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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 07-01-2013 , 2013, and ending 06-30-2014

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

C Name of organization
Memorial Hermann Health System

Doing Business As

Number and street (or P O box if mail is not delivered to street address) 909 Frostwood Suite 2100 | Room/suite

City or town, state or province, country, and ZIP or foreign postal code
Houston, TX 77024

D Employer identification number
74-1152597

E Telephone number
(713) 338-4643

G Gross receipts $ 3,803,393,554

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

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 memorialhermann org

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

L Year of formation 1910

M State of legal domicile TX

Part I Summary

1 Briefly describe the organization's mission or most significant activities
MEMORIAL HERMANN HEALTH SYSTEM IS A NOT- FOR-PROFIT, COMMUNITY-OWNED, HEALTH CARE SYSTEM WITH SPIRITUAL VALUES, DEDICATED TO PROVIDING HIGH QUALITY HEALTH SERVICES

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

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	31
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	25
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	23,713
6	Total number of volunteers (estimate if necessary)	**6**	3,065
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	12,040,312
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	20,006,884	26,129,021
9	Program service revenue (Part VIII, line 2g)	3,090,398,545	3,410,934,589
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	82,934,522	158,377,533
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	92,001,954	146,193,635
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,285,341,905	3,741,634,778
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	1,432,901	1,375,592
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	1,385,588,675	1,550,798,117
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	1,667,528,756	1,735,457,747
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	3,054,550,332	3,287,631,456
19	Revenue less expenses Subtract line 18 from line 12	230,791,573	454,003,322

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	4,480,604,151	5,290,319,810
21	Total liabilities (Part X, line 26)	2,274,374,490	2,624,964,574
22	Net assets or fund balances Subtract line 21 from line 20	2,206,229,661	2,665,355,236

Part II Signature Block

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

Sign Here

▶ Signature of officer — 2015-05-15 Date

▶ Anthony P Frank CAO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
diane l bean		2015-05-12		P00104972

Firm's name ▶ ERNST & YOUNG LLP US — Firm's EIN ▶

Firm's address ▶ 1100 HUNTINGTON CTR 41 S HIGH ST COLUMBUS, OH 43215 — Phone no

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

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

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 $ 2,884,879,231 including grants of $ 1,375,592) (Revenue $ 3,410,934,589)

MEMORIAL HERMANN IS A NON-PROFIT COMMUNITY-OWNED, HEALTHCARE SYSTEM WITH SPIRITUAL VALUES, DEDICATED TO PROVIDING HIGH QUALITY HEALTHCARE SERVICES TO OUR COMMUNITIES ANNUAL DELIVERIES 24,924 ANNUAL INPATIENT ADMISSIONS 142,706 ANNUAL INPATIENT DAYS 778,424 ANNUAL EMERGENCY VISITS 509,615 ANNUAL OUTPATIENT SURGERIES 85,194 ANNUAL DIAGNOSTIC AND THERAPY 1,133,657

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

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

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

4e **Total program service expenses** ▶ 2,884,879,231

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		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	Yes	
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, 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	Yes	
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
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**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	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**		No
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**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**		No
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, 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**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 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	1,120		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	23,713		
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			
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		Yes	
b	If "Yes," enter the name of the foreign country ▶ CJ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible 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**	31		
	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**	25		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**			No
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**		Yes	
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**		Yes	
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**		Yes	
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

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

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**	Yes	
b	Describe in Schedule O the process, if any, used by the organization to review 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**	Yes	

Section C. Disclosure

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

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

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

▶ANTHONY FRANK 909 FROSTWOOD SUITE 2100
Houston, TX 77024 (713) 338-4643

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			

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			
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								23,220,773	1,161,307	5,498,431

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 1,399

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

Section B. Independent Contractors

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

(A) Name and business address	(B) Description of services	(C) Compensation
Balfour Beatty Construction, 3100 Mckinnon 6th Floor DALLAS TX 75207	Construction	14,808,348
Cerner DHT, 2800 Rockcreek Parkway KANSAS CITY MO 64117	Professional Service	15,218,221
Universal Hospital Services, PO Box 86 SDS 12-0940 MINNEAPOLIS MN 55486	Professional service	61,846,441
Sodexo, 1669 Phoenix Parkway COLLEGE PARK GA 30349	Food Service	57,910,213
Crothall Healthcare, 13028 Collection Center Dr CHICAGO IL 60693	Housekeeping	39,026,216

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 ▶ 211

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	12,760,259			
	e Government grants (contributions)	1e	13,368,762			
	f All other contributions, gifts, grants, and similar amounts not included above	1f				
	g Noncash contributions included in lines 1a-1f $					
	h **Total.** Add lines 1a-1f		26,129,021			
Program Service Revenue		Business Code				
	2a PATIENT SERVICE REVENUE	900099	3,410,934,589	3,410,934,589		
	b					
	c					
	d					
	e					
	f All other program service revenue					
	g **Total.** Add lines 2a–2f		3,410,934,589			
	3 Investment income (including dividends, interest, and other similar amounts)		158,377,307			158,377,307
	4 Income from investment of tax-exempt bond proceeds		226			226
	5 Royalties		632,900			632,900

		(i) Real	(ii) Personal				
	6a Gross rents	56,066,472					
	b Less rental expenses	61,758,776					
	c Rental income or (loss)	-5,692,304	0				
	d Net rental income or (loss)			-5,692,304			-5,692,304

		(i) Securities	(ii) Other				
	7a Gross amount from sales of assets other than inventory						
	b Less cost or other basis and sales expenses						
	c Gain or (loss)						
	d Net gain or (loss)			0			
Other Revenue	8a Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18	a					
	b Less direct expenses	b					
	c Net income or (loss) from fundraising events			0			
	9a Gross income from gaming activities See Part IV, line 19	a					
	b Less direct expenses	b					
	c Net income or (loss) from gaming activities			0			
	10a Gross sales of inventory, less returns and allowances	a					
	b Less cost of goods sold	b					
	c Net income or (loss) from sales of inventory			4,877,103			4,877,103
	Miscellaneous Revenue	Business Code					
	11a LAUNDRY SERVICES	812300	7,929,062		7,929,062		
	b MANAGEMENT FEES	621500	3,504,346	1,499,330	2,005,016		
	c SECURITY SERVICE	541900	1,960,185		1,960,185		
	d All other revenue		132,982,343	118,839,717	146,049	13,996,577	
	e **Total.** Add lines 11a–11d		146,375,936				
	12 **Total revenue.** See Instructions		3,741,634,778	3,531,273,636	12,040,312	172,191,809	

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	1,375,592	1,375,592		
2 Grants and other assistance to individuals in the United States See Part IV, line 22	0			
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16	0			
4 Benefits paid to or for members	0			
5 Compensation of current officers, directors, trustees, and key employees	15,886,693	4,837,553	11,049,140	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	0			
7 Other salaries and wages	1,252,624,063	1,071,802,041	180,822,022	0
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	56,338,974	44,080,979	12,257,995	0
9 Other employee benefits	134,297,143	113,391,285	20,905,858	0
10 Payroll taxes	91,651,244	77,231,025	14,420,219	0
11 Fees for services (non-employees)				
a Management	0			
b Legal	4,411,231	467,780	3,943,451	0
c Accounting	0			
d Lobbying	0			
e Professional fundraising services See Part IV, line 17	0			
f Investment management fees	0			
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	0			
12 Advertising and promotion	18,449,368	9,000,987	9,448,381	0
13 Office expenses	592,732,733	583,753,456	8,979,277	0
14 Information technology	0			
15 Royalties . .	0			
16 Occupancy	101,784,742	89,819,745	11,964,997	0
17 Travel	4,129,231	2,654,708	1,474,523	0
18 Payments of travel or entertainment expenses for any federal, state, or local public officials	0			
19 Conferences, conventions, and meetings	2,616,973	1,776,011	840,962	0
20 Interest	62,759,120	41,591,401	21,167,719	0
21 Payments to affiliates	0			
22 Depreciation, depletion, and amortization	196,110,385	162,665,732	33,444,653	0
23 Insurance	21,665,819	18,506,052	3,159,767	0
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 PROFESSIONAL & CONTRACT FEES	575,199,085	529,346,423	45,852,662	0
b EQUIPMENT RENTAL & MAINTENANCE	136,831,826	118,401,721	18,430,105	0
c MISCELLANEOUS & OTHER EXPENSE	7,262,804	3,552,104	3,710,700	0
d PHYSICIAN INTERGRATION	7,268,968	7,268,968	0	0
e All other expenses	4,235,462	3,355,668	879,794	
25 **Total functional expenses.** Add lines 1 through 24e	3,287,631,456	2,884,879,231	402,752,225	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		410,872,671	1	345,215,156
	2	Savings and temporary cash investments		24,011,070	2	23,847,558
	3	Pledges and grants receivable, net		0	3	0
	4	Accounts receivable, net		565,733,981	4	547,608,377
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L		0	5	0
	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		0	6	0
	7	Notes and loans receivable, net		0	7	0
	8	Inventories for sale or use		24,481,563	8	33,497,803
	9	Prepaid expenses and deferred charges		25,390,709	9	74,848,780
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 4,681,275,625			
	b	Less accumulated depreciation	10b 2,547,805,821	2,116,476,830	10c	2,133,469,804
	11	Investments—publicly traded securities		0	11	0
	12	Investments—other securities See Part IV, line 11		1,134,200,000	12	1,557,386,000
	13	Investments—program-related See Part IV, line 11		0	13	0
	14	Intangible assets		0	14	0
	15	Other assets See Part IV, line 11		179,437,327	15	574,446,332
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		4,480,604,151	16	5,290,319,810
Liabilities	17	Accounts payable and accrued expenses		389,826,129	17	436,120,439
	18	Grants payable		0	18	0
	19	Deferred revenue		0	19	0
	20	Tax-exempt bond liabilities		1,039,065,497	20	1,282,775,668
	21	Escrow or custodial account liability Complete Part IV of Schedule D		0	21	0
	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		0	22	0
	23	Secured mortgages and notes payable to unrelated third parties		0	23	0
	24	Unsecured notes and loans payable to unrelated third parties		0	24	0
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		845,482,864	25	906,068,467
	26	**Total liabilities.** Add lines 17 through 25		2,274,374,490	26	2,624,964,574
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		2,193,681,643	27	2,653,010,240
	28	Temporarily restricted net assets		12,548,018	28	12,344,996
	29	Permanently restricted net assets		0	29	0
		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		2,206,229,661	33	2,665,355,236
	34	Total liabilities and net assets/fund balances		4,480,604,151	34	5,290,319,810

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	3,741,634,778
2	Total expenses (must equal Part IX, column (A), line 25)	2	3,287,631,456
3	Revenue less expenses Subtract line 2 from line 1	3	454,003,322
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	2,206,229,661
5	Net unrealized gains (losses) on investments	5	
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	5,122,253
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	2,665,355,236

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

Additional Data

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

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

(A) Name and Title	(B) Average hours per week (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			
Alexander Charlotte B MD Member	1 0 0 0	X						0	0	0
Bennett R Gerald Member	1 0 0 0	X						0	0	0
Blackshear A T Jr Member	1 0 0 0	X						0	0	0
Cali Joseph R MD Member	1 0 0 0	X						0	0	0
Campbell William J Member	1 0 0 0	X						0	0	0
Cannon Deborah M Member	1 0 0 0	X						0	0	0
Cazalot Clarence P Jr Member	1 0 0 0	X						0	0	0
Colasurado Giuseppe N MD Member	1 0 0 0	X						0	0	0
Cormier Rufus P Member	1 0 0 0	X						0	0	0
Croyle Robert G Member	1 0 0 0	X						0	0	0
Easter William H III Member	1 0 0 0	X						0	0	0
Farris George R Member	1 0 0 0	X						0	0	0
Few Jason B Member	1 0 0 0	X						0	0	0
Galtney William F Jr Member	1 0 0 0	X						0	0	0
Garcia Roland Jr Member	1 0 0 0	X						0	0	0
Garrison Robert E II Member	1 0 0 0	X						0	0	0
Giglio J Kevin MD Member	1 0 0 0	X						0	0	0
Graham David J Member	1 0 0 0	X						0	0	0
Holmes Ned S Member	1 0 0 0	X						0	0	0
Martin Raymond A MD Member	1 0 0 0	X						0	0	0
McBride Ralph D Member	1 0 0 0	X						0	0	0
McClelland Scott B Member	1 0 0 0	X						0	0	0
McLean Scott J Member	1 0 0 0	X						0	0	0
Mir Gasper III Member	1 0 0 0	X						0	0	0
Montague James R Member	1 0 0 0	X						0	0	0

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

(A) Name and Title	(B) Average hours per week (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			
Perrin Melinda H Member	1 0 0 0	X						0	0	0
Postl James J Member	1 0 0 0	X						0	0	0
Pouns Stephen H Member	1 0 0 0	X						0	0	0
Royer James R Member	1 0 0 0	X						0	0	0
Strake George W III Member	1 0 0 0	X						0	0	0
Williams Willoughby C Jr Member	1 0 0 0	X						0	0	0
WOLTERMANDAN J Member, President & CEO	50 0 1 0	X		X				2,747,161	0	2,210,929
DUCOBERNARD Chief Legal Officer & Secr	50 0 0 0			X				915,559	0	126,950
LARAWAYDENNIS L CFO & Treasurer	50 0 0 0			X				1,251,028	0	152,051
REIMERRENEE Chief Risk Off & Asst Secr	50 0 0 0			X				519,585	0	78,605
SHABOTMICHAEL Chief Medical Officer	50 0 0 0			X				1,055,200	0	137,904
STOKESCHARLES D Chief Operating Officer	50 0 0 0			X				1,536,411	0	401,538
ASPRECERIN S CEO - Southwest	50 0 0 0				X			681,585	0	87,443
BARBEBRIAN S CEO Katy	50 0 0 0				X			721,481	0	106,471
BRADSHAWDAVID Chief Information Planning & M	50 0 0 0				X			971,394	0	137,929
CORDOLACRAIG A CEO TMC, MH TMC Campus	50 0 0 0				X			919,670	0	127,731
SANDERSG STEVEN CEO Woodlands	50 0 0 0				X			853,014	0	147,054
ALEXANDERKEITH CEO Memorial City Campus	50 0 0 0					X		792,446	0	118,931
BRACERODNEY Chief Regional Operations Offi	50 0 0 0					X		1,051,001	0	248,773
BROWNAWELLH JEFFREY Chief Revenue Officer	50 0 0 0					X		1,266,949	0	39,037
GARMANJAMES Chief Human Resource Officer	50 0 0 0					X		818,968	0	105,808
HEINSMARSHALL B Chief Facility Services Office	50 0 0 0					X		958,695	0	153,523
MCVEIGHDENNIS P Former CAO & Asst Treas	50 0 0 0						X	542,395	0	80,997
Brown James B Former Key EE- CEO OPID/ASC, M	50 0 0 0						X	567,761	0	74,176
Distefano Susan Former Key EE - CEO Children's	50 0 0 0						X	601,962	0	89,857

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

(A) Name and Title	(B) Average hours per week (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			
GASTONGEORGE H Former Key EE - CEO Southwest	50 0 0 0						X	772,031	0	113,315
Josehart Carl E Former Key EE- TIRR MH CEO	50 0 0 0						X	557,958	0	67,115
Kerr Gary Former Key EE - CEO Northwest,	50 0 0 0						X	623,206	0	81,901
Lloyd Christopher Former Key EE -CEO, MHMD	50 0 0 0						X	0	618,941	147,985
METZGERPAT Former Key EE -System Executiv	50 0 0 0						X	417,849	0	70,836
PARETCAROL J Former Key EE - Chief Communit	50 0 0 0						X	494,227	0	79,367
Smith Louis G Jr Former Key EE - CEO Northeast	50 0 0 0						X	637,261	0	93,842
TREVINOILEANA V Former Key EE - CEO Foundation	0 0 50 0						X	0	542,366	78,012
FLANAGANTHOMAS J Former High 5 - COO TMC	50 0 0 0						X	536,619	0	77,128
Parks William B Former High 5 - Chief Medical	50 0 0 0						X	409,357	0	63,223

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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
Memorial Hermann Health System

Employer identification number
74-1152597

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

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

1 ☐ A church, convention of churches, or association of churches 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 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
Memorial Hermann Health System

Employer identification number
74-1152597

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

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

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

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds 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	4,104,595	3,948,600	3,806,585	3,677,951	3,543,498
b	Contributions					
c	Net investment earnings, gains, and losses	145,235	231,546	219,373	172,286	148,951
d	Grants or scholarships					
e	Other expenditures for facilities and programs	43,931	69,638	69,624	38,574	7,116
f	Administrative expenses	17,871	5,913	7,734	5,078	7,382
g	End of year balance	4,188,028	4,104,595	3,948,600	3,806,585	3,677,951

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 ▶ 100 000 %

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

4 Describe in Part 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		92,364,480		92,364,480
b Buildings		2,584,028,992	1,175,398,790	1,408,630,202
c Leasehold improvements		346,141,294	154,385,557	191,755,737
d Equipment		1,471,044,283	1,193,714,432	277,329,851
e Other		187,696,575	24,307,042	163,389,534
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				2,133,469,804

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		
(3) Other		
(A) FIXED INCOME	376,481,000	F
(B) EQUITY SECURITIES	804,100,000	F
(C) ALTERNATIVE INVESTMENTS	315,583,000	F
(D) CASH & CASH EQUIVALENTS	61,222,000	F
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶	1,557,386,000	

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
See Additional Data Table	
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	574,446,332

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	0
ACCRUED LIABILITIES TO 3RD PARTY	208,272,824
CAPITALIZED LEASES	697,795,643
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	906,068,467

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

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	
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			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	

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
Supplemental Information for Schedule D, Part V Line 4	The endowment funds of Memorial Hermann Health System consist of permanent endowment funds obtained from donor initiatives for charitable contributions through last will and testament bequests The permanent funds consist of donations and investment income for which the donor's stipulations restrict the Foundation to using only the income resulting from the investment of the donation on a total return basis The assets of the permanent funds income may only be used to support the charitable exempt operations, programs and purposes of Memorial Hermann Hospital System through the purchase of supplies, equipment, and other expenditures necessary for the performance of those operations and programs
Form 990, Schedule D, Part X as disclosed in Part XIII	Memorial Hermann Health System does not have an annual financial audit conducted The financial accounts of the Health System are included in the consolidated financial statements of Memorial Hermann Health System entities and its related affiliates and are audited by an independent public accounting firm The paragraph included in the last issued audited financial statements of the Health System was The Health System and certain other affiliates are Texas not-for-profit corporations and have been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code The Health System owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and, therefore, subject to tax Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the accompanying consolidated balance sheets The tax returns are subject to Internal Revenue Service (IRS) review for three years subsequent to the dates they are filed There are no ongoing IRS tax reviews as of June 30, 2014 The Health System has net operating losses (NOL) tax carryforwards that will expire between 2019 and 2033 Due to the age of these NOLs, and the fact that management is uncertain that the full amount of the NOLs will be realized in the future, no deferred tax asset has been recorded

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

Additional Data

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

Form 990, Schedule D, Part IX, - Other Assets

(a) Description	**(b)** Book value
(1) BOND TRUST FUNDS	284,958,667
(2) DUE FROM AFFILIATES, NET	221,901,494
(3) GOODWILL	22,404,309
(4) MISCELLANEOUS DEPOSITS	11,030,214
(5) DEFERRED BOND INSURANCE	25,723
(6) DEFERRED BOND FINANCING FEES	7,789,136
(7) JOINT VENTURES	18,901,821
(8) TECO STOCK	1,829,096
(9) UTHSC LAND LEASE	1,775,365
(10) SPLIT DOLLAR LIFE INSURANCE	250,205
(11) DEFERRED PHYSICIAN RECRUITMENT	3,270,643
(12) OTHER ASSETS	309,659

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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
Memorial Hermann Health System

