

PUBLIC DISCLOSURE COPY

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.
▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

Open to Public Inspection

A For the **2018** calendar year, or tax year beginning and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL Doing business as Number and street (or P.O. box if mail is not delivered to street address) Room/suite 4250 BETHEL RD. City or town, state or province, country, and ZIP or foreign postal code OLIVE BRANCH, MS 38654 F Name and address of principal officer: DAVID BAYTOS SAME AS C ABOVE	D Employer identification number 64-0889822 E Telephone number 901-516-0563 G Gross receipts \$ 81,565,529. H(a) Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) () (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
J Website: ▶ WWW.METHODISTHEALTH.ORG		
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation: 1998 M State of legal domicile: MS

Part I Summary

Activities & Governance	1	Briefly describe the organization's mission or most significant activities: 100 BED HOSPITAL PROVIDING HEALTHCARE SERVICES TO DESOTO COUNTY AND THE SURROUNDING AREAS		
	2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.		
	3	Number of voting members of the governing body (Part VI, line 1a)	3	9
	4	Number of independent voting members of the governing body (Part VI, line 1b)	4	8
	5	Total number of individuals employed in calendar year 2018 (Part V, line 2a)	5	567
	6	Total number of volunteers (estimate if necessary)	6	0
		7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a
7b		Net unrelated business taxable income from Form 990-T, line 38	7b	9,935.
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year 20,605.	Current Year 6,533.
	9	Program service revenue (Part VIII, line 2g)	72,095,187.	81,224,749.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	0.	47,500.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	193,124.	286,747.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	72,308,916.	81,565,529.
	Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.
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)	23,972,455.	26,090,323.
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)	52,529,335.	54,874,190.
18		Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	76,501,790.	80,964,513.
Net Assets or Fund Balances	19	Revenue less expenses. Subtract line 18 from line 12	-4,192,874.	601,016.
	20	Total assets (Part X, line 16)	Beginning of Current Year 96,568,201.	End of Year 94,275,992.
	21	Total liabilities (Part X, line 26)	4,205,051.	4,130,975.
	22	Net assets or fund balances. Subtract line 21 from line 20	92,363,150.	90,145,017.

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 CHUCK LANE, CFO Type or print name and title	Date
Paid Preparer Use Only	Print/Type preparer's name AMY BIBBY	Preparer's signature AMY BIBBY
	Firm's name ▶ DIXON HUGHES GOODMAN LLP Firm's address ▶ 500 RIDGEFIELD COURT ASHEVILLE, NC 28806	Date Check <input type="checkbox"/> if self-employed PTIN P00445891 Firm's EIN ▶ 56-0747981 Phone no. (828) 254-2254

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

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Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III ☒ **X**

1 Briefly describe the organization's mission:

METHODIST LE BONHEUR HEALTHCARE, IN PARTNERSHIP WITH ITS MEDICAL STAFFS, WILL COLLABORATE WITH PATIENTS AND THEIR FAMILIES TO BE THE LEADER IN PROVIDING HIGH QUALITY, COST-EFFECTIVE PATIENT-AND FAMILY-CENTERED CARE. SERVICES WILL BE PROVIDED IN A MANNER WHICH

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 \$ 74,937,328. including grants of \$) (Revenue \$ 81,224,749.)

METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL (OBH) IS THE NEWEST HOSPITAL IN THE METHODIST LE BONHEUR HEALTHCARE SYSTEM, DESIGNED TO CARE FOR THE COMMUNITY OF NORTH MISSISSIPPI. THE FIVE-STORY, 100-BED HOSPITAL OPENED IN 2013 AND FEATURES AN INNOVATIVE, ENVIRONMENTALLY FRIENDLY DESIGN.

PLEASE SEE OUR EXPANDED STATEMENT OF PROGRAM SERVICE ACCOMPLISHMENTS ON SCHEDULE O.

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 **74,937,328.**

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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)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
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? <i>If "Yes," complete Schedule C, Part II</i>		X
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? <i>If "Yes," complete Schedule C, Part III</i>		X
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? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
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? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
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? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
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? <i>If "Yes," complete Schedule D, Part VIII</i>		X
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? <i>If "Yes," complete Schedule D, Part IX</i>		X
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>		X
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)? <i>If "Yes," complete Schedule D, Part X</i>	X	
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>		X
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
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? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
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? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
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? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>	X	
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	X	
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>		X

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Part IV Checklist of Required Schedules (continued)

	Yes	No
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	X
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? <i>If "Yes," complete Schedule J</i>	23	X
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? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i>	24a	X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b	
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c	
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d	
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a	X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b	X
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? <i>If "Yes," complete Schedule L, Part II</i>	26	X
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? <i>If "Yes," complete Schedule L, Part III</i>	27	X
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? <i>If "Yes," complete Schedule L, Part IV</i>	28a	X
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	X
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? <i>If "Yes," complete Schedule L, Part IV</i>	28c	X
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	X
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31	X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	X
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? <i>If "Yes," complete Schedule R, Part I</i>	33	X
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	X
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36	X
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? <i>If "Yes," complete Schedule R, Part VI</i>	37	X
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	X

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	0
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	

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Part V **Statements Regarding Other IRS Filings and Tax Compliance** (continued)

		Yes	No
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 567		
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns?	2b	X	
Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)			
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a		X
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		
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		X
b If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a		X
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b		X
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		X
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		X
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		X
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		X
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7f		X
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. Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	8		
9 Sponsoring organizations maintaining donor advised funds.			
a Did the sponsoring organization make any taxable distributions under section 4966?	9a		
b Did the sponsoring 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?	13a		
Note. See the instructions for additional information the organization must report on Schedule O.			
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		X
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b		
15 Is the organization subject to the section 4960 tax on payment(s) of more than \$1,000,000 in remuneration or excess parachute payment(s) during the year?	15		X
If "Yes," see instructions and file Form 4720, Schedule N.			
16 Is the organization an educational institution subject to the section 4968 excise tax on net investment income?	16		X
If "Yes," complete Form 4720, Schedule O.			

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Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 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 ☒ **X**

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	9		
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	8		
2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	2			X
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			X
4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	4			X
5 Did the organization become aware during the year of a significant diversion of the organization's assets?	5			X
6 Did the organization have members or stockholders?	6		X	
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		X	
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		X	
8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:				
a The governing body?	8a		X	
b Each committee with authority to act on behalf of the governing body?	8b		X	
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			X

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		X	
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	X		
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	X		
b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	12b	X		
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	X		
13 Did the organization have a written whistleblower policy?	13	X		
14 Did the organization have a written document retention and destruction policy?	14	X		
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		X	
b Other officers or key employees of the organization	15b		X	
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		X	
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			

Section C. Disclosure

17 List the states with which a copy of this Form 990 is required to be filed **NONE**

18 Section 6104 requires an organization to make its Forms 1023 (1024 or 1024-A if applicable), 990, and 990-T (Section 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, address, and telephone number of the person who possesses the organization's books and records ▶
RICK HETHERINGTON - 901-516-0656
1211 UNION AVENUE, SUITE 600, MEMPHIS, TN 38104

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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, and 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 line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) PATT DORR CHAIR	1.00	X						0.	0.	0.
(2) LEE SMART SECRETARY	1.00	X		X				0.	0.	0.
(3) MERLE FLOWERS BOARD MEMBER	1.00	X		X				0.	0.	0.
(4) VICKIE DUPREE BOARD MEMBER	1.00	X						0.	0.	0.
(5) REV. KEITH MASON BOARD MEMBER	1.00	X						0.	0.	0.
(6) SAMUEL P. RIKARD BOARD MEMBER	1.00	X						0.	0.	0.
(7) THOMAS LAMAR WOODS BOARD MEMBER	1.00	X						0.	0.	0.
(8) TIM DONOVAN BOARD MEMBER	1.00	X						0.	0.	0.
(9) DAVID BAYTOS PRESIDENT/CEO	30.00 20.00	X		X				0.	584,083.	52,464.
(10) ANNELEISE JENSEN VP/CNO	40.00			X				229,468.	0.	43,807.
(11) KRIS SANDERS TREASUER	40.00			X				187,132.	0.	33,771.
(12) AMANDA HORRELL PHARMACIST	40.00					X		126,220.	0.	23,785.
(13) JOSE LOPEZ DIRECTOR/RADIOLOGY	40.00					X		129,109.	0.	3,301.
(14) MARGARET WALLACE PHARMACIST	40.00					X		151,557.	0.	10,392.
(15) JENNIFER WEAVER PHARMACIST	40.00					X		154,847.	0.	27,548.
(16) PAMELA HUNT PHARMACIST	40.00					X		143,291.	0.	17,295.

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

(A) Name and title	(B) Average hours per week (list any hours for related organizations below 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								1,121,624.	584,083.	212,363.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								1,121,624.	584,083.	212,363.

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 19

	Yes	No
3 Did the organization list any former officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>		X
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? <i>If "Yes," complete Schedule J for such individual</i>	X	
5 Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i>		X

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
MEDICAL ANESTHESIA GROUP PA, 1755 KIRBY PKWY STE 330, MEMPHIS, TN 38120-4398	PHYSICIAN SERVICES	870,854.
MEMPHIS NEUROLOGY PLLC, 7645 WOLF RIVER CIR # 100, GERMANTOWN, TN 38138	PHYSICIAN SERVICES	498,500.
MID-SOUTH PULMONARY SPECIALISTS P C 5050 POPLAR, MEMPHIS, TN 38157-0800	PHYSICIAN SERVICES	376,300.
PEDIATRIX MEDICAL GROUP INC PO BOX 281034, ATLANTA, GA 30384-1034	MEDICAL CALL SERVICES	344,080.
BLOOD SYSTEMS INC DBA BIOCARE P. O. BOX 53022, TEMPE, AZ 85072	BLOOD PROCESSING	199,408.

