOLE CORPORATE MEMBER, ARE TO ADOPT, APPROVE AND INTERPRET THE PHILOSOPHY, MISSION, AND VISION OF CHRISTUS CONTINUING CARE (THE "CORPORATION"), AS WELL AS ANY CHANGES THERETO, WITH OR WITHOUT PRIOR ACTION OR RECOMMENDATION OF THE BOARD OF DIRECTORS OF THE CORPORATION, TO ADOPT AND APPROVE ANY AMENDMENTS, MODIFICATIONS OR RESTATEMENTS OF THE ARTICLES OF INCORPORATION OR BYLAWS OF THE CORPORATION, WITH OR WITHOUT PRIOR ACTION OR RECOMMENDATION OF THE BOARD OF DIRECTORS OF THE CORPORATION, TO APPOINT AND REMOVE, WITH OR WITHOUT CAUSE, THE DIRECTORS OF THE CORPORATION, OR THE PRESIDENT, WITH OR WITHOUT PRIOR ACTION OR RECOMMENDATION OF THE BOARD OF DIRECTORS OR NOMINATING COMMITTEE, IF ANY, OF THE CORPORATION, TO APPOINT AND REMOVE, WITH OR WITHOUT CAUSE, THE CHAIRPERSON OF THE BOARD OF DIRECTORS OF THE CORPORATION, WITH OR WITHOUT PRIOR ACTION OR RECOMMENDATION OF THE BOARD OF DIRECTORS OR NOMINATING COMMITTEE, IF ANY, OF THE CORPORATION, TO APPROVE THE INCURRING, INCLUDING THROUGH THE GUARANTEE OF THE DEBT OF ANOTHER, RENEWING OR FORGIVENESS OF ANY INDEBTEDNESS BY THE CORPORATION, IN EXCESS OF \$10,000 WITH OR WITHOUT PRIOR ACTION OR RECOMMENDATION OF THE BOARD OF DIRECTORS OF THE CORPORATION, TO APPROVE THE CAPITAL AND OPERATIONAL BUDGETS OF THE CORPORATION AND ANY FINANCIAL REVIEW OF THE BOOKS AND RECORDS OF THE CORPORATION, INCLUDING AUDIT OR SOME LESSER FINANCIAL REVIEW OF THE BOOKS AS DEEMED NECESSARY BY THE MEMBER, TO APPROVE THE STRATEGIC PLANS OF THE CORPORATION, TO APPROVE ANY GIFT OF PROPERTY (OTHER THAN CASH, MARKETABLE SECURITIES, OR BONDS) TO THE CORPORATION AND THE APPROVAL OF ANY RESTRICTIONS IMPOSED AS A CONDITION OF ACCEPTING SUCH GIFT, TO APPROVE ANY LOAN, GIFT, GRANT, OR CONTRIBUTION TO A QUALIFYING TAX-EXEMPT ORGANIZATION OR ANY OTHER ORGANIZATION, TO APPROVE ANY CHANGE OF THE PRINCIPAL OFFICE OF THE CORPORATION, ANY MERGER, CONSOLIDATION, ACQUISITION, LIQUIDATION OR DISSOLUTION OF THE CORPORATION OR ANY LOCAL ENTITY CONTROLLED BY THE CORPORATION, PROVIDED THAT SUCH CORPORATION OR LOCAL ENTITY DOES NOT OWN DESIGNATED MINISTRY PROPERTY, AND ANY TRANSACTION INVOLVING THE CORPORATION OR A LOCAL ENTITY CONTROLLED BY THE CORPORATION, THE EFFECT OF WHICH IS (A) TO CREATE A NEW LOCAL ENTITY, (B) ANY TRANSACTION INVOLVING THE CORPORATION OR A LOCAL ENTITY THE EFFECT OF WHICH IS TO CREATE A NEW LEGAL ENTITY OR JOINT VENTURE, OR (C) ANY CHANGES IN BUSINESS PURPOSE OR RELATIONSHIP OF ANY LOCAL ENTITY APPROVED UNDER (A) OR LEGAL ENTITY OR JOINT VENTURE APPROVED UNDER (B) The powers reserved to the Member and the Members of CHRISTUS in the event that either (1) CHRISTUS has designated the Corporation or a local entity controlled by the Corporation as a System Participant, or (2) the Corporation or a legal entity controlled by the Corporation owns designated ministry property The sale, lease, mortgage, transfer, or encumbrance of real property of the Corporation or any local entity controlled by the Corporation when the amount involved is in excess of a threshold amount as required by canon law, any course of action proposed by the Corporation or a local entity controlled by the Corporation that owns designated ministry property, the effect of which would be to change (a) ownership, management or control of designated ministry property, except ordinary course of business office and space leases, (b) the fundamental use of designated ministry property by obtaining, modifying, or relinquishing a type of health facility license that would significantly change the nature of the facility, or (c) if these services are applicable to the Corporation or a local entity controlled by the Corporation, the elimination of obstetrical, pediatric, psychological or emergency services provided in connection with designated ministry property, any merger, consolidation, acquisition, liquidation, or dissolution of the Corporation or any local entity controlled by the corporation that owns designated ministry property, and policies applicable and any amendment, modification or restatement thereof, with or without prior action or recommendation of the Board of Directors of the Corporation</p>

Identifier	Return Reference	Explanation
Describe the Process used by Management &/or Governing Body to Review 990	Form 990, Part VI, Question 11B	The Form 990 is prepared and reviewed by the organization's external independent accountants. The CHRISTUS Health Accounting department works with an external accounting firm in preparation and review of the Form 990. The filing organization's CFO, or other designee, reviews the Form 990. The final Form 990 that will be filed with the IRS is posted to a secure internet portal for all members of the Board of Directors to view. Review of the final Form 990 occurs prior to filing with the IRS in the Spring of 2014 via a web portal polling tool by the respective CHRISTUS Organization's board, based on a set of suggested review processes developed by CHRISTUS Health.

Identifier	Return Reference	Explanation
Description of Process to Monitor Transactions for Conflicts of Interest	Form 990, Part VI, Question 12c	AT THE END OF EACH CALENDAR YEAR, THE CHRISTUS CONTINUING CARE CORPORATE SECRETARY DISTRIBUTES A CONFLICT OF INTEREST QUESTIONNAIRE TO ALL OF THE ORGANIZATION'S BOARD AND COMMITTEE MEMBERS FOR COMPLETION PRIOR TO THE 1ST OF JANUARY IN THE NEXT YEAR THE CORPORATE SECRETARY THOROUGHLY REVIEWS ALL COMPLETED AND EXECUTED CONFLICT OF INTEREST QUESTIONNAIRE FORMS TO ENSURE ACCURACY AND THAT NO POTENTIAL OR IDENTIFIED CONFLICT IS DISCLOSED OR EXISTS THE ORGANIZATION'S BOARD OF DIRECTORS IS RESPONSIBLE FOR ENFORCEMENT OF THE CONFLICT OF INTEREST POLICY OF THE ORGANIZATION