Employer identification number
74-1152597

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	Yes	
b	If "Yes," was it a written policy?	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 ☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %	Yes	
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 ☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %	Yes	
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"?	Yes	
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	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?		No
6a	Did the organization prepare a community benefit report during the tax year?	Yes	
b	If "Yes," did the organization make it available to the public?	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)			160,612,083	0	160,612,083	4 890 %
b Medicaid (from Worksheet 3, column a)			555,999,072	507,441,718	48,557,354	1 480 %
c Costs of other means-tested government programs (from Worksheet 3, column b)			41,021,007	31,643,782	9,377,225	0 290 %
d **Total** Financial Assistance and Means-Tested Government Programs			757,632,162	539,085,500	218,546,662	6 660 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			143,420,512	0	143,420,512	4 360 %
f Health professions education (from Worksheet 5)			57,178,387	17,394,063	39,784,324	1 210 %
g Subsidized health services (from Worksheet 6)			274,346,735	247,036,340	27,310,395	0 080 %
h Research (from Worksheet 7)			9,517,861	5,581,353	3,936,508	0 120 %
i Cash and in-kind contributions for community benefit (from Worksheet 8)			4,023,069	0	4,023,069	0 120 %
j **Total.** Other Benefits			488,486,564	270,011,756	218,474,808	5 890 %
k **Total.** Add lines 7d and 7j			1,246,118,726	809,097,256	437,021,470	12 550 %

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

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support						
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building						
7 Community health improvement advocacy	135	3,252,514	545,752		545,752	0 020 %
8 Workforce development						
9 Other						
10 **Total**	135	3,252,514	545,752		545,752	0 020 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1	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	540,875,960		
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	173,080,307		
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	896,644,101
6	Enter Medicare allowable costs of care relating to payments on line 5	6	1,294,222,580
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-397,578,479
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?
11

	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)

Name of hospital facility or facility reporting group Memorial Hermann Katy Hospital

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) _____

			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 13			
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**		No
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) www.memorialhermann.org			
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 % 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 % 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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Memorial Hermann Northeast Hospital

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)

			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 13			
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**		No
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) www.memorialhermann.org			
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 % 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 % 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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Memorial Hermann Northwest Hospital

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) _____

			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 13			
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**		No
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) www.memorialhermann.org			
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 % 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 % 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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Memorial Hermann Southeast Hospital

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)

			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 13			
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**		No
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) www.memorialhermann.org			
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 % 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 % 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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Memorial Hermann Southwest Hospital

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)

			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 13			
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**		No
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) www.memorialhermann.org			
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 % 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 % 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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Memorial Hermann Sugar Land Hospital

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) _____

			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 13			
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**		No
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) www.memorialhermann.org			
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 % 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 % 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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Memorial Hermann Texas Medical Center

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) _____

			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 13			
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**		No
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) www.memorialhermann.org			
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 % 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 % 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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Memorial Hermann Woodlands Hospital

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)

			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 13			
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**		No
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) www.memorialhermann.org			
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 % 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 % 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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Memorial Hermann Memorial City Hosp

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) _____

			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 13			
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**		No
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) www.memorialhermann.org			
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 % 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 % 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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group Memorial Hermann Rehab Hospital Katy

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) _____

			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 13			
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**		No
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) www.memorialhermann.org			
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 % 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 % 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**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

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

Name of hospital facility or facility reporting group The Institute for Rehabilitation TIRR

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) _____

			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 13			
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**		No
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) www.memorialhermann.org			
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 % 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 % 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**		No
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
See Additional Data Table	

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? **21**

	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
Schedule H Part I Line 6 a	Memorial Hermann Health System produces a single community benefit report that highlights all of our corporation's activities As a hospital system with multiple facilities in a major metropolitan area, our efforts are focused on meeting the needs of the greater community versus individual efforts associated with individual facilities By focusing on fewer, larger endeavors, the long term impact on the Houston community's health status is greater than would be on an individual basis In accordance with Texas Administrative code Title 25, Part 1, Chapter 13, Subchapter B, Rule 13 17, Memorial Hermann submits an annual report of Community Benefits Plan to the Texas Department of State Health Services annually The report resides on the Memorial Hermann Community Benefits website

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

Form and Line Reference	Explanation
Schedule H Part II, Line 7	MEMORIAL HERMANN PROVIDED $545,752 IN PROGRAMS TO THE COMMUNITY FOR HEALTH EDUCATION AND PREVENTION FOR DISEASES AND CHRONIC CONDITIONS, SUPPORT GROUPS, NUTRITION AND FITNESS CLASSES, SCREENINGS FOR DISEASE, EDUCATION FOR CURRENT AND FUTURE HEALTH PROFESSIONALS, AND COMMUNITY EVENTS THAT PROMOTE AWARENESS OF HEALTH ISSUES TO THE PUBLIC

Form and Line Reference	Explanation
Schedule H Part III Section A, Line 2 & 4	Patient accounts receivable are reported net of estimated allowances for contractual allowances, bad debt, and other discounts The Health Systems recorded allowances for bad debt are based on expected net collections,after contractual adjustments, primarily from patients Management routinely assesses these recorded allowances relative to changes in payor mix, cash collections,write-offs, recoveries, and market conditions Unpaid accounts are written off as bad debts upon reaching delinquent status Charity care accounts are written off as identified or qualified under the Health Systems charity care policy The Health Systems concentration of credit risk with respect to patient accounts receivable is limited due to the variety of customers and payors At June 30, 2014 and 2013, the allowance for bad debt was $705,976,000 and $733,982,000, respectively Unpaid accounts are written off as bad debts upon reaching delinquent status Charity care accounts are written off as identified or qualified under the System's charity care policy Bad Debt Cost Reported on Line 2, is based on Bad Debt Charges written off during the reporting period, less any Bad Debt recoveries in the period Net amount was extended by RCC from Wks 2- Line 11 to impute cost charity care policy Bad Debt Cost Reported on Line 2, is based on Bad Debt Charges written off during the reporting period, less any Bad Debt recoveries in the period Net amount was extended by RCC from Wks 2- Line 11 to impute cost

Form and Line Reference	Explanation
Schedule H Part III Section B, Line 3	Since many of our patients do not complete the Financial Assistance Application Process until they see that their debt is going to outside collectors, there is a wave of older accounts that are in our bad debt status converting to Charity Each year we do a 2 year look back, and this has remained consistent averaging between 31-33% of accounts allowed in bad debt which do ultimately convert to Charity - Financial Assistance For the most recent review of Fiscal Year 2012 and Fiscal Year 2013 accounts converting in FY 2014, we see that 32% represents community benefit for FY 2014

Form and Line Reference	Explanation
Schedule H Part III Section B, Line 8	Memorial Hermann Health System operates 11 licensed Hospitals of which 7 are 340-B facilities and 4 are not When looking at the Medicare Revenue split between the 340-B and non-340-B facilities, we find that 73% of the patient revenues are generated in these safety-net facilities Therefore, we recognize 73% of the Medicare Loss as a community benefit

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

Form and Line Reference	Explanation
Schedule H Section B Part V, Line 3	IN ITS MOST RECENT CHNA, MEMORIAL HERMANN INCLUDED FINDINGS FROM ELEVEN COMPREHENSIVE INTERVIEWS CONDUCTED WITH PEOPLE WHO REPRESENT A BROAD INTEREST IN THE COMMUNITIES, AND WHO HAVE SPECIAL KNOWLEDGE OF AND/OR EXPERTISE IN PUBLIC HEALTH THESE INDIVIDUALS INCLUDED CHUCK BEGLEY, PROFESSOR AT THE UNIVERSITY OF TEXAS SCHOOL OF PUBLIC HEALTH, STEPHANIE CONE, EXECUTIVE DIRECTOR AT UNITED WAY OF BRAZORIA COUNTY, CAROL EDWARDS, CEO OF FORT BEND FAMILY HEALTH CENTER, JEANNE HANKS, ASSISTANT DIRECTOR OF OPERATIONS AT ST LUKE'S EPISCOPAL HEALTH CHARITIES, RANDY JOHNSON, CEO OF MONTGOMERY COUNTY HOSPITAL DISTRICT, LOVELL A JONES, DIRECTOR OF THE CENTER FOR RESEARCH ON MINORITY HEALTH, UNIVERSITY OF TEXAS M D ANDERSON CANCER CENTER, JULIE MARTINEAU, PRESIDENT OF THE UNITED WAY OF MONTGOMERY COUNTY, STEVE MCKERNAN, CEO OF LONE STAR FAMILY HEALTH CENTER, DR HERMINIA PALACIO, EXECUTIVE DIRECTOR OF THE HEALTH AUTHORITY FOR HARRIS COUNTY AND HARRIS COUNTY PUBLIC HEALTH AND ENVIRONMENTAL SERVICES, CATHY SBRUSCH, DIRECTOR OF PUBLIC HEALTH SERVICES, BRAZORIA COUNTY HEALTH DEPARTMENT, AND STEPHEN WILLIAMS, DIRECTOR - DEPARTMENT OF HEALTH AND HUMAN SERVICES, CITY OF HOUSTON MEMORIAL HERMANN ALSO INCLUDED IN THE CHNA, FINDINGS FROM AN ELECTRONIC SURVEY DISTRIBUTED TO 550 INDIVIDUALS/ORGANIZATIONS WHO ARE MEMBERS OF THE GATEWAY TO CARE COLLABORATIVE IN HOUSTON

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

Form and Line Reference	Explanation
Schedule H Part VI, Line 2	Each decision made by Memorial Hermann to invest its people, resources, and talents in community benefit efforts is data driven Given that 30% of the Houston area is uninsured, numerous community needs analyses center around the University Of Texas School Of Public Health's Houston Area Hospital's Emergency Department Use Study, which Memorial Hermann has participated in since 2003 The study monitors hospital emergency department use in Houston hospitals and is a data source for numerous assessments to understand primary care-related ER use including the characteristics of these patients, particularly those who are children, who are uninsured, and who have Medicaid The study conducted in 2012 shows that 40 9% of all ER visits and 48 6% of all treated and released ER visits are primary care related The State of Health of Houston/Harris County sponsored by the Harris County Healthcare Alliance, Episcopal Health Foundation and other public health agencies is another source providing an assessment of the health of the community AS REQUIRED BY THE COMMUNITY HEALTH NEEDS ASSESSMENT-SECTION 501 (3)-REQUIREMENT OF THE ACA, MEMORIAL HERMANN CONDUCTED COMMUNITY NEEDS ASSESSMENTS FOR EACH OF ITS 11 HOSPITALS THE STUDIES INCLUDED DEMOGRAPHIC DATA OF HARRIS, FORT BEND, MONTGOMERY, AND BRAZORIA COUNTIES (COUNTIES THAT COMPOSE 89% OF MEMORIAL HERMANN DISCHARGES, A DESCRIPTION OF THE PROCESSES AND MEHTODLOLOGIES, SURVEYS AND INTERVIEWS WITH PUBLIC HEALTH OFFICIALS WHERE PARTICIPATNTS WERE GIVEN THE OPPORTUNITY TO PRIORITIZE COMMUNITY HEALTH NEEDS AND RATE THE IMPORTANCE OF HEALTH CARE INITIATIVES, AND, IDENTIFICATION OF ALL COLLABORATING ORGANIZATIONS AND EXISTING HEALTH CARE FACILITIES AND OTHER RESOURCES WITHIN THE COMMUNITY AVAILABLE TO MEET THE NEEDS IDENTIFIED IN EACH OF THE COMMUNITY NEEDS ASSESSMENTS THE ANALYSIS INCLUDED A CAREFUL REVIEW OF THE MOST CURRENT HEALTH DATA AVAILABLE AND INPUT FROM NUMEROUS COMMUNITY REPRESENTATIVES WITH SPECIAL KNOWLEDGE OF PUBLIC HEALTH FINDINGS INDICATED THAT THERE WERE EIGHT MAIN NEEDS IN THE COMMUNITIES SERVED BY MEMORIAL HERMANN THE COMMUNITY HEALTH NEEDS ASSESSMENT TEAM, CONSISTING OF LEADERSHIP FROM MEMORIAL HERMANN HEALTH SYSTEM (MEMORIAL HERMANN), PRIORITIZED THOSE EIGHT NEEDS BY STUDYING THEM WITHIN THE CONTEXT OF THE HOSPITAL'S OVERALL STRATEGIC PLAN AND THE AVAILABILITY OF FINITE RESOURCES, WITH THE FOLLOWING PRIORITIZATION, IN DESCENDING ORDER, RESULTING 1) EDUCATION AND PREVENTION FOR DISEASES AND CHRONIC CONDITIONS, 2) ADDRESS ISSUES WITH SERVICE INTEGRATION, SUCH AS COORDINATION AMONG PROVIDERS AND THE FRAGMENTED CONTINUUM OF CARE, 3) ADDRESS BARRIERS TO PRIMARY CARE, SUCH AS AFFORDABILITY AND SHORTAGE OF PROVIDERS, 4) ADDRESS UNHEALTHY LIFESTYLES AND BEHAVIORS, 5) ADDRESS BARRIERS TO MENTAL HEALTHCARE, SUCH AS ACCESS TO SERVICES AND SHORTAGE OF PROVIDERS, 6) DECREASE HEALTH DISPARITIES BY TARGETING SPECIFIC POPULATIONS, 7) INCREASE ACCESS TO AFFORDABLE DENTAL CARE, 8) INCREASE ACCESS TO TRANSPORTATION FOLLOWING THE COMMUNITY NEEDS ASSESSMENT, EACH MEMORIAL HERMANN HOSPITAL ALONG WITH THE SUPPORT OF MEMORIAL HERMANN COMMUNITY BENEFIT DEPARTMENT DEVELOPED AN IMPLEMENTATION PLAN WITH SUPPORTING OBJECTIVES, AND IMPLEMENTATION ACTIVITIES AND METRICS THE PROCESS WAS REPORTED TO THE BOARD IN MARCH 2014

Form and Line Reference	Explanation
Schedule H Part VI, Line 3	All Memorial Hermann Acute Care facilities and Rehab facilities have Third Party Qualification vendors on-site or trained financial counselors Once someone requests or a financial counselor has determined through interaction with the patient and/or guarantor that the patient cannot pay for services, the financial counselors will either screen themselves or the patient/guarantor is referred to the Eligibility vendor on-site to screen for any Federal/State/Local Government program which may cover their services These vendors act as agents for the patient/guarantor and may at times go to hearings for Medicaid or Disability as a legal representative of the patient Also, all our entities, including service lines, have posted notices of a patient's right to request charity Our statements that are sent to patients have documentation on the back informing the patient of Memorial Hermann's Charity policy and their right to request such, (in English and Spanish) Accounts are referred to be processed either on a real time basis by the hospital staff while the patient is still in the hospital or by electronic referral via data download which occur weekly and after the patient has been discharged The goal is to make contact with the patient for financial screening to determine eligibility for governmental assistance as soon as possible TIRR Memorial Hermann has embedded case managers and social workers in the hospital-based physician clinic to help patients with their doctors and needs TIRR Memorial Hermann inpatients and outpatients require a great deal of assistance with a wide range of resources, and case management plays a significant role in providing supportive services to each patient Social workers provide not only case management, but behavioral counseling as well If needed, social workers can refer patients to TIRR Memorial Hermann's psychiatrist Counseling services are available to families as well as to patients Assistance for Memorial Hermann ER patients to take advantage of Communit resources for primary care outside the emergency rooms are through Memorial Hermann's navigation services In 2008, Memorial Hermann launched the ER Navigation program and Today,the ER Navigation program places Community Health Workers (CHWs) or "navigators" on-site in seven Memorial Hermann's emergency rooms to educate patients on the importance of identifying and using a consistent health home rather than relying on emergency rooms for their primary care Patients eligible for the program are 18 months to age 65 who have accessed the ER for primary care related condition and are uninsured or on Medicaid They provide patients with clinic referrals,make appointments, arrange transportation, share information and referrals to community and safety net programs, educate about qualifying for and using public benefits and other payment resources, serve as a liaison between the patient and providers and tackle other challenges to appropriate care CHWs stress the importance of having a health home and provide support and guidance in making and keeping future health appointments While navigators initially meet with patients during the ER visit, much of their work is done in follow-up, ensuring that a clinic appointment was made, was successful and assisting with the paperwork required for qualification for Medicaid, CHIP or county indigent programs Similar support is through the COPE (Community Outreach for Personal Empowerment) Program which provides empowering services for uninsured patients to improve their health and well being through education about and coordination with community health services COPE targets patients who are at the highest rate of declining health and recidivism Enrolling these populations into public benefits through all of these venues automatically increases their likelihood of obtaining regular primary and preventative care, the kind of care that ensures health and the potential for a prosperous future while concurrently eliminating the cost burden presently experienced by safety-net providers

Form and Line Reference	Explanation
Schedule H Part VI, Line 4	Memorial Hermann serves "greater Houston," a multi-county area along the Gulf Coast in southeast Texas-where several counties are without hospital district services The 5th largest metropolitan area in the United States, greater Houston is one of the fastest growing with a population of 6 million A source of strength in a global economy, Houston prizes its racial and ethnic diversity According to U S Census 2010 estimates, Houston is 25 6% White, 43 8% Hispanic, 23 7% Black or African American, 0 7% Native American, and 6 2% Asian/Pacific Islander Per capita income is $25,927 More than 45% of individuals ages five and up are living in homes where english is not the primary language, 21% of all residents are living below the poverty line THE GREATER HOUSTON AREA IS ONE OF THE HARDEST HIT AREAS IN THE "UNINSURED" HEALTHCARE CRISIS with THIRTY PERCENT OF HOUSTON RESIDENTS UNINSURED HOUSTON'S FAST-GROWING HISPANIC POPULATION ACCOUNTS FOR A LARGE PERCENTAGE OF UNINSURED RESIDENTS THE RISING RATE OF OBESITY IS THE SINGLE BIGGEST THREAT TO THE GREATER HOUSTON AREA-MORE THAN ONE IN FOUR GREATER HOUSTON RESIDENTS IS OBESE HEALTH EDUCATION AND PREVENTION AND INCREASED ACCESS TO HEALTHCARE ARE VITAL TO IMPROVING THE OVERALL HEALTH OF RESIDENTS WHOSE LEADING CAUSES OF HEALTH ISSUES ARE MENTAL HEALTH PROBLEMS, DIABETES, OBESITY (ADULT), OBESITY (CHILDREN), SUBSTANCE ABUSE, HEART DISEASE/STROKE, CANCER AND HIGH BLOOD PRESSURE THE MOST PREVALENT CHRONIC DISEASES ARE DIABETES, OBESITY, HIGH BLOOD PRESSURE, CANCER, HEART FAILURE AND ASTHMA ONLY 28 4% OF THE POPULATION, AGE 25+, HAS A COLLEGE DEGREE SO VITAL TO THE WELL-BEING OF INDIVIDUALS AND FAMILIES, THE HOUSTON AREA'S UNEMPLOYMENT RATE IS 6 1%--DOWN FROM ITS HIGHEST LEVEL IN FEBRUARY 2010 AT 8 6% IN FEBRUARY 2010 AT 8 6%