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 5

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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	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d	6,533.				
	e Government grants (contributions)	1e					
	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			6,533.			
Program Service Revenue	2 a NET PATIENT REVENUE	Business Code	623000	81,152,841.	81,152,841.		
	b EHR MEANINGFUL USE		900099	71,908.	71,908.		
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f			81,224,749.			
	Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)					
4 Income from investment of tax-exempt bond proceeds							
5 Royalties							
6 a Gross rents		(i) Real	(ii) Personal				
b Less: rental expenses		4,132.					
c Rental income or (loss)		0.					
d Net rental income or (loss)		4,132.					
7 a Gross amount from sales of assets other than inventory		(i) Securities	(ii) Other				
b Less: cost or other basis and sales expenses			47,500.				
c Gain or (loss)			0.				
d Net gain or (loss)			47,500.				
8 a 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							
9 a Gross income from gaming activities. See Part IV, line 19		a					
b Less: direct expenses		b					
c Net income or (loss) from gaming activities							
10 a Gross sales of inventory, less returns and allowances		a					
b Less: cost of goods sold	b						
c Net income or (loss) from sales of inventory							
Miscellaneous Revenue			Business Code				
11 a MISCELLANEOUS REVENUE		900099	282,615.		10,935.	271,680.	
b							
c							
d All other revenue							
e Total. Add lines 11a-11d			282,615.				
12 Total revenue. See instructions			81,565,529.	81,224,749.	10,935.	323,312.	

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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

☒ **X**

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 domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	229,468.	229,468.		
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	21,282,273.	20,439,894.	842,379.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	863,980.	830,147.	33,833.	
9 Other employee benefits	2,189,750.	2,104,002.	85,748.	
10 Payroll taxes	1,524,852.	1,465,140.	59,712.	
11 Fees for services (non-employees):				
a Management				
b Legal				
c Accounting	9,296.		9,296.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	12,521,433.	10,883,232.	1,638,201.	
12 Advertising and promotion	22,450.	8,450.	14,000.	
13 Office expenses	3,356,661.	1,652,606.	1,704,055.	
14 Information technology	25,200.	9,334.	15,866.	
15 Royalties				
16 Occupancy	568,089.	568,089.		
17 Travel	20,527.	16,362.	4,165.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	109,838.	63,126.	46,712.	
20 Interest	11,263.	11,263.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	6,698,117.	6,698,117.		
23 Insurance	1,573,218.		1,573,218.	
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a BAD DEBT EXPENSE	20,527,152.	20,527,152.		
b MEDICAL SUPPLIES	7,061,445.	7,061,445.		
c OVERHEAD & ADMINISTRATIVE	2,114,268.	2,114,268.		
d FOOD	255,247.	255,247.		
e All other expenses	-14.	-14.		
25 Total functional expenses. Add lines 1 through 24e	80,964,513.	74,937,328.	6,027,185.	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)

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

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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	-153,570.	1	-262,636.	
	2 Savings and temporary cash investments		2		
	3 Pledges and grants receivable, net		3		
	4 Accounts receivable, net	4,992,138.	4	6,186,493.	
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L		5		
	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 instr). Complete Part II of Sch L		6		
	7 Notes and loans receivable, net		7		
	8 Inventories for sale or use	969,265.	8	932,784.	
	9 Prepaid expenses and deferred charges	81,205.	9	97,393.	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 114,121,629.			
	b Less: accumulated depreciation	10b 34,808,993.	83,139,064.	10c	79,312,636.
	11 Investments - publicly traded securities		11		
	12 Investments - other securities. See Part IV, line 11		12		
	13 Investments - program-related. See Part IV, line 11		13		
	14 Intangible assets	4,791,048.	14	4,791,048.	
	15 Other assets. See Part IV, line 11	2,749,051.	15	3,218,274.	
16 Total assets. Add lines 1 through 15 (must equal line 34)	96,568,201.	16	94,275,992.		
Liabilities	17 Accounts payable and accrued expenses	4,205,051.	17	4,130,975.	
	18 Grants payable		18		
	19 Deferred revenue		19		
	20 Tax-exempt bond liabilities		20		
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21		
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22		
	23 Secured mortgages and notes payable to unrelated third parties		23		
	24 Unsecured notes and loans payable to unrelated third parties		24		
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25		
	26 Total liabilities. Add lines 17 through 25	4,205,051.	26	4,130,975.	
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.				
	27 Unrestricted net assets	92,363,150.	27	90,145,017.	
	28 Temporarily restricted net assets		28		
	29 Permanently restricted net assets		29		
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> 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	92,363,150.	33	90,145,017.	
	34 Total liabilities and net assets/fund balances	96,568,201.	34	94,275,992.	

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HOSPITAL**

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Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI ☒ **X**

1	Total revenue (must equal Part VIII, column (A), line 12)	1	81,565,529.
2	Total expenses (must equal Part IX, column (A), line 25)	2	80,964,513.
3	Revenue less expenses. Subtract line 2 from line 1	3	601,016.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	92,363,150.
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	-2,819,149.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	90,145,017.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII ☒ **X**

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

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SCHEDULE A
(Form 990 or 990-EZ)

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.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

Open to Public
Inspection

Name of the organization **METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL**

Employer identification number
64-0889822

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 12, 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 (Form 990 or 990-EZ).)
- 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 agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: _____
- 10 ☐ 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.)
- 11 ☐ An organization organized and operated exclusively to test for public safety. See **section 509(a)(4).**
- 12 ☐ 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 in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
- a ☐ **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
- b ☐ **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
- c ☐ **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
- d ☐ **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
- e ☐ Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.

f Enter the number of supported organizations

g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			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) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(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) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(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 VI.)						
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 section 501(c)(3) organization, check this box and stop here						<input type="checkbox"/>

Section C. Computation of Public Support Percentage

14 Public support percentage for 2018 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2017 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2018. 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		
<input type="checkbox"/>		
b 33 1/3% support test - 2017. 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		
<input type="checkbox"/>		
17a 10% -facts-and-circumstances test - 2018. 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 VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		
<input type="checkbox"/>		
b 10% -facts-and-circumstances test - 2017. 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 VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization		
<input type="checkbox"/>		
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		
<input type="checkbox"/>		

Schedule A (Form 990 or 990-EZ) 2018

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

(Complete only if you checked the box on line 10 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) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(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) 2014	(b) 2015	(c) 2016	(d) 2017	(e) 2018	(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 VI.)						
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 section 501(c)(3) organization, check this box and **stop here** ☐

Section C. Computation of Public Support Percentage

15 Public support percentage for 2018 (line 8, column (f), divided by line 13, column (f))	15	%
16 Public support percentage from 2017 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2018 (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from 2017 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2018. 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 - 2017. 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 Supporting Organizations

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

Section A. All Supporting Organizations

	Yes	No
1 Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
2 Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
3a Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
b Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
c Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
4a Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		
b Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
c Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
5a Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
b Type I or Type II only. Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
c Substitutions only. Was the substitution the result of an event beyond the organization's control?		
6 Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
7 Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (as defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
8 Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
9a Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
b Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
c Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
10a Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>		
b Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

Part IV Supporting Organizations (continued)

	Yes	No
11 Has the organization accepted a gift or contribution from any of the following persons?		
a A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
11a		
b A family member of a person described in (a) above?		
11b		
c A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI .		
11c		

Section B. Type I Supporting Organizations

	Yes	No
1 Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
1		
2 Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		
2		

Section C. Type II Supporting Organizations

	Yes	No
1 Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		
1		

Section D. All Type III Supporting Organizations

	Yes	No
1 Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
1		
2 Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
2		
3 By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		
3		

Section E. Type III Functionally Integrated Supporting Organizations

1 Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).			
a <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.			
b <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.			
c <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).			
2 Activities Test. Answer (a) and (b) below.			
a Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.			
2a			
b Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.			
2b			
3 Parent of Supported Organizations. Answer (a) and (b) below.			
a Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI .			
3a			
b Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.			
3b			

Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations

- 1 ☐ Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI.) **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

Section A - Adjusted Net Income		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	Adjusted Net Income (subtract lines 5, 6, and 7 from line 4)	8	

Section B - Minimum Asset Amount		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	Total (add lines 1a, 1b, and 1c)	1d	
e	Discount claimed for blockage or other factors (explain in detail in Part VI):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	Minimum Asset Amount (add line 7 to line 6)	8	

Section C - Distributable Amount			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	Distributable Amount. Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

Schedule A (Form 990 or 990-EZ) 2018

METHODIST HEALTHCARE - OLIVE BRANCH

Schedule A (Form 990 or 990-EZ) 2018 **HOSPITAL**

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Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations (continued)

Section D - Distributions	Current Year
1 Amounts paid to supported organizations to accomplish exempt purposes	
2 Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
3 Administrative expenses paid to accomplish exempt purposes of supported organizations	
4 Amounts paid to acquire exempt-use assets	
5 Qualified set-aside amounts (prior IRS approval required)	
6 Other distributions (describe in Part VI). See instructions.	
7 Total annual distributions. Add lines 1 through 6.	
8 Distributions to attentive supported organizations to which the organization is responsive (provide details in Part VI). See instructions.	
9 Distributable amount for 2018 from Section C, line 6	
10 Line 8 amount divided by line 9 amount	

