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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 private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 01-01-2013 , 2013, and ending 12-31-2013

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

C Name of organization
THE METHODIST HOSPITALS INC

Doing Business As

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

City or town, state or province, country, and ZIP or foreign postal code
GARY, IN 46402

D Employer identification number
35-0868133

E Telephone number
(219)886-4402

G Gross receipts $ 354,347,367

F Name and address of principal officer
MICHAEL DAVENPORT MD
600 GRANT STREET
GARY,IN 46402

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

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

H(c) Group exemption number ▶

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

J Website: ▶ WWW METHODISTHOSPITALS ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1941

M State of legal domicile IN

Part I Summary

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

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	16
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	14
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	2,755
6	Total number of volunteers (estimate if necessary)	**6**	147
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	21,437
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue	**8** Contributions and grants (Part VIII, line 1h)	359,585	147,616
	9 Program service revenue (Part VIII, line 2g)	333,490,721	348,494,695
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,227,697	4,895,042
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-471,803	449,161
	12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	337,606,200	353,986,514
Expenses	**13** Grants and similar amounts paid (Part IX, column (A), lines 1–3)	391,011	537,761
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0	0
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	145,772,673	163,397,869
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0
	b Total fundraising expenses (Part IX, column (D), line 25) ▶0		
	17 Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	169,395,272	178,845,332
	18 Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	315,558,956	342,780,962
	19 Revenue less expenses Subtract line 18 from line 12	22,047,244	11,205,552

		Beginning of Current Year	End of Year
Net Assets or Fund Balances	**20** Total assets (Part X, line 16)	371,709,420	391,073,324
	21 Total liabilities (Part X, line 26)	169,063,317	144,138,495
	22 Net assets or fund balances Subtract line 21 from line 20	202,646,103	246,934,829

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

****** | 2014-11-06
Signature of officer | Date

MATTHEW DOYLE CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
CAROL LALONDE CPA				P00181637

Firm's name ▶ PLANTE & MORAN PLLC | Firm's EIN ▶ 38-1357951

Firm's address ▶ 750 TRADE CENTRE WAY STE 300
PORTAGE, MI 49002 | Phone no (269) 567-4500

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

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☑

1 Briefly describe the organization's mission

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

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

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

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

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations 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 $ 306,053,300 including grants of $ 537,761) (Revenue $ 348,473,258)

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

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

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

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

4e **Total program service expenses** ▶ 306,053,300

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4	Yes	
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 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? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d		No
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**		No
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**	Yes	
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**	Yes	
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**		No
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**	Yes	
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
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)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**		No
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	232		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	2,755		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a		Yes	
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b		Yes	
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

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

Check if Schedule O contains a response or note to any line in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	1a	16		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	1b	14		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	3			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	5			No
6	Did the organization have members or stockholders?	6			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	7a			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	7b			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	8a		Yes	
b	Each committee with authority to act on behalf of the governing body?	8b		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	9			No

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

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

Section C. Disclosure

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

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

☐ Own website ☐ Another's website ☑ Upon request ☐ 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

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

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

Check if Schedule O contains a response or note to any line 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) WILLIAM G BRAMAN BOARD CHAIRMAN	2 00 0 00	X		X				6,000	0	0
(2) MAMON POWERS JR BOARD VICE-CHAIRMAN	2 00 70	X		X				0	0	0
(3) GLENN S VICIAN BOARD TREASURER	2 00 0 00	X		X				5,000	0	0
(4) DOUGE BARTHELEMY MD BOARD SECRETARY	2 00 0 00	X		X				6,225	0	0
(5) BHARAT H BARAI MD BOARD MEMBER	2 00 0 00	X						87,800	0	0
(6) CHARLES D BROOKS JR BOARD MEMBER	2 00 0 00	X						6,000	0	0
(7) MATTISON A DILTS BOARD MEMBER	2 00 0 00	X						5,500	0	0
(8) F RITCHEY EIBEL BOARD MEMBER	2 00 0 00	X						6,000	0	0
(9) GLENN C HANNAH BOARD MEMBER	2 00 0 00	X						6,000	0	0
(10) ROBERT E JOHNSON III BOARD MEMBER	2 00 70	X						6,000	0	0
(11) JOHN A LOWENSTINE CPA BOARD MEMBER	2 00 0 00	X						6,000	0	0
(12) SCOTT T RIBORDY BOARD MEMBER	2 00 0 00	X						6,000	0	0
(13) IJ ROBERTS BOARD MEMBER	2 00 0 00	X						4,500	0	0
(14) FRANCES TAYLOR BOARD MEMBER	2 00 0 00	X						6,623	0	0
(15) LARRY WHITEHEAD BOARD MEMBER	2 00 0 00	X						3,000	0	0
(16) KATRINA WRIGHT MD BOARD MEMBER	2 00 0 00	X						7,526	0	0
(17) REV DR CYNTHIA REYNOLDS BOARD MEMBER - THROUGH 6/30/13	2 00 0 00	X						2,000	0	0

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

(A) Name and Title	(B) Average hours per week (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) IAN E MCFADDEN CEO - THROUGH NOVEMBER 2013	40 00 0 00			X				796,976	0	25,198
(19) MICHAEL DAVENPORT MD CMO AND INTERIM CEO (NOV-DEC)	40 00 0 00			X				450,112	0	25,505
(20) MATTHEW DOYLE CHIEF FINANCIAL OFFICER	40 00 0 00			X				374,160	0	18,667
(21) ALEXANDER HORVATH VP HUMAN RESOURCES	40 00 0 00			X				365,580	0	20,935
(22) SHELLY MAJOR CHIEF NURSING OFFICER	40 00 0 00				X			346,832	0	18,059
(23) WRIGHT ALCORN VP OPERATIONS	40 00 0 00				X			328,150	0	17,351
(24) JAMES KIRCHNER VP PHYSICIAN INTEGRATION	40 00 0 00				X			299,287	0	23,473
(25) VINEET P SHAH PHYSICIAN	40 00 0 00					X		668,985	0	16,611
(26) ADOLPHUS A ANEKWE PHYSICIAN	40 00 0 00					X		550,385	0	25,265
(27) JUDSON B WOOD JR PHYSICIAN	40 00 0 00					X		547,115	0	15,749
(28) ELIAN M SHEPHERD PHYSICIAN	40 00 0 00					X		511,026	0	21,105
(29) DENNIS L STREETER PHYSICIAN	40 00 0 00					X		566,404	0	15,552
1b Sub-Total										
c Total from continuation sheets to Part VII, Section A										
d Total (add lines 1b and 1c)								5,975,186	0	243,470

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 ▶ 135

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
COMPREHENSIVE PHARMACY SERVICES 6409 QUAIL HOLLOW ROAD MEMPHIS TN 38120	PHARMACY SERVICES	14,807,225
CRAWFORD AVENUE ANESTHESIA 301 N MADISON ST JOLIET MI 60435	ANESTHESIA SERVICES	8,852,100
CROTHALL SERVICES GROUP 955 CHESTERBROOK BLVD SUITE 300 WAYNE PA 19087	BIOMEDICAL SERVICES	4,963,112
INDIANA SURGICAL ASSOCIATES 7895 GRAND BLVD HOBART IN 46342	SURGICAL SERVICES	1,466,400
CANDESCENT HEALING LLC 220 WHITE PLAINS ROAD 4TH FLOOR TARRYTOWN NY 10591	HYPERBARIC SERVICES	909,893

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 ▶ 51

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d	42,746			
	e	Government grants (contributions)	1e	15,041			
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	89,829			
	g	Noncash contributions included in lines 1a-1f $					
	h	**Total.** Add lines 1a-1f . . . . . ▶		147,616			
Program Service Revenue			Business Code				
	2a	HEALTHCARE AND SOCIAL ASSISTANCE	621500	285,682,169	285,682,169		
	b	DISPROPORTIONATE SHARE	621500	57,344,540	57,344,540		
	c	OTHER PATIENT SERVICES	621500	5,063,999	5,060,499	3,500	
	d	EMR INCENTIVE PAYMENTS	900099	386,050	386,050		
	e	PARTNERSHIP INCOME	541900	17,937		17,937	
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		348,494,695			
	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		3,108,787			3,108,787
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents	810,014				
	b	Less rental expenses	360,853				
	c	Rental income or (loss)	449,161				
	d	Net rental income or (loss) . . . . . ▶		449,161			449,161
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	1,609,871	176,384			
	b	Less cost or other basis and sales expenses	0	0			
	c	Gain or (loss)	1,609,871	176,384			
	d	Net gain or (loss) . . . . . ▶		1,786,255			1,786,255
Other Revenue	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a					
	b	Less cost of goods sold . . b					
	c	Net income or (loss) from sales of inventory . . ▶					
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶					
	12	**Total revenue.** See Instructions . . . . . ▶		353,986,514	348,473,258	21,437	5,344,203

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 or note to any line in this Part IX . . . . . ☑

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	537,761	537,761		
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	2,893,944	170,174	2,723,770	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	130,665,454	117,281,829	13,383,625	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	3,348,153	2,989,792	358,361	
9 Other employee benefits	17,124,387	15,128,331	1,996,056	
10 Payroll taxes	9,365,931	8,223,432	1,142,499	
11 Fees for services (non-employees)				
a Management	2,802,172	2,537,519	264,653	
b Legal	1,422,862	1,258,266	164,596	
c Accounting	208,750	184,602	24,148	
d Lobbying	184,712	163,345	21,367	
e Professional fundraising services See Part IV, line 17				
f Investment management fees	379,816	335,879	43,937	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	37,800,588	33,537,267	4,263,321	
12 Advertising and promotion	1,289,682	1,141,955	147,727	
13 Office expenses	59,319,008	52,296,715	7,022,293	
14 Information technology	4,150,028	3,663,871	486,157	
15 Royalties . .				
16 Occupancy	9,657,819	7,975,960	1,681,859	
17 Travel	389,740	339,846	49,894	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	111,655	54,337	57,318	
20 Interest	5,524,832	4,929,909	594,923	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	18,131,500	16,252,040	1,879,460	
23 Insurance	2,664,878	2,409,320	255,558	
24 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)				
a BAD DEBT EXPENSE	21,252,852	21,252,852		
b MEDICAID ASSESSMENT FEE	12,780,552	12,780,552		
c DUES & SUBSCRIPTIONS	573,462	412,334	161,128	
d LICENSES	200,424	195,412	5,012	
e All other expenses				
25 **Total functional expenses.** Add lines 1 through 24e	342,780,962	306,053,300	36,727,662	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . . ☐

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing		41,605,508	1	8,330,976
	2	Savings and temporary cash investments		13,929,062	2	10,935,255
	3	Pledges and grants receivable, net			3	
	4	Accounts receivable, net		52,348,176	4	62,832,962
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		46,878	5	35,421
	6	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			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		8,437,788	8	10,588,793
	9	Prepaid expenses and deferred charges		2,703,759	9	3,467,603
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 487,883,202			
	b	Less accumulated depreciation	10b 358,330,252	124,965,802	10c	129,552,950
	11	Investments—publicly traded securities		123,364,813	11	158,762,553
	12	Investments—other securities See Part IV, line 11		477,351	12	380,560
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets			14	
	15	Other assets See Part IV, line 11		3,830,283	15	6,186,251
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		371,709,420	16	391,073,324
Liabilities	17	Accounts payable and accrued expenses		29,986,963	17	32,704,090
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		62,629,396	20	58,917,635
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	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			22	
	23	Secured mortgages and notes payable to unrelated third parties		21,116,853	23	23,475,296
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		55,330,105	25	29,041,474
	26	**Total liabilities.** Add lines 17 through 25		169,063,317	26	144,138,495
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		202,380,391	27	246,632,055
	28	Temporarily restricted net assets		240,712	28	277,774
	29	Permanently restricted net assets		25,000	29	25,000
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		202,646,103	33	246,934,829
	34	Total liabilities and net assets/fund balances		371,709,420	34	391,073,324

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☑

1	Total revenue (must equal Part VIII, column (A), line 12)	1	353,986,514
2	Total expenses (must equal Part IX, column (A), line 25)	2	342,780,962
3	Revenue less expenses Subtract line 2 from line 1	3	11,205,552
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	202,646,103
5	Net unrealized gains (losses) on investments	5	13,791,252
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	19,291,922
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	246,934,829

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☑

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

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

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

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

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

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

1 ☐ A church, convention of churches, or association of churches 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?