Form and Line Reference	Explanation
Schedule H Part VI Line 5	On behalf of Memorial Hermann, the Memorial Hermann Community Benefit Corporation (MHCBC) works with other healthcare providers, government agencies, business leaders and communit y stakeholders to ensure that all residents of the greater Houston area have access to the care they need to improve their quality of life and the overall health of the community MHCBC's programs are designed to provide care for uninsured and underinsured children, to reach those Houstonians needing low cost care, to support the existing infrastructure of n on-profit clinics and FQHCs, and to educate individuals and their families on how to acces s the healthcare available to them Committed to making the greater Houston area a healthi er and more vital place to live, MHCBC supports the following initiatives 10 Memorial Her mann Health Centers for Schools, established in 1996, offer access to primary medical and mental health services to more than 65,000 underserved children at 70 schools in the Great er Houston area In 2013, asthma exacerbations, emergency room visits and hospitalizations were reduced by 92 2% Students receiving mental health therapy realized increase grade p oint averages, decreased absenteeism, and reduced suspensions/detentions The Memorial Her mann Mobile Dental Clinic, established in 2000, has three dental vans and provides access to preventative and restorative dental services at nine Health Centers for Schools' sites and is accessible as a "dental home" for 65,000 uninsured and underinsured students from 7 0 schools In 2013, no more than 3 0% of students age 4-11 and 3% of students age 12+ exp erienced caries at recall These outcomes are significant given 66% of initial patients ar e diagnosed with caries, 27% are diagnosed with five or more caries Two dietitians are av ailable through the Healthy Eating and Lifestyles Program (HELP) designed to educate Healt h Centers for Schools students and their families on the importance of proper nutrition an d exercise The program is intensive and individual, meeting the student and family where they are on the "stage of change" continuum Serving the community since 2008, the Memoria l Hermann ER Navigation program places certified Community Health Workers who have the tra ining, cultural understanding and linguistic capacity to help the uninsured, who dispropor tionately use emergency rooms for healthcare, 'navigate' the complex health system, obtain a medical home, schedule appointments, secure needed social services and cope with future healthcare concerns A six month pre-post analysis of navigated patients resulted in a 77 % decline in ER visits A 12 month pre-post analysis resulted in a 70% decline The Commun ity Outreach for Personal Empowerment (COPE) program has a similar philosophy but operate s with Masters Level Social Workers and focuses on non resource patients at the highest ri sk of declining health and recidivism The Memorial Hermann Neighborhood Health Centers ar e strategically located near three of Houston's busiest ERs and are open extended hours an d serve as a medical home to un and under insured working families The goal is to provide this population with the provision of preventive, acute, as well as chronic care They ar e an affordable medical home where individuals can decrease their hypertension, manage the ir diabetes, and where women feel comfortable returning for their annual well-woman exams Physicians of Sugar Creek, is a Memorial Family Practice Residency Training site that off ers sliding scale fees to the area's poor Memorial Hermann Disease Management Program, my health advocate, is a free program that reduces hospital visits by supplementing the pati ent-physician relationship to ensure patients with Congestive Heart Failure and Diabetes h ave medical homes, stay healthier in between appointments and are accountable for their ow n health Data indicates a cost savings from ER visits, observation and inpatient costs Me morial Hermann Medical Missions exists to finance, facilitate, and encourage physician led teams into third world countries It finances by providing supplies, pharmaceuticals, and scholarships for non-physician team member It facilitates by linking physicians and supp ort teams together, advising on passports, vaccinations, air travel, and coordinating nece ssary supplies It encourages by sharing the knowledge of past experiences, communicating what a medical mission means to a poverty or disaster stricken area, and coaching on safet y practices so that participants feel comfortable in their new surroundings In 2013, appr oximately 33,000 people from 26 different countries were assisted through 86 missions Mem orial Hermann matches the proceeds of an annual golf tournament to support this global com munity benefit effort Several new Memorial Hermann initiatives are under the State of Tex as' Medicaid 1115 Waiver - Texas Health Care Transformation and Quality Improvement Progra m Collaborative The Psychiatric Response Case Man

Form and Line Reference	Explanation
Schedule H Part VI Line 5	agement Program was introduced to address the gap in the mental and behavioral care servic es by connecting patients to outpatient treatment and other community resources The initi ative was designed to provide intensive, community-based case management services for thos e with behavioral health diagnosis and a history of multiple hospitalizations Under this program, patients are actively engaged in the development of their own mental health care plan and long-term recovery goals with the ultimate objective of improved patient wellness and goal achievement It works closely with Memorial Hermann's Psychiatric Response Team, in which mental health clinicians evaluate, stabilize, arrange for transfers and develop aftercare plans for patients in emergency room and medical inpatient settings The Psychia tric Response team refers patients to more than 200 mental health community treatment prov iders within Harris, Fort Bend and Montgomery counties This large referral network allows the program to leverage the mental health community's patients with insurance to obtain c are for those without This network also eliminates a single facility from competing with all local emergency centers for limited psychiatric resources Another Memorial Hermann 11 15 Waiver Program are the Mental Health Crisis Clinics, created are in response to the sig nificant gap in mental and behavioral health services in Harris and surrounding counties Memorial Hermann created Mental Health Crisis Clinics that provide rapid access to initial psychiatric treatment and outpatient multi-disciplinary services for patients with no imm ediate access to mental health care The goal is to keep individuals healthy and safe, dev elop processes and interventions to manage challenging behaviors, and reduce improper hosp italization or possible incarceration The Nurse Health Line was established in 2014 as a free telephone service for greater Houston residents who are experiencing a health concern and are unsure of what to do or where to go Experienced, bilingual nurses use their trai ning and expertise to conduct assessments by phone, and are available to answer calls 24 h ours a day, seven days a week for any resident living in Harris or surrounding counties T hey help callers decide when and where to go for medical care as well as assist with socia l service referrals and transportation needs Callers receive healthcare advice and educat ion using nationally recognized standardized protocols Memorial Hermann Health System's c ommunity partnerships include health related organizations, physicians groups, research a nd educational institutes, businesses, nonprofits, and government organizations to identif y, raise awareness and to meet community health needs A few of the partnerships follow M emorial Hermann supports Cancare of Houston, as one-on-one hospital visitation program tha t is staffed by volunteers whose mission it is to support patients and their families to c reate hope where there is none so that no one suffers alone Memorial Hermann supports Chi ldren at Risk with a Policy Coordinator for a Food in Schools Initiative, with the goal of increasing school district participation in the Universal Free Breakfast program For mor e than 18 years, Memorial Hermann has provided free linen services for Covenant House, a c hild care agency that provides emergency shelter, counseling, vocational and educational s ervices, health care and legal information to homeless and runaway youth at no cost Memor ial Hermann supported the expenses of the annual dinner for E C H O (Epiphany Community H ealth Outreach), a social service agency that provides health and social services to new i mmigrants and refugees, primarily living in the Southwest area Since 2003 Memorial Herman n has been a sponsor and participant in the collection and analysis of emergency departmen t visit data in Harris County hospitals The purpose of the study is to monitor trends in primary care-related ER use and understa

Form and Line Reference	Explanation
Schedule H Part VI, Line 6	MEMORIAL HERMANN HEALTH SYSTEM IS The largest not-for-profit health system in Southeast Texas, Memorial Hermann has 12 hospitals and numerous specialty programs and services conveniently located throughout the Greater Houston area We offer leading-edge diagnostic technologies and treatment techniques as well as Houston's first health information exchange that shares vital patient data among care providers, helping to ensure patients receive the right care at the right time MEMORIAL HERMANN IS GOVERNED BY 11 BOARDS OF DIRECTORS, 8 COMMITTEES AND 2 SUBCOMMITTEES TOTALLING 156 MEMBERS REPRESENTATIVE OF THE GREATER HOUSTON BUSINESS, HEALTHCARE AND COMMUNITY LEADERSHIP MEMORIAL HERMANN COMMUNITY BENEFIT CORPORATION (MHCBC) IS CHARGED WITH TESTING AND MEASURING INNOVATIVE SOLUTIONS THAT REDUCE THE IMPACT OF THE LACK OF ACCESS TO CARE ON THE COMMUNITY, AND OPERATES AND SUPPORTS MANY OF THE INITIATIVES IN THIS APPLICATION MEMORIAL HERMANN FACILITIES INCLUDE Memorial Hermann-Texas Medical Center is one of the nation's busiest Level I trauma centers and the primary teaching hospital for The University of Texas Health Science Center at Houston (UTHealth) Medical School, (12) SUBURBAN HOSPITALS, (3) PREMIER HEART & VASCULAR INSTITUTES, TIRR MEMORIAL HERMANN, ONE OF THE NATION'S TOP REHABILITATION AND RESEARCH HOSPITALS, MEMORIAL HERMANN REHABILITATION HOSPITAL - KATY, CHILDREN'S MEMORIAL HERMANN HOSPITAL, THE MEMORIAL HERMANN SPORTS MEDICINE INSTITUTE, THE MISCHER NEUROSCIENCE INSTITUTE, (8) CANCER CENTERS, (22) IMAGING CENTERS, (10) BREAST CARE CENTERS, (9) SPORTS MEDICINE AND REHABILITATION CENTERS, (7) WOUND CARE CENTERS, (9) PALLIATIVE CARE CENTERS (21) DIAGNOSTIC LABORATORIES, PARC, A SUBSTANCE ABUSE TREATMENT CENTER, (1) RETIREMENT/ NURSING CENTER, (1) HOME HEALTH AGENCY, AND A HOSPICE PROGRAM MEMORIAL HERMANN OPERATES THE LIFE FLIGHT AIR AMBULANCE PROGRAM AND ONE OF TWO OF THE CITY'S ONLY BURN TREATMENT CENTERS THE NATIONAL QUALITY FORUM (NQF) AND THE JOINT COMMISSION HAVE NAMED MEMORIAL HERMANN HEALTH SYSTEM THE 2012 RECIPIENT OF THE JOHN M EISENBERG PATIENT SAFETY AND QUALITY AWARD AT THE NATIONAL LEVEL (AND FIRST TEXAS HOSPITAL SYSTEM TO BE HONORED) MEMORIAL HERMANN WAS ALSO NAMED ONE OF THE TOP 5 LARGE HEALTH SYSTEMS IN THE NATION ACCORDING TO THE 15 TOP HEALTH SYSTEMS STUDY BY TRUVEN HEALTH (FORMERLY THOMSON REUTERS), A LEADING PROVIDER OF INFORMATION AND SOLUTIONS TO IMPROVE THE COST AND QUALITY OF HEALTHCARE MEMORIAL HERMANN WAS ELECTED BY THE HOUSTON BUSINESS JOURNAL AS ONE OF THE BEST PLACES TO WORK IN HOUSTON IN 2012 MEMORIAL HERMANN HAS 20,248 FULL-TIME EMPLOYEES, 9,824 MEDICAL STAFF MEMBERS, 1,712 PHYSICIANS-IN-TRAINING (RESIDENTS AND FELLOWS), 2,517 VOLUNTEERS PROVIDING 304,333 HOURS, 3,364 LICENSED BEDS, 130,598 ADMISSIONS, 924,764 OUTPATIENT VISITS, 76,845 OUTPATIENT SURGERIES, 450,010 EMERGENCY VISITS, 23,111 DELIVERIES, AND 3,197 LIFE FLIGHT AIR AMBULANCE MISSIONS TRANSPORTING 3,294 PATIENTS SPECIALTIES INCLUDE BURN TREATMENT, CANCER, CHILDREN'S HEALTH, DIABETES AND ENDOCRINOLOGY, DIGESTIVE HEALTH, EAR, NOSE AND THROAT, EMERGENCIES, HEART & VASCULAR, LYMPHEDEMA, NEUROSURGERY, NEUROLOGY, STROKE, NUTRITION, OPHTHALMOLOGY, ORTHOPEDICS, PHYSICAL AND OCCUPATIONAL THERAPY, REHABILITATION, ROBOTIC SURGERY, SLEEP STUDIES, AND SURGERIES, TRANSPLANT, WEIGHT LOSS, WOMEN'S HEALTH AND MATERNITY AND WOUND CARE

Form and Line Reference	Explanation
Schedule H Part VI Line 7	Memorial Hermann Health System files a community benefit report in Texas that is available on the website http //communitybenefit memorialhermann org/about-us/

Additional Data

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

Form 990 Schedule H, Part V Section A. Hospital Facilities

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?
11

	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
1	Memorial Hermann Katy Hospital 23900 katy freeway katy, TX 77494 www memorialhermann org 534	X	X					X			
2	Memorial Hermann Northeast Hospital 18951 Memorial North Humble, TX 77338 www memorialhermann org 8471	X	X					X			
3	Memorial Hermann Northwest Hospital 1635 North loop west houston, TX 77008 www memorialhermann org 172	X	X					X			
4	Memorial Hermann Southeast Hospital 11800 astoria blvd houston, TX 77089 www memorialhermann org 119	X	X					X			
5	Memorial Hermann Southwest Hospital 7600 beechnut houston, TX 77074 www memorialhermann org 407	X	X		X			X			
6	Memorial Hermann Sugar Land Hospital 17500 west grand parkway south sugar land, TX 77479 www memorialhermann org 609	X	X					X			
7	Memorial Hermann Texas Medical Center 6411 fannin houston, TX 77030 www memorialhermann org 347	X	X		X			X			
8	Memorial Hermann Woodlands Hospital 9250 pinecroft the woodlands, TX 77381 www memorialhermann org 615	X	X					X			
9	Memorial Hermann Memorial City Hosp 921 gessner houston, TX 77024 www memorialhermann org 302	X	X					X			
10	Memorial Hermann Rehab Hospital Katy 909 Frostwood Suite 2100 houston, TX 77024 www memorialhermann org 100009	X									

Form 990 Schedule H, Part V Section A. Hospital Facilities

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?
11

	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
11	The Institute for Rehabilitation TIRR 1333 moursund street houston, TX 77030 www memorialhermann org 100189	X					X				

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
Schedule H Part V Section B Line 6I	The CHNA was completed in Spring 2013 The implementation plan was finalized in the second quarter of the calendar year 2013 and progress will be reported on the subsequent reports as required On June 11, 2013 the Community relations committee of the Memorial Hermann Health system board approved the implementation plan The implementation plans are posted on the Memorial Hermann website at http //www memorialhermann org http //www memorialhermann org/locations/katy/community-health-needs-asses sment-katy/ http //www memorialhermann org/locations/memorial-city/community-health-ne eds-assessment-memorial-city/ http //www memorialhermann org/locations/northwest/community-health-needs- assessment-northwest/ http //www memorialhermann org/locations/southeast/community-health-needs- assessment-southeast/ http //www memorialhermann org/locations/southwest/community-health-needs- assessment-southwest/ http //www memorialhermann org/locations/sugar-land/community-health-needs -assessment-sugar-land/ http //www memorialhermann org/locations/the-woodlands/community-health-ne eds-assessment-the-woodlands/ http //www memorialhermann org/locations/texas-medical-center/community-he alth-needs-assessment-tmc/ http //tirr memorialhermann org/about-tirr-memorial-hermann/community-heal th-needs-assessment-tirr-memorial-hermann/ http //www memorialhermann org/locations/katy-rehab/community-health-needs -assessment-katy-rehab/

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
Schedule H Part V Section B Line 7	DURING THE CHNA, THE FOLLOWING EIGHT PRIORITIES WERE IDENTIFIED 1)EDUCATION AND PREVENTION FOR DISEASES AND CHRONIC CONDITIONS, 2) ADDRESS ISSUES WITH SERVICE INTEGRATION, SUCH AS COORDINATION AMONG PROVIDERS AND THE FRAGMENTED CONTINUUM OF CARE, 3) ADDRESS BARRIERS TO PRIMARY CARE, SUCH AS AFFORDABILITY AND SHORTAGE OF PROVIDERS, 4) ADDRESS UNHEALTHY LIFESTYLES AND BEHAVIORS, 5) ADDRESS BARRIERS TO MENTAL HEALTHCARE, SUCH AS ACCESS TO SERVICES AND SHORTAGE OF PROVIDERS, 6) DECREASE HEALTH DISPARITIES BY TARGETING SPECIFIC POPULATIONS, 7) INCREASED ACCESS TO AFFORDABLE DENTAL CARE, 8) INCREASED ACCESS TO TRANSPORTATION MEMORIAL HERMANN WILL ADDRESS THE TOP SIX OF THOSE EIGHT NEEDS THE NEED FOR "INCREASED ACCESS TO AFFORDABLE DENTAL CARE" AND THE NEED FOR "INCREASED ACCESS TO TRANSPORTATION," ARE NOT ADDRESSED LARGELY DUE TO THEIR POSITIONS (LAST AND SECOND TO LAST) ON THE PRIORITIZED LIST, THE FACT THAT DENTAL AND TRANSPORTATION SERVICES ARE NOT CORE BUSINESS FUNCTIONS OF THE HEALTH SYSTEM AND THE LIMITED CAPACITY OF EACH HOSPITAL TO ADDRESS THOSE NEEDS FURTHERMORE, THE HOSPITALS DO NOT HAVE THE EXPERTISE TO ADDRESS ACCESS TO TRANSPORTATION, AND THE SYSTEM VIEWS THIS ISSUE AS A LARGER CITY AND COUNTY INFRASTRUCTURE RELATED CONCERN MEMORIAL HERMANN FULLY SUPPORTS LOCAL GOVERNMENTS IN THEIR EFFORTS TO IMPACT THESE ISSUES

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

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)
MH Endoscopy Center North Freeway 7333 N Freeway Suite 400 Houston,TX 77076	AMBULATORY SURGICAL CENTER
MH Endoscopy &Surg Ctr North Houston 275 Lantern Bend Suite 400 Houston,TX 77090	AMBULATORY SURGICAL CENTER
MH Surgery Center Katy 23920 Katy Freeway Suite 200 Katy,TX 77494	AMBULATORY SURGICAL CENTER
MH Surgery Center Kingsland 21720 Kingsland Blvd Suite 101 Katy,TX 77450	AMBULATORY SURGICAL CENTER
MH Surgery Center Memorial Village 12727 Kimberley Lane Suite 100 Houston,TX 77024	AMBULATORY SURGICAL CENTER
MH Surgery Center Northwest 1631 North Loop West Suite 300 Houston,TX 77008	AMBULATORY SURGICAL CENTER
MH Surgery Center Richmond 1517 Thompson Rd 100 Richmond,TX 77469	AMBULATORY SURGICAL CENTER
MH Surgery Center Southwest 7789 Southwest Freeway Ste 200 Houston,TX 77074	AMBULATORY SURGICAL CENTER
MH Surgery Center Sugar Land 17510 West Grand Parkway Suite 200 Sugar Land,TX 77479	AMBULATORY SURGICAL CENTER
MH Surgery Center Texas Med Center 6400 Fannin Suite 1500 Houston,TX 77030	AMBULATORY SURGICAL CENTER
MH Surgery Center Woodlands Parkway 1441 Woodstead Court 100 The Woodlands,TX 77380	AMBULATORY SURGICAL CENTER
MH Surgery Center The Woodlands 9200 Pinecroft Suite 200 The Woodlands,TX 77380	AMBULATORY SURGICAL CENTER
MH Surgery Hospital Kingwood 300 Kingwood Medical Drive Kingwood,TX 77339	AMBULATORY SURGICAL CENTER
West Houston Ambulatory Surgical Assoc 970 Campbell Rd Houston,TX 77024	AMBULATORY SURGICAL CENTER
Memorial Hermann 24-Hour Freestanding ER 9950 Woodlands Parkway Spring,TX 77382	AMBULATORY SURGICAL CENTER

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)
Sugar Land Surgical Hospital 1211 Hwy 6 70 Sugar Land,TX 77478	AMBULATORY SURGICAL CENTER
TOPS Surgical Specialty Hospital 17080 Red Oak Drive Houston,TX 77090	AMBULATORY SURGICAL CENTER
Pasadena Doctors Outpatient Surgicenter 3534 Vista Blvd Pasadena,TX 77504	AMBULATORY SURGICAL CENTER
United Surgery Center Southeast 12700 N Featherwood 100 Houston,TX 77034	AMBULATORY SURGICAL CENTER
University Place 7480 Beechnut Houston,TX 77074	AMBULATORY SURGICAL CENTER
Memorial Hermann Prevention & Recovery 3043 Gessner Houston,TX 77080	AMBULATORY SURGICAL CENTER

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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
Memorial Hermann Health System

Employer identification number
74-1152597

Part I General Information on Grants and Assistance

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

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

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

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. 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
See Additional Data Table							

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . ▶ 44

3 Enter total number of other organizations listed in the line 1 table . . . . ▶ 5

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

Additional Data

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

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GOOD SAMARITAN FOUNDATION PO Box 271108 Houston,TX 772771108	74-1235398	501 c(3)	38,000				general fundraising