Section E - Distribution Allocations (see instructions)	(i) Excess Distributions	(ii) Underdistributions Pre-2018	(iii) Distributable Amount for 2018
1 Distributable amount for 2018 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2018 (reasonable cause required- explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2018			
a From 2013			
b From 2014			
c From 2015			
d From 2016			
e From 2017			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2018 distributable amount			
i Carryover from 2013 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2018 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2018 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2018, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI . See instructions.			
6 Remaining underdistributions for 2018. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI . See instructions.			
7 Excess distributions carryover to 2019. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2014			
b Excess from 2015			
c Excess from 2016			
d Excess from 2017			
e Excess from 2018			

Schedule A (Form 990 or 990-EZ) 2018

Schedule A (Form 990 or 990-EZ) 2018 **HOSPITAL**

Part VI

This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

Schedule B

(Form 990, 990-EZ,
or 990-PF)

Department of the Treasury
Internal Revenue Service

Schedule of Contributors

- ▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.
▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2018

Name of the organization

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

Employer identification number

64-0889822

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

☒ 501(c)(3) (enter number) organization

☐ 4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

☐ 527 political organization

Form 990-PF

☐ 501(c)(3) exempt private foundation

☐ 4947(a)(1) nonexempt charitable trust treated as a private foundation

☐ 501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

Note: Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

General Rule

- ☒ For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

Special Rules

- ☐ For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of **(1)** \$5,000; or **(2)** 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I (entering "N/A" in column (b) instead of the contributor name and address), II, and III.
- ☐ For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ▶ \$ _____

Caution: An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

Name of organization

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Employer identification number

64-0889822**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
<u>1</u>		\$ <u>6,533.</u>	Person <input checked="checked" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
		\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Employer identification number

64-0889822

Part II

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		\$	
(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
		\$	

Name of organization

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Employer identification number

64-0889822**Part III**

Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of **\$1,000 or less** for the year. (Enter this info. once.) **\$** _____

Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee
	(e) Transfer of gift		
	Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee

SCHEDULE D
(Form 990)Department of the Treasury
Internal Revenue Service**Supplemental Financial Statements**▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**▶ **Attach to Form 990.**▶ **Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

2018**Open to Public Inspection****Name of the organization** **METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL****Employer identification number**
64-0889822**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of 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?	<input type="checkbox"/> Yes	<input type="checkbox"/> 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?	<input type="checkbox"/> Yes	<input type="checkbox"/> No

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

1 Purpose(s) of conservation easements held by the organization (check all that apply).

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of a historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> 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 Tax 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 7/25/06, 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, handling of violations, and enforcing conservation easements during the year ▶

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, 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" on 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) Revenue included on 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 Revenue included on Form 990, Part VIII, line 1

b Assets included in Form 990, Part X

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2018

2018.05000 METHODIST HEALTHCARE - OL 64088981

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Schedule D (Form 990) 2018

64-0889822 Page **3**

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" on 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)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" on 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
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

Part IX Other Assets.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

Part X Other Liabilities.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value	
(1) Federal income taxes		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶		

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 ☒

Schedule D (Form 990) 2018

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

Schedule D (Form 990) 2018

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

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	58,219,228.
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
a	Net unrealized gains (losses) 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	0.
3	Subtract line 2e from line 1	3	58,219,228.
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	23,346,301.
c	Add lines 4a and 4b	4c	23,346,301.
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)	5	81,565,529.

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

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	60,437,361.
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	0.
3	Subtract line 2e from line 1	3	60,437,361.
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	20,527,152.
c	Add lines 4a and 4b	4c	20,527,152.
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)	5	80,964,513.

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.

PART X, LINE 2:

THE ORGANIZATION CONSOLIDATES ITS AUDIT WITH ITS CORPORATE PARENT AND OTHER SUBSIDIARIES OF THE PARENT. THE FOLLOWING STATEMENT REFLECTS THE FIN 48 FOOTNOTE OF THE CONSOLIDATED GROUP.

THE INTERNAL REVENUE SERVICE HAS DETERMINED THAT THE SYSTEM AND ALL OF THE NONPROFIT AFFILIATES FOR WHICH THE SYSTEM OR ITS BOARD OF DIRECTORS IS CONTROLLING MEMBER ARE EXEMPT FROM FEDERAL INCOME TAX UNDER INTERNAL REVENUE CODE (IRC) SECTION 501(A) AS ORGANIZATIONS DESCRIBED IN SECTION 501(C)(3). AS QUALIFIED TAX-EXEMPT ORGANIZATIONS, THE SYSTEM'S NONPROFIT AFFILIATES MUST OPERATE IN CONFORMITY WITH THE IRC TO MAINTAIN THEIR TAX-EXEMPT STATUS. INCOME TAX FROM THE OPERATIONS OF THE SYSTEM'S WHOLLY

Part XIII Supplemental Information (continued)

OWNED FOR-PROFIT SUBSIDIARY, AMBULATORY OPERATIONS, INC., AND ITS
SUBSIDIARIES IS NOT SIGNIFICANT.

THE SYSTEM APPLIES FASB ASC TOPIC 740 (TOPIC 740), ACCOUNTING FOR
UNCERTAINTY IN INCOME TAXES. TOPIC 740 CLARIFIES THE ACCOUNTING FOR
UNCERTAINTY IN INCOME TAX POSITIONS AND PROVIDES GUIDANCE ON WHEN TAX
POSITIONS ARE RECOGNIZED IN AN ENTITY'S FINANCIAL STATEMENTS AND HOW THE
VALUES OF THESE POSITIONS ARE DETERMINED. THERE HAS BEEN NO IMPACT ON THE
SYSTEM'S COMBINED FINANCIAL STATEMENTS AS A RESULT OF TOPIC 740.

PART XI, LINE 4B - OTHER ADJUSTMENTS:

EQUITY TRANSFER FROM AFFILIATE	2,819,149.
BAD DEBT EXPENSE	20,527,152.
TOTAL TO SCHEDULE D, PART XI, LINE 4B	23,346,301.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

BAD DEBT EXPENSE	20,527,152.
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**SCHEDULE H
(Form 990)**

Department of the Treasury
Internal Revenue Service

Hospitals

- **Complete if the organization answered "Yes" on Form 990, Part IV, question 20.**
► **Attach to Form 990.**
► **Go to www.irs.gov/Form990 for instructions and the latest information.**

OMB No. 1545-0047

2018

**Open to Public
Inspection**

Name of the organization **METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL** **Employer identification number** **64-0889822**

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	X	
b If "Yes," was it a written policy?	X	
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. <input checked="" type="checkbox"/> Applied uniformly to all hospital facilities <input type="checkbox"/> Applied uniformly to most hospital facilities <input type="checkbox"/> 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 <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: <input type="checkbox"/> 100% <input type="checkbox"/> 150% <input checked="" type="checkbox"/> 200% <input type="checkbox"/> Other _____ %	X	
b Did the organization use FPG as a factor in determining eligibility for providing <i>discounted</i> care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care: <input type="checkbox"/> 200% <input checked="" type="checkbox"/> 250% <input type="checkbox"/> 300% <input type="checkbox"/> 350% <input type="checkbox"/> 400% <input type="checkbox"/> Other _____ %	X	
c If the organization used factors other than FPG in determining eligibility, describe in Part VI the criteria used 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"?	X	
5a Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	X	
b If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	X	
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 eligible for free or discounted care?		X
6a Did the organization prepare a community benefit report during the tax year?	X	
b If "Yes," did the organization make it available to the public?	X	

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)			5516280.		5516280.	9.13%
b Medicaid (from Worksheet 3, column a)			7417037.	12240072.	0.	.00%
c Costs of other means-tested government programs (from Worksheet 3, column b)			14,818.	17,972.	0.	.00%
d Total. Financial Assistance and Means-Tested Government Programs			12948135.	12258044.	5516280.	9.13%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			5,146.		5,146.	.01%
f Health professions education (from Worksheet 5)						
g Subsidized health services (from Worksheet 6)						
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)						
j Total. Other Benefits			5,146.		5,146.	.01%
k Total. Add lines 7d and 7j			12953281.	12258044.	5521426.	9.14%

Schedule H (Form 990) 2018

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.