Identifier	Return Reference	Explanation
Compensation Determination Process	Form 990, Part VI, Questions 15a & 15b	<p>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 ONE KEY EMPLOYEE OF THE FILING ORGANIZATION. THE EXECUTIVE COMPENSATION COMMITTEE IS COMPOSED OF INDIVIDUALS WHO HAVE NO CONFLICT OF INTEREST WITH THE COMPENSATION ARRANGEMENTS AT HAND. THE EXECUTIVE COMPENSATION COMMITTEE OF THE CHRISTUS HEALTH BOARD SELECTS AN INDEPENDENT EXTERNAL FIRM TO PERFORM AN INDEPENDENT COMPENSATION REVIEW, TO ENSURE THAT ALL COMPENSATION IS REASONABLE AND COMPARABLE TO OTHER SIMILARLY SITUATED ORGANIZATIONS, FOR SIMILARLY QUALIFIED PERSONS IN FUNCTIONALLY COMPARABLE POSITIONS, AND TO PROVIDE SUPPORTING INFORMATION OF COMPENSATION DECISIONS. ON AN ANNUAL BASIS THE EXTERNAL CONSULTANT 1 DEVELOPS THE MERIT INCREASE RECOMMENDATIONS FOR ALL DESIGNATED SYSTEM EXECUTIVES BASED ON MARKET COMPARABILITY 2 RECOMMENDS THE CHANGES IN THE COMPENSATION STRUCTURE (GRADES) BASED ON THE MARKET CHANGES 3 COMPLETES A REVIEW AND EVALUATION OF NEWLY CREATED POSITIONS TO RECOMMEND A GRADE PLACEMENT TO THE COMMITTEE FOR ITS DISCUSSION AND APPROVAL. ON A BI-ANNUAL BASIS, THE EXTERNAL CONSULTANT COMPLETES A DETAILED REVIEW OF ALL OTHER DESIGNATED SYSTEM EXECUTIVES' COMPENSATION AND BENEFITS. THIS GROUP INCLUDES ALL TOP MANAGEMENT OFFICIALS, OTHER OFFICERS AND KEY LEADERS OF THE ORGANIZATION. THE REVIEW INCLUDES RECOMMENDATIONS TO THE COMMITTEE ON ANY CHANGES NECESSARY IN EITHER SPECIFIC COMPENSATION OR COMPENSATION STRUCTURE TO ENSURE MARKET COMPETITIVENESS, REASONABLENESS AND INTERNAL EQUITY. UPON RECOMMENDATIONS FROM THE INDEPENDENT EXTERNAL FIRM, THE EXECUTIVE COMPENSATION COMMITTEE MAKES FINAL COMPENSATION DECISIONS. ADDITIONALLY, THE EXECUTIVE COMPENSATION COMMITTEE REVIEWS ALL COMPENSATION PAYMENTS FOR EXCESS BENEFIT TRANSACTIONS. THE DISCUSSION AND DECISIONS OF THE COMMITTEE ARE DOCUMENTED AND FORMALIZED IN THE COMMITTEE MINUTES AND MAINTAINED ON RECORD. EFFECTIVE 12/7/11, THE FILING ORGANIZATION DETERMINED THE COMPENSATION OF THE ASSISTANT CORPORATE SECRETARY BY USE OF AN INDEPENDENT AND EXTERNAL CONSULTANT. THE CONSULTANT HELPS DETERMINE PAY RATES FOR THE ASSOCIATES OF THE FILING ORGANIZATION, TAKING INTO ACCOUNT MARKET DATA AND SHIFT DIFFERENTIAL. BASED ON THE AFOREMENTIONED PROCEDURE, THE ASSISTANT CORPORATE SECRETARY'S COMPENSATION IS NOT REVIEWED BY A COMPENSATION COMMITTEE.</p>

Identifier	Return Reference	Explanation
Public Disclosure of 1023 and Forms 990 & 990-T	Form 990, Part VI, Question 18	CHRISTUS HEALTH AND MOST OF ITS AFFILIATED ENTITIES DO NOT HAVE FORMS 1023 BECAUSE OF THEIR INCLUSION IN THE IRS GROUP RULING WITH THE UNITED STATES CONFERENCE OF CATHOLIC BISHOPS, WHICH COVERS THE ORGANIZATION LISTED IN THE ANNUAL OFFICIAL CATHOLIC DIRECTORY. CHRISTUS HEALTH'S WEBSITE DISPLAYS THE IRS GROUP RULING AND RELEVANT ANNUAL OFFICIAL CATHOLIC DIRECTORY PAGES FOR THE ORGANIZATIONS RELATED TO CHRISTUS HEALTH. FORMS 990 AND 990-T ARE MADE AVAILABLE UPON REQUEST.

Identifier	Return Reference	Explanation
Avail of Gov Docs, Conflict of Interest Policy, & Fin Strmts to Gen Public	Form 990, Part VI, Question 19	The Consolidated Audited Financial Statements of CHRISTUS Health are made available to the public via the Christus Health website. The organization's governing documents and conflict of interest policy are not made available to the public. OTHER CHANGES IN NET ASSETS FORM 990, PART XI, LINE 9 OTHER \$10,655

**SCHEDULE R  
(Form 990)**

**Related Organizations and Unrelated Partnerships**

OMB No 1545-0047

**2012**

**Open to Public  
Inspection**

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

Department of the Treasury  
Internal Revenue Service

Name of the organization  
CHRISTUS CONTINUING CARE

**Employer identification number**

74-2898615

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

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

**Part II Identification of Related Tax-Exempt Organizations** (Complete if the organization answered "Yes" to 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 entity?	
						Yes	No
See Additional Data Table							

**Part III Identification of Related Organizations Taxable as a Partnership** (Complete if the organization answered "Yes" to 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?		(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	

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust** (Complete if the organization answered "Yes" to 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	(i) Section 512 (b)(13) controlled entity?	
								Yes	No
(1) CHRISTUS Muguerza SAPI de CV  Hidalgo PTE 2525 Col Obispado, Monterrey, N L 64060 MX	HLTHCARE SERV	MX	CH	C corp					No
(2) EMERALD ASSURANCE CAYMAN LTD  PO BOX 1051 GRAND CAYMAN KY1- 1102 CJ 98-0407545	INSURANCE	CJ	CH	C CORP					No

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

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

**1** During the tax year, did the organization 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 or **(iv)** rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)

- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)

- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)

- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses

- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
<b>1a</b>	Yes	
<b>1b</b>		No
<b>1c</b>		No
<b>1d</b>		No
<b>1e</b>		No
<b>1f</b>		
<b>1g</b>		No
<b>1h</b>		No
<b>1i</b>		No
<b>1j</b>		No
<b>1k</b>		No
<b>1l</b>		No
<b>1m</b>	Yes	
<b>1n</b>		No
<b>1o</b>	Yes	
<b>1p</b>	Yes	
<b>1q</b>	Yes	
<b>1r</b>		No
<b>1s</b>		No

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

(a) Name of other organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			



**Software ID:**  
**Software Version:**  
**EIN:** 74-2898615  
**Name:** CHRISTUS CONTINUING CARE

**Part VII Supplemental Information**

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

Identifier	Return Reference	Explanation			
--> Form 990, Schedule R, Part V - Transactions With Related Organizations					
(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved		
CHRISTUS HEALTH CENTRAL LOUISIANA	a(i)	691,372	ACCRUAL		
CHRISTUS HEALTH SOUTHEAST TEXAS	a(i)	1,028,448	ACCRUAL		
CH WILKINSON PHYSICIAN NETWORK	m	352,296	ACCRUAL		
CHRISTUS HEALTH CENTRAL LOUISIANA	m	1,270,574	ACCRUAL		
CHRISTUS HEALTH Gulf Coast	m	251,017	ACCRUAL		
CHRISTUS HEALTH SOUTHEAST TEXAS	m	1,946,501	ACCRUAL		
CHRISTUS HEALTH SOUTHWESTERN LOUISIANA	m	1,161,706	ACCRUAL		
Christus Health Northern Louisiana	m	123,496	ACCRUAL		
CHRISTUS HEALTH Ark-la-Tex	o	65,981	ACCRUAL		
CHRISTUS Health Northern Louisiana	O	86,624	ACCRUAL		
Christus Health Central Louisiana	o	51,238	ACCRUAL		
CHRISTUS Health Northern Louisiana	q	269,726	ACCRUAL		
Christus Health Central Louisiana	q	300,418	ACCRUAL		
Christus Health Southeast Texas	q	55,651	ACCRUAL		
CHRISTUS SANTA ROSA HEALTH CARE CORPORATION	P	45,415	ACCRUAL		
CHRISTUS SANTA ROSA HEALTH CARE CORPORATION	Q	44,588	ACCRUAL		



CONSOLIDATED FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION

CHRISTUS Health  
Years Ended June 30, 2013 and 2012  
With Report of Independent Auditors

Ernst & Young LLP

 **ERNST & YOUNG**

# CHRISTUS Health

## Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2013 and 2012

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## Report of Independent Auditors

The Board of Directors  
CHRISTUS Health

We have audited the accompanying consolidated financial statements of CHRISTUS Health, which comprise the consolidated balance sheets as of June 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U S generally accepted accounting principles, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of CHRISTUS Health at June 30, 2013 and 2012, and the consolidated results of its operations and changes in net assets and its cash flows for the years then ended, in conformity with U S generally accepted accounting principles

### ***Adoption of Accounting Standards Updated (ASU) No. 2011-07, Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities***

As discussed in Note 3 to the consolidated financial statements, the System changed the presentation of the provision for bad debts as a result of the adoption of ASU No 2011-07, *Presentation and Disclosure of Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts for Certain Health Care Entities*, effective July 1, 2012

*Ernst + Young LLP*

September 13, 2013

CHRISTUS Health  
Consolidated Balance Sheets

	<b>June 30</b>	
	<b>2013</b>	<b>2012</b>
	<i>(In Thousands)</i>	
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 282,389	\$ 366,043
Short-term investments	1,043,273	529,738
Assets whose use is limited or restricted, required for current liabilities	59,960	56,903
Patient accounts receivable, net of allowance for doubtful accounts of \$93,426 and \$84,366 at June 30, 2013 and 2012, respectively	357,904	334,971
Notes and other receivables	183,994	57,499
Inventories	88,683	89,658
Securities pledged to creditors	8,858	46,518
Security lending collateral	9,204	46,257
Other current assets	65,226	51,784
Total current assets	2,099,491	1,579,371
Assets whose use is limited or restricted, less current portion	708,174	907,962
Property and equipment, net of accumulated depreciation	1,618,670	1,719,060
Other assets		
Investments in unconsolidated organizations	37,302	209,938
Goodwill	89,730	101,858
Other assets	74,740	74,472
Beneficial interest in supporting organizations and other restricted assets	68,792	15,540
Total other assets	270,564	401,808
Total assets	\$ 4,696,899	\$ 4,608,201