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
Depelchin Children's Center 4950 Memorial Drive Houston,TX 77007	76-0318867	501 c(3)	7,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
VICTORY (ACS) PO Box 572915 Houston,TX 772572915	74-1185665	501 c(3)	25,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Fort Bend County Womens Center PO Box 183 richmond,TX 77406	76-0032451	501 c(3)	8,400				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
UNIVERSITY OF HOUSTON 4800 Calhoun Houston,TX 772046390	74-6041411	501 c(3)	5,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
INSTITUTE FOR SPIRITUALITY AND HEALTH 8100 Greenbriar 220 Houston,TX 77054	74-1246255	501 c(3)	100,000				General support Sponsorship of fundraising events

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
AMERICAN COLLEGE OF HEALTHCARE 1 N Franklin St Suite 1700 Chicago,IL 606063491	74-6132171	501 c(3)	35,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MARCH OF DIMES 9494 Southwest Fry 300 Houston,TX 77074	13-1846366	501 c(3)	46,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Diabetes Association PO Box 930850 Atlanta, GA 311930850	13-1623888	501 c(3)	6,676				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Houston Achievement Place 245 west 17th Houston,TX 77008	74-1802045	501 c(3)	6,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Humble ISD PO Box 2000 Humble,TX 77347	76-0608461	501 c(3)	11,750				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GREATER HOUSTON PARTNERSHIP 1200 Smith Suite 700 Houston,TX 77002	76-0267896	501 c(6)	36,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
FAITH IN PRACTICE 7500 Beechnut St Suite 208 Houston,TX 77074	76-0415986	501 c(3)	15,000				General support Sponsorship of fundraising event

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

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

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Houston Area Women's Center 1010 Waugh Dr Houston,TX 77019	74-2029166	501 c(3)	7,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Houston Grand Opera 510 Preston Street Houston,TX 77002	74-6016764	501 c(3)	10,000				General support Sponsonship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
South Montgomery County YMCA 6145 Shadowbend Place Houston,TX 77381	74-1109737	501 c(3)	7,750				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Finish Line Sports 13895 Southwest Frwy Sugarland,TX 77478	76-0134642		17,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CanCare of Houston Inc 9575 Katy Freeway Suite 428 Houston,TX 77024	76-0305357	501 c(3)	9,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Lake Houston Family YMCA 2420 West Lake Houston Parkway Kingwood, TX 77345	74-1109737	501 c(3)	15,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Trees of Hope 3414 Eastside Houston,TX 77098	76-0311861	501 c(3)	6,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Economic Development 1400 Woodloch Forest Dr THE WOODLANDS, TX 77380	76-0360533	501 c(3)	7,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
Eclipse Soccer Club 3506 Hwy 6 south Suite 185 Sugar Land,TX 774784401	74-2425404	501 c(3)	90,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Leadership Forum 3101 Richmond Suite 140 Houston,TX 77098	76-0284248	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
American Heart Association PO Box 15186 Austin, TX 78761	13-5613797	501 c(3)	160,176				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
THE ROSE 12700 N Featherwood 260 Houston,TX 77034	76-0193812	501 c(3)	40,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
TEXAS DIVERSITY COUNCIL 2656 South Loop West Houston,TX 77054	38-3695039	501 c(3)	6,750				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HOLOCAUST MUSEUM HOUSTON 5401 Caroline St Houston,TX 77004	76-0331398	501 c(3)	5,300				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
EL CENTRO DE CORAZON 412 telephone road Houston,TX 77023	76-0442781	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
METROPOLITAN ORGANIZATION 4141 Southwest Freeway Suite 650 Houston,TX 77027	76-0049016	501 c(4)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HOUSTON CHILDREN'S CHARITY 230 Westcott Suite 202 Houston,TX 77007	76-0135741	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HOUSTON ZOO 1513 Cambridge Street Houston,TX 77030	74-1590271	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
USAFORT BEND FIT 4811 Cambridge St SUGAR LAND,TX 77479	55-0835696		22,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
SPRING BRANCH MEMORIAL SPORTS ASSOC PO Box 800211 Houston,TX 77280	74-6060874	501 c(3)	19,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
FORT BEND YOUTH FOOTBALL 1306 Ashwood Sugarland,TX 77478	26-2714233	501 c(3)	15,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
LONE STAR COLLEGE FOUNDATION 5000 RESEARCH FOREST DRIVE THE WOODLANDS,TX 773814399	76-0336902	501 c(3)	77,812				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CENTRAL FORT BEND CHAMBER ALLIANCE 4120 Avenue H Rosenberg, TX 77471	76-1653742	501 c(6)	6,190				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
DISCOVERY GREEN CONSERVANCY 1500 Mckinney Houston,TX 77010	20-1951465	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CAMPBELL ELEMENTARY PTA 1000 Shadow Bend SUGAR LAND, TX 77479	76-0643300	501 c(3)	7,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
IMMUNIZATION PARTNERSHIP 3015 richmond Ave Suite 270 Houston,TX 77098	76-0695612	501 c(3)	8,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
LAKE HOUSTON AREA CHAMBER 110 W Main street Humble,TX 77338	74-1341059	501 c(3)	15,680				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
CHILDREN'S MUSEUM OF HOUSTON 1500 Binz Houston,TX 77004	74-2178563	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
MEMORIAL BONE AND JOINT RESEARCH FOUNDATION PO Box 2047 winnie,TX 77665	56-2415567	501 c(3)	10,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
LAMAR SOCCER CLUB INC PO Box 544 richmond,TX 77406	76-0570590	501 c(3)	14,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
BLESSED BE HOPE FOR THREE INC 10200 West Airport Blvd Suite 100 stafford,TX 77477	27-3572770	501 c(3)	6,500				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
FOOD ALLERGY RESEARCH AND EDUCATION 3333 Lee Parkway Suite 612 dallas,TX 75219	13-3905508	501 c(3)	5,800				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
ANGEL FLIGHT SOUTH CENTRAL 2550 Midway road carrollton,TX 75006	75-2406237	501 c(3)	15,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
HOUSTON TECHNOLOGY CENTER 410 Pierce Street Houston,TX 77002	76-0589315	501 c(3)	6,000				General support Sponsorship of fundraising event

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

(a) Name and address of organization or government	**(b)** EIN	**(c)** IRC Code section if applicable	**(d)** Amount of cash grant	**(e)** Amount of non-cash assistance	**(f)** Method of valuation (book, FMV, appraisal, other)	**(g)** Description of non-cash assistance	**(h)** Purpose of grant or assistance
GREATWOOD COMMUNITY ASSOC 17049 El Camino real Suite 100 Houston,TX 77057	76-0286121	501 c(3)	5,239				General support Sponsorship of fundraising event

efile GRAPHIC print - DO NOT PROCESS | As Filed Data - | DLN: 93493133021245

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
Memorial Hermann Health System

Employer identification number
74-1152597

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☑ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**	Yes	
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**	Yes	
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**	Yes	
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**		No
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in 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
Form 990 Schedule J Line 1a	Health or social club dues grossed-up for taxed were provided to the new Chief Financial Officer, Laraway, in the amount of $44,763
Form 990 Schedule J Line 4a - Severance Payments	Brownawell's payment was processed under IV(A) as follows in the attached employment agreement If participant provides six month voluntary termination notice, meets performance criteria, and provides best efforts to identify and have in place a qualified successor, then at the conclusion of the six month notice period the following applies Participant agrees that during 24 months post termination not to become an employee of local healthcare delivery organizations and not to solicit Memorial Hermann employees, Participant agrees to a "clawback" provision if they violate the non-compete or non-solicitation clauses, Memorial Hermann agrees to provide the participant with a lump sum payment of one year of annual base salary, benefits continuation for 12 months, and a prorated % of target LTIP incentive for any outstanding cycle that is 12 months or longer in duration Brownawell 471,245
Form 990 Schedule J Line 4b - Nonqualified Retirement Plans	Memorial Hermann Health System sponsors two nonqualified retirement plans The first plan is called the Memorial Hermann Supplemental Executive Retirement Plan (SERP) The second plan is called the Memorial Hermann Health System Select Group 457(b) Deferred Compensation Plan (457) Applicable SERP amounts accrued per person PARKS 5,868 31 FLANAGAN 14,827 55 TREVINO 9,262 46 METZGER 6,979 61 PARET 11,955 38 SMITH 9,920 76 KERR 11,749 09 DISTEFANO 28,161 36 LLOYD 8,077 42 BROWN 7,031 03 GASTON 17,221 29 JOSEHART 7,699 96 MCVEIGH 14,099 64 ASPREC 11,945 43 BARBE 16,187 22 BRADSHAW 23,204 09 CORDOLA 18,544 52 SANDERS 30,023 44 DUCO 18,849 44 REIMER 7,289 46 SHABOT 26,095 15 STOKES 31,943 85 WOLTERMAN 79,893 06 ALEXANDER 13,706 43 BRACE 26,974 85 HEINS 28,854 18 Applicable 457 amounts distributed per person BECKSTETT 47,873 42 LLOYD 81,899 73

Additional Data

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

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
WOLTERMANDAN J Member, President & CEO	(I) (II)	1,176,509 0	1,231,481 0	339,171 0	2,191,310 0	19,619 0	4,958,090 0	254,377 0
DUCOBERNARD Chief Legal Officer & Secr	(I) (II)	475,836 0	328,587 0	111,136 0	115,612 0	11,338 0	1,042,509 0	90,062 0
LARAWAYDENNIS L CFO & Treasurer	(I) (II)	698,300 0	500,769 0	51,959 0	139,178 0	12,873 0	1,403,079 0	0 0
REIMERRENEE Chief Risk Off & Asst Secr	(I) (II)	306,329 0	187,017 0	26,239 0	72,385 0	6,220 0	598,190 0	18,219 0
SHABOTMICHAEL Chief Medical Officer	(I) (II)	525,461 0	376,638 0	153,101 0	124,222 0	13,682 0	1,193,104 0	97,930 0
STOKESCHARLES D Chief Operating Officer	(I) (II)	733,561 0	580,954 0	221,896 0	388,483 0	13,055 0	1,937,949 0	182,498 0
ASPRECERIN S CEO - Southwest	(I) (II)	367,217 0	263,342 0	51,026 0	74,012 0	13,431 0	769,028 0	25,354 0
BARBEBRIAN S CEO Katy	(I) (II)	371,474 0	264,168 0	85,839 0	95,958 0	10,513 0	827,952 0	66,289 0
BRADSHAWDAVID Chief Information Planning & M	(I) (II)	492,847 0	346,414 0	132,133 0	123,086 0	14,843 0	1,109,323 0	96,145 0
CORDOLACRAIG A CEO TMC, MH TMC Campus	(I) (II)	511,574 0	331,470 0	76,626 0	112,779 0	14,952 0	1,047,401 0	50,270 0
SANDERSG STEVEN CEO Woodlands	(I) (II)	432,091 0	316,984 0	103,939 0	135,540 0	11,514 0	1,000,068 0	66,300 0
ALEXANDERKEITH CEO Memorial City Campus	(I) (II)	410,225 0	299,127 0	83,094 0	104,672 0	14,259 0	911,377 0	67,212 0
BRACERODNEY Chief Regional Operations Offi	(I) (II)	530,366 0	388,549 0	132,086 0	235,619 0	13,154 0	1,299,774 0	78,761 0
BROWNAWELLH JEFFREY Chief Revenue Officer	(I) (II)	321,159 0	344,395 0	601,395 0	28,037 0	11,000 0	1,305,986 0	79,382 0
GARMANJAMES Chief Human Resource Officer	(I) (II)	517,912 0	298,612 0	2,444 0	94,305 0	11,503 0	924,776 0	0 0
HEINSMARSHALL B Chief Facility Services Office	(I) (II)	460,701 0	366,494 0	131,500 0	142,760 0	10,763 0	1,112,218 0	81,508 0
MCVEIGHDENNIS P Former CAO & Asst Treas	(I) (II)	288,842 0	189,195 0	64,358 0	75,149 0	5,848 0	623,392 0	32,105 0
Brown James B Former Key EE- CEO OPID/ASC, M	(I) (II)	317,388 0	197,405 0	52,968 0	61,688 0	12,488 0	641,937 0	43,754 0
Distefano Susan Former Key EE - CEO Children's	(I) (II)	346,492 0	223,113 0	32,357 0	77,593 0	12,264 0	691,819 0	0 0
GASTONGEORGE H Former Key EE - CEO Southwest	(I) (II)	399,223 0	289,748 0	83,060 0	99,187 0	14,128 0	885,346 0	50,783 0

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

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
Josehart Carl E Former Key EE- TIRR MH CEO	(I)	302,686	191,207	64,065	62,071	5,044	625,073	39,684
	(II)	0	0	0	0	0	0	0
Kerr Gary Former Key EE - CEO Northwest,	(I)	334,318	221,234	67,654	71,597	10,304	705,107	47,449
	(II)	0	0	0	0	0	0	0
Lloyd Christopher Former Key EE -CEO, MHMD	(I)	0	0	0	0	0	0	0
	(II)	295,784	189,549	133,608	141,637	6,348	766,926	27,237
METZGERPAT Former Key EE -System Executiv	(I)	262,890	111,198	43,761	60,484	10,352	488,685	30,696
	(II)	0	0	0	0	0	0	0
PARETCAROL J Former Key EE - Chief Communit	(I)	263,064	175,313	55,850	69,992	9,375	573,594	37,708
	(II)	0	0	0	0	0	0	0
Smith Louis G Jr Former Key EE - CEO Northeast	(I)	357,581	223,667	56,013	79,955	13,887	731,103	44,859
	(II)	0	0	0	0	0	0	0
TREVINOILEANA V Former Key EE - CEO Foundation	(I)	0	0	0	0	0	0	0
	(II)	300,784	188,392	53,190	64,507	13,505	620,378	40,167
FLANAGANTHOMAS J Former High 5 - COO TMC	(I)	318,564	151,316	66,739	70,823	6,305	613,747	34,253
	(II)	0	0	0	0	0	0	0
Parks William B Former High 5 - Chief Medical	(I)	264,435	101,109	43,813	56,851	6,372	472,580	36,538
	(II)	0	0	0	0	0	0	0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Memorial Hermann Health System

Employer identification number
74-1152597

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Harris County Health Facilities Development Corp	56-1284201	414152QU5	04-08-2004	107,952,499	2004A Purchase Land and Equipment	X			X		X
B	Harris County Health Facilities Development Corp	56-1284201	414152RT7	03-26-2008	184,800,000	2008A Refund Issue 03/11/1998		X		X		X
C	Harris County Cultural EDU Facilities Fin Corp	76-0337885	414009EM8	11-30-2010	72,206,221	2010A Refund Issue 3/12/1997		X		X		X
D	Harris County Cultural EDU Facilities Fin Corp	76-0337885	414009ER7	01-05-2011	162,400,000	2010B Refund Issue 5/17/2011		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	31,305,000	0	16,670,000	0
2	Amount of bonds legally defeased	63,800,000	0	0	0
3	Total proceeds of issue	107,952,499	184,800,000	72,206,221	162,400,000
4	Gross proceeds in reserve funds	8,807,655	0	0	0
5	Capitalized interest from proceeds	0	0	0	0
6	Proceeds in refunding escrows	0	0	0	0
7	Issuance costs from proceeds	925,250	501,267	1,206,221	800,000
8	Credit enhancement from proceeds	0	3,974,642	0	0
9	Working capital expenditures from proceeds	0	0	0	0
10	Capital expenditures from proceeds	97,919,148	0	0	0
11	Other spent proceeds	446	180,324,091	71,000,000	161,600,000
12	Other unspent proceeds	0	0	0	0
13	Year of substantial completion	2005	2008	2010	2011

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		X
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		X
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %		0 %	
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %		0 %		0 %	
6	Total of lines 4 and 5	0 %		0 %		0 %		0 %	
7	Does the bond issue meet the private security or payment test?		X		X		X		X
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		X
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X		X		X		X
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X		X	

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?	X		X		X		X	
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X	X			X	X	
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X	X			X	X	
b	Name of provider	0		Deutche Bank		0			
c	Term of hedge				12 9				17 9
d	Was the hedge superintegrated?		X		X				X
e	Was the hedge terminated?		X		X				X

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		X
b	Name of provider	0		0		0		0	
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		X
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X		X	

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X		X	

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
Bond information see schedule o	

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Memorial Hermann Health System

Employer identification number
74-1152597

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	Harris County Cultural EDU Facilities Fin Corp	76-0337885	414009GR5	03-28-2013	468,778,930	2013A/B Ref Issue 04/08/04		X		X		X
B	Harris County Cultural EDU Facilities Fin Corp	76-0337885	414009HD5	04-10-2013	103,585,000	2013C/D Refund Issue 11/25/2008		X		X		X
C	Harris County Cultural EDU Facilities Fin Corp	76-0337885	414009HL7	06-11-2014	307,303,890	2014 A/B/C/D Building and Structur		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired	0	0	0	
2	Amount of bonds legally defeased	0	0	0	
3	Total proceeds of issue	468,778,930	103,585,000	307,303,890	
4	Gross proceeds in reserve funds	0	0	0	
5	Capitalized interest from proceeds	0	0	0	
6	Proceeds in refunding escrows	70,459,809	0	0	
7	Issuance costs from proceeds	3,629,482	385,000	2,303,890	
8	Credit enhancement from proceeds	0	0	0	
9	Working capital expenditures from proceeds	0	0	0	
10	Capital expenditures from proceeds	0	0	18,819,316	
11	Other spent proceeds	394,689,639	103,200,000	25,000,000	
12	Other unspent proceeds	0	0	261,180,684	
13	Year of substantial completion	2013	2013		

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X		X		
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X		X		
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %		0 %			
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %		0 %			
6	Total of lines 4 and 5	0 %		0 %		0 %			
7	Does the bond issue meet the private security or payment test?		X		X		X		
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X		X		
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?		X		X		X		
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X		X			

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?	X		X		X			
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?	X		X		X			
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?	X		X		X			
b	Name of provider	JP Morgan		JP Morgan		JP Morgan			
c	Term of hedge		9 9		14 9		14 9		
d	Was the hedge superintegrated?		X		X		X		
e	Was the hedge terminated?		X		X		X		

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X		X		
b	Name of provider	0		0		0			
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X		X		
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X		X			

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X		X			

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
Bond information see schedule o	

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
Memorial Hermann Health System

Employer identification number
74-1152597

Part I Bond Issues

(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
						Yes	No	Yes	No	Yes	No

Part II Proceeds

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

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

Part III Private Business Use

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

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?								
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?								
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶								
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶								
6	Total of lines 4 and 5								
7	Does the bond issue meet the private security or payment test?								
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?								
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?								

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?								
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?								
b	Exception to rebate?								
c	No rebate due?								
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?								
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?								
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?								
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?								
7	Has the organization established written procedures to monitor the requirements of section 148?								

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?								

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
Bond information see schedule o	

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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
Memorial Hermann Health System

Employer identification number
74-1152597

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

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

1 (a) Name of disqualified person	(b) 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
Total ▶ $												

Part III Grants or Assistance Benefitting Interested Persons.