10	Total		
Part III	Bad Debt, Medicare, & Collection Practices		

9a Did the organization have a written debt collection policy during the tax year?	9a	X	
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		X

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**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Schedule H (Form 990) 2018

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Part V Facility Information (continued)

Section B. Facility Policies and Practices

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

Name of hospital facility or letter of facility reporting group METHODIST HEALTHCARE-OLIVE BRANCH HOSPIT

Line number of hospital facility, or line numbers of hospital facilities in a facility reporting group (from Part V, Section A): 1

	Yes	No
Community Health Needs Assessment		
1 Was the hospital facility first licensed, registered, or similarly recognized by a state as a hospital facility in the current tax year or the immediately preceding tax year?	1	X
2 Was the hospital facility acquired or placed into service as a tax-exempt hospital in the current tax year or the immediately preceding tax year? If "Yes," provide details of the acquisition in Section C	2	X
3 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 12	3	X
If "Yes," indicate what the CHNA report describes (check all that apply):		
a <input checked="" type="checkbox"/> A definition of the community served by the hospital facility		
b <input checked="" type="checkbox"/> Demographics of the community		
c <input checked="" type="checkbox"/> Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d <input checked="" type="checkbox"/> How data was obtained		
e <input checked="" type="checkbox"/> The significant health needs of the community		
f <input checked="" type="checkbox"/> Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g <input checked="" type="checkbox"/> The process for identifying and prioritizing community health needs and services to meet the community health needs		
h <input checked="" type="checkbox"/> The process for consulting with persons representing the community's interests		
i <input checked="" type="checkbox"/> The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j <input type="checkbox"/> Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>16</u>		
5 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 Section C how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	5	X
6a Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Section C	6a	X
b Was the hospital facility's CHNA conducted with one or more organizations other than hospital facilities? If "Yes," list the other organizations in Section C	6b	X
7 Did the hospital facility make its CHNA report widely available to the public?	7	X
If "Yes," indicate how the CHNA report was made widely available (check all that apply):		
a <input checked="" type="checkbox"/> Hospital facility's website (list url): <u>SEE PART V, SECTION C</u>		
b <input type="checkbox"/> Other website (list url):		
c <input checked="" type="checkbox"/> Made a paper copy available for public inspection without charge at the hospital facility		
d <input type="checkbox"/> Other (describe in Section C)		
8 Did the hospital facility adopt an implementation strategy to meet the significant community health needs identified through its most recently conducted CHNA? If "No," skip to line 11	8	X
9 Indicate the tax year the hospital facility last adopted an implementation strategy: 20 <u>17</u>		
10 Is the hospital facility's most recently adopted implementation strategy posted on a website?	10	X
a If "Yes," (list url): <u>SEE PART V, SECTION C</u>		
b If "No," is the hospital facility's most recently adopted implementation strategy attached to this return?	10b	
11 Describe in Section C how the hospital facility is addressing the significant needs identified in its most recently conducted CHNA and any such needs that are not being addressed together with the reasons why such needs are not being addressed.		
12a 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)?	12a	X
b If "Yes" to line 12a, did the organization file Form 4720 to report the section 4959 excise tax?	12b	
c If "Yes" to line 12b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? \$		

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Schedule H (Form 990) 2018

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Part V Facility Information (continued)

Financial Assistance Policy (FAP)

Name of hospital facility or letter of facility reporting group **METHODIST HEALTHCARE-OLIVE BRANCH HOSPIT**

	Yes	No
Did the hospital facility have in place during the tax year a written financial assistance policy that:		
13 Explained eligibility criteria for financial assistance, and whether such assistance included free or discounted care?	13	X
If "Yes," indicate the eligibility criteria explained in the FAP:		
a <input checked="" type="checkbox"/> Federal poverty guidelines (FPG), with FPG family income limit for eligibility for free care of <u>200</u> % and FPG family income limit for eligibility for discounted care of <u>250</u> %		
b <input checked="" type="checkbox"/> Income level other than FPG (describe in Section C)		
c <input type="checkbox"/> Asset level		
d <input checked="" type="checkbox"/> Medical indigency		
e <input type="checkbox"/> Insurance status		
f <input checked="" type="checkbox"/> Underinsurance status		
g <input checked="" type="checkbox"/> Residency		
h <input type="checkbox"/> Other (describe in Section C)		
14 Explained the basis for calculating amounts charged to patients?	14	X
15 Explained the method for applying for financial assistance?	15	X
If "Yes," indicate how the hospital facility's FAP or FAP application form (including accompanying instructions) explained the method for applying for financial assistance (check all that apply):		
a <input checked="" type="checkbox"/> Described the information the hospital facility may require an individual to provide as part of his or her application		
b <input checked="" type="checkbox"/> Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c <input checked="" type="checkbox"/> Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d <input type="checkbox"/> Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e <input checked="" type="checkbox"/> Other (describe in Section C)		
16 Was widely publicized within the community served by the hospital facility?	16	X
If "Yes," indicate how the hospital facility publicized the policy (check all that apply):		
a <input checked="" type="checkbox"/> The FAP was widely available on a website (list url): <u>WWW.METHODISTHEALTH.ORG/FINANCIAL-ASSISTANCE/</u>		
b <input checked="" type="checkbox"/> The FAP application form was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
c <input checked="" type="checkbox"/> A plain language summary of the FAP was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
d <input checked="" type="checkbox"/> The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e <input checked="" type="checkbox"/> The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f <input checked="" type="checkbox"/> A plain language summary of the FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
g <input checked="" type="checkbox"/> Individuals were notified about the FAP by being offered a paper copy of the plain language summary of the FAP, by receiving a conspicuous written notice about the FAP on their billing statements, and via conspicuous public displays or other measures reasonably calculated to attract patients' attention		
h <input checked="" type="checkbox"/> Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i <input checked="" type="checkbox"/> The FAP, FAP application form, and plain language summary of the FAP were translated into the primary language(s) spoken by Limited English Proficiency (LEP) populations		
j <input checked="" type="checkbox"/> Other (describe in Section C)		

Schedule H (Form 990) 2018

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Schedule H (Form 990) 2018

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Part V Facility Information (continued)

Billing and Collections

Name of hospital facility or letter of facility reporting group METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL

	Yes	No
17 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 all of the actions the hospital facility or other authorized party may take upon nonpayment?	X	
18 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 <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
f <input checked="" type="checkbox"/> None of these actions or other similar actions were permitted		
19 Did the hospital facility or other authorized 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?		X
If "Yes," check all actions in which the hospital facility or a third party engaged:		
a <input type="checkbox"/> Reporting to credit agency(ies)		
b <input type="checkbox"/> Selling an individual's debt to another party		
c <input type="checkbox"/> Deferring, denying, or requiring a payment before providing medically necessary care due to nonpayment of a previous bill for care covered under the hospital facility's FAP		
d <input type="checkbox"/> Actions that require a legal or judicial process		
e <input type="checkbox"/> Other similar actions (describe in Section C)		
20 Indicate which efforts the hospital facility or other authorized party made before initiating any of the actions listed (whether or not checked) in line 19 (check all that apply):		
a <input checked="" type="checkbox"/> Provided a written notice about upcoming ECAs (Extraordinary Collection Action) and a plain language summary of the FAP at least 30 days before initiating those ECAs (if not, describe in Section C)		
b <input checked="" type="checkbox"/> Made a reasonable effort to orally notify individuals about the FAP and FAP application process (if not, describe in Section C)		
c <input checked="" type="checkbox"/> Processed incomplete and complete FAP applications (if not, describe in Section C)		
d <input checked="" type="checkbox"/> Made presumptive eligibility determinations (if not, describe in Section C)		
e <input type="checkbox"/> Other (describe in Section C)		
f <input type="checkbox"/> None of these efforts were made		

Policy Relating to Emergency Medical Care

21 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that required 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?	X	
If "No," indicate why:		
a <input type="checkbox"/> The hospital facility did not provide care for any emergency medical conditions		
b <input type="checkbox"/> The hospital facility's policy was not in writing		
c <input type="checkbox"/> The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)		
d <input type="checkbox"/> Other (describe in Section C)		

Schedule H (Form 990) 2018

Part V Facility Information (continued)**Charges to Individuals Eligible for Assistance Under the FAP (FAP-Eligible Individuals)**Name of hospital facility or letter of facility reporting group METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL**22** 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 a look-back method based on claims allowed by Medicare fee-for-service during a prior 12-month period
- b** ☒ The hospital facility used a look-back method based on claims allowed by Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period
- c** ☐ The hospital facility used a look-back method based on claims allowed by Medicaid, either alone or in combination with Medicare fee-for-service and all private health insurers that pay claims to the hospital facility during a prior 12-month period
- d** ☐ The hospital facility used a prospective Medicare or Medicaid method

23 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?

If "Yes," explain in Section C.

24 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?

If "Yes," explain in Section C.

	Yes	No
23		X
24		X

Schedule H (Form 990) 2018

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HOSPITAL

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Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL:

PART V, SECTION B, LINE 5: MLH ENGAGED SERVICE-AREA COMMUNITY

ORGANIZATIONS AND LEADERS VIA A COMBINATION OF FOCUS GROUPS AND

STAKEHOLDER INTERVIEWS TO COMPLETE A THOROUGH CHNA. ORGANIZATIONS AND

LEADERS IDENTIFIED ARE STAKEHOLDERS IN THE HEALTH OF THE COMMUNITY. THE

MLH CHNA INCORPORATED DATA AND INPUT FROM THE FOLLOWING: CHRIST

COMMUNITY HEALTH SERVICES, CHURCH HEALTH CENTER, MEMPHIS CHILD ADVOCACY

CENTER, MEMPHIS HEALTH CENTER, PORTER LEATH, SHELBY COUNTY HEALTH

DEPARTMENT, SHELBY COUNTY SCHOOLS, UNITED WAY OF THE MID-SOUTH, THE

UNIVERSITY OF MEMPHIS, THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER,

AS WELL AS LOCAL BUSINESS LEADERS, MLH AND WEST ASSOCIATES, LEADERSHIP,

AND PHYSICIANS AND OUR PATIENT AND FAMILY PARTNERS.