# CHRISTUS Health

## Consolidated Balance Sheets (continued)

	<b>June 30</b>	
	<b>2013</b>	<b>2012</b>
	<i>(In Thousands)</i>	
<b>Liabilities and net assets</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 409,675	\$ 358,097
Accrued employee compensation and benefits, including pension benefits, current portion	176,427	180,388
Estimated third-party settlements	33,017	33,267
Current portion of long-term debt	51,589	48,405
Payable under security lending agreement	9,210	47,288
Total current liabilities	679,918	667,445
Long-term debt, less current portion	1,071,943	1,124,556
Accrued pension benefits, long-term portion	75,435	197,177
Derivative financial instruments	92,624	136,786
Other long-term obligations – primarily related to self-funded liabilities, less current portion	169,613	176,799
Total liabilities	2,089,533	2,302,763
Net assets		
Unrestricted		
Attributable to CHRISTUS Health	2,356,267	2,115,411
Attributable to noncontrolling interest	120,356	119,299
Total unrestricted	2,476,623	2,234,710
Temporarily restricted	114,858	54,183
Permanently restricted	15,885	16,545
Total net assets	2,607,366	2,305,438
Total liabilities and net assets	\$ 4,696,899	\$ 4,608,201

*See accompanying notes.*

# CHRISTUS Health

## Consolidated Statements of Operations and Changes in Net Assets

	<b>Year Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
	<i>(In Thousands)</i>	
<b>Revenues</b>		
Patient service revenue (net of contractual allowances and discounts)	<b>\$ 3,463,569</b>	\$ 3,417,777
Provision for bad debts	<b>(239,406)</b>	(205,518)
Net patient service revenue less provision for bad debts	<b>3,224,163</b>	3,212,259
Premium revenue	<b>182,893</b>	174,283
Other revenue	<b>182,854</b>	181,955
Equity in income of unconsolidated organizations	<b>111,362</b>	27,539
<b>Total revenues</b>	<b>3,701,272</b>	3,596,036
<b>Expenses</b>		
Employee compensation and benefits	<b>1,609,714</b>	1,623,487
Services and other	<b>1,100,712</b>	1,020,213
Supplies	<b>612,132</b>	638,104
Depreciation and amortization	<b>271,965</b>	218,007
Interest	<b>33,697</b>	42,166
<b>Total expenses</b>	<b>3,628,220</b>	3,541,977
<b>Operating income</b>	<b>73,052</b>	54,059
<b>Nonoperating investment gain (loss)</b>	<b>88,212</b>	(91,519)
<b>Other nonoperating loss</b>	<b>(1,585)</b>	(3,935)
<b>Revenues in excess (deficit) of expenses</b>	<b>159,679</b>	(41,395)
<b>Less revenues in excess of expenses attributable to noncontrolling interest</b>	<b>17,171</b>	12,601
<b>Revenues in excess (deficit) of expenses attributable to CHRISTUS Health</b>	<b>142,508</b>	(53,996)

## CHRISTUS Health

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

	<b>Year Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
	<i>(In Thousands)</i>	
Changes in unrestricted net assets		
Revenues in excess (deficit) of expenses attributable to CHRISTUS Health	\$ 142,508	\$ (53,996)
Net change in unrealized gain (loss) on investments	3,320	(6,390)
Change in pension liabilities	95,141	(89,525)
Acquisition of noncontrolling interest	(3,380)	(2,610)
Change in noncontrolling interest	4,437	8,660
Other	(113)	3,478
Changes in unrestricted net assets	241,913	(140,383)
Temporarily restricted net assets		
Net change in beneficial interest	24,712	-
Contributions	6,142	3,229
Unrealized gain (loss) on investments	453	(2,190)
Net assets released from restrictions and other	(5,992)	(8,252)
Changes in temporarily restricted net assets	25,315	(7,213)
Permanently restricted net assets		
Net change in beneficial interest	(141)	-
Other	(6,000)	2,994
Changes in permanently restricted net assets	(6,141)	2,994
Change in net assets	261,087	(144,602)
Adjustment to beginning temporarily and permanently restricted net assets <i>(Note 16)</i>	40,841	-
Net assets – beginning of year	2,305,438	2,450,040
Net assets – end of year	\$ 2,607,366	\$ 2,305,438

*See accompanying notes.*

# CHRISTUS Health

## Consolidated Statements of Cash Flows

	<b>Year Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
	<i>(In Thousands)</i>	
<b>Operating activities</b>		
Changes in net assets	\$ 261,087	\$ (144,602)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Change in beneficial interest	(24,571)	-
Change in pension liabilities	(120,391)	81,559
Contributions of temporarily restricted net assets	(6,142)	(3,229)
Equity in income of unconsolidated organizations	(111,362)	(27,539)
Equity (earnings) losses on investments in managed funds	(37,436)	4,889
Depreciation and amortization	271,965	218,007
Provision for uncollectible accounts	239,406	205,518
Change in derivative fair value	(44,162)	76,813
Gain on disposal of property and equipment	(3,408)	(2,717)
Changes in operating assets and liabilities, net of acquisitions		
Increase in net patient accounts receivable	(262,339)	(226,837)
(Increase) decrease in trading securities	(99,954)	1,084
(Increase) decrease in notes and other receivables	(126,495)	68,206
Decrease (increase) in inventories	975	(1,226)
Increase in accounts payable, accrued expenses, and accrued employee compensation and benefits	54,647	3,365
Decrease in net third-party payor settlements	(250)	(8,815)
(Decrease) increase in liability for self-funded liabilities	(1,110)	3,782
Net cash (used in) provided by operating activities	<u>(9,540)</u>	248,258
<b>Investing activities</b>		
Purchases of property and equipment	(166,199)	(166,264)
Proceeds from sale or disposal of property and equipment	15,278	8,633
Proceeds from sale of investment in Baptist St. Anthony, net	299,037	-
Increase in equity investments in managed funds	(179,414)	(70,629)
(Increase) decrease in investments in unconsolidated organizations	(15,038)	6,151
Decrease (increase) in securities pledged to creditors	37,660	(6,307)
Increase in other assets	(3,385)	(5,541)
Decrease (increase) in security lending collateral	37,053	(7,102)
Net cash provided by (used in) investing activities	<u>24,991</u>	(241,059)

# CHRISTUS Health

## Consolidated Statements of Cash Flows (continued)

	<b>Year Ended June 30</b>	
	<b>2013</b>	<b>2012</b>
	<i>(In Thousands)</i>	
<b>Financing activities</b>		
Contributions of temporarily restricted net assets	\$ 6,142	\$ 3,229
Other costs associated with debt refinancing/conversion	(1,244)	(859)
Payments on long-term debt	(65,925)	(69,728)
(Decrease) increase in payable under security lending agreements	(38,078)	7,826
Net cash used in financing activities	(99,105)	(59,532)
Net decrease in cash and cash equivalents	(83,654)	(52,333)
Cash and cash equivalents – beginning of year	366,043	418,376
Cash and cash equivalents – end of year	\$ 282,389	\$ 366,043
<b>Noncash investing and financing transactions</b>		
Capital lease obligations incurred for property and equipment	\$ 3,171	\$ 1,064
<b>Supplemental disclosure of cash flow information</b>		
Cash paid during the year for interest (net of amount capitalized)	\$ 36,969	\$ 45,372

*See accompanying notes*

# CHRISTUS Health

## Notes to Consolidated Financial Statements

June 30, 2013

### **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 Charity 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 is to extend the healing ministry of Jesus Christ. The Gospel values underlying the mission statement challenge CHRISTUS to make choices that respond to the economically disadvantaged and the underserved with health care needs. The growth and development of CHRISTUS are determined by the health care needs of the communities that CHRISTUS 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 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 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'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 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, the country of Chile, and in the Republic of Mexico.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

CHRISTUS 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 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 \$195,839,000 and \$168,645,000 for the years ended June 30, 2013 and 2012, 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.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

### 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 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 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.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

### **3. Summary of Significant Accounting Policies**

#### **Basis of Consolidation**

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

#### **Use of Estimates**

The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management of the System to make assumptions, estimates, and judgments that affect the amounts reported in the financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any The System considers critical accounting policies to be those that require more significant judgments and estimates in the preparation of its financial statements, including the following recognition of net patient service revenues, which include contractual allowances and the provision 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

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

earnings (losses) on managed funds, realized and unrealized gains and losses, computed on the average-cost basis of the security at the time of sale, and interest and dividends) is included in revenues in excess (deficit) 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 accompanying 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 and Equipment

Property 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.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

#### **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 income for the operating long-lived assets and as a reduction in nonoperating gain for the assets held for sale at the time the impairment is identified.