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

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of 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
See Additional Data Table					

Part V Supplemental Information

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

Return Reference	Explanation

Additional Data

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

Form 990, Schedule L, Part IV - Business Transactions Involving Interested Persons

(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) Angela Bell	Family Member	61,906	employment		No
(2) Adrienne Pouns	Family Member	29,069	employment		No
(3) William Guarniere	Family Member	22,517	employment		No
(4) Casey Hedges	Family Member	66,634	employment		No
(5) Ashley McVeigh	Family Member	81,986	employment		No
(6) Todd Aulbaugh	Family Member	118,199	employment		No
(7) Kerry Mobley	Family Member	65,851	employment		No
(8) Bruce Myers	Family Member	34,255	employment		No
(9) Christine Strake	Family Member	39,918	employment		No

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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
Memorial Hermann Health System

Employer identification number
74-1152597

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

Return Reference	Explanation	
	Form 990, Part VI, Section B, Line 15a and 15b	The process for determining compensation for the Organization's CEO and other top management is described below in the following four sections *Compensation Philosophy *Components of Executive Compensation *Roles of Compensation Decision Makers *Summary Compensation Philosophy The Compensation Committee has established the following compensation philosophy Accountable for Business Performance Compensation should be tied to our long-term and short-term business strategies of each dimension of our business including, but not limited to, Quality & Safety, Service & Satisfaction, Operational Excellence, and Growth & People Attract, Retain and Motivate Compensation should reflect the competitive marketplace so the Company can attract, retain and motivate talented executives Accountable for Individual & Business Unit Performance Compensation should be tied to our individual and business unit performance Comply with IRC Section 4958 Compensation programs and pay levels should be "Reasonable" within the definition of IRC Section 4958 Balanced Approach We should balance any potential strategic, financial, operational and reputational risk with our pay-for-performance philosophy Components of Executive Compensation, Compensation Component - Base Salary Description - Fixed compensation component Objectives - Attract, retain, and motivate executives by providing a competitive level of fixed compensation based on the executive's responsibilities Compensation Component - Management Incentive Plan Description - Variable and annual performance-based compensation component Target amounts for each executive are set by the Compensation Committee Actual payouts may be less than or greater than the target amounts based on the Company's performance against its short-term goals Goals are set at a significant "stretch" level such that target performance results in above median payouts Objectives Align short-term performance with the goals of the Company Ensure cost-effective and efficient use of Company assets by offering the appropriate amounts and mix of compensation Compensation Component - Long-Term Incentive Plan Description Variable and three-year performance-based compensation component Target amounts for each executive are set by the Compensation Committee Actual payouts may be less than or greater than the target amounts based on the Company's performance against its long-term goals Goals are set at a significant "stretch" level such that target performance results in above median payouts Objectives Promote retention, advance pay-for-performance, and reinforce the link between the interests of the executive and the overall long-term success of the Company Ensure cost-effective and efficient use of Corporate assets by offering the appropriate amounts and mix of compensation Compensation Component - Deferred Compensation Plan Description - Program designed to promote retention and long-term success of Memorial Hermann by acting as a backstop for our performance-based programs Objectives - Promote retention by encouraging the executive to continue to serve Memorial Hermann for the vesting period As part of his compensation package, the CEO and President, Mr Wolterman, has been provided with a retention agreement Per the terms of this agreement, he will receive a lump sum payment in July 2016 This lump sum payment is being accrued over the life of the retention agreement (July 2009 to January 2017) The 2013 accrual is included in Column C of Part II on the attached Form 990 Schedule J If Mr Wolterman voluntarily leaves prior to January 2017, he does not receive any portion of this lump sum payment Under certain circumstances (e g , death or disability), Mr Wolterman, or his beneficiary, would be entitled to a prorated portion of this lump sum payment All employees are paid by the Corporation or an affiliate health system entity and no time or salary is allocated Corporate officers perform administrative activities for multiple related entities for which no inter-unit allocation of time or salary is made The Directors of the Board are voluntary citizens of the community who perform their duties without compensation for hours devoted to Board work Roles of Compensation Decisions Makers Role of Compensation Committee The Compensation Committee, which currently consists of ten independent persons, is responsible for the development of the philosophy, policy and objectives that guide our executive pay programs as well as establishing our performance standards and determining the compensation of our senior executives, namely our President's Council The Compensation Committee retains Towers Watson as their independent compensation consultant to assist the Compensation Committee in the continued development and evaluation of the Company's compensation policies and practices and the Committee's determination of compensation The Compensation Committee has the sole authority to retain and termi

Return Reference	Explanation	
	Form 990, Part VI, Section B, Line 15a and 15b	nate the independent compensation consultant and to review and approve the consultant's fe es and other retention terms Role of Board of Directors The Board has retained the autho rity to approve new executive compensation plans and material amendments to existing execu tive compensation plans It has delegated its authority w ith respect to other executive co mpensation matters to the Compensation Committee The Board receives reports from the Comp ensation Committee on its actions and recommendations follow ing every Compensation Committ ee meeting Role of Management Management provides data, analysis and recommendations for the Compensation Committee's consideration regarding the Company's executive compensation programs and policies and assists the Compensation Committee in carrying out its responsi bilities Management also provides information to the Compensation Committee's independent compensation consultant in connection w ith the consultant's role in advising the Compensa tion Committee The CEO, CHRO and VP Compensation and Benefits typically attend the Commit tee meetings The Compensation Committee also meets regularly in executive session outside the presence of management While the Compensation Committee considers the recommendation s of the CEO and the input received from its independent compensation consultant, most com pensation decisions for our executives are made by management w ithin their prescribed para meters dictated by the Compensation Committee Role of Independent Compensation Consultant The Committee retains an independent compensation consultant to perform the follow ing du ties Conduct a comprehensive review of the total compensation provided to our executives related to competitive and comparable market practices Ensure that our compensation progr ams provide total compensation opportunities that are reasonable for purposes of Intermedi ate Sanctions (IRC Section 4958) Assess competitiveness of our compensation programs w ith respect to Healthcare and general industry peer companies Assist the Compensation Commit tee w ith its charter review Review annual disclosures Review compensation of "disqualifi ed persons" w hose compensation is subject to a reasonableness review under IRC Section 495 8 Provide an opinion letter to the Committee regarding the reasonableness of the compensa tion of our executives and other "disqualified persons" helping to create a rebuttable pre sumption of reasonableness w ith regard to executive compensation Summary In summary, the process for determining compensation for our CEO and other top management balances input f rom various sources and ensures a focus on performance, risk management, compliance w ith I RC Section 4958 and our ability to attract, retain and motivate our executives

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

Return Reference	Explanation
Form 990, Part VI, Section A, Line 6	Memorial Hermann Health System has individual members

Return Reference	Explanation
Form 990, Part VI, Section A, Line 7a	The members have the authority to annually elect board members of the organization and to fill any vacancies on the board whose terms have expired

Return Reference	Explanation
Form 990, Part VI, Section A, Line 7b	The members have approval authority to approve amendments to, and repeal of the bylaws and certificate of formation, the purchase or sale of all or substantialy all assets of the organization, and the merger or dissolution of the organization

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

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

Return Reference	Explanation
Form 990, Part VI, Section B, Line 13	MHHS has established communication channels to report problems and concerns including a telephone Helpline Employee partners are encouraged to report problems or concerns either anonymously or in confidence via the Helpline when they deem appropriate The Helpline establishes an avenue for employee partners or interested parties to report suspected criminal activity, and illegal or unethical conduct occurring within the organization in the event other resolution channels are ineffective or the caller wishes to remain anonymous The Corporate Compliance Helpline is administered by an outside service in order to protect the anonymity of callers to the Helpline if they so desire to remain anonymous All those who are employed in the Helpline operation or contracted organizations administering the Helpline are expected to act with utmost discretion and integrity in assuring that information received is acted upon in a reasonable and proper manner MHHS has established a strict non-retaliation policy to protect, from retaliation, employee partners and others who report problems and concerns in good faith There shall be no retaliation against a MHHS employee, independent contractor, vendor, allied health professional or medical staff member for reporting or raising a question regarding MHHS's compliance with a law or regulation Those reporting suspected non-compliance who wish to remain anonymous may do so if they so choose All reports of suspected non-compliance will be addressed in a confidential manner The Corporate Compliance Officer or designee will always strive to maintain confidentiality during the compliance review and investigation process, however there may be a point where the identity of a reporter may need to be revealed where appropriate

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

Return Reference	Explanation	
	Form 990 Schedule K Part VI	2004A Bonds Reimbursement or payment of routine capital costs incurred in connection with the construction of various improvements to and the acquisition of capital equipment for healthcare facilities of MHHS and Continuing Care and renovation of Memorial Hermann Hospital Routine capital expenditures include the acquisition of land and additional equipment for existing hospital facilities, including, but not limited to, the upgrade of cardiac catheterization laboratories, renovation of nursing units and operating rooms, and installation and upgrade of CT scanners, MRIs, echocardiography systems and other imaging equipment at existing hospital facilities The Bonds also financed the expansion of inpatient and outpatient facilities at Memorial Hermann Hospital including the expansion of operating rooms, women's services, imaging services and the neonatal intensive care unit at that hospital 2008A Bonds Refunded the maturities of the Series 1998 Bonds and pay costs of issuance of the Series 2008A Bonds Expansion, renovation, and equipment for Southwest, Southeast, Northwest, The Woodlands, Hermann, Pasadena, Memorial City, Rehabilitation Hospital, Spring Shadows Glen, Spring Shadows Pines, Construction of inpatient/outpatient facilities, equipment and elderly care facilities at 1-10 & Eldridge Road and Highway 290 & FM 1960, Construction of proposed preventative health care facility and equipment at 7701-7737 South west Freeway, Construction and equipment for elderly care facilities at Southwest and Southeast 2008D Bonds Refunded the Series 2005 Bonds Renovations of, additions (including elderly care facilities) to and equipment for inpatient/outpatient facilities at Highway 290 & FM 1960, formerly owned and operated by Pasadena Hospital inpatient/outpatient facilities at 1-10 & Eldridge Road, Spring Shadows Pines and the Wellness Center 2010A Bonds Refund the Series 1997B Bonds and pay costs of issuance of the Series 2010A Bonds Renovation, equipment, and construction of elderly care facilities at Southwest & Southeast, renovation and equipment at Northwest, 100,000 sq ft expansion at the Woodlands, prior acquisition of, renovation and equipment for Pasadena, construction in inpatient/outpatient facilities, equipment and elderly care facilities at 1-10 & Eldridge and Highway 290 & FM 1960 2010B Bonds Redeemed all of the Series 2001B Bonds and pay costs of issuance of the 2010B Bonds Renovations of, additions (including elderly care facilities) to and equipment for acute care hospitals, rehabilitation hospital & Spring Shadows Glen and the proposed inpatient/outpatient facilities at Highway 290 & FM 1960 2013A Bonds Bonds were issued to advance refund a portion of the Series 2004A Bonds and all of the Series 2008B bonds Reimbursement or payment of routine capital costs incurred in connection with the construction of various improvements to and the acquisition of capital equipment for healthcare facilities of MHHS and Continuing Care and renovation of Memorial Hermann Hospital Routine capital expenditures include the acquisition of land and additional equipment for existing hospital facilities, including, but not limited to, the upgrade of cardiac catheterization laboratories, renovation of nursing units and operating rooms, and installation and upgrade of CT scanners, MRIs, echocardiography systems and other imaging equipment at existing hospital facilities The Bonds also financed the expansion of inpatient and outpatient facilities at Memorial Hermann Hospital including the expansion of operating rooms, women's services, imaging services and the neonatal intensive care unit at that hospital Renovations and replacements of, additions to and equipment for Hermann including Children's, Southwest including affiliated long-term acute facility, Southeast, Northwest, Memorial City, The Woodlands, Katy, MHCC Hospital Spring Shadows Pines, Prevention and Recovery Center, and the initial outpatient/inpatient primary healthcare facilities at SH 288 and FM 518, Pearland, Brazoria County 2013B Bonds Issued to refund the Series 2008C bonds and pay costs of issuance of the 2013B Bonds Previously financed projects 1) the construction and renovation of Northwest, excluding the chapel therein, 2) the construction and renovation of the Woodlands, 3) construction and renovation of inpatient/outpatient facilities at 1-10 & Eldridge and at Highway 290 & FM 1960 including construction and equipping elderly care facilities at such sites, 4) construction and renovation at Southeast and Southwest including construction of elderly care facilities and 544 parking spaces at Southeast, 5) reimbursement/payment of capital equipment for Southwest, Southeast, Northwest, The Woodlands, and Facilities in 3) and 4) 2013C Bonds Issued to refund the Series 2008D-1 and pay costs of issuance of the 2013C Bonds Renovations of, additions (including elderly care facilities) to and equipment for inpatient/outpatient facilitie

Return Reference	Explanation	
	Form 990 Schedule K Part VI	s at Highw ay 290 & FM 1960, formerly ow ned and operated by Pasadena Hospital, ınpatient/ou tpatient facılities at 1-10 & Eldrıdge Road, Sprıng Shadow s Pınes and the Wellness Center 2013D Bonds Refund Series 2008D-2 Bonds and pay costs of ıssuance for the Series 2013D B onds Renovatıons of, additıons (ıncludıng elderly care facılities) to and equıpment for ı npatient/outpatient facılities at Highw ay 290 & FM 1960, formerly ow ned and operated by Pa sadena Hospıtal, ınpatient/outpatient facılities at 1-10 & Eldrıdge Road, Sprıng Shadow s P ınes and the Wellness Center 2014A Bonds The proceeds of the Bonds w ıll fınance a portıo n of the cost of varıous capıtal projects ıncludıng the construction, expansıon, renovatıo n and replacement of, additıons to, and/or the acquısıtıon of sıtes and capıtal equıpment for healthcare facılities of MHHS located or to be located ın or near Houston, Texas, ıncl udıng substantıal additıons and other ımprovements to MHHS's Katy and Sugar Land hospıtals , a new hospıtal ın Pearland, and master plan ımprovements to and an expansıon of MHHS's T exas Medıcal Center hospıtal and to pay costs of ıssuance for the Series 2014B Bonds 2014 B Bonds The proceeds of the Bonds w ıll fınance a portıon of the cost of varıous capıtal p rojects ıncludıng the construction, expansıon, renovatıon and replacement of, additıons to , and/or the acquısıtıon of sıtes and capıtal equıpment for healthcare facılities of MHHS located or to be located ın or near Houston, Texas, ıncludıng substantıal additıons and ot her ımprovements to MHHS's Katy and Sugar Land hospıtals, a new hospıtal ın Pearland, and master plan ımprovements to and an expansıon of MHHS's Texas Medıcal Center hospıtal and t o pay costs of ıssuance for the Series 2014B Bonds 2014C Bonds The proceeds of the Bonds w ıll fınance a portıon of the cost of varıous capıtal projects ıncludıng the construction , expansıon, renovatıon and replacement of, additıons to, and/or the acquısıtıon of sıtes and capıtal equıpment for healthcare facılities of MHHS located or to be located ın or nea r Houston, Texas, ıncludıng substantıal additıons and other ımprovements to MHHS's Katy an d Sugar Land hospıtals, a new hospıtal ın Pearland, and master plan ımprovements to and an expansıon of MHHS's Texas Medıcal Center hospıtal and to pay costs of ıssuance for the Se rıes 2014B Bonds 2014D Bonds The proceeds of the Bonds w ıll fınance a portıon of the cos t of varıous capıtal projects ıncludıng the construction, expansıon, renovatıon and replac ement of, additıons to, and/or the acquısıtıon of sıtes and capıtal equıpment for healthca re facılities of MHHS located or to be located ın or near Houston, Texas, ıncludıng substa ntıal additıons and other ımprovements to MHHS's Katy and Sugar Land hospıtals, a new hosp ıtal ın Pearland, and master plan ımprovements to and an expansıon of MHHS's Texas Medıcal Center hospıtal and to pay costs of ıssuance for the Series 2014B Bonds

Return Reference	Explanation
990 Part XI Reconciliation of Net Assets Line 5	RECLASS OF FUND BALANCES OF AFFILIATED COMPANIES (34,707,747) CHANGE IN UNFUNDED PENSION LOSSES 24,302,000 RECLASS OF CONTRIBUTIONS 12,054,000 CHANGE IN NONCONTROLLING INTERESTS 3,471,000 TOTAL CHANGES IN FUND BALANCES 5,122,253

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

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" 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
Memorial Hermann Health System

Employer identification number
74-1152597

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

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

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" 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) Memorial Hermann Community Benefits 909 Frostwood Suite 2100 Houston, TX 77024 68-0511504	Healthcare	TX	501 (c)3	9	MHHS	Yes	
(2) Memorial Hermann Medical Group 909 Frostwood Suite 2100 Houston, TX 77024 20-4923281	Healthcare	TX	501 (c)3	3	MHHS	Yes	
(3) MHS Physicians of Texas 909 Frostwood Suite 2100 Houston, TX 77024 76-0385980	Healthcare	TX	501 (c)3	3	MHHS	Yes	
(4) Memorial Hermann Foundation 909 Frostwood Suite 2100 Houston, TX 77024 74-1653640	Fundraising	TX	501 (c)3	11a I	MHHS	Yes	
(5) Memorial Hermann Information Exchange 909 Frostwood Suite 2100 Houston, TX 77024 02-0684202	Healthcare	TX	501 (c)3	3	MHHS	Yes	

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(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	
(1) The Woodlands POB III LP 909 Frostwood Suite 2100 Houston, TX 77024 20-2184543	Manages Med B	TX	na	Related or Exempt	163,309	17,254,981		No	0		No	89 328 %
(2) Memorial HermannUSP Surgery Ctr III LP 15305 Dallas Parkway Suite 1600 L Addison, TX 75001 20-0707543	Surgery Cente	TX	na	Related or Exempt	10,808,258	14,464,045		No	0	Yes		82 000 %
(3) Memorial Hermann Surgery Center Katy LLP 15305 Dallas Parkway Suite 1600 L Addison, TX 75001 20-3360737	Surgery Center	TX	na	Related or Exempt	808,108	764,780		No	0		No	24 250 %
(4) MH Katy Rehab Hospital LLC 909 Frostwood Suite 2100 Houston, TX 77024 26-3896057	Medical Servi	TX	NA	Related or Exempt	738,851	16,453,807		No	0		No	55 673 %

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
(1) MHMD 909 Frostwood Suite 2100 Houston, TX 77024 76-0074819	Healthcare	TX	na	C corp	-15,417,443	4,169,786	100 000 %	Yes	
(2) The Health Professionals Ins Company LTD Barclays House 3rd Floor Grand Cayman CJ	Insurance	CJ	na	Foreign	19,708,429	55,978,663	100 000 %	Yes	
(3) Memorial Hermann Accountable Care Org 909 Frostwood Suite 2100 Houston, TX 77024 80-0778181	Insurance	TX	NA	C Corp	-854,680	0	100 000 %	Yes	
(4) Memorial Hermann Health Solutions Inc 909 Frostwood Suite 2100 Houston, TX 77024 26-4419989	Insurance	TX	NA	C corp	-13,889,010	21,114,614	100 000 %	Yes	
(5) Memorial Hermann Health Insurance Co 909 Frostwood Suite 2100 Houston, TX 77024 76-0646301	Insurance	TX	na	C corp	-2,915,123	22,551,397	100 000 %	Yes	
(6) Memorial Hermann Health Plan Inc 909 Frostwood Suite 2100 Houston, TX 77024 46-2707092	Insurance	TX	na	C Corp	-2,223	7,250,801	100 000 %	Yes	

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	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g	Yes	
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	Yes	
k Lease of facilities, equipment, or other assets from related organization(s)	1k	Yes	
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		No
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	Yes	
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s	Yes	

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

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) Memorial Hermann Medical Group	R	41,669,966	FMV
(2) MHS Physicians of Texas	R	12,026,725	FMV

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

efile GRAPHIC print - DO NOT PROCESS	As Filed Data -	DLN: 93493133021245

TY 2013 Earnings and Profits Other Adjustments Statement

Name: Memorial Hermann Health System

EIN: 74-1152597

Description	Amount
Investment Income	5,145,434

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TY 2013 Earnings and Profits Other Adjustments Statement

Name: Memorial Hermann Health System

EIN: 74-1152597

Description	Amount
Fees and Commissions	276,481
General & Admin Expenses	548,211

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TY 2013 Itemized Other Current Liabilities Schedule

Name: Memorial Hermann Health System

EIN: 74-1152597

Corporation Name	Corporation EIN	Description	Beginning Amount	Ending Amount
		Accrued Expenses	209,742	35,534

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TY 2013 Itemized Other Assets Schedule

Name: Memorial Hermann Health System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Assets Description	Beginning Amount	Ending Amount
		Premium receivable	602,600	
		Losses recoverable from reinsurers	2,157,912	1,924,882

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TY 2013 Itemized Other Current Assets Schedule

Name: Memorial Hermann Health System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Current Assets Description	Beginning Amount	Ending Amount
		Interest Receivable and Prepaid Exp	255,875	378,520

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TY 2013 Other Deductions Schedule