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

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

(i) Name of supported organization	**(ii)** EIN	**(iii)** Type of organization (described on lines 1- 9 above or IRC section **(see instructions))**	**(iv)** Is the organization in col **(i)** listed in your governing document?		**(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**	
Total									

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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

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

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

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2012.** 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 **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

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

Part III **Support Schedule for Organizations Described in 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) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

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

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** 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—2012.** 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.** 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).

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE C (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Political Campaign and Lobbying Activities

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

▶ Complete if the organization is described below. ▶ Attach to Form 990 or Form 990-EZ.
▶ See separate instructions. ▶ Information about Schedule C (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

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

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

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

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

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

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

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

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

1 Provide a description of the organization's direct and indirect political campaign activities in Part IV

2 Political expenditures ▶ $ _____

3 Volunteer hours _____

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

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

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

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

4a Was a correction made? ☐ Yes ☐ No

b If "Yes," describe in Part IV

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Lobbying Expenditures During 4-Year Averaging Period — Calendar year (or fiscal year beginning in)	(a) 2010	(b) 2011	(c) 2012	(d) 2013	(e) Total
2a Lobbying nontaxable amount					
b Lobbying ceiling amount (150% of line 2a, column(e))					
c Total lobbying expenditures					
d Grassroots nontaxable amount					
e Grassroots ceiling amount (150% of line 2d, column (e))					
f Grassroots lobbying expenditures					

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

	For each "Yes" response to lines 1a through 1i below, provide in Part IV a detailed description of the lobbying activity.	(a) Yes	(a) No	(b) Amount
1	During the year, did the filing organization attempt to influence foreign, national, state or local legislation, including any attempt to influence public opinion on a legislative matter or referendum, through the use of			
a	Volunteers?		No	
b	Paid staff or management (include compensation in expenses reported on lines 1c through 1i)?		No	
c	Media advertisements?		No	
d	Mailings to members, legislators, or the public?		No	
e	Publications, or published or broadcast statements?		No	
f	Grants to other organizations for lobbying purposes?		No	
g	Direct contact with legislators, their staffs, government officials, or a legislative body?	Yes		105,600
h	Rallies, demonstrations, seminars, conventions, speeches, lectures, or any similar means?		No	
i	Other activities?	Yes		79,112
j	Total Add lines 1c through 1i			184,712
2a	Did the activities in line 1 cause the organization to be not described in section 501(c)(3)?		No	
b	If "Yes," enter the amount of any tax incurred under section 4912			
c	If "Yes," enter the amount of any tax incurred by organization managers under section 4912			
d	If the filing organization incurred a section 4912 tax, did it file Form 4720 for this year?			

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

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

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

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

Part IV Supplemental Information

Provide the descriptions required for Part I-A, line 1, Part I-B, line 4, Part I-C, line 5, Part II-A (affiliated group list), Part II-A, line 2, and Part II-B, line 1 Also, complete this part for any additional information

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

Part IV Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

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

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

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

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

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

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

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

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

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

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

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

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

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

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

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

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

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

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

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

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

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

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

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

3 Using the organization's 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
c	Beginning balance	1c
d	Additions during the year	1d
e	Distributions during the year	1e
f	Ending balance	1f

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

b If "Yes," explain the arrangement in Part 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	(b) (c) Two years back	(d) Three years back	(e) Four years back
1a	Beginning of year balance					
b	Contributions					
c	Net investment earnings, gains, and losses					
d	Grants or scholarships					
e	Other expenditures for facilities and programs					
f	Administrative expenses					
g	End of year balance					

2 Provide the estimated percentage of the 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
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

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

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		3,745,499		3,745,499
b Buildings		251,844,223	187,583,849	64,260,374
c Leasehold improvements				
d Equipment		198,001,228	161,404,273	36,596,955
e Other		34,292,252	9,342,130	24,950,122
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				129,552,950

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

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

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

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

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

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

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
THIRD PARTY PAYOR SETTLEMENT	9,460,575
ESTIMATED SELF INSURANCE LIABILITY	5,954,075
ASBESTOS MITIGATION LIABILITY	511,938
PENSION & POST RETIREMENT OBLIGATIONS	12,029,012
OTHER LIABILITES	873,462
GUARANTEES TO PHYSICIANS	212,412
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	29,041,474

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☑

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	368,412,304
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a	13,791,252		
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d	273,685		
e	Add lines **2a** through **2d**			2e	14,064,937
3	Subtract line **2e** from line **1**			3	354,347,367
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b	-360,853		
c	Add lines **4a** and **4b**			4c	-360,853
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	353,986,514

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	343,680,964
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d	900,002		
e	Add lines **2a** through **2d**			2e	900,002
3	Subtract line **2e** from line **1**			3	342,780,962
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	0
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	342,780,962

Part XIII Supplemental Information

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

Return Reference	Explanation
PART X, LINE 2	THE INTERNAL REVENUE SERVICE HAS RULED THAT THE HOSPITAL AND ITS SUBSIDIARIES ARE EXEMPT FROM FEDERAL INCOME TAXES UNDER SECTION 501(C)(3) OF THE INTERNAL REVENUE CODE AND, ACCORDINGLY, NO TAX PROVISION IS REFLECTED IN THE CONSOLIDATED FINANCIAL STATEMENTS ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA REQUIRE MANAGEMENT TO EVALUATE TAX POSITIONS TAKEN BY THE HOSPITAL AND RECOGNIZE A TAX LIABILITY IF THE HOSPITAL HAS TAKEN AN UNCERTAIN POSITION THAT MORE LIKELY THAN NOT WOULD NOT BE SUSTAINED UPON EXAMINATION BY THE IRS OR OTHER APPLICABLE TAXING AUTHORITIES MANAGEMENT HAS ANALYZED THE TAX POSITIONS TAKEN BY THE HOSPITAL AND HAS CONCLUDED THAT AS OF DECEMBER 31, 2013, THERE ARE NO UNCERTAIN POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE CONSOLIDATED FINANCIAL STATEMENTS THE HOSPITAL IS SUBJECT TO ROUTINE AUDITS BY TAXING JURISDICTIONS, HOWEVER, THERE ARE CURRENTLY NO AUDITS FOR ANY TAX PERIODS IN PROGRESS MANAGEMENT BELIEVES IT IS NO LONGER SUBJECT TO INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO 2010
PART XI, LINE 2D - OTHER ADJUSTMENTS	REVENUE FROM FOUNDATION 273,685
PART XI, LINE 4B - OTHER ADJUSTMENTS	RENTAL EXPENSE -360,853
PART XII, LINE 2D - OTHER ADJUSTMENTS	FOUNDATION EXPENSES 539,149 RENTAL EXPENSES 360,853

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

Part I Financial Assistance and Certain Other Community Benefits at Cost

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

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)			18,513,820		18,513,820	5 760 %
b Medicaid (from Worksheet 3, column a)			81,655,465	80,704,657	950,808	0 300 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			2,469,875		2,469,875	0 770 %
d **Total** Financial Assistance and Means-Tested Government Programs			102,639,160	80,704,657	21,934,503	6 830 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)	30	7,874	148,929		148,929	0 050 %
f Health professions education (from Worksheet 5)	5	82	781,108	580,800	200,308	0 060 %
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)			537,761		537,761	0 170 %
j **Total.** Other Benefits	35	7,956	1,467,798	580,800	886,998	0 280 %
k **Total.** Add lines 7d and 7j	35	7,956	104,106,958	81,285,457	22,821,501	7 110 %

Part II Community Building Activities Complete this 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						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy						
8 Workforce development						
9 Other						
10 **Total**						

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	Yes	
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	21,252,852		
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	6,210,478		
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	90,331,672		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	102,317,322		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-11,985,650		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☑ Cost to charge ratio ☐ Other

Section C. Collection Practices

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

Part IV Management Companies and Joint Ventures (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? 2

Name, address, primary website address, and state license number

	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
See Additional Data Table										

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)

THE METHODIST HOSPITAL INC

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	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	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☑ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests 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	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) HTTP //WWW METHODISTHOSPITALS ORG/COMMUNI			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☑ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	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)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	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)*

Financial Assistance Policy		Yes	No
9 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?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Residency			
i ☑ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 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?	**15**	Yes	
16 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 individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 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 individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

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 individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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 individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	**22**	Yes	
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

THE METHODIST HOSPITAL INC

Name of hospital facility or facility reporting group

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 2

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years begining on or before March 23, 2012)				
1	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	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☑ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests 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	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**	Yes	
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) HTTP //WWW METHODISTHOSPITALS ORG/COMMUNI			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☐ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☑ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	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)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	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)*

Financial Assistance Policy		Yes	No
9 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?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☑ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☑ Medicaid/Medicare			
g ☑ State regulation			
h ☐ Residency			
i ☑ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☐ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 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?	**15**	Yes	
16 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 individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 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 individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

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 individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
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?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