In May 2013, the CHRISTUS board of directors approved a plan to consolidate the operations of two of its hospitals located in its Northern Louisiana Region, which will result in the closure of one of the facilities by the end of 2014. Accordingly, management evaluated the ongoing value of the long-lived assets and determined that the value of certain long-lived assets were no longer recoverable as their carrying value exceeded the expected cash flows. At June 30, 2013, the System wrote down the respective long-lived assets to their estimated fair value by recognizing an impairment loss of \$73,981,000, which is included in depreciation and amortization expense in the accompanying consolidated statements of operations and changes in net assets. In addition, an impairment loss of \$4,576,000 was recognized in fiscal year 2013 related to other long-lived assets. There were no impairments recognized in fiscal year 2012.

#### **Investments in Unconsolidated Organizations and Noncontrolling Interest**

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

The System attributed excess of revenue over expenses of \$17,171,000 and \$12,601,000 for the years ended June 30, 2013 and 2012, respectively, to the noncontrolling interest based on the contractual terms of joint ventures and the ownership percentage of the noncontrolling interests in certain of the consolidated subsidiaries. These amounts are reflected in unrestricted net assets in the consolidated balance sheets, net of distributions. As discussed below, the System acquired a portion of the noncontrolling interest in CHRISTUS Muguerza, S A de C V, during fiscal years 2013 and 2012.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

#### Securities Lending

The System participates in securities lending transactions facilitated by the lending agent. Such loans are secured by collateral of 103% 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.

#### 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, 2013 and 2012, the System had goodwill of \$89,730,000 and \$101,858,000, respectively. During fiscal year 2013, the System wrote off goodwill of \$15,823,000 related to the sale of Baptist St. Anthony's Health System (BSAHS).

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. 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 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 applied the optional provisions 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 fair value exceeded the carrying value of the applicable reporting units. Therefore, no two-step impairment analysis was required, and no impairment charges were recorded in fiscal year 2013 or 2012.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

#### **Deferred Financing Costs**

Deferred financing costs, net of accumulated amortization, included in other assets at June 30, 2013 and 2012, are \$17,181,000 and \$18,576,000, 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 Temporarily restricted net assets also include the System's beneficial interest in the net assets of affiliated and financially interrelated organizations, whose use has been limited by grant agreements and donors to a specific time period or use 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 2013 and 2012 Accordingly, all accounts receivable from the uninsured have been fully reserved in the allowance for doubtful accounts The resulting adjustment is recorded as revenue deductions from gross charges to arrive at net patient service revenue

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

#### Provision for Bad Debts

The System's recorded allowance for doubtful accounts 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.

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

	<b>Balance at Beginning of Year</b>	<b>Provision for Bad Debts</b>	<b>Accounts Written Off, Net of Recoveries</b>	<b>Balance at End of Year</b>
Year ended June 30, 2013	\$ 84,366	\$ 239,406	\$ (230,346)	\$ 93,426

#### 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 gain contingency 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

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

totaling \$25,109,000 and \$27,668,000 for the years ended June 30, 2013 and 2012, respectively, are included in other 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.

#### **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 accompanying consolidated financial statements. At June 30, 2013 and 2012, 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

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

unrestricted net assets and reported in the consolidated statements of operations and changes in net assets as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying consolidated financial statements.

#### International Operations

##### *CHRISTUS Mugerza*

The System owns a 75.2% interest in CHRISTUS Mugerza, S A de C V (CHRISTUS Mugerza), headquartered in Monterrey, Mexico. CHRISTUS Mugerza 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 Mugerza are presented in accordance with accounting principles generally accepted in the United States and are consolidated in the CHRISTUS consolidated financial statements. CHRISTUS Mugerza has net assets of \$95,519,000 and \$72,909,000 at June 30, 2013 and 2012, respectively.

The System increased its ownership interest in CHRISTUS Mugerza from 64.6% to 75.2% by purchasing 6,982,327 additional shares from the noncontrolling interest holders in December 2012 for cash consideration in the amount of \$7,000,000 and 3,377,462 additional shares for cash consideration of \$3,500,000 in May 2013. Additionally, the System acquired newly issued shares of CHRISTUS Mugerza for \$11,079,000 in April 2013. During the year ended June 30, 2012, the System acquired 11,300,168 additional shares for cash consideration in the amount of \$6,000,000.

In November 2012, the System and certain noncontrolling interest holders entered into a revised shareholders agreement, whereby the noncontrolling interest holders of CHRISTUS Mugerza have a series of put options through December 31, 2028. These options will require the System to acquire shares, subject to an annual cap of either \$3,500,000 or \$2,000,000 depending on the year, at a formula price as defined. At June 30, 2013, the System had \$3,739,000 recorded as unrestricted net assets attributable to noncontrolling interest to reflect such obligation to the noncontrolling interest holders in connection with the agreement.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

#### *Pontificia Universidad Católica de Chile*

CHRISTUS has signed a memorandum of understanding with Pontificia Universidad Católica de Chile (PUC) in Santiago, Chile, to enter into a joint venture agreement for the ownership, operation, and expansion of PUC's health network. PUC is owned by the Catholic Church and operates one of the largest health systems in Chile for medical care and teaching. CHRISTUS and PUC will complete due diligence and negotiations over the coming months.

CHRISTUS and PUC have also entered into an interim management agreement under which CHRISTUS will provide management services to the PUC health network through the due diligence and negotiation period. This agreement commenced March 1, 2013.

#### **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's obligation under these guarantees was \$8,755,000 and \$9,129,000 at June 30, 2013 and 2012, 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 \$21,398,000.

#### **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, 2013 and 2012.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

#### New and Pending Accounting Pronouncements

In May 2011, the FASB issued ASU 2011-04, *Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. Generally Accepted Accounting Principles (GAAP) and International Financial Reporting Standards (IFRS)*. The amendments in the ASU result in common fair value measurement and disclosure requirements in GAAP and IFRS. Additionally, the ASU changes the wording used to describe many of the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements. This ASU was effective for the System on July 1, 2012. The adoption of this standard did not have an effect on the System's consolidated financial statements.

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 the System 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 the System'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 was effective for the System on July 1, 2012. This amended presentation is reflected in the System's accompanying consolidated statements of operations and changes in net assets.

In December 2011, the FASB issued ASU 2011-11, *Disclosures about Offsetting Assets and Liabilities*, an amendment to the accounting guidance for disclosure of offsetting assets and liabilities. In January 2013, the FASB issued ASU 2013-01, *Clarifying the Scope of Disclosures about Offsetting Assets and Liabilities*. These ASUs expand the disclosure requirements in that entities will be required to disclose both gross and net information about instruments and transactions eligible for offset in the balance sheet. This new guidance is effective for the System on July 1, 2013. The adoption of this standard will not have a material effect on the System's consolidated financial statements.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

#### Reclassifications

Certain prior-year amounts have been reclassified to conform to the current-year presentation. These include the presentation of investments (see Note 5) and the classification of certain activities as nonoperating.

#### 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, 2013 and 2012 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 2013 and 2012, net patient service revenue increased approximately \$7,153,000 and \$16,629,000, 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.

Revenue from the Medicare and Medicaid programs accounted for approximately 23% and 10%, respectively, of the System's net patient revenue for the fiscal year ended June 30, 2013, and 27% and 10%, respectively, of the System's net patient revenue for the fiscal year ended June 30, 2012. 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.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

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

Patient service revenue (in thousands), net of contractual allowances and discounts (but before the provision for bad debts) recognized for the year ended June 30, 2013, by payor, was

	<b>Patient Service Revenue</b>	<b>% of Total</b>
Medicare	\$ 797,700	23%
Medicaid	328,332	10%
Managed care organizations	1,498,620	43%
Commercial payors	256,497	7%
Self-pay and other	582,420	17%
	<u>\$ 3,463,569</u>	<u>100%</u>

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 Texas hospitals that qualified to receive such payments in both 2013 and 2012. 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. 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,

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

entirely at its discretion, to contribute a portion of its tax revenues into the state's Medicaid program. The amounts transferred by the governmental entity to the state Medicaid program are then matched at the federal level, and the total amount (the amount transferred to the state Medicaid program by the governmental entity and the related federal match) is then paid to the hospital participants based upon each hospital's individual applicable funding entitlement. In addition to the allocations received by the Medicaid program, hospital participants in some communities may make charity community benefit transfers to each other throughout the year to reach a previously agreed-upon sharing ratio.