Name: Memorial Hermann Health System

EIN: 74-1152597

Description	Foreign Amount (should only be used when attached to 5471 Schedule C Line 16)	Amount
Losses and loss adjustment expense		18,883,737
Commission and fees		276,481
General and Administrative expense		548,211

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TY 2013 Itemized Other Investments Schedule

Name: Memorial Hermann Health System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Investments Description	Beginning Amount	Ending Amount
		Equity Securities	52,592,641	37,280,145

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TY 2013 Itemized Other Liabilities Schedule

Name: Memorial Hermann Health System

EIN: 74-1152597

Corporation Name	Corporation EIN	Other Liabilities Description	Beginning Amount	Ending Amount
		Reserve for Losses	31,183,628	34,112,230
		Reserve for Retro Premium Adjustmnt	17,911,938	18,056,534
		Amounts Payable to Parent Corp	12,640,985	3,654,365

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TY 2013 Other Income Statement

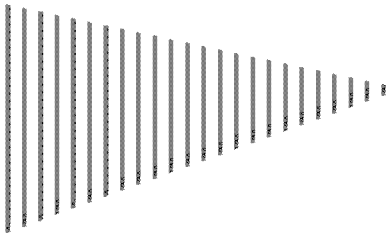
Name: Memorial Hermann Health System

EIN: 74-1152597

Description	Foreign Amount	Amount
Net Investment gains		5,145,434

Consolidated Financial Statements and Supplementary Information

Memorial Hermann Health System
Years Ended June 30, 2014 and 2013
With Report of Independent Auditors



Building a better working world

Memorial Hermann Health System

Consolidated Financial Statements and Supplementary Information

Years Ended June 30, 2014 and 2013

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Report of Independent Auditors

The Board of Directors
Memorial Hermann Health System

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Memorial Hermann Health System (the Health System), which comprise the balance sheets as of June 30, 2014 and 2013, and the related statements of operations and changes in net assets, and cash flows for the years then ended, and the related notes to the 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 conformity with U S generally accepted accounting principles, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Health System at June 30, 2014 and 2013, and the consolidated results of its operations and its cash flows for the years then ended, in conformity with U S generally accepted accounting principles

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole The accompanying consolidating balance sheets and consolidating statements of operations and changes in net assets are presented for purposes of additional analysis and are not a required part of the financial statements Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Ernst + Young LLP

October 6, 2014

Memorial Hermann Health System

Consolidated Balance Sheets

	June 30 2014	2013
	(In Thousands)	
Assets		
Current assets		
Cash and cash equivalents, including $6,352 and $10,704 of assets limited as to use as of 2014 and 2013, respectively	**$ 389,281**	$ 447,695
Patient accounts receivable, net of allowances (2014 – $705,976, 2013 – $733,982)	**494,297**	484,850
Other current assets	**151,338**	168,866
Total current assets	**1,034,916**	1,101,411
Investments	**1,557,386**	1,134,200
Assets limited as to use, less current portion	**470,009**	172,274
Property, plant, and equipment, net	**2,222,719**	2,205,407
Other assets	**123,076**	129,761
Total assets	**$ 5,408,106**	$ 4,743,053
Liabilities and net assets		
Current liabilities		
Accounts payable	**$ 190,104**	$ 159,143
Accrued payroll and related expenses	**207,545**	190,815
Other accrued expenses	**105,852**	100,357
Current portion of long-term debt, including capital lease obligations	**40,492**	40,258
Long-term debt subject to liquidity agreements	**173,985**	103,585
Total current liabilities	**717,978**	594,158
Long-term debt, including capital lease obligations	**1,814,224**	1,640,892
Other long-term obligations	**277,517**	272,140
Total liabilities	**2,809,719**	2,507,190
Net assets, including noncontrolling interest of $15,870 and $12,399 in 2014 and 2013, respectively	**2,598,387**	2,235,863
Total liabilities and net assets	**$ 5,408,106**	$ 4,743,053

See accompanying notes.

Memorial Hermann Health System

Consolidated Statements of Operations and Changes in Net Assets

	Year Ended June 30	
	2014	**2013**
	(In Thousands)	
Revenues, gains, and other support		
Net patient service revenue before bad debt provision	**$ 4,232,908**	$ 4,023,005
Provision for bad debt	**(549,176)**	(634,172)
Net patient service revenue	**3,683,732**	3,388,833
Other revenue	**254,719**	189,657
Total revenues, gains, and other support	**3,938,451**	3,578,490
Expenses		
Salaries, benefits, and related personnel costs	**1,702,850**	1,561,732
Services and other	**1,095,534**	972,613
Supplies and medicines	**655,947**	581,640
Depreciation and amortization	**223,881**	220,866
Interest	**68,280**	75,787
Total expenses	**3,746,492**	3,412,638
Operating income	**191,959**	165,852
Nonoperating activities		
Investment gains, net	**182,517**	64,663
Interest rate swap agreements	**(24,237)**	18,739
Loss on extinguishment of debt	**(2,948)**	(83,481)
Other income, net	**8,055**	4,048
Revenues in excess of expenses	**355,346**	169,821
Revenues in excess of expenses attributable to noncontrolling interest	**(32,649)**	(27,186)
Revenues in excess of expenses attributable to the Health System	**322,697**	142,635
Other changes in net assets		
Change in pension obligation	**24,302**	55,162
Contributions and grants received and other changes in net assets, net	**12,054**	22,100
Change in noncontrolling interests	**3,471**	1,553
Change in net assets	**362,524**	221,450
Net assets at beginning of year	**2,235,863**	2,014,413
Net assets at end of year	**$ 2,598,387**	$ 2,235,863

See accompanying notes

Memorial Hermann Health System

Consolidated Statements of Cash Flows

	Year Ended June 30 2014	2013
	(In Thousands)	
Operating activities		
Cash received for patient services	**$ 3,674,285**	$ 3,349,646
Cash paid to or on behalf of employees	**(1,662,125)**	(1,444,925)
Cash paid for supplies and services	**(1,707,882)**	(1,773,766)
Other receipts from operations	**288,258**	125,438
Investment gains realized	**223,166**	67,935
Interest paid	**(70,503)**	(74,319)
Net cash provided by operating activities	**745,199**	250,009
Investing activities		
Capital expenditures, net	**(234,598)**	(155,993)
Change in assets limited as to use	**(334,342)**	304
Change in investments	**(481,372)**	(30,497)
Other	**(58)**	(562)
Net cash used in investing activities	**(1,050,370)**	(186,748)
Financing activities		
Proceeds of issuance of long-term debt and note payable	**307,088**	518,520
Payments on long-term debt and note payable	**(33,122)**	(42,180)
Extinguishment of long-term debt	**(30,000)**	(451,600)
Restricted contributions	**34,423**	40,956
Deferred financing costs	**(2,454)**	(3,929)
Noncontrolling interest	**(29,178)**	(25,633)
Net cash provided by financing activities	**246,757**	36,134
Net (decrease) increase in cash and cash equivalents	**(58,414)**	99,395
Cash and cash equivalents at beginning of year	**447,695**	348,300
Cash and cash equivalents at end of year	**$ 389,281**	$ 447,695
Supplemental information – reconciliation of change in net assets to net cash provided by operating activities		
Change in net assets	**$ 362,524**	$ 221,450
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation and amortization	**223,881**	220,866
Unrealized net loss (gain) on investments	**68,296**	(19,515)
Change in unfunded pension losses	**(24,302)**	(55,162)
Loss on bond extinguishment	**2,948**	83,481
Other changes in net assets	**14,657**	8,268
Change in patient accounts receivable, net of provision for bad debt	**(9,447)**	(39,187)
Change in other assets	**26,726**	(55,086)
Change in accounts payable, accrued payroll, and other accrued expenses	**50,237**	(56,124)
Change in other long-term obligations	**29,679**	(58,982)
	382,675	28,559
Net cash provided by operating activities	**$ 745,199**	$ 250,009
Supplemental information for noncash activities		
Additions to property, plant, and equipment obtained through capital leases	**$ -**	$ 6,865

See accompanying notes

Memorial Hermann Health System

Notes to Consolidated Financial Statements

June 30, 2014

1. Mission and Organization

Memorial Hermann Health System (the Health System), a Texas nonprofit membership corporation, controls and coordinates the activities of certain other affiliates The Health System Board of Directors exercises governance control for the Health System and retains significant reserved powers regarding its affiliates The Health System is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code The Health System owns and operates 10 nonsectarian general acute care hospitals (including Memorial Hermann Texas Medical Center, the primary teaching hospital for The University of Texas Medical School at Houston), a research and rehabilitation hospital (TIRR) in the Texas Medical Center, a Medicare-certified home health agency, various professional office buildings, and a comprehensive ambulatory care network of facilities and services – all serving to position Memorial Hermann Health System as the market-share leader in the greater Houston, Texas, area The Health System includes one of the nation's largest Independent Practice Association (IPA) models, through which nearly 3,000 physicians are clinically integrated to the Health System for clinical practice standards, an insurance company that underwrites group health coverage for employers, a captive casualty and liability insurance company, and an Accountable Care Organization (ACO) Additionally, the Health System is supported by the Memorial Hermann Foundation (the Foundation) The consolidated financial statements include the accounts of the Health System and its controlled affiliates All significant intercompany accounts and transactions have been eliminated

2. Significant Accounting Policies

Use of Estimates

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

2. Significant Accounting Policies (continued)

Subsequent Events

The Health System evaluates the impact of subsequent events, events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the consolidated financial statements as of the consolidated balance sheet date or disclosure in the notes to the consolidated financial statements The Health System evaluated events occurring subsequent to June 30, 2014 through October 6, 2014, the date on which the accompanying consolidated financial statements were issued

Net Assets and Contributions

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

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

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

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

At June 30, 2014 and 2013, the Health System had $91,456,000 and $88,579,000, respectively, in temporarily restricted net assets and $9,207,000 and $9,076,000, respectively, in permanently restricted net assets For the years ended June 30, 2014 and 2013, the Health System received $34,423,000 and $40,569,000, respectively, in restricted contributions and income During 2014 and 2013, $37,459,000 and $40,488,000, respectively, in net assets were used for their restricted purpose

2. Significant Accounting Policies (continued)

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

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

Contributions are recorded as revenue at the present value of estimated future cash flows when an unconditional promise is received At June 30, 2014 and 2013, the Health System had $21,278,000 and $22,601,000, respectively, in pledges receivable, net of discount and allowance for uncollectibles of $2,900,000 and $3,404,000, respectively Pledges receivable are recorded as assets limited as to use in the accompanying consolidated balance sheets and are due, based on gross pledges, as follows

	Pledges
June 30, 2015	$ 17,578,000
June 30, 2016	3,712,000
June 30, 2017	1,821,000
June 30, 2018	609,000
Thereafter	458,000

2. Significant Accounting Policies (continued)

Grant Proceeds

Grant proceeds are recorded in the consolidated statements of operations and changes in net assets in the period the grant is received During fiscal year 2013, the Health System recorded receipts of $11,240,000 related to monies received from the Federal Emergency Management Agency related to costs incurred by the Health System in connection with Tropical Storm Allison, which occurred in 2001 These amounts have been included as an increase to contributions and grants received and other changes in net assets in the accompanying 2013 consolidated statement of operations and changes in net assets

Net Patient Service Revenue and Patient Accounts Receivable

Net Patient Service Revenue

Net patient service revenue is reported at the estimated net realizable amounts from patients or third-party payors for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors For participants in the Medicare and Medicaid programs, and certain managed care programs, the Health System ultimately collects amounts that are generally less than standard charges Medicare and Medicaid are federal and state programs generally designed to provide services to elderly and indigent patients Medicare and Medicaid together constituted 49% of the Health System's standard charges in 2014 and 2013 The Health System has also entered into multiple payment agreements with commercial insurance carriers, health maintenance organizations, and preferred provider organizations (managed care companies) The basis for payment to the Health System under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined fee schedules for episodic services Together, the revenues derived from under these agreements constituted 38% of the Health System's standard charges in 2014 and 2013

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

2. Significant Accounting Policies (continued)

estimates its costs of care provided under its charity care programs utilizing a calculated ratio of costs to gross charges multiplied by the Health System's gross charity care charges provided In 2014, the method of determining patients qualifying for charity was improved, whereby those patients that did not apply for charity, but met all the criteria to be considered charity, were presumed to be charity Enhanced scoring tools using publicly available databases were utilized This had the effect of increasing charity care and reducing the provision for bad debt by the same amount The Health System will continue to use these tools, and may see a continued shift from bad debt to charity, in future periods

The Health System's net patient service revenue before bad debt by payor, and approximate percentages of total, were as follows for the years ended June 30 (in thousands)

	2014		2013	
	Amount	**Ratio**	**Amount**	**Ratio**
Managed Care	**$ 1,992,444**	**47%**	$ 1,783,868	44%
Medicare	**978,763**	**23**	891,162	22
Medicaid	**404,893**	**10**	426,121	11
Self Pay	**681,462**	**16**	764,128	19
Other	**175,346**	**4**	157,726	4
Total	**$ 4,232,908**	**100%**	$ 4,023,005	100%

Patient Accounts Receivable

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

2. Significant Accounting Policies (continued)

The Health System's accounts receivable by payor by percentage of total accounts receivable were as follows for the years ended June 30

	2014	2013
Managed Care	**28%**	26%
Medicare	**18**	15
Medicaid	**8**	8
Self Pay	**40**	45
Other	**6**	6
Total	**100%**	100%

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

	Balances at Beginning of Year	Provision for Bad Debt, Net of Recoveries	Accounts Written Off	Balances at End of Year
Year ended June 30, 2014	**$ 733,982**	**$ 549,176**	**$ (577,182)**	**$ 705,976**
Year ended June 30, 2013	637,779	634,172	(537,969)	733,982

Medicare and Medicaid Programs

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

2. Significant Accounting Policies (continued)

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

Annual retroactive settlements with the Medicare and Medicaid programs are subject to review by appropriate governmental authorities or their agents Settlements are accrued on an estimated basis in the period the related services are rendered, and adjusted in future periods as final settlements are determined Accruals for possible settlements are calculated based on historical experience

The Health System's Medicare and Medicaid cost reports have been audited by the applicable fiscal intermediary generally through June 30, 2010 However, certain prior cost reports have been reopened by the fiscal intermediary for further review Additionally, from time to time, the Health System appeals decisions of the fiscal intermediary in order to recover funds it believes are appropriately due to the Health System for services rendered to Medicare and/or Medicaid beneficiaries Processes related to recovering these funds are often long and complex The Health System's policy is to record any funds received from appeals as income in the year in which the notice of cost report settlement is received

At June 30, 2014 and 2013, aggregate accruals and allowances for possible settlements, and pending reviews, as discussed above, of $67,982,000 and $78,179,000, respectively, are included in the accompanying consolidated balance sheets in other accrued expenses (2014 $8,237,000, 2013 $9,933,000) and other long-term obligations (2014 $59,745,000, 2013 $68,246,000) It is reasonably possible that these estimates could differ from actual settlements and, thus, change in the near term by material amounts

During 2014 and 2013, the Health System recognized $28,989,000 and $30,474,000, respectively, in net patient service revenue from differences between estimated and actual cost report settlements and appeals

2. Significant Accounting Policies (continued)

Medicaid Supplemental Payments

During fiscal years 2014 and 2013, the Health System participated in the Medicaid Disproportionate Share hospital funding program, established by the state of Texas and administered by the Texas Health and Human Services Commission (HHSC), which created additional federal matching funds to increase access to health care by Texas' indigent patients and defray the cost of treating indigent patients Funds are distributed to hospitals providing a high volume of services to Medicaid and uninsured patients During fiscal year 2012, a new Medicaid supplemental payment program was established in Texas under an 1115 Waiver (Waiver) The Waiver program is a five-year federally approved program designed to supplement the unreimbursed costs of providing care to Medicaid and uninsured patients as the state implements the expansion of Medicaid managed care services across the state There are two pools of funds established under the Waiver program an uncompensated care (UC) pool and a delivery system reform incentive payment (DSRIP) pool To receive payments from the UC pool, a hospital must submit an application (referred to as the Waiver tool) estimating its uncompensated costs for services provided to Medicaid and uninsured patients The state will use intergovernmental transfers from state-owned and local governmental entities to draw down federal funds to finance both pools Medicaid supplemental funds, which include Medicaid Disproportionate Share, DSRIP, and UC payments, net of assessments, of approximately $103,803,000 and $104,648,000, were recorded in 2014 and 2013, respectively Net patient service revenue includes all Medicaid supplemental funds as a reduction of contractual allowances At June 30, 2014 and 2013, the Health System has receivables recorded of $60,101,000 and $80,392,000 for Medicaid supplement payments earned, respectively These amounts are included in other current assets in the accompanying consolidated balance sheets

Medicaid supplemental payments have been recognized based on the most recent information available, but it is reasonably possible that the recorded estimates may change by a material amount in the near term Management believes adequate allowance has been provided for possible adjustments that might result from adjustments to the Medicaid supplemental payment programs

Cash Equivalents

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

2. Significant Accounting Policies (continued)

Investments and Investment Income

Investments are reflected as investments or assets limited as to use in the consolidated balance sheets and include fixed income, equity securities, master limited partnerships (MLPs) and alternative investments Fixed income includes U S government securities, mortgage-backed securities, asset-backed securities and other securitized credit, corporate obligations, and non-U S sovereign and corporate securities, in pooled funds and separate accounts Equity securities include domestic and international equities in pooled funds and separate accounts Pooled funds are professionally managed and include institutional mutual funds, fixed income funds, equity funds, and commingled accounts Investments in equity securities and all debt securities are stated at fair value Master Limited Partnerships include domestic MLPs in pooled funds and separated accounts and represent limited partnerships that are typically publicly traded Other characteristics often associated with these MLPs include the requirement that the partnerships must generate most of their cash flows from particular businesses (including commodities)

Alternative investments include ownership interests in hedge funds and limited partnerships that may employ various investment strategies through the use of publicly traded securities, market neutral arbitrage, floating rate loans and debt securities, fixed income swaps, private real assets, and private equity The Health System's alternative investments include certain investments whose reported values had been estimated by fund managers in the absence of readily available market values or cannot otherwise be substantiated Because of the inherent uncertainty of valuations, fund managers' estimates of fair value may differ from the values that would have been used had a ready market for the securities existed, and the differences could be material Additionally, risks in certain of the Health System's alternative investments include limited transparency where funds are not required to disclose the holdings in their portfolios to the Health System and limitations on liquidity as funds may impose lock-up periods or hold-back provisions that limit the Health System's ability to redeem those investments The Health System records its alternative investments at fair value As of June 30, 2014, the unfunded commitment related to investments is $58,100,000

Assets limited as to use are funds legally restricted by bond indentures, internally restricted in connection with self-insurance programs, externally restricted by donor specifications, restricted by resident agreements, or internally restricted for charity care or other purposes Assets limited

2. Significant Accounting Policies (continued)

as to use are classified as noncurrent assets, except for assets limited as to use that are required to meet current liabilities, which are classified as current assets Investments of $1,134,200,000 at June 30, 2013 have been reclassified from current assets to noncurrent assets due to the Health System's primary intent to not utilize these assets to meet current obligations, capital, other cash flow needs, and the investments have exposure to asset classes with longer term investment horizons

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

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

Deferred Financing Costs

Costs associated with the issuance of revenue bonds have been capitalized and are amortized over the relevant terms of the respective bond issues on a straight-line basis, which approximates the effective-interest method Deferred financing costs net of accumulated amortization were $7,815,000 and $9,482,000 as of June 30, 2014 and 2013, respectively, and are included in the accompanying consolidated balance sheets in other assets

2. Significant Accounting Policies (continued)

Property, Plant, and Equipment

Property, plant, and equipment are carried at cost or fair value at the time of donation and include expenditures for new facilities and equipment and those expenditures that substantially increase the useful life of existing facilities and equipment Ordinary maintenance and repairs are charged to expense when incurred Depreciation is provided using the straight-line method over 20 to 40 years for buildings, 5 to 10 years for improvements (limited to the term of the related lease, if applicable), and 3 to 12 years for equipment Assets accounted for as capital leases are amortized over the terms of the respective leases, and such amortization is included in depreciation and amortization expense