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL:

PART V, SECTION B, LINE 6A: METHODIST UNIVERSITY HOSPITAL, METHODIST

SOUTH HOSPITAL, METHODIST NORTH HOSPITAL, METHODIST LE BONHEUR GERMANTOWN

HOSPITAL, LE BONHEUR CHILDREN'S HOSPITAL, AND METHODIST OLIVE BRANCH

HOSPITAL

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL:

PART V, SECTION B, LINE 11: MLH DEVELOPED HOSPITAL-SPECIFIC

IMPLEMENTATION PLANS. EACH FACILITY'S IMPLEMENTATION PLAN WAS DESIGNED TO

BE SYSTEM-MINDED AND FOCUSED ON ADDRESSING THE IDENTIFIED COMMUNITY HEALTH

NEEDS (I.E., MATERNAL INFANT & CHILD HEALTH; ACCESS TO HEALTH SERVICES;

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

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Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

CANCER; AND CARDIOVASCULAR DISEASE & STROKE). PLANS ASSUME ALL HOSPITAL FACILITIES WILL WORK TOGETHER IN ADDRESSING NEEDS, AND DOES NOT INCLUDE AN EXHAUSTIVE LIST OF CURRENT COMMUNITY HEALTH INITIATIVES. THE "SIGNATURE INITIATIVES" ADDRESSED WITHIN THIS PLAN ARE SPECIFIC PROGRAMS OF FOCUS WHICH WILL BE USED TO MEASURE PROGRESS OF HOW THIS SYSTEM IS WORKING TO ADDRESS THE NEEDS OF THE COMMUNITY.

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL:

PART V, SECTION B, LINE 13B: THE ORGANIZATION USES TWO DIFFERENT METHODS FOR DETERMINING ELIGIBILITY FOR FREE OR DISCOUNTED CARE BASED ON WHETHER THE PATIENT SUBMITS A FINANCIAL ASSISTANCE POLICY (FAP).

IF THE PATIENT SUBMITS A FAP APPLICATION:

-A TEAM OF FINANCIAL ASSISTANCE REPRESENTATIVES REVIEWS THE APPLICATION TO DETERMINE IF THEY QUALIFY FOR FEDERAL ASSISTANCE SUCH AS FOOD STAMPS OR WELFARE. IF SO, THE PATIENT RECEIVES A 100% WRITE OFF.

- IF THE PATIENT DOES NOT QUALIFY FOR FEDERAL ASSISTANCE, THE TEAM DETERMINES THE AMOUNT OF DISCOUNT BASED ON INCOME WITHIN THE FEDERAL POVERTY GUIDELINES AND THE NUMBER OF DEPENDENTS. THE LEVEL OF DISCOUNT THEN RANGES FROM 70%, OR 90% UP TO 100% DISCOUNT.

IF THE PATIENT DOES NOT SUBMIT A FAP APPLICATION:

THE ORGANIZATION SENDS THE ACCOUNT TO A VENDOR TO DETERMINE IF THE ACCOUNT QUALIFIES FOR FINANCIAL ASSISTANCE AT A 100% WRITE OFF. THE ACCOUNT MUST PASS ALL OF THE FOLLOWING TESTS IN ORDER TO RECEIVE A 100% WRITE OFF. ALL OTHER ACCOUNTS SIMPLY RECEIVE ONLY THE 60% DISCOUNT. THE VENDOR USES THE

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

Schedule H (Form 990) 2018

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Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

FOLLOWING CRITERIA TO DETERMINE IF THE ACCOUNT QUALIFIES FOR FREE CARE:

-NO CREDIT AVAILABLE

-NO PRESENCE OF A MORTGAGE

-NO FINANCIAL ASSISTANT DENIALS IN THE SYSTEM

-NO INSURANCE PAYMENTS OR ADJUSTMENTS IN THE SYSTEM

-THE PATIENT MUST RESIDE IN THE UNITED METHODIST HEALTHCARE CATCHMENT
AREAS

-THE ACCOUNT IS NOT BEING REVIEWED FOR MEDICAID OR MEDICARE

-THE PATIENT ACCOUNT IS NOT IN REVIEW FOR LEGAL, BANKRUPTCY, TPL,
DECEASED, OR PAYMENT DISPOSITIONS

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL:

PART V, SECTION B, LINE 13H: PATIENTS CAN BE ELIGIBLE FOR 100% CHARITY
THROUGH 2 METHODS. ONE IS THROUGH THE AUTOMATED WRITE OFF PROCESS AND
ANOTHER IS MANUAL.

AUTOMATED WRITE OFF:

ACCOUNTS WITH NO INSURANCE ARE SENT TO THE VENDOR PERIODICALLY TO SCORE
THEM FOR CHARITY. IF THE ACCOUNT FITS IN FOLLOWING CRITERIA IT WILL BE
WRITTEN OFF TO 100% CHARITY.

CRITERIA:

IF ACCOUNT IS RETURNED AS "TIER 1 OR TIER 2": FPG LESS THAN OR EQUAL TO
200%

*IScore LESS THAN 700

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

Schedule H (Form 990) 2018

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Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

NO FA DENIAL DATE IN OUR SYSTEM

NO INSURANCE PAYMENTS OR ADJUSTMENTS MADE ON HOSPITAL MAINFRAME SYSTEM

(PRIOR TO LIST WITH RAP)

PATIENT RESIDES IN UNITED METHODIST HEALTHCARE CATCHMENT AREAS (ALL OTHERS
RECEIVE AUTOMATIC 70% DISCOUNT)

NOT IN CERTAIN DISPOSITIONS OR PHASES WHERE AGENCY IS REVIEWING FOR
ADDITIONAL INFORMATION (I.E., LEGAL, BANKRUPTCY, INSURANCE, TPL, DECEASED
OR PAYMENT DISPOSITION, ETC.)

ACCOUNT STATUS IS NOT "MED ASSIST" (BEING REVIEWED FOR MEDICAID/MEDICARE)

MANUAL WRITE OFF:

RAP RECEIVES FINANCIAL ASSISTANCE APPLICATIONS/REQUESTS IN SEVERAL WAYS:

COMPLETED FORMS FROM FACILITIES/HOSPITALS AFTER ADMISSION

PRE-SCREEN PROCESS VIA PHONE CONTACT BY RAP TEAM

PATIENTS RECEIVE A FINANCIAL ASSISTANCE APPLICATION ATTACHED TO FIRST
NOTICE STATEMENT IF THEY'RE UNINSURED

ALL FIRST NOTICE STATEMENTS CONTAIN VERBIAGE REGARDING ELIGIBILITY FOR
FINANCIAL ASSISTANCE IF UNDERINSURED (PATIENTS WILL CONTACT US IF THEY
FALL INTO THIS CATEGORY)

FINANCIAL ASSISTANCE REPS REVIEW APPLICATIONS WHICH CONTAINS (INCOME
STATUS, NUMBER OF DEPENDENTS, SSN, IF THEY QUALIFY FOR FEDERAL ASSISTANCE)
IF THEY QUALIFY FOR FEDERAL ASSISTANCE (FOOD STAMPS, WELFARE) THEY RECEIVE
100% WRITE OFF

IF NOT, FINANCIAL ASSISTANCE REPS REVIEW INCOME, TAX RETURNS AND NUMBER OF
DEPENDENTS AND ANNUAL FPG SPREADSHEETS TO ASSESS WRITE OFF LEVELS ABOVE
70% (80, 90 UP TO 100%)

Part V Facility Information (continued)

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

*THESE ITEMS ARE SUBJECT TO CHANGE DUE TO ACQUIRING NEW AUTOMATED WRITE
OFF SYSTEM

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL:

PART V, SECTION B, LINE 15E: IN ADDITION, THE ORGANIZATION EXPLAINS THE
METHOD FOR APPLYING FOR FINANCIAL ASSISTANCE DURING ADMISSION AND DURING
THE PRE-SCREENING PROCESS AFTER DISCHARGE.

METHODIST HEALTHCARE-OLIVE BRANCH HOSPIT

PART V, LINE 16B, FAP APPLICATION WEBSITE:

WWW.METHODISTHEALTH.ORG/FINANCIAL-ASSISTANCE/

METHODIST HEALTHCARE-OLIVE BRANCH HOSPIT

PART V, LINE 16C, FAP PLAIN LANGUAGE SUMMARY WEBSITE:

WWW.METHODISTHEALTH.ORG/FINANCIAL-ASSISTANCE/

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL:

PART V, SECTION B, LINE 16J: IN ADDITION, THE ORGANIZATION ATTACHES THE
FINANCIAL ASSISTANCE POLICY TO FIRST NOTICE LETTERS FOR ALL UNINSURED
PATIENTS. A LINK IS INCLUDED ON THE NOTICE INSTRUCTING APPLICANTS ON HOW
TO APPLY FOR FINANCIAL ASSISTANCE OR HOW TO RECEIVE THE APPLICATION.

SCHEDULE H, PART V, SECTION B, LINE 7A

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

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Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 2, 3j, 5, 6a, 6b, 7d, 11, 13b, 13h, 15e, 16j, 18e, 19e, 20a, 20b, 20c, 20d, 20e, 21c, 21d, 23, and 24. If applicable, provide separate descriptions for each hospital facility in a facility reporting group, designated by facility reporting group letter and hospital facility line number from Part V, Section A ("A, 1," "A, 4," "B, 2," "B, 3," etc.) and name of hospital facility.