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 individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	**22**	Yes	
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 1J THE CHNA THAT WAS CONDUCTED IN 2012 DETAILS THE SIGNIFICANT HEALTH NEEDS OF THE SURROUNDING COMMUNITY, THE GENERAL HEALTH STATUS, DEATH, DISEASE, AND CHRONIC CONDITIONS THAT ARE PREVALENT, MODIFIABLE HEALTH RISKS, IDENTIFIES POTENTIAL HEALTHCARE ACCESS ISSUES, AND IDENTIFIES WHAT SOURCES COMMUNITY MEMBERS USE TO ACCESS HEALTHCARE INFORMATION
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 1J THE CHNA THAT WAS CONDUCTED IN 2012 DETAILS THE SIGNIFICANT HEALTH NEEDS OF THE SURROUNDING COMMUNITY, THE GENERAL HEALTH STATUS, DEATH, DISEASE, AND CHRONIC CONDITIONS THAT ARE PREVALENT, MODIFIABLE HEALTH RISKS, IDENTIFIES POTENTIAL HEALTHCARE ACCESS ISSUES, AND IDENTIFIES WHAT SOURCES COMMUNITY MEMBERS USE TO ACCESS HEALTHCARE INFORMATION
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 3 THE COMMUNITY HEALTH NEEDS ASSESSMENT INCLUDED A TELEPHONE SURVEY OF 473 RESIDENTS OF METHODIST HOSPITALS' NORTHLAKE CAMPUS SERVICE AREA AND 801 RESIDENTS OF THE SOUTHLAKE CAMPUS SERVICE AREA ALL INTERVIEWS WERE OF ADULTS AGED 18 PLUS THE SURVEY DATA WERE WEIGHTED IN ORDER TO ENSURE THAT THE RESULTS WERE GEOGRAPHICALLY AND DEMOGRAPHICALLY REPRESENTATIVE OF OUR SERVICE AREA POPULATIONS IN ADDITION, FIVE FOCUS GROUPS WERE CONDUCTED WITH PHYSICIANS AND OTHER HEALTH CARE PROVIDERS COMMUNITY AND BUSINESS LEADERS AND LEADERS OF AREA SOCIAL SERVICE AGENCIES THOSE INTERVIEWED WERE PHYSICIANS - DR ALEX STEMER, PRESIDENT, FRANCISCAN MEDICAL SPECIALISTS, PEDIATRICIANS DR HEMENDRA PARIKH AND DR STEVE SIMPSON, PATHOLOGIST DR L TERESA VAZQUEZ, FAMILY PRACTITIONER DR MARK FELDNER, RADIOLOGIST DR MARY NICHOLSON, GENETICIST DR JANICE ZUNICH AND DR JANET SEABROOK, EXECUTIVE DIRECTOR, GARY COMMUNITY HEALTH CETNER OTHER HEALTH PROVIDERS - GEORGE KUCKA, OWNER, FAIRMEADOWS HOME HEALTH, JANICE WILSON, CEO, NORTHSHORE HEALTH CENTERS, KAY SULLIVAN, NP, MANAGER OF US STEEL MEDICAL, GARY WORKS PLANT, DR LISA GREEN, CEO, FAMILY CHRISTIAN HEALTH CENTER, MARY PURTILLO, NEONATAL REGISTERED NURSE, OLGA GONZALES, MANAGER, WOMEN'S CARE CENTER OF NORTHWEST INDIANA, RISE ROSS RATNEY, CEO, HEALTHY START, TRACY TUCKER, SCHOOL NURSE, EGGERS MIDDLE SCHOOL, SUZANNE RUIZ, WOMEN'S DIAGNOSTIC CENTER, JERRY MILLER, COO, PROMPT AMBULANCE, LOUISE THOMPSON, EXECUTIVE DIRECTOR, ALHEIMER'S ASSOCIATION, NWI SOCIAL SERVICE PROVIDERS - DAVID COLLINS, CORPRATE RELATIONS, OPPORTUNITY ENTERPRISES, DIANE CRAFT, FOUNDER, WE CARE FROM THE HEART, DIANE KEMP, EXECUTIVE DIRECTOR, AMERICAN HEART ASSOCIATION, NWI, DON BARNES, PRESIDENT OF THE BOARD, HEALTH VISIONS MIDWEST, DUANE DEDALOW, EXECUTIVE DIRECTOR, CATHOLIC CHARITIES, DIOCESE OF GARY, GARY OLUND, PRESIDENT & CEO, NORTHWEST INDIANA COMMUNITY ACTION, GORDON JOHNSON, CEO, AMERICAN RED CROSS OF NWI, GRACE TALBOT, DIRECTOR, HAMMOND RESCUE MISSION, JANE BISBEE, REGIONAL MANAGER, CHILDREN'S PROTECTION SERVICES, JULIE MALLERS, MANAGER, ST CLARE CLINIC, LOU MARTINEZ, PRESDENT, LAKE COUNTY UNITED WAY, PHIL MALLERS, CEO, SOUTHLAKE YMCA BUSINESS AND COMMUNITY LEADERS - JOE ALLIGRETTI, FRANCISCAN ALLIANCE BOARD MEMBER, KEITH KIRKPATRICK, EXECUTIVE DIRECTOR, LEADERSHIP OF NORTHWEST INDIANA, SR MICHELE DVORAK, DIRECTOR OF EDUCATION PROGRAMS, CALUMET COLLEGE OF ST JOSEPH,THOMAS KEILMAN, DIRECTOR, GOVERNMNET AND PUBLIC AFFAIRS, BP WHITING, DR AMY HAN, DIRECTOR, CLINICAL AFFAIRS, INDIANA UNIVERSITY NORTHWEST SCHOOL OF NURSING, GILDA ORANGE, NORTH TOWNSHIP TRUSTEE, LINDA DELUNAS, DIRECTOR, SCHOOL OF NURSING, INDIANA UNIVERSITY NORTHWEST, PAT HUBER, EXECUTIVE DIRECTOR, CROWN POINT COMMUNITY FOUNDATION, DR PEGGY GERARD, DEAN, SCHOOL OF NURSING, PURDUE CALUMET, RIC FRATACCIA, SUPERINTENDENT OF SCHOOLS, PORTAGE, INDIANA, TOM DEGIULIO, TOWN MANAGER, MUNSTER, INDIANA, REV DR DAVID NEVILLE, DIRECTOR, SPIRITUAL CARE, METHODIST HOSPITALS, MARY MCSHANE, MCSHANE, HUNTER& ASSOCIATES, LLC
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 3 THE COMMUNITY HEALTH NEEDS ASSESSMENT INCLUDED A TELEPHONE SURVEY OF 473 RESIDENTS OF METHODIST HOSPITALS' NORTHLAKE CAMPUS SERVICE AREA AND 801 RESIDENTS OF THE SOUTHLAKE CAMPUS SERVICE AREA ALL INTERVIEWS WERE OF ADULTS AGED 18 PLUS THE SURVEY DATA WERE WEIGHTED IN ORDER TO ENSURE THAT THE RESULTS WERE GEOGRAPHICALLY AND DEMOGRAPHICALLY REPRESENTATIVE OF OUR SERVICE AREA POPULATIONS IN ADDITION, FIVE FOCUS GROUPS WERE CONDUCTED WITH PHYSICIANS AND OTHER HEALTH CARE PROVIDERS COMMUNITY AND BUSINESS LEADERS AND LEADERS OF AREA SOCIAL SERVICE AGENCIES THOSE INTERVIEWED WERE PHYSICIANS - DR ALEX STEMER, PRESIDENT, FRANCISCAN MEDICAL SPECIALISTS, PEDIATRICIANS DR HEMENDRA PARIKH AND DR STEVE SIMPSON, PATHOLOGIST DR L TERESA VAZQUEZ, FAMILY PRACTITIONER DR MARK FELDNER, RADIOLOGIST DR MARY NICHOLSON, GENETICIST DR JANICE ZUNICH AND DR JANET SEABROOK, EXECUTIVE DIRECTOR, GARY COMMUNITY HEALTH CETNER OTHER HEALTH PROVIDERS - GEORGE KUCKA, OWNER, FAIRMEADOWS HOME HEALTH, JANICE WILSON, CEO, NORTHSHORE HEALTH CENTERS, KAY SULLIVAN, NP, MANAGER OF US STEEL MEDICAL, GARY WORKS PLANT, DR LISA GREEN, CEO, FAMILY CHRISTIAN HEALTH CENTER, MARY PURTILLO, NEONATAL REGISTERED NURSE, OLGA GONZALES, MANAGER, WOMEN'S CARE CENTER OF NORTHWEST INDIANA, RISE ROSS RATNEY, CEO, HEALTHY START, TRACY TUCKER, SCHOOL NURSE, EGGERS MIDDLE SCHOOL, SUZANNE RUIZ, WOMEN'S DIAGNOSTIC CENTER, JERRY MILLER, COO, PROMPT AMBULANCE, LOUISE THOMPSON, EXECUTIVE DIRECTOR, ALHEIMER'S ASSOCIATION, NWI SOCIAL SERVICE PROVIDERS - DAVID COLLINS, CORPRATE RELATIONS, OPPORTUNITY ENTERPRISES, DIANE CRAFT, FOUNDER, WE CARE FROM THE HEART, DIANE KEMP, EXECUTIVE DIRECTOR, AMERICAN HEART ASSOCIATION, NWI, DON BARNES, PRESIDENT OF THE BOARD, HEALTH VISIONS MIDWEST, DUANE DEDALOW, EXECUTIVE DIRECTOR, CATHOLIC CHARITIES, DIOCESE OF GARY, GARY OLUND, PRESIDENT & CEO, NORTHWEST INDIANA COMMUNITY ACTION, GORDON JOHNSON, CEO, AMERICAN RED CROSS OF NWI, GRACE TALBOT, DIRECTOR, HAMMOND RESCUE MISSION, JANE BISBEE, REGIONAL MANAGER, CHILDREN'S PROTECTION SERVICES, JULIE MALLERS, MANAGER, ST CLARE CLINIC, LOU MARTINEZ, PRESDENT, LAKE COUNTY UNITED WAY, PHIL MALLERS, CEO, SOUTHLAKE YMCA BUSINESS AND COMMUNITY LEADERS - JOE ALLIGRETTI, FRANCISCAN ALLIANCE BOARD MEMBER, KEITH KIRKPATRICK, EXECUTIVE DIRECTOR, LEADERSHIP OF NORTHWEST INDIANA, SR MICHELE DVORAK, DIRECTOR OF EDUCATION PROGRAMS, CALUMET COLLEGE OF ST JOSEPH,THOMAS KEILMAN, DIRECTOR, GOVERNMNET AND PUBLIC AFFAIRS, BP WHITING, DR AMY HAN, DIRECTOR, CLINICAL AFFAIRS, INDIANA UNIVERSITY NORTHWEST SCHOOL OF NURSING, GILDA ORANGE, NORTH TOWNSHIP TRUSTEE, LINDA DELUNAS, DIRECTOR, SCHOOL OF NURSING, INDIANA UNIVERSITY NORTHWEST, PAT HUBER, EXECUTIVE DIRECTOR, CROWN POINT COMMUNITY FOUNDATION, DR PEGGY GERARD, DEAN, SCHOOL OF NURSING, PURDUE CALUMET, RIC FRATACCIA, SUPERINTENDENT OF SCHOOLS, PORTAGE, INDIANA, TOM DEGIULIO, TOWN MANAGER, MUNSTER, INDIANA, REV DR DAVID NEVILLE, DIRECTOR, SPIRITUAL CARE, METHODIST HOSPITALS, MARY MCSHANE, MCSHANE, HUNTER& ASSOCIATES, LLC
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 4 COMMUNITY HEALTHCARE SYSTEM AND FRANCISCAN ALLIANCE OF NORTHWEST INDIANA
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 4 COMMUNITY HEALTHCARE SYSTEM AND FRANCISCAN ALLIANCE OF NORTHWEST INDIANA
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 6I METHODIST HOSPITALS USED THE CHNA TO IDENTIFY ISSUES OF GREATEST CONCERN AND DEVELOPED AN ACTION PLAN ON KEY FOCUS AREAS IN WHICH TO COMMIT RESOURCES IN ORDER TO IMPROVE RESIDENT'S HEALTH, IMPROVE QUALITY OF LIFE, REDUCE HEALTH DISPARITIES AND TO INCREASE ACCESSIBILITY TO PREVENTATIVE SERVICES
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 6I METHODIST HOSPITALS USED THE CHNA TO IDENTIFY ISSUES OF GREATEST CONCERN AND DEVELOPED AN ACTION PLAN ON KEY FOCUS AREAS IN WHICH TO COMMIT RESOURCES IN ORDER TO IMPROVE RESIDENT'S HEALTH, IMPROVE QUALITY OF LIFE, REDUCE HEALTH DISPARITIES AND TO INCREASE ACCESSIBILITY TO PREVENTATIVE SERVICES
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 7 METHODIST HOSPITALS DOES NOT CURRENTLY HAVE PROGRAMS THAT SPECIFICALLY ADDRESS THE REGION'S HIGHER THAN AVERAGE FIREARM-RELATED DEATHS, HOMICIDES, AND CRIME VICTIMIZATION RATES, HIGHER THAN AVERAGE TOBACCO USE RATES, OR PERCEIVED LACK OF DENTAL CARE THE TASK FORCE CHARGED WITH DEVELOPING ACTION PLANS BASED ON THE COMMUNITY HEALTH NEEDS ASSESSMENT WILL DEVELOP PRIORITIES AND FUTURE PLANS FOR ADDRESSING THESE UNMET NEEDS
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 7 METHODIST HOSPITALS DOES NOT CURRENTLY HAVE PROGRAMS THAT SPECIFICALLY ADDRESS THE REGION'S HIGHER THAN AVERAGE FIREARM-RELATED DEATHS, HOMICIDES, AND CRIME VICTIMIZATION RATES, HIGHER THAN AVERAGE TOBACCO USE RATES, TRANSPORTATION CONCERNS,DIFFICULTY IN FINDING FRESH FRUITS AND VEGETABLES, AND DIFFICULT TO OR PERCEIVED LACK OF DENTAL CARE THE TASK FORCE CHARGED WITH DEVELOPING ACTION PLANS BASED ON THE COMMUNITY HEALTH NEEDS ASSESSMENT WILL DEVELOP PRIORITIES AND FUTURE PLANS FOR ADDRESSING THESE UNMET NEEDS
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 12I FAMILY UNIT - NUMBER AND EXPENSES
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 12I FAMILY UNIT - NUMBER AND EXPENSES
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 20D THE FINANCIAL ASSISTANCE POLICY DEFINES THE LEVEL OF ASSISTANCE THAT A PATIENT MAY BE ELIGIBLE FOR IT IS BASED ON INCOME LEVELS AS COMPARED TO A PERCENTAGE OF THE FEDERAL POVERTY GUIDELINES, THE ONLY QUALIFICATION IS THAT THE PATIENT DOES NOT HAVE INSURANCE
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 20D THE FINANCIAL ASSISTANCE POLICY DEFINES THE LEVEL OF ASSISTANCE THAT A PATIENT MAY BE ELIGIBLE FOR IT IS BASED ON INCOME LEVELS AS COMPARED TO A PERCENTAGE OF THE FEDERAL POVERTY GUIDELINES, THE ONLY QUALIFICATION IS THAT THE PATIENT DOES NOT HAVE INSURANCE
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 22 THE HOSPITAL CHARGES ALL PATIENTS THE SAME RATES REGARDLESS OF INCOME LEVELS THE HOSPITAL WILL WRITE-OFF THE CHARGE ACCORDING TO FAP POLICY LEVELS MAINTAINED IN THE HELPING HEART FINANCIAL ASSISTANCE PROGRAM
THE METHODIST HOSPITAL, INC	PART V, SECTION B, LINE 22 THE HOSPITAL CHARGES ALL PATIENTS THE SAME RATES REGARDLESS OF INCOME LEVELS THE HOSPITAL WILL WRITE-OFF THE CHARGE ACCORDING TO FAP POLICY LEVELS MAINTAINED IN THE HELPING HEART FINANCIAL ASSISTANCE PROGRAM