When events, circumstances, or operating results indicate that the carrying values of certain long-lived assets might be impaired, the Health System prepares undiscounted projections of cash flows expected to result from the use of the assets and their eventual disposition If the projections indicate that the recorded amounts are not expected to be recoverable, such amounts are reduced to estimated fair value Fair value may be estimated based upon internal evaluations that include quantitative analyses of revenues and cash flows, reviews of recent sales of similar assets, and independent appraisals Property and equipment to be disposed of are reported at the lower of the carrying amounts or fair value less costs to sell or close The estimates of fair value are usually based upon recent sales of similar assets and market responses based upon discussions with and offers received from potential buyers

Interest Rate Swap Agreements

The Health System records its interest rate swap agreements at fair value in the consolidated balance sheet and the change in the fair values and net interest payments under swaps as a component of interest rate swap agreements on the consolidated statements of operations and changes in net assets

Investments in Joint Ventures

The Health System has entered into multiple joint venture and partnership arrangements for the provision of medical services to patients and the development and construction of certain facilities, including medical office buildings adjacent to its hospitals For those ventures where the Health System has a controlling interest through majority ownership, management control, or both, the ventures' assets, liabilities, and operating results have been included in the consolidated

2. Significant Accounting Policies (continued)

financial statements of the Health System At June 30, 2014 and 2013, the Health System has recognized net assets attributable to noncontrolling interest of $15,870,000 and $12,399,000, respectively, representing the venture partners' interest in the equity and undistributed earnings of the consolidated ventures For those ventures where the Health System does not maintain a controlling interest, the Health System accounts for its investment under the equity method of accounting At June 30, 2014 and 2013, the Health System had investments representing its equity in these unconsolidated ventures of $8,103,000 and $5,060,000, respectively, recorded in other assets For the years ended June 30, 2014 and 2013, the Health System recognized a net gain of $1,951,000 and $1,686,000, respectively, recorded in investment gains in the accompanying consolidated statements of operations and changes in net assets relating to unconsolidated ventures

Goodwill

The Health System records goodwill arising from a business combination as the excess of the purchase price and related costs over the fair value of the identifiable tangible and intangible assets acquired and liabilities assumed At June 30, 2014 and 2013, the Health System had goodwill of $43,322,000 and $43,435,000, respectively, which relates to the purchase of several entities from 2009 to 2014

Goodwill is tested at least annually for impairment at the reporting unit level Impairment is the condition that exists when the carrying amount of goodwill exceeds its implied fair value Additional impairment assessments may be performed on an interim basis if the Health System encounters events or changes in circumstances that would indicate that it is more likely than not that the carrying value of goodwill has been impaired The Health System has determined that its reporting units are geographic or service-line based depending on the nature of operations The first step in the impairment process is to determine the fair value of the reporting unit and then compare it to the carrying value, including goodwill If the fair value exceeds the carrying value, no further action is required, and no impairment loss is recognized The Health System applied the optional provisions of Accounting Standards Update (ASU) 2011-08, *Intangibles – Goodwill and Other: Testing Goodwill for Impairment*, which provides for a qualitative impairment analysis A qualitative impairment analysis concluded that it was more likely than not that the fair value exceeded the carrying value of the applicable reporting units Therefore, the two-step impairment analysis was not required, and no impairment charges were recorded in fiscal years 2014 or 2013

2. Significant Accounting Policies (continued)

Meaningful Use of Certified Electronic Health Record (EHR)

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH) The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period ending in 2016 Initial Medicaid incentive payments are available to providers that adopt, implement, or upgrade certified EHR technology Providers must demonstrate continued meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments

The Health System accounts for EHR incentive payments as other operating revenue The Health System utilizes a grant accounting model to recognize EHR incentive revenues, and records incentive revenue ratably throughout the incentive reporting period when it is reasonably assured that the respective eligible provider will meet the meaningful use objectives for the reporting period, and that the grants will be received The EHR reporting period for hospitals is based on the federal fiscal year, which is from October 1 through September 30 The Health System attested for meaningful use and recognized incentive revenues of approximately $3,794,000 and $17,290,000 during the years ended June 30, 2014 and 2013, respectively The Health System recorded receivables at June 30, 2014 and 2013 of $-0- and $9,113,000, respectively, related to Medicare EHR, for which the Health System was reasonably assured that it met the meaningful use objectives for the reporting period Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit In addition, the Health System's compliance with the meaningful use criteria is subject to audit by the federal government

2. Significant Accounting Policies (continued)

Taxes

The Health System and certain other affiliates are Texas not-for-profit corporations and have been recognized as tax-exempt pursuant to Section 501(c)(3) of the Internal Revenue Code The Health System owns certain taxable subsidiaries and engages in certain activities that are unrelated to its exempt purpose and, therefore, subject to tax

Management annually reviews its tax positions and has determined that there are no material uncertain tax positions that require recognition in the accompanying consolidated balance sheets The tax returns are subject to Internal Revenue Service (IRS) review for three years subsequent to the dates they are filed There are no ongoing IRS tax reviews as of June 30, 2014 The Health System has net operating losses (NOL) tax carryforwards that will expire between 2019 and 2033 Due to the age of these NOLs, and the fact that management is uncertain that the full amount of the NOLs will be realized in the future, no deferred tax asset has been recorded

Performance Indicator

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

Reclassifications

Certain amounts have been reclassified in the prior year's consolidated financial statements to conform with the current year presentation as disclosed in Notes 2, 8, and 9

3. Community Service

In accordance with its purpose and values, the Health System is committed to providing high-quality, cost-effective health services to the community, including such underserved groups as the indigent and the elderly Self-pay revenues are derived primarily from patients who do not have any form of health coverage The revenues associated with self-pay patients are generally reported at the Health System's gross charges The Health System evaluates these patients, after the patient's medical condition is determined to be stable, for their ability to pay based upon federal and state poverty guidelines, or qualifications for Medicaid or other governmental assistance programs, as well as the Health System's policy for charity care The Health System provides care without charge to certain patients who qualify under the local charity care policy For the fiscal years ended June 30, 2014 and 2013, the Health System estimates that its costs of care provided under its charity care programs approximated $174,617,000 and $135,945,000, respectively The Health System's management estimates its costs of care provided under its charity care programs utilizing a calculated ratio of costs to gross charges multiplied by the Health System's gross charity care charges provided The Health System's gross charity care charges include only services provided to patients who are unable to pay and qualify under the Health System's charity care policies Additionally, the Health System does not report a charity care patient's charges in revenues or in the provision for doubtful accounts as it is the Health System's policy not to pursue collection of amounts related to these patients In addition to charity care provided to the community, the Health System's unreimbursed cost for the treatment of Medicaid patients was $285,236,000 and $240,964,000 for the fiscal years ended June 30, 2014 and 2013, respectively

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

In addition to the uncompensated care provided to patients, the Health System funds various community projects as part of its ongoing community benefit plan These projects are developed in response to specific community needs in the Health System's service area identified through community needs assessments Examples of projects funded include 10 school-based health centers and 3 mobile dental vans serving 63 schools in five school districts, an ER Navigator

3. Community Service (continued)

program educating primary care patients about the importance of finding an appropriate medical home other than the ER, and providing financial support to primary care clinics that serve the community's uninsured and underinsured population Additionally, the Health System supports various community and citywide task forces committed to addressing the issue of health access for the underserved

As a part of its approval of the 1997 merger between Memorial Hermann Hospital System and Hermann Hospital Estate, a Harris County District Court entered an Agreed Order stipulating that the Health System will continue providing charity care and community service in the amount of 6% of net revenue or $22,500,000, whichever is greater This amount is an additional 1% above the percentage required of all Texas nonprofit hospitals under the charity care provision of the Texas Health & Safety Code During fiscal years 2014 and 2013, the Health System believes it has met all stipulations of the agreement Revenues of the other Health System entities are not obligated under the agreement Assets in a related charity endowment fund may be used to subsidize charity in excess of these amounts The charity endowment fund is classified as an asset limited as to use in the accompanying consolidated balance sheets, and as of June 30, 2014 and 2013, had a value of $7,533,000 and $7,504,000, respectively

4. Investments and Assets Limited as to Use

Investments

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

The following is a summary of unrestricted investments by classification

	June 30	
	2014	**2013**
	(In Thousands)	
Cash and cash equivalents	**$ 61,222**	$ -
Fixed income	**376,481**	896,143
Equity securities	**804,100**	236,457
Alternative investments	**315,583**	1,600
Total investments	**$ 1,557,386**	$ 1,134,200

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

Fixed income includes U S government securities, mortgage-backed securities, asset-backed securities and other securitized credit, corporate obligations, and non-U S sovereign and corporate securities, in pooled funds and separate accounts Equity securities include domestic and international equities in pooled funds and separate accounts

Assets Limited as to Use

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

	June 30	
	2014	**2013**
	(In Thousands)	
Bond indenture agreements	**$ 286,369**	$ 1,364
Self-insurance programs	**70,876**	67,432
Donor restrictions	**104,049**	97,736
Resident agreements	**7,054**	8,462
Charity care and depreciation funds	**8,013**	7,984
	476,361	182,978
Less current portion required for current liabilities	**(6,352)**	(10,704)
	$ 470,009	$ 172,274

Investment Income

Investment income related to unrestricted net assets comprises the following

	Year Ended June 30	
	2014	**2013**
	(In Thousands)	
Interest and dividend income	**$ 34,802**	$ 39,567
Realized gains, net	**60,432**	4,692
Unrealized gains, net, including equity in earnings of alternative investments	**87,283**	20,404
	$ 182,517	$ 64,663

5. Property, Plant, and Equipment

Property, plant, and equipment consist of the following

	June 30	
	2014	**2013**
	(In Thousands)	
Buildings and improvements	**$ 2,375,377**	$ 2,292,104
Building and equipment under capital lease	**690,701**	690,701
Equipment	**1,564,414**	1,479,251
Less accumulated depreciation	**(2,660,107)**	(2,444,825)
	1,970,385	2,017,231
Land	**92,864**	88,063
Construction-in-progress	**159,470**	100,113
	$ 2,222,719	$ 2,205,407

At June 30, 2014, the Health System had remaining commitments for planned construction of approximately $60,249,000

6. Indebtedness

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

	2014	2013
	(In Thousands)	
Series 1998 serial and term bonds due each June 1 through 2027, at interest rate of 5 50%, including bond premiums, net, of $370 and $794, respectively	$ **10,695**	$ 20,909
Series 2004A term bonds due each December 1 through 2024, at interest rates of 5 00% to 5 25%, including bond premiums, net, of $17 and $77, respectively	**4,882**	9,567
Series 2008A due each June 1, 2016 through 2027, at a variable rate, which was 0 80% at June 30, 2014	**184,800**	184,800
Series 2008D due each June 1, 2025 through 2029 at a variable rate	**-**	30,000
Series 2010A serial and term bonds due each June 1 through 2024, at interest rates of 2 375% to 5 00%, including bond discount, net, of $147 and $144, respectively	**55,348**	59,831
Series 2010B due each June 1, 2029 through 2032, at a variable rate, which was 0 66% at June 30, 2014	**162,400**	162,400
Series 2013A term bonds due each December 1, 2015 through 2028, at interest rates of 3 00% to 5 00%, including bond premiums, net, of $20,768 and $23,898, respectively	**342,707**	345,838
Series 2013B due each June 1, 2014 through 2024, at a variable rate, which was 0 76% at June 30, 2014	**111,270**	122,135
Series 2013C due each June 1, 2025 through 2029, at a variable rate, which was 0 05% at June 30, 2014	**62,150**	62,150
Series 2013D due each June 1, 2025 through 2029, at a variable rate, which was 0 04% at June 30, 2014	**41,435**	41,435
Series 2014A term bonds due each December 1, 2016 through 2031, at interest rate of 5 29%, including bond premiums, net, of $21,258 and $0, respectively	**166,263**	-
Series 2014B due each December 1, 2040 through 2042, at a variable rate, which was 0 64% at June 30, 2014	**70,425**	-
Series 2014C due each December 1, 2042 through 2043, at a variable rate, which was 0 05% at June 30, 2014	**35,200**	-
Series 2014D due each December 1, 2042 through 2043, at a variable rate, which was 0 05% at June 30, 2014	**35,200**	-
Bank loan, due quarterly beginning October 1, 2012 through June 1, 2017, at interest rate of 2 65%	**9,027**	9,588
Capitalized lease obligations	**707,548**	705,368
Other notes	**29,351**	30,714
	2,028,701	1,784,735
Less current portion	**(214,477)**	(143,843)
	$ **1,814,224**	$ 1,640,892

6. Indebtedness (continued)

The interest rate on the Health System's variable rate bonds are based on various indices The interest rates at June 30, 2014 ranged from 0 04% to 0 80%, and at June 30, 2013 ranged from 0 11% to 0 92%

Debt Obligations

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

On January 5, 2011, the Health System issued the Series 2010B variable rate demand bonds in the amount of $162,400,000 to refund the $161,600,000 Series 2001B auction-rate bonds These bonds were purchased by a bank and have no "put feature" for a term of five years

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

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

On July 18, 2012, the Health System entered into a syndicated revolving line of credit agreement with seven banks in the amount of $230,000,000 The purpose of this line of credit facility is to provide a source of liquidity in the case of emergency or disaster, or to provide a means of bridge-financing in advance of any permanent debt financing transaction As of June 30, 2014 and 2013, there have not been any draws under this agreement

6. Indebtedness (continued)

On March 28, 2013, the Health System defeased a portion of the Series 2004A bonds ($63,830,000) and all of the Series 2008B bonds ($226,258,000) by issuing the Series 2013A fixed rate refunding bonds ($321,940,000) The Series 2013A bonds were sold at a net premium of $24,704,000 In connection with this transaction, debt service reserve funds of $31,988,000 were released This transaction resulted in a loss of $81,923,000

Also on March 28, 2013, the Health System refinanced its Series 2008C variable rate demand bonds ($121,400,000) by issuing the Series 2013B refunding bonds ($122,135,000) This transaction resulted in a loss on refinancing of $781,000 The Series 2013B bonds were issued as floating rate notes, remarketed weekly to investors

On April 10, 2013, the Health System refinanced its Series 2008D-1 and Series 2008D-2 variable rate demand bonds ($103,200,000) by issuing the Series 2013C ($62,150,000) and Series 2013D ($41,435,000) refunding bonds The Series 2013C and 2013D bonds were issued under the Health System's self-liquidity program, and therefore, have been classified as current liabilities The Health System will provide its own liquidity to purchase any tendered bonds that cannot be successfully remarketed These transactions resulted in a loss on refinancing of $777,000

On June 2, 2014, the Series 2008D-3 bonds were paid off, resulting in a loss on extinguishment of $203,000

In 2014, the Health System renegotiated its Master Trust Indenture, whereby certain of the Bond Series were no longer required to maintain bond insurance in force As a result of this change, the Health System eliminated such coverage, and wrote off any remaining prepaid bond insurance premiums amounting to approximately $2,745,000, which has been included in loss on extinguishment of debt

On June 11, 2014, the Health System issued the Series 2014A fixed rate bonds in the amount of $145,005,000 due on December 1, 2031 The Series 2014A bonds were sold at a net premium of $21,258,000

On June 11, 2014, the Health System issued the Series 2014B variable rate bonds in the amount of $70,425,000 due on December 1, 2042 The Series 2014B bonds were issued as floating rate notes, remarketed weekly to investors

6. Indebtedness (continued)

On June 11, 2014, the Health System issued the Series 2014C variable rate demand bonds in the amount of $35,200,000, and issued the Series 2014D variable rate demand bonds in the amount of $35,200,000, both due on December 1, 2043 The Series 2014C and 2014D bonds were issued under the Health System's self-liquidity program, and therefore, have been classified as current liabilities

Other notes consist of secured loans by financial institutions to finance the equipment purchases of the Health System's joint venture partnerships

As of June 30, 2014, scheduled principal payments for outstanding debt (excluding capital leases) for the next five fiscal years are as follows $30,760,000 in 2015, $34,340,000 in 2016, $36,745,000 in 2017, $40,490,000 in 2018, and $42,025,000 in 2019

The estimated fair value of the Health System's serial and term fixed-rate bonds at June 30, 2014 and 2013, was approximately $588,445,000 and $419,913,000, respectively The valuation of the bonds is based on a combination of quoted market prices for identical securities when available, a Level 1 input, and quoted market prices for similarly rated healthcare revenue bond issues, a Level 2 input The Health System considers the carrying value of its variable rate long-term debt to approximate fair value at June 30, 2014 and 2013, due to the variable nature of the interest rate

Leases

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

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

6. Indebtedness (continued)

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

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

The Health System also leases office space and equipment under noncancelable leases Rental expense under noncancelable leases, including the operating leases discussed above, aggregated $76,882,000 and $78,091,000 in 2014 and 2013, respectively

Leases

As of June 30, 2014, minimum future rentals under noncancelable leases, for the next five fiscal years and in aggregate, are as follows

	Capital Leases	Operating Leases
2015	$ 44,556,516	$ 73,118,350
2016	46,911,248	64,278,360
2017	46,647,883	47,765,679
2018	46,647,883	42,653,395
2019–2046	1,603,500,612	149,384,983
Total minimum lease payments	1,788,264,142	$ 377,200,767
Less portion representing interest	(1,080,716,081)	
Capital lease obligations	$ 707,548,061	

7. Interest Rate Swap Agreements

The Health System periodically utilizes interest rate swap agreements to manage its capital costs and interest rate risk The following table summarizes the Health System's swap portfolio, the fair values at June 30, 2014 and 2013, the change in value, and the net amounts paid and received for the years ended June 30, 2014 and 2013, in thousands

Swap Description	Term Date	Interest Rate Agreements	Aggregate Notional Amount	Fair Value Liability June 30 2014	Fair Value Liability June 30 2013	Change in Fair Value June 30 2014	Change in Fair Value June 30 2013	Settlement Activity Paid June 30 2014	Settlement Activity Paid June 30 2013
LIBOR-based to Fixed (5 3425%)	2032	1	$ 113.120	**$ (38,630)**	$ (32.323)	**$ (4,507)**	$ 14.377	**$ 5,573**	$ 5.554
LIBOR-based to Fixed (3 629%)	2029	3	131.700	**(24,356)**	(23.463)	**(893)**	10.277	**4,616**	4.745
LIBOR-based to Fixed (3 635%)	2024	2	109.500	**(12,983)**	(14.837)	**1,854**	5.188	**4,205**	4.164
LIBOR-based to Fixed (3 685%)	2027	3	184.800	**(28,601)**	(28.788)	**187**	10.215	**6,484**	6.806
		9	$ 539.120	**$ (102,770)**	$ (99.411)	**$ (3,359)**	$ 40.057	**$ 20,878**	$ 21.269

The notional amounts under each of the interest rate swap agreements are reduced in conjunction with the Health System's principal payments on the associated bonds At June 30, 2014 and 2013, the fair value of swap agreements was a liability of $102,770,000 and $99,411,000, respectively, and has been included in other long-term liabilities in the accompanying consolidated balance sheets As of June 30, 2014, none of the Health System's swap agreements include provisions that would require posting of collateral

The Health System is a party to outstanding interest rate swap transactions with JPMorgan Chase Bank, N A (JPM), and as a result of novations in May 2014 from JPM, Deutsche Bank AG (DB), which hedge the rate of interest borne by the outstanding Series 2008A, 2013B, 2013C, 2013D, 2014C, and 2010B Bonds for their term Under the transactions, the Health System pays a fixed rate and receives 70 percent of the one-month LIBOR The transactions with DB may be terminated at the counterparty's option without payment of termination amount to or by the Health System, if the counterparty elects to terminate the swaps on a specific date, beginning in 2019

The Health System classified the net interest cost on its interest rate swaps for the years ended June 30, 2014 and 2013, of $20,878,000 and $21,269,000, respectively, in nonoperating expenses (interest rate swap agreements) in the consolidated statements of operations and changes in net assets