THE CHNA CAN BE FOUND USING THE FOLLOWING URL:

[HTTPS://WWW.METHODISTHEALTH.ORG/ABOUT-US/OUR-CULTURE/COMMUNITY-IMPACT/](https://www.methodisthealth.org/about-us/our-culture/community-impact/)

SCHEDULE H, PART V, SECTION B, LINE 10A

THE MOST RECENTLY ADOPTED IMPLEMENTATION STRATEGY CAN BE FOUND USING

THE FOLLOWING URL:

[HTTPS://WWW.METHODISTHEALTH.ORG/ABOUT-US/OUR-CULTURE/COMMUNITY-IMPACT/](https://www.methodisthealth.org/about-us/our-culture/community-impact/)

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? 12

Name and address	Type of Facility (describe)
1 UT METHODIST PHYSICIANS CARDIOLOGY 4250 BETHEL ROAD, 5TH FLOOR OLIVE BRANCH, MS 38654	SPECIALISTS
2 METHODIST DIAGNOSTIC CENTER - SOUTHAV 7400 AIRWAYS BLVD. SOUTHAVEN, MS 38671	IMAGING & DIAGNOSTIC CENTER
3 METHODIST MEDICAL GROUP 7235 HACKS CROSS RD. OLIVE BRANCH, MS 38654	MYMD CLINICS
4 UT METHODIST PHYSICIANS CARDIOLOGY 1938 CRESCENT MEADOW DRIVE HOLLY SPRINGS, MS 38635	SPECIALISTS
5 SOUTHCREST WOMEN'S HEALTHCARE 5480 GOODMAN RD, SUITE 2 OLIVE BRANCH, MS 38654	SPECIALISTS
6 OLIVE BRANCH WOMEN'S CENTER 4250 BETHEL ROAD, 5TH FLOOR OLIVE BRANCH, MS 38654	SPECIALISTS
7 METHODIST MEDICAL GROUP - GENERAL SUR 5480 GOODMAN RD. SUITE 3 OLIVE BRANCH, MS 38654	SPECIALISTS
8 METHODIST MEDICAL GROUP 7163 GOODMAN RD. OLIVE BRANCH, MS 38654	MYMD CLINICS
9 UT METHODIST PHYSICIANS GASTROENTEROL 4250 BETHEL ROAD, 5TH FLOOR OLIVE BRANCH, MS 38654	SPECIALISTS
10 MEMPHIS SHOULDER AND ORTHOPEDIC SURGE 5480 GOODMAN ROAD, SUITE 3 OLIVE BRANCH, MS 38654	SPECIALISTS

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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.

PART I, LINE 3C:

ALL SELF PAY PATIENTS RECEIVE A 75% DISCOUNT WHICH IS NOT BASED ON INCOME LEVELS.

THE ORGANIZATION USES TWO DIFFERENT METHODS FOR DETERMINING ELIGIBILITY FOR FREE OR DISCOUNTED CARE BASED ON WHETHER THE PATIENT SUBMITS A FINANCIAL ASSISTANCE POLICY (FAP).

IF THE PATIENT SUBMITS A FAP APPLICATION:

-A TEAM OF FINANCIAL ASSISTANCE REPRESENTATIVES REVIEWS THE APPLICATION TO DETERMINE IF THEY QUALIFY FOR FEDERAL ASSISTANCE SUCH AS FOOD STAMPS OR WELFARE. IF SO, THE PATIENT RECEIVES A 100% DISCOUNT.

- IF THE PATIENT DOES NOT QUALIFY FOR FEDERAL ASSISTANCE, THE TEAM DETERMINES THE AMOUNT OF DISCOUNT BASED ON INCOME ACCORDING TO FEDERAL POVERTY GUIDELINES AND THE NUMBER OF DEPENDENTS. THE LEVEL OF DISCOUNT THEN RANGES FROM 70%, OR 90% UP TO 100% DISCOUNT.

IF THE PATIENT DOES NOT SUBMIT A FAP APPLICATION:

Part VI Supplemental Information (Continuation)

THE ORGANIZATION SENDS THE ACCOUNT TO A VENDOR TO DETERMINE IF THE ACCOUNT QUALIFIES FOR FINANCIAL ASSISTANCE AT A 100% DISCOUNT. THE ACCOUNT MUST PASS ALL OF THE FOLLOWING TESTS IN ORDER TO RECEIVE A 100% DISCOUNT. ALL OTHER ACCOUNTS RECEIVE ONLY THE 60% DISCOUNT. THE VENDOR USES THE FOLLOWING CRITERIA TO DETERMINE IF THE ACCOUNT QUALIFIES FOR FREE CARE:

-NO CREDIT AVAILABLE

-NO PRESENCE OF A MORTGAGE

-NO FINANCIAL ASSISTANCE DENIALS IN THE SYSTEM

-NO INSURANCE PAYMENTS OR ADJUSTMENTS IN THE SYSTEM

-THE PATIENT MUST RESIDE WITHIN THE UNITED METHODIST HEALTHCARE CATCHMENT AREAS

-THE ACCOUNT IS NOT BEING REVIEWED FOR MEDICAID OR MEDICARE

-THE PATIENT ACCOUNT IS NOT IN REVIEW FOR LEGAL, BANKRUPTCY, TPL, DECEASED, OR PAYMENT DISPOSITIONS

PART I, LINE 6A:

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL'S COMMUNITY BENEFIT REPORT IS PREPARED PRIMARILY BY THE COMMUNICATIONS AND MARKETING DEPARTMENT, WITH SUPPORT FROM THE ACCOUNTING AND FINANCE DEPARTMENTS OF METHODIST LE BONHEUR HEALTHCARE, THE HOME OFFICE/CORPORATE PARENT ENTITY OF THE HOSPITAL. THE HOSPITAL'S COMMUNITY BENEFIT REPORT CAN BE FOUND ON THE COMPANY'S WEBSITE AT WWW.METHODISTHEALTH.ORG UNDER THE "ABOUT US" SECTION.

PART I, LINE 7:

WORKSHEET 2 OF THE 2018 SCHEDULE H INSTRUCTIONS WAS USED TO COMPUTE A COST-TO-CHARGES RATIO THAT WAS USED TO CALCULATE CHARITY CARE, UNREIMBURSED MEDICAID, AND SHORTFALLS FROM OTHER MEANS-TESTED GOVERNMENT

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HOSPITAL

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Part VI Supplemental Information (Continuation)

PROGRAMS AT COST.

PART I, LN 7 COL(F):

THE AMOUNT ON FORM 990, PART IX, LINE 25 CONTAINS A BAD DEBT EXPENSE OF \$20,527,152 THAT HAS BEEN REMOVED FOR PURPOSES OF CALCULATING PERCENT OF TOTAL EXPENSE ON SCHEDULE H, PART I, LINE 7, COLUMN (F).

PART III, LINE 4:

THE ORGANIZATION'S FINANCIAL STATEMENTS DO NOT INCLUDE A FOOTNOTE ON BAD DEBTS, ACCOUNTS RECEIVABLE, OR ALLOWANCE FOR UNCOLLECTABLE ACCOUNTS.

WORKSHEET 2 OF THE 2018 SCHEDULE H INSTRUCTIONS WAS USED TO COMPUTE A COST-TO-CHARGES RATIO THAT WAS USED TO CALCULATE BAD DEBT AT COST.

WHEN A PORTION OF PATIENT CHARGES BECOME THE PATIENT'S RESPONSIBILITY, THE AMOUNT IS WRITTEN OFF TO BAD DEBTS AND THEN SENT TO OUR COLLECTION GROUP, ANY PAYMENTS RECOUPED BY OUR COLLECTIONS GROUP ARE THEN APPLIED AGAINST THE BAD DEBT EXPENSE. IT IS OUR ESTIMATION BASED ON HISTORICAL EXPERIENCE THAT ABOUT 50% OF THE REMAINING PORTION OF BAD DEBTS (AFTER RECOVERIES) COULD BE APPLICABLE TO PATIENTS WHO, ON ADDITIONAL REVIEW AND PROVIDING ALL RELEVANT INFORMATION, WOULD QUALIFY FOR FINANCIAL ASSISTANCE.

PART III, LINE 9B:

METHODIST LE BONHEUR HEALTHCARE'S COLLECTION PROCESS BEGINS WITH THE ORGANIZATION'S REVENUE CYCLE TEAM MAKING INITIAL COLLECTION EFFORTS TO RECOUP ALL MONIES DUE FROM THE PATIENT'S INSURANCE PROVIDERS. WHEN THE AMOUNT IS SOLELY THE PATIENT'S PORTION, THE ACCOUNT IS TRANSFERRED TO

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Part VI Supplemental Information (Continuation)

ANOTHER TEAM THAT SPECIALIZES IN PATIENT PORTION ACCOUNTS (EARLY-OUT PROGRAM). IT IS THIS PROGRAM THAT INITIALLY DETERMINES IF A PATIENT QUALIFIES FOR CHARITY CARE UNDER THE ORGANIZATION'S POLICY. IF QUALIFICATION IS UNCLEAR, THIS PROGRAM ATTENDS TO THE ACCOUNT FOR A PREDETERMINED TIME THROUGH LETTERS AND PHONE CALLS. THE DURATION IS DEPENDENT ON VARIOUS SCENARIOS THAT AFFECT ITS LENGTH, SUCH AS PAYMENT ARRANGEMENTS, DISPUTES, ETC. AFTER THE EARLY-OUT TIME PERIOD HAS EXPIRED, THE ACCOUNT IS THEN SENT TO OUR COLLECTIONS GROUP. AN ACCOUNT PLACED WITHIN OUR COLLECTION GROUP EXPERIENCES A CONTINUED AND THOROUGH COLLECTION PHASE. ONCE ALL COLLECTION EFFORTS HAVE BEEN EXHAUSTED AND IT IS DETERMINED THAT THE REMAINING BALANCE WILL NOT BE COLLECTED, THE ACCOUNT IS REEVALUATED ON THE CRITERIA USED TO DETERMINE FINANCIAL AID ELIGIBILITY.