Part V Facility Information *(continued)*

Section D. 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? **23**

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

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

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

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

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

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

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

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

Form and Line Reference	Explanation
PART I, LINE 7	METHODIST HOSPITALS, INC USES PUBLISHED FEDERAL POVERTY GUIDELINES TO DETERMINE ELIGIBILITY FOR CHARITY
PART I, LN 7 COL(F)	COLUMN F IS THE AMOUNT OF CHARITY CARE PROVIDED AS A PERCENTAGE OF EXPENSES SHOWN ON PART IX, LINE 25 LESS BAD DEBT EXPENSE OF $21,252,852

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	METHODIST HOSPITALS CONTINUED ITS PARTICIPATION IN THE NW INDIANA HEALTH DISPARITIES INITIATIVE REGION 1 THIS PARTNERSHIP WITH LAKE COUNTY MINORITY HEALTH COALITION AND BROTHERS UPLIFTING BROTHERS INCLUDES 7 COUNTIES (LAKE, PORTER, JASPER, NEWTON, LAPORTE, STARKE, AND PULASKI) FIVE MAJOR HEALTH PROGRAMS WERE HELD FOCUSING ON HEART HEALTH, OBESITY, AND HIV/AIDS METHODIST CONCLUDED ITS SERIES OF MONTHLY HEALTH EDUCATION SEMINARS, HEALTH MATTERS, IN COOPERATION WITH THE YWCA OF NORTHWEST INDIANA THESE PROGRAMS FOCUSED ON MONTHLY NATIONAL HEALTH AWARENESS THEMES
PART III, LINE 4	ACCOUNTS RECEIVABLE FOR PATIENTS, INSURANCE COMPANIES, AND GOVERNMENTAL AGENCIES ARE BASED ON GROSS CHARGES AN ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS IS ESTABLISHED ON AN AGGREGATE BASIS BY USING HISTORICAL WRITE-OFF RATE FACTORS APPLIED TO UNPAID ACCOUNTS BASED ON AGING LOSS RATE FACTORS ARE BASED ON HISTORICAL LOSS EXPERIENCE AND ADJUSTED FOR ECONOMIC CONDITIONS AND OTHER TRENDS AFFECTING THE HOSPITAL'S ABILITY TO COLLECT OUTSTANDING AMOUNTS UNCOLLECTIBLE AMOUNTS ARE WRITTEN OFF AGAINST THE ALLOWANCE FOR DOUBTFUL ACCOUNTS IN THE PERIOD THEY ARE DETERMINED TO BE UNCOLLECTIBLE AN ALLOWANCE FOR CONTRACTUAL ADJUSTMENTS AND INTERIM PAYMENT ADVANCES IS BASED ON EXPECTED PAYMENT RATES FROM PAYORS BASED ON CURRENT REIMBURSEMENT METHODOLOGIES THIS AMOUNT ALSO INCLUDES AMOUNTS RECEIVED AS INTERIM PAYMENTS AGAINST UNPAID CLAIMS BY CERTAIN PAYORS THE HOSPITAL PROVIDES CARE TO PATIENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ESTABLISHED RATES

Form and Line Reference	Explanation
PART III, LINE 8	THE HOSPITAL DOES NOT REPORT ANY SHORTFALL WITH MEDICARE AS A COMMUNITY BENEFIT
PART III, LINE 9B	LIABILITIES FOR NON-COVERED SERVICES, INSURANCE RESIDUALS AND PURE SELF PAY LIABILITIES ARE DUE WITHIN 30 DAYS OF DISCHARGE ATTEMPTS ARE MADE TO COLLECT DEDUCTIBLES PRE-SERVICE AND DEPOSITS OR PAYMENT IN-FULL PRE-SERVICE FOR SELF-PAY PATIENTS IF A PATIENT CANNOT PAY THE ENTIRE BALANCE WITHIN 30 DAYS, PAYMENT PLANS ARE AVAILABLE IF THE PATIENT CANNOT PAY AT ALL, THE HOSPITAL OFFERS NEED-BASED FINANCIAL ASSISTANCE BASED ON HOUSEHOLD INCOME AS A PERCENT OF THE FPG PATIENTS WHO HAVE THE ABILITY TO PAY, YET DEFAULT ON PAYMENT PLANS ARE SENT TO COLLECTIONS (BAD DEBT) ACCOUNTS SENT TO BAD DEBT ARE PERIODICALLY RE-SCREENED FOR PRESUMPTIVE CHARITY QUALIFICATION AND IF QUALIFIED, ARE REMOVED FROM THE COLLECTION PROCESS MEDICARE RESIDUALS ARE INVOICED TO THE PATIENT AND SENT THROUGH A BAD DEBT COLLECTION CYCLE IF COLLECTION ATTEMPTS ARE UNSUCCESSFUL, THE MEDICARE ACCOUNT IS REMOVED FROM COLLECTIONS AND IS REPORTED AS MEDICARE BAD DEBT

Form and Line Reference	Explanation
PART VI, LINE 2	METHODIST HOSPITAL, INC ASSESSES THE SERVICES NEEDED BASED UPON A REVIEW OF DEMOGRAPHIC AND CLINICAL FACTORS BASED UPON THE DATA, THE HEALTHCARE NEEDS ARE THEN COMPARED TO THE SERVICES CURRENTLY PROVIDED OR AVAILABLE IN THE COMMUNITY AND SURROUNDING COMMUNITIES METHODIST HOSPITAL ALSO HAD AN INDEPENDENT COMMUNITY HEALTH NEEDS ASSESSMENT PERFORMED TO DETERMINE THE HEALTH STATUS, BEHAVIORS, AND NEEDS OR RESIDENTS IN THE HOSPITAL'S SERVICE AREAS
PART VI, LINE 3	METHODIST HOSPITALS, INC USES PUBLISHED FEDERAL POVERTY GUIDELINES TO DETERMINE ELIGIBILITY FOR CHARITY METHODIST PROVIDES PATIENTS WITH A PAYMENT OPTIONS BROCHURE AND "FINANCIALLY CLEARS" PATIENTS PRIOR TO SERVICE DELIVERY FINANCIAL CLEARANCE INVOLVES ESTIMATING THE PATIENT LIABILITY, EDUCATING THE PATIENT ABOUT INSURANCE BENEFITS AND OUT-OF-POCKET EXPENSES AND AGREEING TO A PLAN WITH THE PATIENT FOR HOW THAT LIABILITY WILL BE COVERED SELF PAY PATIENTS ARE SCREENED FOR ELIGIBILITY FOR FEDERAL, STATE AND LOCAL PAYMENT SOURCES

Form and Line Reference	Explanation
PART VI, LINE 4	METHODIST HOSPITALS, INC SERVES NORTHWEST INDIANA WITH THE PRIMARY GEOGRAPHIC AREA BEING SERVED AS LAKE COUNTY, INDIANA PORTER COUNTY, INDIANA COMPRISES MOST OF THE SECONDARY SERVICE AREA THE DEMOGRAPHIC AREA OF THE REGION IS VERY DIVERSE, RANGING FROM THE VERY AFFLUENT TO A SIGNIFICANT INDIGENT POPULATION
PART VI, LINE 5	METHODIST HOSPITALS, INC PROVIDES MONTHLY STROKE AND CANCER SCREENINGS, AND THROUGHOUT THE YEAR OFFERS PREVENTATIVE HEALTHCARE SCREENINGS, EDUCATIONAL SEMINARS, AND HOSTS VARIOUS SUPPORT GROUPS THAT COMMUNITY MEMBERS CAN ATTEND

Form and Line Reference	Explanation
PART VI, LINE 6	N/A
PART VI, LINE 7, REPORTS FILED WITH STATES	IN

Additional Data

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

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

Section D. 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?