Medicaid supplemental payments, which include Medicaid DSH and UPL payments, net of settlements and amounts transferred between program participants, of approximately \$329,829,000 and \$252,756,000 were recorded in 2013 and 2012, 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 an 1115(b) demonstration waiver (the 1115(b) waiver) from traditional Medicaid financial and eligibility rules. Texas is approaching the third demonstration year for the Texas 1115(b) waiver program, beginning October 1, 2013. While in its third year of implementation, the program has had a slow transition from a traditional UPL program to a pay-for-performance program. The pay-for-performance program provides payments to hospitals through two pools, the Uncompensated Care Pool and the Delivery System Reform Incentive Pool (DSRIP). Both pools replace the former UPL program and can cover the unreimbursed shortfall on Medicaid claims. CHRISTUS has operations in five different regional health partnerships (RHP) under this program and has approximately 40 DSRIP projects that are eligible for funding to our hospitals, the projects are currently under review by CMS. For fiscal year 2013, CHRISTUS has received \$9,713,000 in DSRIP funding, which is included in other revenue in the accompanying consolidated statement of operations and changes in net assets.

While DSH and UPL funds are separate, the implementation of the 1115(b) 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. In the Texas 83rd legislative session, lawmakers passed a budget rider that requires the Texas HHSC to work with both public and private providers, through the rule-making process, to maintain the supplemental program for program years 2014 and 2015.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

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)

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 430,663	\$ 549,591
Certificates of deposit	12,250	9,928
Domestic equities and equity funds	210,967	240,732
Preferred stocks	141	494
Fixed-income securities and fixed-income funds	665,211	614,801
International equities	73,666	97,290
U S government securities	269,568	115,257
Equity in managed funds		
Fixed-income funds	193,695	90,429
Hedge funds	244,359	186,481
Private equity, real estate, and other	2,134	2,161
	<u>\$ 2,102,654</u>	<u>\$ 1,907,164</u>

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

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 and fixed-income funds 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. The System's equity investments in managed funds are recorded based on the System's share of the underlying value of marketable securities and nonmarketable interests 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, 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.

#### **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.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

### 5. Cash and Investments (continued)

#### Equity Investments in Managed Funds

These funds are invested with external investment managers who invest primarily in various categories, including fixed income, long and short equity positions, managed futures, emerging markets, distressed enterprises, arbitrage, risk parity, private equity, and real estate 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.

*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 classified certain funds with underlying investments in fixed income securities under the caption “Equity in managed funds – fixed income funds” at June 30, 2013 and 2012. Previously, these funds totaling \$90,429,000 at June 30, 2012 were classified under the caption “Fixed-income securities and fixed-income funds.”

The System has no commitments for funding to equity investments in managed funds as of June 30, 2013.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

### 5. Cash and Investments (continued)

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

	<b>2013</b>	<b>2012</b>
Assets whose use is limited or restricted, required for current bond indenture and self-insurance liabilities	\$ <b>58,578</b>	\$ 56,903
Other investments, internally designated for capital expansion and other purposes	<b>361,020</b>	577,105
Under bond indenture agreement – held by trustee	<b>83,077</b>	83,555
Under liability retention and self-insurance funding arrangement – held by trustee	<b>13,523</b>	12,572
Under Emerald Assurance funding arrangements	<b>193,386</b>	177,423
Restricted cash and investments	<b>58,550</b>	57,307
Total assets whose use is limited or restricted	<b>\$ 768,134</b>	<b>\$ 964,865</b>

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)

	<b>2013</b>	<b>2012</b>
Operating interest and dividend income	\$ <b>8,490</b>	\$ 5,151
Operating (loss) gain, realized and unrealized	<b>(1,948)</b>	5,881
Equity investment earnings (loss) on managed funds	<b>8,926</b>	(894)
Total operating investment income	<b>15,468</b>	10,138
Nonoperating interest and dividend income	<b>13,754</b>	13,191
Nonoperating gain (loss), realized and unrealized	<b>17,125</b>	(14,327)
Equity investment earnings (loss) on managed funds	<b>28,510</b>	(3,994)
Net swap agreement activity	<b>28,823</b>	(86,389)
Total nonoperating investment gain (loss)	<b>88,212</b>	(91,519)
Total investment gain (loss)	<b>\$ 103,680</b>	<b>\$ (81,381)</b>

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

### **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 reporting date. The three levels are defined as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities at the reporting date
- Level 2 – Inputs to the valuation methodology other than quoted market prices included in Level 1 that are observable for the asset or liability. Level 2 pricing inputs 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 for the asset or liability

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. There were no significant transfers between levels during the years ended June 30, 2013 and 2012.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

### 6. Fair Value Measurements (continued)

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

	2013			Total
	Level 1	Level 2	Level 3	
<b>Assets</b>				
<b>Investments</b>				
Cash and cash equivalents	\$ 430,663	\$ –	\$ –	\$ 430,663
Certificates of deposit	–	12,250	–	12,250
Domestic equities and equity funds	210,967	–	–	210,967
Preferred stocks	141	–	–	141
Fixed-income securities and fixed-income funds	20,947	644,264	–	665,211
International equities	73,666	–	–	73,666
U S government securities	–	269,568	–	269,568
Total investments				
Total assets at fair value	<u>\$ 736,384</u>	<u>\$ 926,082</u>	<u>\$ –</u>	<u>\$ 1,662,466</u>
<b>Liabilities</b>				
Interest rate swap agreements	\$ –	\$ 92,624	\$ –	\$ 92,264
Total liabilities at fair value	<u>\$ –</u>	<u>\$ 92,624</u>	<u>\$ –</u>	<u>\$ 92,264</u>

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

### 6. Fair Value Measurements (continued)

	2012			
	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<b>Investments</b>				
Cash and cash equivalents	\$ 545,853	\$ 3,738	\$ –	\$ 549,591
Certificates of deposit	–	9,928	–	9,928
Domestic equities and equity funds	240,732	–	–	240,732
Preferred stocks	494	–	–	494
Fixed-income securities and fixed-income funds	–	614,801	–	614,801
International equities	97,290	–	–	97,290
U S government securities	–	115,257	–	115,257
Total investments	884,369	743,724	–	1,628,093
Total assets at fair value	\$ 884,369	\$ 743,724	\$ –	\$ 1,628,093
<b>Liabilities</b>				
Interest rate swap agreements	\$ –	\$ 136,786	\$ –	\$ 136,786
Total liabilities at fair value	\$ –	\$ 136,786	\$ –	\$ 136,786

Equity investments in managed funds of \$440,188,000 and \$279,071,000 at June 30, 2013 and 2012, respectively, are not included in this table since they are accounted for using the equity method of accounting

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.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

### 6. Fair Value Measurements (continued)

- *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

At June 30, 2013 and 2012, 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 \$585,862,000 at June 30, 2013, as compared to its carrying value of \$530,728,000. This fair value is based on a combination of quoted market prices for identical securities when available, a Level 1 input, and quoted market prices for similarly rated healthcare revenue bond issues, a Level 2 input.

At June 30, 2013, 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.

The fair values of nonrecurring impairment losses for long-lived assets in fiscal year 2013 totaling \$78,557,000 were estimated based on a sales comparison approach using Level 2 inputs.

## CHRISTUS Health

### Notes to Consolidated Financial Statements (continued)

#### 7. Property and Equipment

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

	2013	2012
Land	\$ 189,592	\$ 211,243
Land improvements	73,892	73,229
Buildings and fixed equipment	2,351,349	2,373,120
Major movable equipment	1,787,936	1,868,107
Accumulated depreciation	(2,851,335)	(2,861,319)
	1,551,434	1,664,380
Construction-in-progress (estimated cost to complete is \$163 million and \$82 million at June 30, 2013 and 2012, respectively)	67,236	54,680
Total	\$ 1,618,670	\$ 1,719,060

Depreciation expense for the System for fiscal years 2013 and 2012 totaled \$263,298,000 (inclusive of impairment charges of \$78,557,000) and \$209,672,000, respectively

#### 8. Investments in Unconsolidated Organizations

The System has unrestricted investments in unconsolidated organizations of \$37,302,000 and \$209,938,000 at June 30, 2013 and 2012, respectively. The following investments account for 63% and 93% of the System's total investments in unconsolidated organizations in both 2013 and 2012 respectively

##### *Baptist St. Anthony's Health System*

CHRISTUS has a 50% membership interest in Baptist St. Anthony's Health System (BSAHS), a Texas nonprofit corporation. On January 2, 2013, BSAHS completed a transaction that resulted in the sale of substantially all the assets of BSAHS to a subsidiary of Ardent Health Services, based in Nashville, Tennessee. CHRISTUS recorded a gain of \$95,997,000 on the sale of BSAHS, which is included in equity in income of unconsolidated organizations in the accompanying consolidated statements of operations and changes in net assets. At June 30, 2013, CHRISTUS's portion of additional sales proceeds of \$20,963,000 have been placed in escrow for a period of up to 18 months to provide for certain contingencies existing or that may exist as of the date of the transaction.