PART VI, LINE 2:

METHODIST LE BONHEUR HEALTHCARE (MLH) CONDUCTS A COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) EVERY THREE YEARS TO IDENTIFY THE MOST PRESSING HEALTH ISSUES OF ITS COMMUNITY AND TO STRATEGIZE PLANS WHICH ADDRESS AND COMBAT HEALTH ISSUES AMONG ITS PATIENT POPULATION. MINIMUM ELEMENTS INCLUDE COMMUNITY INPUT; COMMUNITY STAKEHOLDER INPUT; ANALYSES OF SECONDARY HEALTH DATA; AN IMPLEMENTATION PLAN; THE PRIORITIZATION OF HEALTH NEEDS AND DETAILED ACTION PLAN OF HOW TO MOVE FORWARD FROM THE ASSESSMENT; AND THE ACCOMPLISHMENTS IN ADDRESSING THE NEEDS IDENTIFIED IN THE PREVIOUS CHNA.

MLH CONDUCTED ITS LAST CHNA IN 2016. IN 2019 MLH INITIATED WORK TO UPDATE THIS ASSESSMENT THROUGH COLLABORATIVE EFFORTS WITH THE SHELBY COUNTY HEALTH DEPARTMENT (SCHD), REGIONAL ONE HEALTH, ST. JUDE CHILDREN'S RESEARCH HOSPITAL AND BAPTIST MEMORIAL HEALTH. ALTHOUGH EACH OF THESE

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Part VI Supplemental Information (Continuation)

HEALTHCARE AGENCIES HAS A UNIQUE MISSION, VISION, AND SET OF VALUES, THE COMMONALITY OF SERVING THE PEOPLE OF SHELBY COUNTY BRINGS THESE FIVE ORGANIZATIONS IN COLLABORATION TO ADDRESS THE HEALTH NEEDS AND HEALTH DISPARITY AMONG PATRONS. THIS COLLABORATIVE EFFORT IS BEING CO-FACILITATED BY THE SCHD AND MLH.

EVEN THOUGH EACH AGENCY DIFFERS IN ITS REPORTING TIMEFRAME AND WILL SUBMIT THEIR OWN CHNA REPORT TO THE IRS, WITHIN THIS PARTNERSHIP, THE AGENCIES DISTRIBUTE VARIOUS ADMINISTRATIVE TASKS AND SHARE DATA FOR THE PURPOSE TO COLLECTIVELY IDENTIFY THE HEALTH NEEDS AND BUILD UPON THE STRENGTHS AND RESOURCES TO TACKLE HEALTH ISSUES TOGETHER. THE ULTIMATE GOAL OF THIS CHNA COLLABORATION IS TO COORDINATE COMMUNITYWIDE HEALTH IMPROVEMENT EFFORTS THROUGH MOVING TOWARDS A MORE COMPREHENSIVE, INCLUSIVE JOINT SHELBY COUNTY CHNA.

SHARED ELEMENTS OF THE 2019 COMMUNITY HEALTH NEEDS ASSESSMENT INCLUDE:

1) STAKEHOLDER SURVEY: CONTACT INFORMATION FOR KEY STAKEHOLDERS WITHIN THE COMMUNITY WAS GATHERED BY EACH AGENCY. SURVEY QUESTIONS WERE AGREED UPON. REGIONAL ONE HEALTH TOOK THE LEAD IN DISTRIBUTING AND COLLECTING THE SURVEY RESPONSES FROM ALL CONTACTS.

2) COMMUNITY HEALTH SURVEY: SURVEY QUESTIONS WERE AGREED UPON TO CREATE ONE SURVEY. THE TOP TWO NON-ENGLISH LANGUAGES USED AT EACH AGENCY WERE IDENTIFIED. THE COMMUNITY SURVEY WAS TRANSLATED INTO SPANISH AND ARABIC AND WILL BE DISTRIBUTED ALONG WITH THE ENGLISH VERSION VIA ELECTRONIC AND PAPER SURVEYS. EACH AGENCY RECEIVED THE ONLINE LINKS AND PAPER VERSIONS TO DISTRIBUTE TO COMMUNITY MEMBERS AS THEY SEE FIT. MLH HAS WRITTEN A SUMMARY FROM THEIR ANALYSIS OF THE SURVEY RESULTS.

Part VI Supplemental Information (Continuation)

3) SECONDARY DATA ANALYSIS: EACH AGENCY INTERESTED IN OBTAINING SECONDARY (PREVIOUSLY COLLECTED) DATA FROM THE SCHD SUBMITTED A LIST OF DATA ELEMENTS FOR SPECIFIC HEALTH ISSUES. A LIST OF COMMON DATA WAS CREATED AND SUBMITTED TO THE SCHD EPIDEMIOLOGY DIVISION FOR RETRIEVAL. THIS DATA WAS PULLED ONCE AND DISTRIBUTED TO ALL PARTNERS. OTHER SOURCES OF SECONDARY DATA WERE OBTAINED FOR THE MLH REPORT.

4) COMMUNITY FOCUS GROUPS: NEW THIS YEAR WILL BE THE ADDITION OF COMMUNITY MEMBER FOCUS GROUPS. MLH WILL TAKE THE LEAD ON THIS OPTIONAL METHOD OF INFORMATION GATHERING. THE EVALUATION TEAM IDENTIFIED PARTICULAR POPULATIONS WITH CERTAIN HEALTH NEEDS AND CONDUCTED FOCUS GROUPS TO GATHER MORE IN-DEPTH INFORMATION ON THEIR NEEDS, PERCEPTION OF COMMUNITY RESOURCES, AND BARRIERS TO ACCESSING HEALTHCARE OR HEALTHY LIVING. SINCE MLH'S REPORT IS DUE LATER THAN THE OTHER HOSPITALS, THESE FOCUS GROUPS WERE CONDUCTED AFTER BOTH SURVEYS WERE DISTRIBUTED AND ANALYZED. THE RESULTS WERE NOT AVAILABLE IN TIME TO BE REFERENCED BY THE PARTNER AGENCIES IN THEIR CHNA REPORTS. ONCE FINALIZED THE REPORT WILL BE SHARED WITH THE PARTNERS AS WE ALL WORK TOWARDS OUR IMPLEMENTATION PLANS.

PART VI, LINE 3:

AT THE TIME OF REGISTRATION FINANCIAL COUNSELING IS PROVIDED BASED ON THE PATIENT'S INSURANCE AND INFORMATION PROVIDED. METHODIST HEALTHCARE MEMPHIS HOSPITALS (MHMH) DISCUSSES WITH PATIENTS THE AVAILABILITY OF VARIOUS GOVERNMENTAL BENEFITS SUCH AS MEDICAID OR OTHER STATE PROGRAMS, AND PROVIDES ASSISTANCE IN THE DETERMINATION OF QUALIFICATION AND COMPLETION OF APPLICATIONS AS NEEDED. OUR STAFF ALSO PROVIDES INFORMATION ON OUR CHARITY CARE POLICIES AND ASSISTS WITH APPLICATIONS FOR ASSISTANCE.

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Part VI Supplemental Information (Continuation)

ANY NOTED LANGUAGE BARRIERS ARE ADDRESSED TO FACILITATE COMMUNICATION.

OUR FINANCIAL ASSISTANCE SERVICES ARE AVAILABLE TO ANY QUALIFYING
UNINSURED PATIENTS ACCORDING TO ESTABLISHED ELIGIBILITY POLICIES. MHMH
UTILIZES THE FEDERAL POVERTY GUIDELINES (FPG) TO DETERMINE ELIGIBILITY AND
THE LEVEL OF DISCOUNT. THE LEVEL OF ASSISTANCE IS DETERMINED THROUGH AN
ESTABLISHED SCALE WHICH INCLUDES FACTORS SUCH AS INCOME AND NUMBER OF
RESIDENTS PER HOUSEHOLD. THESE CHARITY CARE POLICIES ARE PERIODICALLY
REVIEWED AND UPDATED AND ARE POSTED USING A PATIENT-FRIENDLY FORMAT ONLINE
AND THROUGHOUT ALL PUBLIC AREAS OF OUR FACILITIES. ALL STAFF HAVING
DIRECT PATIENT CONTACT HAVE RECEIVED TRAINING AND ARE KNOWLEDGEABLE ABOUT
THESE POLICIES.