	Name and address	Type of Facility (describe)
1	METHODIST HOSPITALS MEDICAL OFFICE BLDG 101 E 87TH AVE MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
2	METHODIST SURGERY CENTER 101 E 87TH AVE MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
3	METHODIST HOSPITALS INC 2269 WEST 25TH STREET GARY,IN 46404	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
4	METHODIST HOSPITALS CENTER FOR ADVANCED 200 E 89TH AVE MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
5	METHODIST HOSPITALS PHYSICIAN GROUP 5800 BROADWAY MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
6	METHODIST HOSPITALS ENDOSCOPY CENTER 8895 BROADWAY MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
7	METHODIST HOSPITALS HOME HEALTH CENTER 650 GRANT ST GARY,IN 46408	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
8	METHODIST HOSPITALS PHYSICIAN GROUP 6101 MILLER AVE GARY,IN 46403	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
9	METHODIST HOSPITALS PHYSICIAN GROUP 3195 BOARDWAY GARY,IN 46403	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
10	METHODIST HOSPITALS REHAB CENTER 303 E 89TH AVE MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
11	METHODIST HOSPITALS PHYSICIAN GROUP 119 E 89TH AVE MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
12	METHODIST HOSPITALS PHYSICIAN GROUP 99 E 86TH AVE - STE CF MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
13	METHODIST HOSPITALS PHYSICIAN GROUP 801 WEST GLEN PARK AVE GRIFFITH,IN 46319	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
14	METHODIST HOSPITALS PHYSICIAN GROUP 6111 HARRISON ST STE 252 MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
15	METHODIST HOSPITALS PHYSICIAN GROUP 9235 BROADWAY MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
16	METHODIST HOSPITALS PHYSICIAN GROUP 9105-A INDIANAPOLIS BLVD HIGHLAND,IN 46322	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
17	METHODIST HOSPITALS PHYSICIAN GROUP 704 SOUTH STATE ROAD 2 HEBRON,IN 46341	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
18	METHODIST HOSPITALS PHYSICIAN GROUP 8777 BROADWAY MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
19	METHODIST HOSPITALS CARDIAC REHAB 753 EAST 81ST AVE STE 4 MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
20	METHODIST HOSPITALS PHYSICIAN GROUP 10 N MICHIGAN HOBART,IN 46342	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
21	METHODIST HOSPITALS PHYSICIAN GROUP 11496 BROADWAY CROWN POINT,IN 46307	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
22	METHODIST HOSPITALS PHYSICIAN GROUP 99 E 86TH AVE STE D MERRILLVILLE,IN 46410	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER
23	METHODIST HOSPITALS PHYSICIAN GROUP 10200 WICKER AVE STE 1 ST JOHN,IN 46375	IMAGING AND LAB SERVICES, OUTPATIENT SURGERY CENTER, BREAST CANCER

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

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

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

▶ **Attach to Form 990**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) AMERICAN HEART ASSOCIATION 405 BOARDWALK HEBRON,IN 46341	13-5613797	501C(3)	75,000				HEART DISEASE AWARENESS/PREVENTION PROGRAMS
(2) ASIAN AMERICAN MEDICAL ASSOCIATION PO BOX 10039 MERRILLVILLE,IN 46411	35-1487544	501C(6)	7,200				SUPPORT LOCAL CHARITABLE ORGANIZATIONS
(3) BOYS & GIRLS CLUB OF NW INDIANA 839 BROADWAY 3RD FLR GARY,IN 46402	35-0941137	501C(3)	10,000				SUPPORT TOLLESTON COMMUNITY CENTER PROGRAMS
(4) GARY LITERACY COALITION 650 GRANT ST GARY,IN 46404	20-1323689	501C(3)	93,780				SUPPORT LITERACY PROGRAMS
(5) CITY OF GARY HUDSON-CAMPBELL FITNESS CENTER 455 MASSACCHUSETT ST GARY,IN 46402	35-6001040	115		104,208	CASH VALUE OF SERVICES/EQPT	HVAC UNIT & LABOR	SUPPLY AIR CONDITIONING SYSTEM AT COMMUNITY FITNESS CENTER
(6) INDIAN MEDICAL ASSOCIATION OF NW INDIANA 202 EAST 86TH PL MERRILLVILLE,IN 46410	31-4130002	501C(3)	15,000				SCHOLARSHIP PROGRAMS
(7) MARCH OF DIMES FOUNDATION 8315 VIRIGINIA ST MERRILLVILLE,IN 46410	13-1846366	501C(3)	5,000				SUPPORT BIRTH DEFECT RESEARCH PROGRAMS
(8) NORTHWEST INDIANA HINDU RELIGIOUS CENTER 8605 MERRILLVILLE RD MERRILLVILLE,IN 46410	35-1981658	501C(3)	21,000				SUPPORT CULTURAL PROGRAMS
(9) VALPARAISO FAMILY YMCA 1201 CUMBERLAND CROSSING DR VALPARAISO,IN 46383	35-0876401	501C(3)	20,000				SUPPORT FITNESS PROGRAMS
(10) VALPARAISO UNIVERSITY 836 LAPORTE AVE VALPARAISO,IN 46383	35-0868125	501C(3)	6,400				SUPPORT ATHLETIC DEPARTMENT

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . ▶ 9

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

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.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
PART I, LINE 2	THE ORGANIZATION DOES NOT MONITOR HOW THE GRANTS ARE USED BY THE ORGANIZATION RECEIVING THE FUNDS

Additional Data

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

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AMERICAN HEART ASSOCIATION 405 BOARDWALK HEBRON,IN 46341	13-5613797	501C(3)	75,000				HEART DISEASE AWARENESS/PREVENTION PROGRAMS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
ASIAN AMERICAN MEDICAL ASSOCIATION PO BOX 10039 MERRILLVILLE,IN 46411	35-1487544	501C(6)	7,200				SUPPORT LOCAL CHARITABLE ORGANIZATIONS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BOYS & GIRLS CLUB OF NW INDIANA 839 BROADWAY 3RD FLR GARY,IN 46402	35-0941137	501C(3)	10,000				SUPPORT TOLLESTON COMMUNITY CENTER PROGRAMS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GARY LITERACY COALITION 650 GRANT ST GARY,IN 46404	20-1323689	501C(3)	93,780				SUPPORT LITERACY PROGRAMS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CITY OF GARY HUDSON-CAMPBELL FITNESS CENTER 455 MASSACCHUSETT ST GARY,IN 46402	35-6001040	115		104,208	CASH VALUE OF SERVICES/EQPT	HVAC UNIT & LABOR	SUPPLY AIR CONDITIONING SYSTEM AT COMMUNITY FITNESS CENTER

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
INDIAN MEDICAL ASSOCIATION OF NW INDIANA 202 EAST 86TH PL MERRILLVILLE,IN 46410	31-4130002	501C(3)	15,000				SCHOLARSHIP PROGRAMS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MARCH OF DIMES FOUNDATION 8315 VIRIGINIA ST MERRILLVILLE,IN 46410	13-1846366	501C(3)	5,000				SUPPORT BIRTH DEFECT RESEARCH PROGRAMS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
NORTHWEST INDIANA HINDU RELIGIOUS CENTER 8605 MERRILLVILLE RD MERRILLVILLE,IN 46410	35-1981658	501C(3)	21,000				SUPPORT CULTURAL PROGRAMS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
VALPARAISO FAMILY YMCA 1201 CUMBERLAND CROSSING DR VALPARAISO,IN 46383	35-0876401	501C(3)	20,000				SUPPORT FITNESS PROGRAMS

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
VALPARAISO UNIVERSITY 836 LAPORTE AVE VALPARAISO,IN 46383	35-0868125	501C(3)	6,400				SUPPORT ATHLETIC DEPARTMENT

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

Part I Questions Regarding Compensation

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

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use 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

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

Return Reference	Explanation

Additional Data

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

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				
IAN E MCFADDEN CEO - THROUGH NOVEMBER 2013	(I) (II)	623,720 0	173,256 0	0 0	7,650 0	17,548 0	822,174 0	0 0
MICHAEL DAVENPORT MD CMO AND INTERIM CEO (NOV-DEC)	(I) (II)	358,660 0	91,452 0	0 0	7,650 0	17,855 0	475,617 0	0 0
MATTHEW DOYLE CHIEF FINANCIAL OFFICER	(I) (II)	299,768 0	74,392 0	0 0	4,375 0	14,292 0	392,827 0	0 0
ALEXANDER HORVATH VP HUMAN RESOURCES	(I) (II)	293,274 0	72,306 0	0 0	3,450 0	17,485 0	386,515 0	0 0
SHELLY MAJOR CHIEF NURSING OFFICER	(I) (II)	278,114 0	68,718 0	0 0	6,838 0	11,221 0	364,891 0	0 0
WRIGHT ALCORN VP OPERATIONS	(I) (II)	260,650 0	67,500 0	0 0	0 0	17,351 0	345,501 0	0 0
JAMES KIRCHNER VP PHYSICIAN INTEGRATION	(I) (II)	238,537 0	60,750 0	0 0	6,226 0	17,247 0	322,760 0	0 0
VINEET P SHAH PHYSICIAN	(I) (II)	643,985 0	25,000 0	0 0	0 0	16,611 0	685,596 0	0 0
ADOLPHUS A ANEKWE PHYSICIAN	(I) (II)	381,052 0	169,333 0	0 0	7,650 0	17,615 0	575,650 0	0 0
JUDSON B WOOD JR PHYSICIAN	(I) (II)	488,753 0	58,362 0	0 0	7,442 0	8,307 0	562,864 0	0 0
ELIAN M SHEPHERD PHYSICIAN	(I) (II)	511,026 0	0 0	0 0	7,650 0	13,455 0	532,131 0	0 0
DENNIS L STREETER PHYSICIAN	(I) (II)	492,019 0	74,385 0	0 0	0 0	15,552 0	581,956 0	0 0

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

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

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

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

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

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

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? Yes	No
(1) IAN MCFADDEN		ADVANCEMENT OF COMPENSATION		X	100,000	35,421		No	Yes		Yes	
Total		▶ $				35,421						

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) POWERS & SONS CONSTRUCTION CO	BOARD MEMBER	302,390	BOARD MEMBER, MAMON POWERS, OWNS THIS COMPANY WHICH PROVIDED SERVICES ON CONSTRUCTION PROJECTS		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION B, LINE 11	
FORM 990, PART VI, SECTION B, LINE 12C	THE BOARD PASSED A RESOLUTION IN 1994 WHICH REQUIRES EACH BOARD MEMBER TO ANNUALLY DISCLOS E ALL SITUATIONS WHERE A POTENTIAL CONFLICT OF INTEREST MAY EXIST THE CONFLICT OF INTERES T/RELATED PARTY QUESTIONNARIES ARE COMPLETED AND REVIEWED ON AN ANNUAL BASIS ANY POTENTIA LLY CONFLICTED DIRECTORS ARE PROHIBITED FROM PARTICIPATING IN THE DISCUSSION ABOUT OR VOTI NG ON ANY CONFLICTED ISSUE
FORM 990, PART VI, SECTION B, LINE 15	THE HR AND GOVERNANCE COMMITTEE USES INDEPENDENT AND EXTERNAL RESOURCES FOR THE ESTABLISHM ENT OF COMPENSATION FOR OFFICERS AND OTHER KEY EMPLOYEES THE COMMITTEE USES COMPARABILITY DATA AND MARKET COMPARISONS INCLUDING COMPENSATION SURVEYS AND FORM 990 INFORMATION FROM OTHER ORGANIZATIONS AS PART OF THE COMPENSATION DETERMINATION PROCESS THE COMPENSATION AP PROACH, PROCESS, AND DATA ARE THOROUGHLY DISCUSSED IN THE COMMITTEE MEETINGS AND THE REVIE W AND APPROVALS ARE DOCUMENTED THROUGHOUT THE PROCESS THE MOST RECENT YEAR THIS PROCESS W AS UNDERTAKEN WAS 2013
FORM 990, PART VI, SECTION C, LINE 19	DOCUMENTS ARE AVAILABLE UPON REQUEST
FORM 990, PART IX, LINE 11G	OTHER FEES PROGRAM SERVICE EXPENSES 33,537,267 MANAGEMENT AND GENERAL EXPENSES 4,263,321 FUNDRAISING EXPENSES 0 TOTAL EXPENSES 37,800,588
FORM 990, PART XI, LINE 9	PENSION RELATED CHANGES OTHER THAN NET PERIODIC COST 19,291,922
FORM 990, PART XIII, LINE 2C	THERE HAS BEEN NO CHANGE IN PROCESS FROM PRIOR YEAR