## CHRISTUS Health

### Notes to Consolidated Financial Statements (continued)

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

CHRISTUS's recorded investment in BSAHS, accounted for under the equity method, was \$193,376,000, including \$9,148,000 of restricted net assets that were recorded as other restricted assets at the time of the sale. At June 30, 2012, the investment in BSAHS was \$184,367,000, including \$15,823,000 of goodwill and \$11,592,000 of restricted net assets. The System also recorded its share of BSAHS's gains from operations through the date of the sale of \$8,624,000 and \$19,906,000 for the year ending June 30, 2012. The System recorded its share of unrealized losses on investments through the date of the sale of \$139,000 and \$538,000 during the year ended June 30, 2012, as changes in unrestricted net assets.

#### *Preferred Professional Insurance Company*

CHRISTUS 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's recorded investment in PPIC, accounted for under the cost method, was \$17,059,000 at both June 30, 2013 and 2012. The System recorded income from its investment in PPIC in fiscal years 2013 and 2012 of \$320,000 and \$296,000, respectively.

#### *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's recorded investment, accounted for under the equity method, was \$5,594,000 and \$5,755,000 at June 30, 2013 and 2012, respectively. The System recorded its share of income from operations in fiscal years 2013 and 2012 of \$853,000 and \$754,000, respectively.

## CHRISTUS Health

### Notes to Consolidated Financial Statements (continued)

#### 9. Long-Term Debt

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

	<b>2013</b>	<b>2012</b>
Revenue bonds, in variable-rate demand mode, with weighted-average trading rates of 0.14% and 0.16% in fiscal 2013 and 2012, respectively, due in 2047	<b>\$ 268,320</b>	\$ 268,795
Revenue bonds, in auction mode, with weighted-average interest rates of 0.44% and 0.64% in fiscal 2013 and 2012, respectively, due in 2031	<b>204,900</b>	212,150
Revenue bonds, in fixed-rate mode, bearing interest from 3.00% to 6.50%	<b>530,728</b>	562,587
Capital leases for certain hospital facilities, bearing interest at fixed rates ranging from 6.0% to 6.9%, with annual principal payments through 2030, secured by the related assets	<b>52,234</b>	54,076
Nonobligated bank notes and capital leases related to CHRISTUS Muguerza	<b>37,391</b>	41,672
Other note and capital lease note obligations	<b>29,959</b>	33,681
	<b>1,123,532</b>	1,172,961
Less current portion	<b>(51,589)</b>	(48,405)
Total	<b>\$ 1,071,943</b>	\$ 1,124,556

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.

Certain entities of CHRISTUS that are otherwise included in the consolidated financial statements of CHRISTUS 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 Provider Network, CHRISTUS Continuing Care, CHRISTUS St. Michael Atlanta, CHRISTUS Muguerza, S.A. de C.V., and various philanthropic foundations.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

Under the provisions of the Master Trust Indenture, the obligations of CHRISTUS 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 has letter of credit bank agreements on Series 2008C and 2009B variable-rate demand bonds (VRDB). Effective October 3, 2012, the letters of credit supporting the outstanding Series 2008C bonds issued by Bank of America were substituted by PNC Bank, NA for the Series 2008C-1 bonds that expire October 2, 2015, The Bank of New York Mellon for the 2008C-2 bonds that expire October 3, 2017, and Bank of Montreal, acting through its Chicago Branch, for the Series 2008C-3 and 2008C-4 bonds that expire October 2, 2017. The Series 2009B VRDBs are supported by letters of credit issued by The Bank of New York Mellon that expire on July 31, 2014. Based on the terms of the letter of credit bank agreements, the Series 2008C and 2009B Bonds are classified as long-term debt in the accompanying consolidated balance sheets.

In addition, the System was obligated on approximately \$119,584,000 and \$129,429,000 of additional long-term debt, which included capitalized leases and notes payable to others as of June 30, 2013 and 2012, respectively.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

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

2014	\$ 51,589
2015	66,127
2016	58,841
2017	58,855
2018	42,914
Thereafter	845,206
Total debt	<u>\$ 1,123,532</u>

### 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. These swaps 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.

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 2013 and 2012, CHRISTUS has interest rate swap agreements to manage interest rate risk exposure, not designated as hedging instruments, with a total notional amount of \$954,185,000 and \$961,435,000, respectively.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

### 10. Derivative Financial Instruments (continued)

The following tables summarize the fair value at June 30, 2013 and 2012, and the income (loss) recorded related to the interest rate swap agreements as of and for the years ended June 30, 2013 and 2012, in thousands

Counterparty	Description	Termination Date	Interest Rate Agreements	Notional Amount	Fair Value		Change in Fair Value		(Paid)/Received	
					6/30/2013	6/30/2012	6/30/2013	6/30/2012	6/30/2013	6/30/2012
Merrill Lynch *Wells Fargo	Variable Basis Fixed	2012–2023	6	470,000	\$ (4,493)	\$ (7,910)	\$ 3,417	\$ (818)	\$ 82	\$ 197
Citigroup	Payor **Constant Maturity	2022 and 2031	1 2	204,925,217,805	(23,991)	(35,107)	11,116	(12,022)	(6,267)	(13,649)
Citigroup	Fixed Payor	2022	0 1	0,200,000	–	–	–	(12,375)	–	12,975
Citigroup	Fixed Payor	2047	2	166,100	(38,490)	(56,095)	17,605	(30,681)	(5,467)	(5,435)
Citigroup	Fixed Payor	2047	1	113,160	(25,650)	(37,674)	12,024	(20,917)	(3,686)	(3,665)
			12	954,185,961,435	\$ (92,624)	\$ (136,786)	\$ 44,162	\$ (76,813)	\$ (15,338)	\$ (9,577)

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. These swaps 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.

CHRISTUS 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 has complied with this requirement. At June 30, 2013 and 2012, no collateral was posted. The System does not anticipate nonperformance by its counterparties. The fair value of these swap agreements was a liability of \$92,624,000 and \$136,786,000 at June 30, 2013 and 2012, respectively. The change in fair value of \$44,162,000 and (\$76,813,000) for the years ended June 30, 2013 and 2012, respectively, is combined with the payments, net of receipts made under the agreements, of \$15,338,000 and \$9,577,000 for the years ended June 30, 2013 and 2012, respectively. This total is included in nonoperating investment gain (loss) in the accompanying consolidated statements of operations and changes in net assets.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

### 10. Derivative Financial Instruments (continued)

On August 26, 2011, CHRISTUS terminated two swaps with counterparty Citigroup, N A. CHRISTUS terminated one of the 2005 Fixed Payor Swaps with a notional amount of \$52,150,000 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 entered into a swap novation with Citibank, N A as transferor and Wells Fargo Bank, N A as transferee of the Fixed Payor Swap with an original notional amount 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.

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 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 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 employees who meet age and service requirements. The plan benefits are calculated based on a cash balance formula wherein participants earn an annual accrual based on compensation and participant account balances accrue interest at a rate that tracks 10-year treasury notes, the maximum rate is 8%. On

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

October 22, 2012, the CHRISTUS board approved significant plan changes for the plan year starting January 1, 2013. These changes include closing the plan to new participants, reducing the annual accrual rate from 6% to 3%, and eliminating the minimum 2% interest accrual rate. The plan was remeasured effective November 1, 2012, due to the changes. The remeasurement resulted in an \$83,187,000 decrease in the projected benefit obligation of the plan.

#### **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 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 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, 2013 and 2012, the total liability recorded pertaining to this SERP was \$4,734,000 and \$5,215,000, respectively.