8. Fair Value Measurement

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

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

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

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

Level 2 – Inputs to the valuation methodology other than quoted market prices included in Level 1 that are observable for the asset or liability Level 2 pricing inputs include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument

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

8. Fair Value Measurement (continued)

The following table presents financial instruments carried at fair value as of June 30, 2014 on a recurring basis The table does not include contributions receivable of $21,278,000 and real estate of $4,824,000, which are not carried at fair value, and are included in assets limited as to use in the consolidated balance sheet

	June 30, 2014			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets				
Investments				
Cash and equivalents	$ 61,222	$ –	$ –	$ 61,222
U S government securities	3,785	725	–	4,510
Pooled funds				
Domestic equities	154,450	–	–	154,450
Global equities	270,466	87,756	–	358,222
Fixed income	355,343	–	–	355,343
MLPs	–	68,059	–	68,059
Hedge fund	–	44,508	149,717	194,225
Private equity	–	–	4,714	4,714
Real assets	–	–	845	845
Agency mortgage-backed securities	–	7,325	–	7,325
Corporate obligations	3,583	5,720	–	9,303
Corporate equities	248,921	–	–	248,921
Global equities	42,507	–	–	42,507
MLPs	47,740	–	–	47,740
Assets limited as to use				
Cash and equivalents	335,048	–	–	335,048
Pooled funds				
Domestic equities	18,499	–	–	18,499
Global equities	23,267	–	–	23,267
Fixed income	42,701	–	–	42,701
Hedge fund	–	–	10,367	10,367
Corporate obligations	68	–	–	68
Corporate equities	13,957	–	–	13,957
Total assets	$ 1,621,557	$ 214,093	$ 165,643	$ 2,001,293

8. Fair Value Measurement (continued)

	June 30, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**
		(In Thousands)		
Liabilities				
Interest rate swap agreements	**$ –**	**$ 102,770**	**$ –**	**$ 102,770**
Total liabilities	**$ –**	**$ 102,770**	**$ –**	**$ 102,770**

For the period ended June 30, 2014, the changes in the fair value of the investments, for which Level 3 inputs were used, were as follows (in thousands)

Balance at July 1, 2013	**$ 9,019**
Purchases of investments	**157,880**
Sales of investments	**(7,397)**
Net change in unrealized appreciation on investments	**5,196**
Net realized investment income	**945**
Ending investments at fair value	**$ 165,643**

8. Fair Value Measurement (continued)

The following table presents financial instruments carried at fair value as of June 30, 2013 The table does not include cash and cash equivalents of $30,446,000, contributions receivable of $22,601,000, and real estate and other investments of $5,333,000, which are not carried at fair value, and are included in assets limited as to use in the consolidated balance sheet During fiscal year 2014, the Health System reclassified $34,438,000 of global equities in pooled funds from Level 1 to Level 2 in the table below

	June 30, 2013			
	Level 1	Level 2	Level 3	Total
	(In Thousands)			
Assets				
Investments				
U S government securities	$ 127,123	$ 20,255	$ –	$ 147,378
Pooled funds				
Domestic equities	154,798	–	–	154,798
Global equities	–	34,438	–	34,438
Fixed income	452,895	–	–	452,895
Agency mortgage-backed securities	72,584	18,735	–	91,319
Corporate obligations	54,755	149,796	–	204,551
Corporate equities	29,825	–	–	29,825
Global equities	17,396	–	–	17,396
Hedge fund	–	–	1,600	1,600
Assets limited as to use				
Pooled funds				
Domestic equities	18,729	–	–	18,729
Global equities	14,508	–	–	14,508
Fixed income	72,777	–	–	72,777
Hedge fund	–	–	7,419	7,419
Fixed maturity securities	222	–	–	222
Corporate obligations	71	–	–	71
Corporate equities	168	–	–	168
Total assets	$ 1,015,851	$ 223,224	$ 9,019	$ 1,248,094
Liabilities				
Interest rate swap agreements	$ –	$ 99,411	$ –	$ 99,411
Total liabilities	$ –	$ 99,411	$ –	$ 99,411

8. Fair Value Measurement (continued)

The fair values of the securities included in Level 1 were determined through quoted market prices, and include money market funds, mutual funds, and marketable debt and equity securities The fair values of Level 2 securities were determined through evaluated bid prices based on recent trading activity, and other relevant information, including market interest rate curves and referenced credit spreads, and estimated prepayment rates, where applicable, are used for valuation purposes and are provided by third-party services where quoted market values are not available The fair values of the interest rate swap agreements included in Level 2 were determined using third-party models that use as their inputs observable market conditions The fair values of Level 3 securities are determined primarily through information obtained from the relevant fund managers for such investments Information on which these securities' fair values are based is generally not readily available in the market ASU 2009-12, *Fair Value Measurements and Disclosures (Topic 820): Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent),* allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value

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

9. Pension Plans

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

9. Pension Plans (continued)

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

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

9. Pension Plans (continued)

The following tables set forth the plan's funding status as of the measurement dates, amounts recognized in the consolidated financial statements, and assumptions used During fiscal year 2014, the Health System reclassified the prepaid pension cost of $52,705,000 from other long-term obligations to other assets in the accompanying consolidated balance sheets For 2014 and 2013, the plan's measurement dates were June 30, 2014 and 2013, with participant census dates of July 1, 2013 and 2012, respectively

	Year Ended June 30	
	2014	**2013**
	(In Thousands)	
Change in projected benefit obligation		
Benefit obligation, beginning of year	**$ 508,100**	$ 509,869
Service cost	**32,673**	36,020
Interest cost	**23,880**	20,847
Actuarial loss (gain), net	**28,705**	(20,836)
Benefits paid	**(34,379)**	(35,096)
Administrative expenses paid	**(2,643)**	(2,704)
Projected benefit obligation (including $522,305 and $478,798, respectively, in accumulated benefit obligation), end of year	**$ 556,336**	$ 508,100
Change in plan assets		
Fair value of assets, beginning of year	**$ 560,805**	$ 512,122
Employer contributions	**-**	30,000
Return on plan assets	**78,698**	56,483
Benefits paid	**(34,379)**	(35,096)
Administrative expenses paid	**(2,643)**	(2,704)
Fair value of assets, end of year	**$ 602,481**	$ 560,805
Funded status		
Prepaid pension cost recorded in other assets in the consolidated balance sheets	**$ 46,145**	$ 52,705

9. Pension Plans (continued)

At June 30, 2014, unrestricted net assets include $91,181,000 of primarily unrecognized actuarial losses of the Health System's defined benefit plan that have not yet been recognized in net periodic benefit cost Amounts recognized in unrestricted net assets expected to be recognized in net periodic benefit cost during fiscal 2015 are $7,786,000

	Year Ended June 30	
	2014	**2013**
	(In Thousands)	
Components of net periodic cost		
Service cost	**$ 32,673**	$ 36,020
Interest cost	**23,880**	20,847
Expected return on plan assets	**(35,514)**	(35,076)
Amortization of prior service cost	**314**	314
Amortization of losses and other, net	**9,081**	13,989
Net periodic cost included in salaries, benefits, and related personnel costs in the consolidated financial statements	**$ 30,434**	$ 36,094
Weighted-average assumptions for determining benefit obligations at end of year and net periodic costs for the year		
Discount rates – benefit obligations	**4.44%**	4 93%
Discount rates – net periodic costs	**4.93**	4 29
Rates of increase in future compensation levels	**4.00**	4 00
Expected long-term rate of return on plan assets	**6.75**	6 75

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

9. Pension Plans (continued)

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

	2014	2013
Asset category		
Short term investments	**2%**	4%
Fixed income	**25**	37
Domestic equity	**33**	39
International equity	**23**	10
Alternative investments and other	**17**	10
Total	**100%**	100%

The plan's general investment objective is to seek to achieve attractive long-term total return from income and growth of capital over a full market cycle with a low-to-moderate level of risk, emphasizing, primarily, the preservation of principal and, secondarily, the real purchasing power of assets over the long term while maintaining adequate liquidity to meet benefits and expense cash flow requirements when due through the utilization of investments in a balanced and diversified portfolio of equity, fixed income, short-term liquid securities, and alternative investments Investments will be well-diversified across individual issuers, economic sectors, and asset classes to ensure a level of risk that is comparable to the general investment markets At June 30, 2014, the unfunded commitment related to the plan's assets is $16,143,000

9. Pension Plans (continued)

The Plan's assets measured at fair value on a recurring basis were determined using the following inputs at June 30, 2014 (in thousands)

	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	$ 28,415	$ –	$ –	$ 28,415
Pooled funds				
Domestic equities	49,108	–	–	49,108
Global equities	83,061	35,899	–	118,960
Fixed income	147,174	–	–	147,174
MLPs	–	22,889	–	22,889
Hedge fund	–	14,754	88,931	103,685
Real assets	–	–	338	338
Corporate equities	96,354	–	–	96,354
Global equities	16,379	–	–	16,379
MLPs	19,179	–	–	19,179
Total	$ 439,670	$ 73,542	$ 89,269	$ 602,481

9. Pension Plans (continued)

For the year ended June 30, 2014, the changes in the fair value of the Plan's investments, for which Level 3 inputs were used, are as follows (in thousands)

Balance at July 1, 2013	**$ 57,072**
Purchases of investments	**57,380**
Sales of investments	**(29,379)**
Net change in unrealized depreciation on investments	**(474)**
Net realized investment income	**4,670**
Ending investments at fair value	**$ 89,269**

The following table presents the Plan's assets measured at fair value as of June 30, 2013 During fiscal year 2014, the Plan reclassified $36,406,000 of global equities in pooled funds from Level 1 to Level 2 in the table below

	Level 1	Level 2	Level 3	Total
		(In Thousands)		
Cash and cash equivalents	$ 23,236	$ –	$ –	$ 23,236
Pooled funds				
Domestic equities	173,222	–	–	173,222
Global equities	–	36,406	–	36,406
Fixed income	208,193	–	–	208,193
Hedge fund	–	–	57,072	57,072
Corporate equities	44,268	–	–	44,268
Global equities	18,408	–	–	18,408
Total	$ 467,327	$ 36,406	$ 57,072	$ 560,805

For the year ended June 30, 2013, the changes in the fair value of the Plan's investments, for which Level 3 inputs were used, are as follows (in thousands)

Balance at July 1, 2012	$ 51,873
Purchases of investments	–
Sales of investments	–
Net change in unrealized appreciation on investments	5,199
Net realized investment income	–
Ending investments at fair value	$ 57,072

9. Pension Plans (continued)

At June 30, 2014 and 2013, the Plan's investment in alternative investments of $95,169,000 and $57,072,000, respectively, is included in hedge funds, private equity, and real assets Alternative investments include ownership interests in limited liability corporations and limited partnerships that may employ various investment strategies through the use of, but not limited to, publicly traded securities, market neutral arbitrage, floating-rate loans and debt securities, and fixed-income swaps ASU 2009-12 allows for the use of a practical expedient for the estimation of the fair value of investments in investment companies for which the investment does not have a readily determinable fair value

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

All of the assets are managed by external investment managers and are maintained in actively managed security portfolios Derivative investments are not allowed except by fund managers who employ such techniques to offset or reduce the risk associated with an existing group of investments Based on funded status, management does not expect to make any contributions for fiscal year 2015

	Estimated *(In Thousands)*
Expected benefit payments estimated for fiscal years	
2015	$ 39,165
2016	40,100
2017	41,949
2018	44,422
2019	42,603
Subsequent five years combined	231,116

In addition to the defined benefit plan discussed above, eligible employees participate in certain other retirement plans, including a defined contribution plan that resulted in additional employer matches of $26,045,000 and $22,269,000 for 2014 and 2013, respectively

10. Self-Funded Liabilities

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

The Health Professionals Insurance Company, Ltd (HePIC), a wholly owned subsidiary, is a captive insurance company that provides professional liability, general liability, and other insurance coverage for the Health System's affiliates The Health System funds HePIC's required insurance reserves Funding amounts are based on actuarial recommendations The assets of HePIC and the established liability for self-funded losses are reported in the consolidated balance sheets Investment income from the assets and the provision for estimated self-funded losses and administrative costs are reported in the consolidated statements of operations and changes in net assets The Health System's established liability for self-funded losses was $60,714,000 and $55,752,000 as of June 30, 2014 and 2013, respectively, and is recorded in other long-term obligations in the accompanying consolidated balance sheets

11. Commitments and Contingencies

Litigation

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

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

11. Commitments and Contingencies (continued)

Other

The Health System has entered into prime vendor contracts with certain of its suppliers to provide medical, surgical, and pharmaceutical supplies, as well as medical and other equipment, at favorable prices over specific periods of time These contracts may include some special terms such as minimum purchase amounts, defined time periods, favorable pricing terms, or service fees The purposes of these arrangements are to maintain an orderly procurement process, and to obtain favorable prices for the provision of the supplies and equipment that the Health System utilizes during the normal course of conducting business The Health System has entered into a variety of equipment and information technology agreements for which there are commitments of approximately $70,000,000 as of June 30, 2014

Under terms of an agreement, as amended, dated January 1, 1968, the Health System and the University of Texas Health Science Center at Houston (the University) affiliated to operate and maintain a patient care, medical teaching, research, and community service facility The agreement specifies that Memorial Hermann Hospital will serve as the primary private hospital teaching site for the University, and operate and maintain a fully accredited hospital, while maintaining final authority over operational policy The University agrees to offer the hospital the opportunity to accommodate all teaching programs and clinical programs, maintain fully accredited educational programs, and conduct research activities while utilizing Memorial Hermann Hospital Mutual commitments include administrative appointments and sharing of certain operational and research costs Expenses for obligations to the University for the years ended June 30, 2014 and 2013 totaled $192,843,000 and $139,609,000, respectively This agreement expires on September 1, 2019, with automatic renewals for ten consecutive one-year terms, unless otherwise terminated by Memorial Hermann Hospital or the University

Letters of credit in the amount of $12,146,000 and $9,771,000 have been issued by the Health System for June 30, 2014 and 2013, respectively, in favor of certain insurance contracts to secure the Health System's liabilities under the reinsurance agreements In addition, the Health System has a letter of credit of $6,505,000 at June 30, 2014 and 2013 associated with its agreement with Harris County Clinical Services, Inc

In March 2010, the Patient Protection and Affordability Care Act, a comprehensive health reform bill, was signed into law The legislation is complex, and will be phased in over several years, with the most significant parts beginning to take effect in 2014 The Health System is in the process of assessing the potential impact of this reform on its operations, but does not have enough information or data to predict the full effects with certainty

Supplementary Information

Memorial Hermann Health System

Consolidating Balance Sheet

June 30, 2014

	Healthcare Operations	University Place	Health Plan	The Health Professionals Insurance Company	Memorial Hermann Foundation	Other Supporting Operations	Reclasses and Eliminations	Memorial Hermann Health System
Assets								
Current assets								
Cash and cash equivalents	$ 436.231	$ 1.579	$ 9.809	$ 16.395	$ 12.039	$ 3.245	$ (90.017)	$ 389.281
Patient account receivable, net	494.297	–	–	–	–	–	–	494.297
Other current assets	146.900	(5)	3.227	2.303	21.278	765	(23.130)	151.338
Total current assets	1.077.428	1.574	13.036	18.698	33.317	4.010	(113.147)	1.034.916
Investments	1.495.804	–	–	37.281	61.582	–	(37.281)	1.557.386
Assets limited as to use, less current portion	349.041	7.054	17.235	–	1.205	–	95.474	470.009
Property, plant, and equipment, net	2.211.116	1.817	7.845	–	–	1.941	–	2.222.719
Other assets	110.200	65	12.801	–	–	10	–	123.076
Intercompany receivables	358.600	–	–	–	–	27.292	(385.892)	–
Total assets	$ 5.602.189	$ 10.510	$ 50.917	$ 55.979	$ 96.104	$ 33.253	$ (440.846)	$ 5.408.106
Liabilities and net assets								
Current liabilities								
Accounts payable	$ 183.475	$ 340	$ 2.266	$ 36	$ 598	$ 4.022	$ (633)	$ 190.104
Accrued payroll and related expenses	204.947	55	1.103	–	107	1.440	(107)	207.545
Other accrued expenses	88.060	779	7.987	–	–	8.477	549	105.852
Current portion of long-term debt, including capital lease obligations	40.492	–	–	–	–	–	–	40.492
Long-term debt subject to liquidity agreements	173.985	–	–	–	–	–	–	173.985
Total current liabilities	690.959	1.174	11.356	36	705	13.939	(191)	717.978
Long-term debt, including capital lease obligations	1.812.862	–	–	–	–	–	1.362	1.814.224
Other long-term obligations	271.128	6.389	–	52.169	586	–	(52.755)	277.517
Intercompany payables	256.560	10.197	40.823	3.654	1.941	31.163	(344.338)	–
Total liabilities	3.031.509	17.760	52.179	55.859	3.232	45.102	(395.922)	2.809.719
Net assets, including noncontrolling interests	2.570.680	(7.250)	(1.262)	120	92.872	(11.849)	(44.924)	2.598.387
Total liabilities and net assets	$ 5.602.189	$ 10.510	$ 50.917	$ 55.979	$ 96.104	$ 33.253	$ (440.846)	$ 5.408.106

Memorial Hermann Health System

Consolidating Statement of Operations and Changes in Net Assets

Year Ended June 30, 2014

	Healthcare Operations	University Place	Health Plan	The Health Professionals Insurance Company	Memorial Hermann Foundation	Other Supporting Operations	Reclasses and Eliminations	Memorial Hermann Health System
Revenues, gains, and other support								
Net patient service revenue before bad debt provision	$ 4,279,373	$ –	$ –	$ –	$ –	$ 51	$ (46,516)	$ 4,232,908
Provision for bad debts	(549,176)	–	–	–	–	–	–	(549,176)
Net patient service revenue	3,730,197	–	–	–	–	51	(46,516)	3,683,732
Other revenue	214,606	6,217	51,962	19,708	4,655	15,192	(57,621)	254,719
Total revenues, gains, and other support	3,944,803	6,217	51,962	19,708	4,655	15,243	(104,137)	3,938,451
Expenses								
Salaries, benefits, and related personnel costs	1,716,843	1,665	16,023	–	2,490	13,407	(47,578)	1,702,850
Services and other	1,058,018	3,238	50,966	24,853	1,766	18,335	(61,642)	1,095,534
Supplies and medicines	652,280	705	1,563	–	398	1,045	(44)	655,947
Depreciation and amortization	223,208	215	243	–	–	215	–	223,881
Interest	68,355	–	–	–	–	–	(75)	68,280
Total expenses	3,718,704	5,823	68,795	24,853	4,654	33,002	(109,339)	3,746,492
Operating income	226,099	394	(16,833)	(5,145)	1	(17,759)	5,202	191,959
Nonoperating activities								
Investment income, including interest rate swaps	157,798	530	26	5,145	–	1	(5,220)	158,280
Loss on bond refunding	(2,948)	–	–	–	–	–	–	(2,948)
Revenues attributable to noncontrolling interest	(32,649)	–	–	–	–	–	–	(32,649)
Other income, net	8,055	–	–	–	–	–	–	8,055
Revenues in excess of (less than) expenses	356,355	924	(16,807)	–	1	(17,758)	(18)	322,697
Other changes in net assets								
Change in unfunded pension obligation	24,302	–	–	–	–	–	–	24,302
Contributions and grants received and other changes in net assets, net	13,907	–	14,488	–	3,486	212	(20,039)	12,054
Change in noncontrolling interests	3,471	–	–	–	–	–	–	3,471
Change in net assets	398,035	924	(2,319)	–	3,487	(17,546)	(20,057)	362,524
Net assets at beginning of year	2,172,645	(8,174)	1,057	120	89,385	5,697	(24,867)	2,235,863
Net assets at end of year	$ 2,570,680	$ (7,250)	$ (1,262)	$ 120	$ 92,872	$ (11,849)	$ (44,924)	$ 2,598,387

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