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
THE METHODIST HOSPITALS INC

Employer identification number
35-0868133

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

(a) Name, address, and EIN (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
(1) METHODIST PATHOLOGY LLC 600 GRANT ST GARY, IN 46402 20-3642476	PATHOLOGY SERVICES	IN	993,447	90,630	THE METHODIST HOSPITALS INC
(2) METHODIST ANESTHESIA LLC 600 GRANT ST GARY, IN 46402 20-1954536	ANESTHESIA SERVICES	IN	3,037,744	377,732	THE METHODIST HOSPITALS INC
(3) METHODIST CARDIOGRAPHICS LLC 600 GRANT ST GARY, IN 46402 20-1349870	READING CARDIOGRAMS	IN	504,335	53,186	THE METHODIST HOSPITALS INC
(4) METHODIST AUXILIARY 600 GRANT ST GARY, IN 46402	SUPPORT	IN	14,584	42,099	THE METHODIST HOSPITALS INC

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

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

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

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

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

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

		Yes	No
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 orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b		No
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q		No
r Other transfer of cash or property to related organization(s)	1r		No
s Other transfer of cash or property from related organization(s)	1s		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 related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) METHODIST FOUNDATION	C	42,746	CASH
(2) METHODIST FOUNDATION	P	6,272	ACTUAL COST

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

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

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

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

The Methodist Hospitals, Inc.

Consolidated Financial Report
December 31, 2013

The Methodist Hospitals, Inc.

Contents

plante moran

Plante & Moran, PLLC
Suite 200
2155 Point Blvd
Elgin, IL 60123
Tel 847 697 6161
Fax 847 697 6176
plantemoran.com

Independent Auditor's Report

To the Board of Directors
The Methodist Hospitals, Inc.

We have audited the accompanying consolidated financial statements of The Methodist Hospitals, Inc. (The "Hospital"), which comprise the consolidated balance sheet as of December 31, 2013 and 2012 and the related consolidated statements of operations, 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

To the Board of Directors
The Methodist Hospitals, Inc.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Methodist Hospitals, Inc. as of December 31, 2013 and 2012 and the consolidated results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Plante & Moran, PLLC

April 23, 2014

The Methodist Hospitals, Inc.

Consolidated Balance Sheet

	December 31, 2013	December 31, 2012
Assets		
Current Assets		
Cash and cash equivalents	$ 8,602,172	$ 41,662,822
Short-term investments (Note 5)	7,675,808	6,415,963
Accounts receivable - Net (Note 2)	40,777,534	33,332,579
Cost report settlements receivable (Note 3)	21,087,136	18,845,272
Current portion of assets limited as to use (Note 5)	640,177	639,302
Other current assets (Note 7)	14,650,883	12,635,716
Total current assets	93,433,710	113,531,654
Assets Limited as to Use - Net of current portion (Note 5)	161,381,823	129,912,791
Property and Equipment - Net (Note 8)	129,553,250	124,971,548
Other Assets	6,020,598	2,863,883
Total assets	**$ 390,389,381**	**$ 371,279,876**
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt (Note 10)	$ 4,982,791	$ 3,926,053
Accounts payable	13,492,181	12,598,765
Cost report settlements payable (Note 3)	9,460,575	8,290,096
Accrued liabilities and other (Note 9)	19,222,974	17,388,198
Total current liabilities	47,158,521	42,203,112
Long-term Debt - Net of current portion (Note 10)	77,410,140	79,820,196
Other Liabilities (Note 11)	19,580,899	47,040,009
Total liabilities	144,149,560	169,063,317
Net Assets		
Unrestricted	245,915,188	201,928,989
Temporarily restricted	299,633	262,570
Permanently restricted	25,000	25,000
Total net assets	246,239,821	202,216,559
Total liabilities and net assets	**$ 390,389,381**	**$ 371,279,876**

The Methodist Hospitals, Inc.

Consolidated Statement of Operations

	Year Ended December 31, 2013	Year Ended December 31, 2012
Unrestricted Revenue, Gains, and Other Support		
Net patient service revenue	$ 285,682,814	$ 263,857,924
Provision for bad debts	(21,252,852)	(14,933,707)
Net patient service revenue less provision for bad debts	264,429,962	248,924,217
Investment income (Note 5)	18,509,910	10,598,682
Other operating revenue	6,353,051	6,126,862
Medicaid disproportionate share revenue	57,344,443	64,622,805
Net assets released from restrictions used for operations	98,973	105,590
Total unrestricted revenue, gains, and other support	346,736,339	330,378,156
Operating Expenses		
Salaries and wages	133,674,313	117,536,043
Employee benefits and payroll taxes	29,730,727	28,288,863
Supplies	51,935,809	49,203,557
Outside services	47,084,570	45,733,062
Professional and other liability costs	2,675,424	1,511,364
Utilities	6,441,785	6,555,439
Repairs and maintenance	6,943,292	7,443,910
Medicaid assessment fee	12,780,552	16,481,865
Depreciation and amortization	18,217,794	18,694,642
Interest expense	5,524,833	5,825,872
Other	7,419,013	6,247,316
Total operating expenses (Note 16)	322,428,112	303,521,933
Operating Income	24,308,227	26,856,223
Nonoperating Income	386,050	1,360,216
Excess of Revenue Over Expenses	24,694,277	28,216,439
Pension-related Changes Other than Net Periodic Cost (Note 14)	19,291,922	(9,272,270)
Increase in Unrestricted Net Assets	**$ 43,986,199**	**$ 18,944,169**

The Methodist Hospitals, Inc.

Consolidated Statement of Changes in Net Assets

	Year Ended December 31, 2013	Year Ended December 31, 2012
Unrestricted Net Assets		
Excess of revenue over expenses	$ 24,694,277	$ 28,216,439
Pension-related changes other than net periodic cost	19,291,922	(9,272,270)
Increase in Unrestricted Net Assets	43,986,199	18,944,169
Temporarily Restricted Net Assets		
Restricted contributions	136,036	137,669
Net assets released from restriction	(98,973)	(105,590)
Increase in Temporarily Restricted Net Assets	37,063	32,079
Increase in Net Assets	44,023,262	18,976,248
Net Assets - Beginning of year	202,216,559	183,240,311
Net Assets - End of year	**$ 246,239,821**	**$ 202,216,559**

The Methodist Hospitals, Inc.

Consolidated Statement of Cash Flows

	Year Ended December 31, 2013	Year Ended December 31, 2012
Cash Flows from Operating Activities		
Increase in net assets	$ 44,023,262	$ 18,976,248
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation and amortization	18,217,794	18,694,642
Net change in unrealized net gains on investments	(13,791,252)	(6,392,235)
Realized gains on investments	(1,609,871)	(357,196)
Pension-related changes other than net periodic costs	(19,291,922)	9,272,270
Gain on disposal of property and equipment	(176,384)	(21,250)
Temporarily restricted contributions	(136,036)	(137,699)
Provision for bad debts	21,252,852	14,933,707
Changes in assets and liabilities that (used) provided cash:		
Accounts receivable	(28,697,807)	(17,452,873)
Other current assets	(2,015,167)	(1,612,645)
Cost report settlements receivable	(2,241,864)	7,308,354
Other assets	(656,715)	(1,673,830)
Accounts payable	893,416	1,176,537
Accrued liabilities	1,834,776	2,326,560
Cost report settlements payable	1,170,479	891,237
Other liabilities	(8,167,188)	(5,948,927)
Net cash provided by operating activities	10,608,373	39,982,900
Cash Flows from Investing Activities		
Purchase of property and equipment	(22,000,265)	(18,363,610)
Proceeds from sale of property and equipment	151,649	-
Net change in assets limited as to use and investments	(17,328,629)	4,266,384
Acquisition of businesses	(700,000)	-
Net cash used in investing activities	(39,877,245)	(14,097,226)
Cash Flows from Financing Activities		
Principal payment on long-term debt	(3,710,000)	(3,510,000)
Payments on capital lease obligations	(217,814)	(195,553)
Temporarily restricted contributions	136,036	137,699
Net cash used in financing activities	(3,791,778)	(3,567,854)
Net (Decrease) Increase in Cash and Cash Equivalents	(33,060,650)	22,317,820
Cash and Cash Equivalents - Beginning of year	41,662,822	19,345,002
Cash and Cash Equivalents - End of year	**$ 8,602,172**	**$ 41,662,822**
Supplemental Cash Flow Information - Cash paid for interest	$ 5,586,072	$ 5,883,797
Noncash Transactions - IMA Endoscopy SurgriCenter promissory notes	2,574,496	-

See Notes to Consolidated Financial Statements.

Note 1 - Nature of Business and Significant Accounting Policies

Organization - The Methodist Hospitals, Inc. (the "Hospital") is an Indiana nonprofit corporation operating a 269-bed general acute-care facility in Gary, Indiana (Northlake Campus) and a 315-bed general acute-care facility in Merrillville, Indiana (Southlake Campus). The Hospital also provides physician services to patients through the following wholly owned limited liability companies: Methodist Cardiographics, LLC, Methodist Anesthesia, LLC, and Methodist Pathology, LLC.

The Hospital is the sole member of The Methodist Hospitals Foundation, Inc. (the "Foundation") which was established to support and benefit the Hospital. The Foundation has been accounted for within the Hospital's financial statements.

Basis of Consolidation - The consolidated financial statements include the accounts of The Methodist Hospitals, Inc., The Methodist Hospitals Foundation, Inc., Methodist Cardiographics, LLC, Methodist Anesthesia, LLC, and Methodist Pathology, LLC; all intercompany accounts have been eliminated in consolidation.

Cash and Cash Equivalents - Cash and cash equivalents include cash and investments in highly liquid investments purchased with an original maturity of three months or less, excluding those amounts included in assets limited as to use. The Hospital's cash balances are only insured up to the Federal Deposit Insurance Corporation limit. As of December 31, 2013, there was approximately $13.3 million of uninsured cash.

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

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

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

The Hospital invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated balance sheet.

Goodwill - The recorded amounts of goodwill from prior business combinations and an asset acquisition effective February 8, 2013 are based on management's best estimates of the fair values of assets acquired and liabilities assumed at the date of acquisition. Annually, the Hospital assesses goodwill for impairment. No impairment charge was recognized in the year ended December 31, 2013. It is reasonably possible that management's estimates of the carrying amount of goodwill will change in the near term. Goodwill is recorded within other assets in the consolidated balance sheet.