#### **Restoration Plan**

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

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

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	
	2013	2012	2013	2012	2013	2012	2013	2012
Service cost	\$ 32,287	\$ 41,937	\$ 435	\$ 512	\$ -	\$ -	\$ 258	\$ 187
Interest cost	34,310	40,431	705	1,039	-	-	155	135
Expected return on assets	(47,549)	(41,929)	-	-	-	-	-	-
Amortization of prior service cost	(8,565)	(642)	-	(3)	-	-	103	103
Recognized net actuarial loss (gain)	23,076	7,897	(462)	-	(481)	41	61	-
Net benefit cost	\$ 33,559	\$ 47,694	\$ 678	\$ 1,548	\$ (481)	\$ 41	\$ 577	\$ 425

At June 30, 2013 and 2012, unrestricted net assets have been reduced by \$124,004,000 and \$223,045,000, 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 2014 are \$3,930,000.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

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

	Cash Balance Plan		Postretirement		SERP		Restoration Plan	
	2013	2012	2013	2012	2013	2012	2013	2012
Changes in benefit obligation								
Benefit obligations – beginning of year	\$ 900,776	\$ 802,683	\$ 19,088	\$ 21,507	\$ 5,215	\$ 5,175	\$ 4,114	\$ 2,877
Service cost	32,287	41,937	435	512	–	–	258	187
Interest cost	34,310	40,431	705	1,039	–	–	155	135
Actuarial loss (gain)	7,656	49,357	(3,200)	(3,582)	(481)	40	768	1,076
Effect of remeasurement for plan amendment	(83,187)	–	–	–	–	–	(802)	–
Benefits paid	(40,736)	(33,632)	(547)	(388)	–	–	(577)	(161)
<b>Benefit obligation – end of year</b>	<b>\$ 851,106</b>	<b>\$ 900,776</b>	<b>\$ 16,481</b>	<b>\$ 19,088</b>	<b>\$ 4,734</b>	<b>\$ 5,215</b>	<b>\$ 3,916</b>	<b>\$ 4,114</b>
Change in plan assets								
Fair value of plan assets – beginning of year	\$ 706,851	\$ 688,606	\$ –	\$ –	\$ –	\$ –	\$ –	\$ –
Actual return on plan assets	56,349	(4,523)	–	–	–	–	–	–
Employer contributions	60,000	56,400	547	388	–	–	577	161
Benefits paid	(40,736)	(33,632)	(547)	(388)	–	–	(577)	(161)
<b>Fair value of plan assets – end of year</b>	<b>\$ 782,464</b>	<b>\$ 706,851</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ –</b>
<b>Funded status of the plans</b>	<b>\$ (68,642)</b>	<b>\$ (193,925)</b>	<b>\$ (16,481)</b>	<b>\$ (19,088)</b>	<b>\$ (4,734)</b>	<b>\$ (5,215)</b>	<b>\$ (3,916)</b>	<b>\$ (4,114)</b>
Unrecognized net actuarial loss (gain)	\$ 199,229	\$ 223,449	\$ (8,497)	\$ (5,760)	\$ –	\$ –	\$ 1,547	\$ 841
Unrecognized prior service cost	(76,227)	(1,605)	–	–	–	–	(544)	360
<b>Total</b>	<b>\$ 123,002</b>	<b>\$ 221,844</b>	<b>\$ (8,497)</b>	<b>\$ (5,760)</b>	<b>\$ –</b>	<b>\$ –</b>	<b>\$ 1,003</b>	<b>\$ 1,201</b>

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

As of June 30, 2013 and 2012, the CHRISTUS cash balance plan had accumulated benefit obligations of \$847,269,000 and \$848,224,000, 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	
	2013	2012	2013	2012	2013	2012	2013	2012
Benefit obligations								
Discount rate	4.75%	4.21%	3.88%	3.79%	4.75%	4.21%	4.75%	4.21%
Rate of compensation increase	4.09	4.09	N/A	N/A	N/A	N/A	4.09	4.09
Net periodic benefit cost								
Discount rate	3.92	5.15	3.79	4.96	4.21	5.15	4.21	5.15
Expected long-term return on plan assets	6.50	6.00	N/A	N/A	N/A	N/A	N/A	N/A
Rate of compensation increase	4.09	4.09	N/A	N/A	N/A	N/A	4.09	4.09

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, which 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			Postretirement	
	2013	2012		1% Point Increase	1% Point Decrease
Assumed health care cost trend rates at June 30	7.75%	8.5%			
Health care cost trend rate assumed for next year	7.0	7.75	Effect on total of service cost and interest cost components	\$ 98	\$ (87)
Ratio to which the cost trend rate is assumed to decline (the ultimate trend rate)	5.0	5.5			
Year that the rate reaches the ultimate trend rate	2017	2016	Effect on postretirement benefit obligation	1,309	(1,179)

*(In Thousands)*

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

#### Investment Policy and Asset Allocations

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

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

	<u>2013</u>	<u>2012</u>
Cash and cash equivalents	\$ 15,812	\$ 86,985
Domestic common stocks	112,985	108,304
Fixed-income securities	163,672	158,555
International equities	54,650	66,015
Equity investments in managed funds		
Fixed-income funds	148,208	52,158
Hedge funds	177,231	137,610
Private equity, real estate, and other	109,041	95,958
Other	865	1,266
Total	<u>\$ 782,464</u>	<u>\$ 706,851</u>

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

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

	2013	2012
Allocation of plan assets by asset category		
Cash and cash equivalents	2.0%	12.0%
Equity securities	21.4	25.0
Fixed-income securities	20.9	22.4
Equity investments in managed funds (Note 5)	55.7	40.6
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, 2013 (in thousands)

	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
Investments				
Cash and cash equivalents	\$ 447	\$ 15,365	\$ —	\$ 15,812
Domestic common stocks	112,985	—	—	112,985
Fixed-income securities	—	163,672	—	163,672
International equities	54,650	—	—	54,650
Equity investments in managed funds				
Fixed-income funds	—	69,901	78,307	148,208
Hedge funds	—	—	177,231	177,231
Private equity, real estate, and other funds	—	—	109,041	109,041
Other	865	—	—	865
Total investments	168,947	248,938	364,579	782,464
Total assets at fair value	\$ 168,947	\$ 248,938	\$ 364,579	\$ 782,464

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

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)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<b>Investments</b>				
Cash and cash equivalents	\$ 416	\$ 86,569	\$ –	\$ 86,985
Domestic common stocks	108,304	–	–	108,304
Fixed income securities	–	158,555	–	158,555
International equities	66,015	–	–	66,015
Equity investments in managed funds				
Fixed-income funds	–	52,158	–	52,158
Hedge funds	–	–	137,610	137,610
Private equity, real estate, and other funds	–	–	95,958	95,958
Other	1,266	–	–	1,266
<b>Total investments</b>	<b>176,001</b>	<b>297,282</b>	<b>233,568</b>	<b>706,851</b>
<b>Total assets at fair value</b>	<b>\$ 176,001</b>	<b>\$ 297,282</b>	<b>\$ 233,568</b>	<b>\$ 706,851</b>

The following table is a rollforward of the pension plan assets classified within Level 3 of the valuation hierarchy at June 30 (in thousands)

	<b>Fixed- Income Funds</b>	<b>Hedge Funds</b>	<b>Private Equity, Real Estate, and Other Funds</b>	<b>Total</b>
Fair value at June 30, 2011	\$ –	\$ 100,760	\$ 78,916	\$ 179,676
Purchases, issuances, and settlements	–	42,685	20,048	62,733
Actual return on plan assets	–	(5,835)	(3,006)	(8,841)
Fair value at June 30, 2012	–	137,610	95,958	233,568
Purchases, issuances, and settlements	<b>78,307</b>	<b>19,131</b>	<b>23,554</b>	<b>120,992</b>
Actual return on plan assets	–	<b>20,490</b>	<b>(10,471)</b>	<b>10,019</b>
Fair value at June 30, 2013	<b>\$ 78,307</b>	<b>\$ 177,231</b>	<b>\$ 109,041</b>	<b>\$ 364,579</b>

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

The cash balance plan has \$76,996,000 of funding commitments to equity investments in managed funds as of June 30, 2013

#### Contributions

In fiscal year 2014, CHRISTUS expects to contribute \$30,000,000 to the cash balance plan based on asset values for the plan year beginning January 1, 2013. Contributions to the cash balance plan of \$60,000,000, and \$56,400,000 were made for plan years beginning January 1, 2012 and 2011, respectively. Since the postretirement plan, SERP, and restoration plan are unfunded, no cash contributions are expected.

#### 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):

	<b>Cash Balance Plan</b>	<b>Post retirement</b>	<b>SERP</b>	<b>Restoration Plan</b>
2014	\$ 43,083	\$ 865	\$ 570	\$ 1,047
2015	44,614	1,049	551	319
2016	46,593	1,192	530	345
2017	49,342	1,393	507	363
2018	52,238	1,448	482	369
Years 2019–2023	288,009	7,390	1,990	1,714

#### Defined-Contribution Plans

The System has a defined-contribution plan (the Matched Savings Plan) covering substantially all CHRISTUS 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, 2013 and 2012, expenses attributable to the Matched Savings Plan amounted to \$8,097,000 and \$8,059,023, respectively.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

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 2013 and 2012, St Vincent has incurred approximately \$3,597,000 and \$3,885,000 in expenses related to the plans, respectively.

#### **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 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, 2013 and 2012, the total asset and the corresponding liability were \$9,514,000 and \$6,717,000, 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.