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

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

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

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

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

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

Net Patient Service Revenue - The Hospital has agreements with third-party payors that provide for payments to the Hospital at amounts different from its established rates. The Hospital recognizes patient service revenue associated with services provided to patients who have third-party payor coverage on the basis of contractual rates for the services rendered. For uninsured patients that do not qualify for charity care, the Hospital recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Hospital's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Hospital records a significant provision for bad debts related to uninsured patients in the period the services are provided. Patient service revenue, net of contractual allowances and discounts (but before the provision for bad debts), recognized in the period from these major payor sources is as follows:

	Third-party Payors	Self-pay	Total All Payors
Patient service revenue (net of contractual allowances and discounts) - December 31, 2013	$ 284,876,208	$ 806,606	$ 285,682,814
Patient service revenue (net of contractual allowances and discounts) - December 31, 2012	$ 263,294,536	$ 563,388	$ 263,857,924

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

Retroactively calculated adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

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

Contributions - The Hospital reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of changes in net assets as net assets released from restriction.

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

Professional and Other Liability Insurance - The Hospital accrues an estimate of the ultimate expense, including litigation and settlement expense, for incidents of potential improper professional service and other liability claims occurring during the year as well as for those claims that have not been reported at year end. Amounts receivable from insurance related to stop-loss provisions are recorded as a receivable and included in other assets.

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

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

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

Electronic Health Records Incentive Payments - The American Recovery and Reinvestment Act of 2009 (ARRA) established funding in order to provide incentive payments to hospitals and physicians that implement the use of electronic health record (EHR) technology by 2014. The Hospital may receive an incentive payment for up to four years, provided the Hospital demonstrates meaningful use of certified EHR technology for the EHR reporting period. The revenue from the incentive payments is recognized ratably over the EHR reporting period when there is reasonable assurance that the Hospital will comply with eligibility requirements during the EHR reporting period and an incentive payment will be received. In 2013 and 2012, approximately $2,900,000 and $2,100,000, respectively, is recorded within other operating revenue as incentive payments are related to the Hospital's ongoing and central activities, yet not critical to the delivery of patient service.

Federal Income Tax - The Internal Revenue Service has ruled that the Hospital and its subsidiaries are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, accordingly, no tax provision is reflected in the consolidated financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Hospital and recognize a tax liability if the Hospital has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Hospital and has concluded that as of December 31, 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the consolidated financial statements. The Hospital is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to 2010.

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

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

Risks and Uncertanties - The Hospital is named a party to lawsuits in the normal course of providing healthcare services. The Hospital is also a defendant in a lawsuit alleging a breach of contract; however, the Hospital believes such matter is without merit and intends to vigorously defend its position. In the opinion of management, the resolution of lawsuits will not have a material adverse effect on the Hospital's financial position or results of operations.

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

- **Cash and Cash Equivalents** - The carrying amount approximates fair value because of the short maturity of those instruments.
- **Investments** - Fair values, which are the amounts reported in the consolidated balance sheet, are based on quoted market prices.
- **Accounts Receivable, Accounts Payable, and Accrued Liabilities** - The carrying amount reported in the consolidated balance sheet for accounts receivable, accounts payable, and accrued liabilities approximates its fair value.
- **Estimated Third-party Payor Settlements - Net** - The carrying amount reported in the consolidated balance sheet for estimated third-party payor settlements - net approximates its fair value.

Subsequent Events - The consolidated financial statements and related disclosures include evaluation of events up through and including April 23, 2014, which is the date the consolidated financial statements were available to be issued.

Note 2 - Patient Accounts Receivable

The details of patient accounts receivable are set forth below:

	2013	2012
Patient accounts receivable	$ 113,818,059	$ 98,337,683
Less allowance for uncollectible accounts	(23,847,008)	(17,459,647)
Less allowance for contractual adjustments	(49,193,517)	(47,545,457)
Net patient accounts receivable	$ 40,777,534	$ 33,332,579

The Hospital grants credit without collateral to patients, most of whom are local residents and are insured under third-party payor agreements. The composition of receivables from patients and third-party payors was as follows as of December 31:

	Percentage	
	2013	2012
Medicare	28 %	32 %
Commercial and managed care	41	34
Medicaid	13	14
Self-pay	18	20
Total	100 %	100 %

Note 3 - Cost Report Settlements

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

- **Medicare** - Inpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system based on clinical, diagnostic, and other factors. Outpatient services related to Medicare beneficiaries are reimbursed based on a prospectively determined amount per episode of care.

Note 3 - Cost Report Settlements (Continued)

- **Medicaid and Hospital Assessment Fee** - Inpatient and outpatient services rendered to Medicaid program beneficiaries are also paid at prospectively determined rates per discharge or per procedure.

  The Indiana Hospital Association (IHA) and the Office of Medicaid Policy and Planning (OMPP) worked together to develop and implement a hospital assessment fee program as enacted by the 2011 Session of the Indiana General Assembly. In 2012, the Centers for Medicare and Medicaid Services (CMS) approved the state plan amendment necessary to implement these changes with a retroactive effective date of July 1, 2011. The program expired on June 30, 2013. In March 2014, the program was again approved by CMS, with an effective date of July 1, 2013 and will continue through June 30, 2015. Under this program, OMPP will collect an assessment fee from eligible hospitals. The fee will be used in part to increase reimbursement to eligible hospitals for services provided in both fee-for-service and managed care programs, and as the state share of Disproportionate Share Hospital (DSH) payments. During 2013 and 2012, the Hospital incurred $12,780,552 and $16,481,865, respectively, in Medicaid assessment fees under this program, which is reflected in total operating expenses in the accompanying consolidated statement of operations.

  Final reimbursement under the Medicare and Medicaid programs are subject to audit by fiscal intermediaries. Although these audits may result in some changes in these amounts, they are not expected to have a material effect on the accompanying consolidated financial statements. The effect of prior year settlements received in 2013 and 2012 resulted in an increase in net revenue of approximately $2,069,000 and $2,812,000, respectively.

- **Other Third-party Payors** - The Hospital has also entered into agreements with certain commercial carriers, health maintenance organizations, and preferred provider organizations. The basis for reimbursement to the Hospital under these agreements is discounts from established charges, prospectively determined rates per discharge, and prospectively determined daily rates.

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

Note 3 - Cost Report Settlements (Continued)

At December 31, 2013 and 2012, the Hospital recorded approximately $21.1 million and $18.8 million, respectively, in amounts due from the State of Indiana under the DSH program. These amounts are reflected in cost report settlements receivable in the accompanying consolidated balance sheet. The amounts recorded represent estimated reimbursement due to the Hospital for services provided through the State fiscal year 2013. During the years ended December 31, 2013 and 2012, approximately $23 million and $48 million, respectively, was received in cash related to the DSH program.

Cost report settlements result from the adjustment of interim payments to final reimbursement under the Medicare and Medicaid programs that are subject to audit by fiscal intermediaries. Laws and regulations governing the Medicare and Medicaid programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term.

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

Note 4 - Charity Care

In support of its mission, the Hospital's policy is to treat patients in need of medical services without regard to their ability to pay for such services. Charity care covers services provided to persons who cannot afford to pay. Charity care is determined based on established policies, using patient income and assets to determine payment ability. The amount reflects the cost of free or discounted health services, net of contributions and other revenue received, as direct assistance for the provision of charity care. The estimated cost of providing charity services is based on a calculation which applies a ratio of cost to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Hospital's total operating expenses divided by gross patient service revenue. The Hospital estimates that it provided approximately $17.6 million and $14.5 million of services to indigent patients during 2013 and 2012 respectively.

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

Note 4 - Charity Care (Continued)

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

Note 5 - Assets Limited as to Use

The details of assets limited as to use are summarized in the following schedule at December 31:

	2013	2012
Funds held by trustees under bond indenture	$ 6,132,577	$ 6,674,050
Funds held in trust for payment of professional and other liability claims	6,751,803	7,538,483
Funds held by board for future capital improvements	149,112,620	116,314,560
Funds held by donors for specific purposes	25,000	25,000
Subtotal	162,022,000	130,552,093
Less amount for payment of current liabilities	(640,177)	(639,302)
Total assets limited as to use and permanently or temporarily restricted	$ 161,381,823	$ 129,912,791

Investments, including short-term investments, consist of the following at December 31:

	2013	2012
Money market investments	$ 10,935,255	$ 13,929,062
Government securities	9,081,292	3,694,051
Mutual funds	82,121,384	55,754,956
Corporate bonds	60,038,610	58,126,300
Pooled funds	7,521,267	5,463,687
Total	$ 169,697,808	$ 136,968,056
Classified as:		
Short-term investments	$ 7,675,808	$ 6,415,963
Current portion of assets limited as to use	640,177	639,302
Noncurrent portion of assets limited as to use	161,381,823	129,912,791
Total	$ 169,697,808	$ 136,968,056

Note 5 - Assets Limited as to Use (Continued)

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

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

	2013	2012
Interest and dividends	$ 3,108,787	$ 3,849,251
Change in net unrealized gains (losses)	13,791,252	6,392,235
Realized gains and losses - Net	1,609,871	357,196
Total	$ 18,509,910	$ 10,598,682

Note 6 - Fair Value Measurements

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

The following tables present information about the Hospital's assets measured at fair value on a recurring basis at December 31, 2013 and 2012 and the valuation techniques used by the Hospital to determine those fair values.

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

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

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

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

Note 6 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2013

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2013
Short-term Investments -				
Money market investments	$ 1,673,323	$ -	$ -	$ 1,673,323
Assets Limited as to Use -				
Money market investments	14,657,778	-	-	14,657,778
Mutual funds				
U S companies	34,848,618	-	-	34,848,618
International companies	27,156,777	-	-	27,156,777
Fixed income	4,228,987	-	-	4,228,987
Fixed income				
U S Treasuries	-	13,779,889	-	13,779,889
Governmental agency bonds	-	5,185,926	-	5,185,926
Pooled funds	-	7,521,267	-	7,521,267
Asset-backed securities	-	18,191,653	-	18,191,653
Mortgage-backed securities	-	16,641,849	-	16,641,849
Corporate - Domestic	-	18,263,486	-	18,263,486
Corporate - International	-	7,282,569	-	7,282,569
Total assets limited as to use	80,892,160	86,866,639	-	167,758,799
Total	$ 82,565,483	$ 86,866,639	$ -	$ 169,432,122

The assets limited as to use and short-term investments included in the consolidated balance sheet at December 31, 2013 included cash and cash equivalents of $265,686, which are not measured at fair value on a recurring basis and therefore are not in the table above.

Note 6 - Fair Value Measurements (Continued)

Assets Measured at Fair Value on a Recurring Basis at December 31, 2012

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at December 31, 2012
Short-term Investments -				
Money market investments	$ 6,415,963	$ -	$ -	$ 6,415,963
Assets Limited as to Use				
Money market investments	9,196,511	-	-	9,196,511
Mutual funds				
U S companies	25,614,362	-	-	25,614,362
International companies	22,602,212	-	-	22,602,212
Fixed income	5,015,921	-	-	5,015,921
Fixed income				
U S Treasuries	-	4,309,569	-	4,309,569
Governmental agency bonds	-	1,787,166	-	1,787,166
Pooled funds	-	5,463,687	-	5,463,687
Asset-backed securities	-	18,146,725	-	18,146,725
Mortgage-backed securities	-	13,894,717	-	13,894,717
Corporate - Domestic	-	15,621,562	-	15,621,562
Corporate - International	-	7,578,375	-	7,578,375
Total assets limited as to use	62,429,006	66,801,801	-	129,230,807
Total	$ 68,844,969	$ 66,801,801	$ -	$ 135,646,770

The assets limited as to use and short-term investments included in the consolidated balance sheet at December 31, 2012 include cash and cash equivalents of $1,321,286, which are not measured at fair value on a recurring basis and therefore are not in the table above.

The fair value of fixed income securities at December 31, 2013 and 2012 was determined primarily based on Level 2 inputs. The Methodist Hospitals, Inc. estimates the fair value of these investments using the fair market values as determined by the investment custodians.

The Hospital's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period. For the years ended December 31, 2013 and 2012, there were no significant transfers.

Note 7 - Other Current Assets

The details of other assets at December 31, 2013 and 2012 are as follows:

	2013	2012
Prepaid expenses	$ 3,472,256	$ 2,707,299
Inventory	10,588,793	8,437,788
Other	589,834	1,490,629
Total	$ 14,650,883	$ 12,635,716

Note 8 - Property and Equipment

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

	2013	2012	Depreciable Life - Years
Land	$ 3,745,499	$ 3,745,499	-
Buildings	251,844,223	240,826,771	2-40
Equipment	226,680,544	210,614,419	3-5
Construction in progress	5,633,886	10,868,772	-
Total cost	487,904,152	466,055,461	
Accumulated depreciation	(358,350,902)	(341,083,913)	
Net property and equipment	$ 129,553,250	$ 124,971,548	

Depreciation and amortization expense, including assets under capital lease, totaled approximately $18,218,000 and $18,695,000 in 2013 and 2012, respectively.

The Hospital holds buildings under capital leases with an original cost of approximately $22,100,000 at December 31, 2013 and 2012. Accumulated amortization for buildings under capital lease obligations was approximately $5,000,000 and $4,400,000 at December 31, 2013 and 2012, respectively.

Construction in progress consists primarily of costs incurred for the Cath Lab renovation, installation and implementation of software systems, and installation of various clinical equipment. Remaining costs to complete the project are approximately $3,330,000 of December 31, 2013.

Note 9 - Accrued Liabilities and Other

The details of accrued liabilities at December 31 are as follows:

	2013	2012
Payroll and related items	$ 9,669,433	$ 8,649,382
Compensated absences	8,608,758	7,732,794
Interest	944,783	1,006,022
Total accrued liabilities	$ 19,222,974	$ 17,388,198

Note 10 - Long-term Debt

The following is a summary of long-term debt and capital lease obligations at December 31, 2013 and 2012:

	2013	2012
Indiana Health Facility Financing Authority Revenue Bonds, Series 1996, interest at 6.00 percent, due in installments through 2016	$ 6,845,000	$ 8,870,000
Indiana Health Facility Financing Authority Revenue Bonds, Series 2001, interest ranging from 4.30 percent to 5.50 percent, due in installments through 2031	51,880,000	53,565,000
Promissory notes issued in conjunction with IMA Endoscopy SurgiCenter, PC acquisition, interest at 5.00 percent, due in installments through 2016 (see Note 17)	2,574,496	-
Urgent care building capital lease obligation, expires October 31, 2020, collateralized by the leased building	1,163,682	1,255,296
Medical office building capital lease obligations, expire December 31, 2045, collateralized by leased medical office buildings	19,737,118	19,861,557
Total - Before unamortized discount	82,200,296	83,551,853
Less original issue discount	(192,635)	(194,396)
Less current portion	4,982,791	3,926,053
Long-term portion	$ 77,410,140	$ 79,820,196

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

Note 10 - Long-term Debt (Continued)

Hospital Obligated Group Bonds Payable, Series 1996 consist of hospital revenue bonds issued by the IHFFA. The bonds consist of term bonds payable in annual installments for 2014 through 2016, ranging from $2,150,000 to $2,415,000 at an interest rate of 6 percent.

Hospital Obligated Group Bonds Payable, Series 2001 consist of hospital revenue bonds issued by the IHFFA. The bonds consist of serial bonds payable with an annual installment of $1,775,000 in 2014 at interest rates ranging from 4.30 percent to 4.98 percent, and term bonds payable in annual installments beginning in 2015 through 2031, ranging from $1,870,000 to $4,365,000 at interest rates ranging from 5.375 percent to 5.50 percent.

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

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

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

Years Ending December 31	Long-term Debt	Capital Lease Obligations
2014	$ 4,741,652	$ 2,005,224
2015	5,007,485	2,005,224
2016	5,285,359	2,005,224
2017	2,075,000	2,005,224
2018	2,190,000	2,005,224
Thereafter	42,000,000	28,226,631
Total	61,299,496	38,252,751
Less amount representing interest under capital lease obligations	-	(17,351,951)
Total debt and present value of minimum lease payments	$ 61,299,496	$ 20,900,800

Note 10 - Long-term Debt (Continued)

The fair value of the Series 1996 Bonds, Series 2001 Bonds, promissory notes, and capital leases is $81,781,942 and $83,601,782 at December 31, 2013 and 2012, respectively. The Series 1996 and 2001 Bonds were estimated based on current traded values. The determination of fair value of the tax-exempt bond obligations, capital leases, and promissory notes is consistent with a Level 2 measurement under the fair value hierarchy.

Note 11 - Other Liabilities

The detail of other liabilities is shown below:

	2013	2012
Accrued pension cost (Note 14)	$ 12,029,012	$ 38,623,044
Accrued professional and other liability claims (Note 15)	5,954,075	6,889,244
Other	1,597,812	1,527,721
Total other liabilities	$ 19,580,899	$ 47,040,009

Note 12 - Operating Leases

The Hospital is obligated under certain operating leases, primarily for facilities and equipment. Total rent expense under these leases was approximately $2,078,000 and $1,776,000 for the years ended December 31, 2013 and 2012, respectively.

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

Years Ending December 31	Amount
2014	$ 1,585,446
2015	1,406,387
2016	862,089
2017	367,567
2018	140,176
Thereafter	560,706
Total	$ 4,922,371

Note 13 - Defined Contribution Plan

The Hospital established a defined contribution retirement plan effective January 1, 2006, which allows for employee contributions and requires a matching employer contribution of 50 percent of the first 6 percent of employees' earnings. Expense for the years ended December 31, 2013 and 2012 was approximately $1,707,000 and $1,601,000, respectively.

Note 14 - Pension Plan

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

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

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

Obligations and Funded Status

	Pension Benefits	
	2013	2012
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 116,342,684	$ 101,387,075
Service cost	18,000	29,000
Interest cost	4,735,009	4,882,989
Actuarial (gain) loss	(10,989,915)	13,482,050
Benefits paid	(3,474,533)	(3,438,430)
Benefit obligation at end of year	106,631,245	116,342,684
Change in plan assets:		
Fair value of plan assets at beginning of year	77,719,640	66,044,658
Actual return on plan assets	13,957,126	9,113,412
Employer contributions	6,400,000	6,000,000
Benefits paid	(3,474,533)	(3,438,430)
Fair value of plan assets at end of year	94,602,233	77,719,640
Funded status at end of year	$ (12,029,012)	$ (38,623,044)

Note 14 - Pension Plan (Continued)

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

	Pension Benefits	
	2013	2012
Net Periodic Benefit Cost		
Service cost	$ 18,000	$ 29,000
Interest cost	4,735,009	4,882,989
Expected return on plan assets	(5,655,119)	(4,903,632)
Amortization of net loss	2,254,680	1,561,720
Total	$ 1,352,570	$ 1,570,077

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

	Pension Benefits	
	2013	2012
Net (gain) loss	$ (19,291,922)	$ 9,272,270

Assumptions

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

	Pension Benefits	
	2013	2012
Discount rate	5.00 %	4.10 %

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

	Pension Benefits	
	2013	2012
Discount rate	4.10 %	4.90 %
Expected long-term return on plan assets	7.10	7.25

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

Note 14 - Pension Plan (Continued)

Pension Plan Assets

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

The target allocation range of percentages for plan assets is 65 percent equity securities and 35 percent debt securities as of December 31, 2013 and 2012.

The fair values of the Hospital's pension plan assets at December 31, 2013 and 2012 by major asset categories are as follows:

Fair Value Measurements at December 31, 2013

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category				
Equity securities:				
U.S. companies	$ 35,778,248	$ 35,778,248	$ -	$ -
International companies	27,876,655	27,876,655	-	-
Debt securities	27,670,155	-	27,670,155	-
Fixed income - Pooled funds	3,161,525	-	3,161,525	-
Total	$ 94,486,583	$ 63,654,903	$ 30,831,680	$ -

Fair Value Measurements at December 31, 2012

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Asset Category				
Equity securities:				
U.S. companies	$ 25,952,327	$ 25,952,327	$ -	$ -
International companies	23,186,690	23,186,690	-	-
Debt securities	26,173,627	-	26,173,627	-
Fixed income - Pooled funds	2,296,633	-	2,296,633	-
Total	$ 77,609,277	$ 49,139,017	$ 28,470,260	$ -

Note 14 - Pension Plan (Continued)

The pension plan assets shown above included cash and cash equivalents of $115,650 and $110,363 at December 31, 2013 and 2012, respectively. Cash and cash equivalents are not measured at fair value on a recurring basis and therefore are not included in the table above.

The tables above present information about the pension plan assets measured at fair value at December 31, 2013 and 2012 and the valuation techniques used by the Hospital to determine those fair values.

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

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

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

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

The Hospital's policy is to recognize transfers in and transfers out of Level 1, 2, and 3 fair value classifications as of the end of the reporting period. For the years ended December 31, 2013 and 2012, there were no significant transfers between levels.

Note 14 - Pension Plan (Continued)

Cash Flow

Contributions

The Hospital expects to contribute $4.8 million to the pension plan in 2014.

Estimated Future Benefit Payments

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

Years Ending December 31	Pension Benefits
2014	$ 3,807,154
2015	4,002,057
2016	4,199,819
2017	4,445,543
2018	4,799,289
2019-2023	29,408,371

Note 15 - Professional Liability Self-insurance

On April 2, 1983, the Hospital became qualified under the Indiana Medical Malpractice Act (the "Act"). The Act limits the amount of individual claims to $1,250,000 ($7,500,000 annual aggregate) of which $1,000,000 would be paid by the State of Indiana Patient Compensation Fund and $250,000 by the Hospital. The Hospital carries commercial insurance coverage for incidents that would exceed coverages specified by the self-insurance program. Prior to April 2, 1983, the Hospital carried commercial insurance for professional liability risks on an occurrence basis. The Hospital's liability for medical malpractice self-insurance is actuarially determined based upon the Hospital's estimated claims reserves and various assumptions, and includes an estimate for claims incurred but not yet reported.

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

Note 16 - Functional Expenses

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

Expenses related to providing these services are as follows:

	2013	2012
Healthcare services	$ 285,129,794	$ 270,893,325
General and administrative	37,298,318	32,628,608
Total	$ 322,428,112	$ 303,521,933

Note 17 - Business Combination

On February 8, 2013, the Hospital entered into an Asset Purchase Agreement with IMA Endoscopy SurgiCenter, PC (IMA), an Indiana professional corporation which operated a Medicare certified, licensed ambulatory surgery center in Merrillville, Indiana. The primary reason for the acquisition was to expand services already provided by the Hospital.

The fair value of the aggregate purchase price of $2,500,000 was supported on the basis of independent valuations. The executed purchase agreement excluded all assets and liabilities from the sale. The total purchase price of $2,500,000 has been recorded as goodwill, which is included in other assets on the consolidated balance sheet.