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

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

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 accompanying consolidated statements of operations and changes in net assets. The estimated self-funded 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 who are local residents of the geographies of the various System health care centers and are insured under third-party payor agreements. The mix of accounts receivables from patients and third-party payors at June 30, was as follows:

	<u>2013</u>	<u>2012</u>
Medicare	24.6%	23.2%
Medicaid	6.1	6.1
Managed care organizations	37.4	37.3
Commercial insurance	6.1	6.2
Self-pay	15.3	16.9
Others	10.5	10.3
	<u>100.0%</u>	<u>100.0%</u>

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

### 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 2013 and 2012 for all operating leases was approximately \$56,336,000 and \$47,617,000, respectively.

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, 2013, that have initial or remaining lease terms in excess of one year (in thousands):

2014	\$	38,017
2015		33,504
2016		26,959
2017		28,169
2018		22,442
Thereafter		61,494
Total	\$	<u>210,585</u>

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 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 13, 2013, 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 effect on CHRISTUS's financial condition, management anticipates that any final settlement will not have a material adverse effect 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.

## CHRISTUS Health

### Notes to Consolidated Financial Statements (continued)

#### 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):

	<b>2013</b>	<b>2012</b>
Health care services	\$ <b>2,566,807</b>	\$ 2,515,189
Physician services	<b>253,752</b>	228,298
General and administrative	<b>807,661</b>	798,490
Total	<b>\$ 3,628,220</b>	<b>\$ 3,541,977</b>

#### 16. Temporarily and Permanently Restricted Net Assets

During 2013, the System determined that in prior years it should have recorded a beneficial interest in the net assets of financially inter-related entities in the Santa Rosa Region, since those entities hold funds that are restricted for the benefit of Santa Rosa Children's Hospital. The System determined this amount was not material to the prior-year financial statements, and therefore recorded the beneficial interest in the current-year financial statements. The prior-year effect of recording the beneficial interest was \$40,841,000, which is included as an adjustment to beginning net assets in the accompanying consolidated statements of operations and changes in net assets.

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

	<b>2013</b>	<b>2012</b>
Purchase of equipment/capital improvement	\$ <b>7,816</b>	\$ 11,123
Indigent care	<b>2,590</b>	2,536
Health education	<b>2,711</b>	1,959
Health care services	<b>64,889</b>	4,413
Community outreach	<b>13,880</b>	13,057
Other	<b>22,972</b>	21,095
Total	<b>\$ 114,858</b>	<b>\$ 54,183</b>

## CHRISTUS Health

### Notes to Consolidated Financial Statements (continued)

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

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

	<b>2013</b>	<b>2012</b>
Investments to be held in perpetuity, the income from which is expendable to support health care services (reported as operating income)	\$ 7,908	\$ 7,801
Endowment requiring income to be added to original gift	5,951	6,866
Other	2,026	1,878
Total	\$ 15,885	\$ 16,545

#### 17. 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

	<b>Controlling Interest</b>	<b>Noncontrolling Interests</b>	<b>Total</b>
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)
Acquisition of noncontrolling interest	780	(3,390)	(2,610)
Other activities	(93,217)	2,697	(90,520)
Balance, June 30, 2012	2,115,411	119,299	2,234,710
Unrestricted revenues, gains, and other support in excess of expenses	142,508	17,171	159,679
Distributions	–	(7,323)	(7,323)
Acquisition of noncontrolling interest	2,146	(5,526)	(3,380)
Other activities	96,202	(3,265)	92,937
Balance, June 30, 2013	\$ 2,356,267	\$ 120,356	\$ 2,476,623

# CHRISTUS Health

## Notes to Consolidated Financial Statements (continued)

### 18. Significant Events

#### *Baptist St. Anthony*

On January 2, 2013, BSAHS completed a transaction that resulted in the transfer of substantially all the assets of BSAHS to a subsidiary of Ardent Health Services, based in Nashville, Tennessee. CHRISTUS recorded a gain of \$95,997,000 on the sale of BSAHS, which is included in the accompanying consolidated statements of operations and changes in net assets in equity in income of unconsolidated organizations. For additional details regarding this transaction refer to Note 8, Investments in Unconsolidated Organizations.

#### *Atlanta Memorial Hospital*

Effective January 1, 2013, Atlanta Memorial Hospital in Atlanta, Texas, began operating as CHRISTUS St Michael Hospital – Atlanta. Through an agreement finalized on August 31, 2013, CHRISTUS St Michael Health System will lease the hospital for 10 years.

#### *Santa Rosa City Center*

In July 2012, the CHRISTUS Santa Rosa City Center campus ceased adult services and began implementation of a plan to transition the campus to a free-standing pediatric facility, CHRISTUS Santa Rosa Children's Hospital. The facility expansion and renovation project is expected to cost \$135,000,000, and is expected to be completed within 24 months. The pediatric services will continue operation throughout the project. Once completed, the CHRISTUS Santa Rosa Children's Hospital will be licensed for 275 beds.

#### *CHRISTUS Spohn and Nueces County Hospital District Relationship*

On October 1, 2012, CHRISTUS Spohn Health System Corporation (Spohn) entered into a membership agreement with Nueces County Hospital District (the District) for the purpose of ensuring the continued operation of Spohn as the public safety-net hospital in Nueces County. Under the terms of the agreement, the District will provide Spohn with the right to use and operate the facilities at the CHRISTUS Spohn Hospital Corpus Christi – Memorial location. As under the terms of the agreement, Spohn will provide to the District a pro rata share, to be determined annually, of the non-federal patient collections. For the period October 1, 2012, to September 30, 2013, the pro rata share is 35.5%. Through June 30, 2013, Spohn has recorded transfers of \$67,481,000 in revenue to the District under this term of agreement, reflected as expenses within operating income in the accompanying consolidated statements of operations and changes in net assets.

## CHRISTUS Health

### Notes to Consolidated Financial Statements (continued)

#### **19. Subsequent Events**

The System evaluated events and transactions occurring subsequent to June 30, 2013, and through September 13, 2013, 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.

# Supplementary Information

## Report of Independent Auditors on Supplementary Information

The Board of Directors  
CHRISTUS Health

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying community benefit information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has not been subjected to the auditing procedures applied in our audits of the financial statements, and, accordingly, we express no opinion on it.

*Ernst & Young LLP*

September 13, 2013

## CHRISTUS Health

### Community Benefit (Unaudited)

CHRISTUS Health (CHRISTUS or the System) complies with the Catholic Health Association's (CHA), *A Guide for Planning and Reporting Community Benefits*, <sup>©</sup> 2008, and the state of Texas reporting requirements. CHA guidelines have adopted the instructions for IRS Form 990, Schedule H.

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

	<b>2013</b>	<b>2012</b>
	<i>(Unaudited)</i>	
Programs and services for the poor and underserved		
Charity care at unpaid cost	<b>\$ 195,839</b>	\$ 168,645
Unpaid cost of Medicaid and other public programs	<b>(112,653)</b>	(60,976)
Community services for the poor and underserved	<b>76,776</b>	135,145
Total for the poor and underserved	<b>159,962</b>	242,814
Community services for the broader community		
Education and research	<b>10,661</b>	11,378
Other community services	<b>6,001</b>	5,555
Total for the broader community	<b>16,662</b>	16,933
Total community benefits	<b>\$ 176,624</b>	\$ 259,747

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

In addition to the community benefits reported above, the state of Texas requires that the unpaid costs of Medicare and other government-sponsored programs be reported. For the fiscal years ended June 30, 2013 and 2012, the unpaid costs of these programs were \$125,732,000 and \$163,223,000, respectively. The unpaid costs of the Medicare program represent the cost of providing services to primarily elderly beneficiaries of the Medicare program, in excess of governmental and managed care contract payments. The unpaid costs of other government-sponsored programs represent the cost for providing health care services to the beneficiaries of the Department of Defense (DOD) civilian care, included as per the State of Texas guidelines.

## CHRISTUS Health

### Community Benefit (Unaudited) (continued)

As noted, the CHRISTUS Community Direct Investment (CDI) Program was established to support community-driven initiatives, primarily for affordable housing and economic development, by providing financing at below-market interest rates. At June 30, 2013 and 2012, the CDI Program had \$5,727,000 and \$5,881,000, respectively, in outstanding loans, in both years approximately 83% of these loans relate to projects in CHRISTUS regions. The difference between the interest rates charged on the loans and the amount that the System would have earned on these monies is the forgone interest that is considered a community benefit. In fiscal years 2013 and 2012, the amount recognized as a community benefit related to this program was \$154,000 and \$171,000, respectively.

As noted, the CHRISTUS Fund was established for the purpose of providing grants to support community planning, healthy community initiatives, and community-based programs, with a focus on the poor and underserved areas where CHRISTUS ministries and sponsoring congregations are involved. During fiscal years 2013 and 2012, the CHRISTUS Fund provided grants of \$1,017,000 and \$1,237,000, respectively, approximately 100% and 95% of the grants relate to programs in CHRISTUS regions in 2013 and 2012, respectively.

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