PART VI, LINE 4:

METHODIST HEALTHCARE MEMPHIS HOSPITALS (MHMH) WAS FOUNDED BY THE MEMPHIS,
ARKANSAS, AND MISSISSIPPI CONFERENCES OF THE UNITED METHODIST CHURCH TO
SERVE A POPULATION OF ABOUT 1.25 MILLION PEOPLE. WE SERVE A BROAD CROSS
SECTION OF OUR COMMUNITY, REACHING MANY DISADVANTAGED AREAS. PATIENTS FROM
AROUND THE COUNTRY AND ALL OVER THE WORLD FIND THEIR WAY TO US FOR CARE,
BUT FOR THE PURPOSES OF THE COMMUNITY HEALTH NEEDS ASSESSMENT (CHNA) WHICH
OUR ORGANIZATION CONDUCTS EVERY THREE YEARS, WE IDENTIFY SHELBY COUNTY,
TENNESSEE AND DESOTO COUNTY, MISSISSIPPI AS OUR PRIMARY SERVICE AREA.
THESE TWO COUNTIES COMPRISE MORE THAN 75 PERCENT OF INPATIENT DISCHARGES
ACROSS OUR SYSTEM AND IS A REPRESENTATIVE SAMPLE OF OUR PATIENT
POPULATION.

THE SERVICE AREA IS COMPRISED OF:

-FORTY-EIGHT PERCENT MALES AND TWENTY-ONE PERCENT FEMALES OF CHILD-BEARING

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Part VI Supplemental Information (Continuation)

AGE

-FORTY-EIGHT PERCENT AFRICAN AMERICANS, FORTY-TWO PERCENT WHITES, SIX PERCENT HISPANICS, AND FOUR PERCENT OTHER RACES/ETHNICITIES

-THE AVERAGE HOUSEHOLD INCOME IS \$66,530

-59.3 PERCENT OF THE POPULATION HAS AT LEAST SOME COLLEGE EDUCATION

MHHM IS THE LARGEST TENNCARE/MEDICAID HEALTHCARE PROVIDER IN THE AREA, WITH APPROXIMATELY 13,000 INPATIENTS SERVED EACH YEAR. LE BONHEUR CHILDREN'S HOSPITAL IS THE ONLY PEDIATRIC HOSPITAL IN THE REGION, PROVIDING A FULL CONTINUUM OF SERVICES MEETING CHILDREN'S PRIMARY THROUGH AND QUATERNARY NEEDS. AS AN ACADEMIC MEDICAL CENTER, MHHM TRAINS HEALTH PROFESSIONALS AND FURNISHES SPECIALIZED HEALTHCARE SERVICES NOT OTHERWISE AVAILABLE IN THE REGION. MHHM IS THE PRIMARY TEACHING SITE FOR THE UNIVERSITY OF TENNESSEE SCHOOL OF MEDICINE. THIS DISTINCTION, ALONG WITH THE ACCOMPANYING RESEARCH, BENEFITS THE ENTIRE METROPOLITAN COMMUNITY.

PART VI, LINE 5:

METHODIST LE BONHEUR HEALTHCARE HAS SERVED THE MEMPHIS AND MID-SOUTH REGION FOR MORE THAN 100 YEARS. OUR ADULT HOSPITALS ARE LOCATED ACROSS THE CITY, AND ARE PART OF THE COMMUNITIES THEY SERVE. OUR CHILDREN'S HOSPITAL IS THE REGION'S ONLY COMPREHENSIVE PEDIATRIC HOSPITAL. MLH PHYSICIANS, NURSES AND OTHER CLINICIANS LIVE IN THE COMMUNITIES THAT THEY SERVE AND PROVIDE EXPERT CARE INSIDE THE HOSPITALS AND PREVENTATIVE SERVICES IN THEIR NEIGHBORHOODS.

OUR CARE IS SUPERB. METHODIST ADULT HOSPITALS ARE RANKED #1 IN MEMPHIS BY U.S. NEWS & WORLD REPORT. LE BONHEUR CHILDREN'S HOSPITAL HAS BEEN NAMED A

Part VI Supplemental Information (Continuation)

"BEST CHILDREN'S HOSPITAL" BY U.S. NEWS & WORLD REPORT FOR NINE CONSECUTIVE YEARS. LE BONHEUR PROVIDES OUTPATIENT SERVICES IN WEST TENNESSEE, NORTHERN MISSISSIPPI AND EASTERN ARKANSAS TO ENSURE CHILDREN THERE HAVE ACCESS TO EXPERT PEDIATRIC CARE. LE BONHEUR IS ALSO A LEVEL 1 PEDIATRIC TRAUMA CENTER, AND SERVES AS THE REGION'S PRIMARY SOURCE FOR PEDIATRIC TRAUMA CARE AND TRAUMA EDUCATION FOR REGIONAL PROVIDERS. METHODIST ALSO SERVES THE COMMUNITY WITH DIAGNOSTIC CARE FACILITIES IN THE COMMUNITIES WE SERVE AND ONE HOSPICE FACILITY COMMITTED TO HONORING OUR PATIENTS AT END-OF-LIFE.

METHODIST UNIVERSITY HOSPITAL IS THE PRIMARY TEACHING HOSPITAL FOR THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER AND LE BONHEUR CHILDREN'S SERVES AS THE PRIMARY TEACHING AFFILIATE FOR THE UNIVERSITY, TRAINING HUNDREDS OF HEALTH CARE PROFESSIONALS, INCLUDING NURSES, PHARMACISTS, REHABILITATION PROFESSIONALS, SOCIAL WORKERS, PRIMARY CARE PHYSICIANS, PEDIATRICIANS, SURGEONS AND OTHER PHYSICIAN SPECIALISTS EACH YEAR. IN ADDITION, MLH PROVIDES A VARIETY OF EDUCATIONAL PROGRAMS FOR ITS MEDICAL STAFF AND MEDICAL STUDENTS, AND OUR CLINICAL PASTORAL EDUCATION PROGRAM, AN ACPE ACCREDITED PROGRAM THAT PROVIDES TRAINING AND CERTIFICATION FOR HOSPITAL PASTORAL STAFF.

OUR RESEARCHERS ARE WORKING TO FIND NEW SOLUTIONS TO CHRONIC DISEASE THAT AFFECTS OUR POPULATION INCLUDING NEW TREATMENTS FOR DIABETES, SICKLE CELL AND ASTHMA. WE ALSO HAVE SIGNIFICANT PARTNERSHIPS WITH ST. JUDE CHILDREN'S RESEARCH HOSPITAL AND THE UNIVERSITY OF MEMPHIS TO EXTEND OUR RESEARCH AND TEACHING CAPABILITIES.

WE ARE AN ECONOMIC DRIVER FOR THE COMMUNITY, CONTRIBUTING \$5 BILLION TO

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

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Part VI Supplemental Information (Continuation)

THE MEMPHIS-AREA ECONOMY. MLH HAS 2,100 MEDICAL PROVIDERS, EMPLOYS MORE THAN 13,000 EMPLOYEES, MAKING IT THE SECOND-LARGEST PRIVATE EMPLOYER IN SHELBY COUNTY.

CENTRAL TO OUR MISSION IS THE COMMITMENT TO IMPROVE THE HEALTH AND WELL-BEING OF THE COMMUNITIES WE SERVE, PROVIDING UNCOMPENSATED CARE, CHARITABLE CONTRIBUTIONS TO OTHER COMMUNITY ORGANIZATIONS AND COMMUNITY OUTREACH. WITHIN OUR COMMUNITY OUTREACH DIVISION, WE EMPLOY 250 HEALTH CARE PROFESSIONALS TO ADDRESS COMMUNITY NEEDS AS THEY RELATE TO FOUR MAJOR AREAS: MATERNAL-CHILD HEALTH, CHILD DEVELOPMENT, SCHOOL HEALTH, CHRONIC DISEASE PREVENTION AND MANAGEMENT. WE PARTNER WITH HUNDREDS OF CHURCHES, SCHOOLS, CHILD CARE FACILITIES, BUSINESSES, GOVERNMENTAL AND COMMUNITY ORGANIZATIONS TO ACCOMPLISH OUR WORK.

IN 2018, MLH REPORTED \$228 MILLION IN COMMUNITY BENEFIT EXPENSES.

-\$710,000 OF COMMUNITY HEALTH IMPROVEMENT SERVICES WERE PROVIDED; INCLUDING NON-BILLED COMMUNITY HEALTH EDUCATION OUTREACH, COMMUNITY-BASED CLINICAL SERVICES, HEALTH CARE SUPPORT SERVICES, AND SOCIAL AND ENVIRONMENTAL IMPROVEMENT ACTIVITIES. THESE SERVICES INCLUDE FREE/DISCOUNTED PRESCRIPTION DRUGS, IN-HOME MEDICAL SERVICES AND HEALTH EQUIPMENT, TRANSPORTATION VOUCHERS, SUPPORT GROUPS, AND A VARIETY OF HEALTH FAIRS ALL AIMED AT KEEPING OUR COMMUNITIES HEALTHY. COLLECTIVELY, THESE ACTIVITIES SERVED OVER 58,000 PEOPLE IN SHELBY COUNTY AND THE SURROUNDING AREAS; IMPACT INCLUDES:

- FREE OR DISCOUNTED MEDICATIONS FOR UNINSURED OR UNDERINSURED INDIVIDUALS
- FREE HEALTH EQUIPMENT AND HOME HEALTH VISITS TO UNINSURED OR

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Part VI Supplemental Information (Continuation)

UNDERINSURED INDIVIDUALS

- TRANSPORTATION PASSES
- SUPPORT GROUPS
- HEALTH FAIRS
- CAR SEAT SAFETY CLASSES
- CHILDBIRTH CLASSES
- COMMUNITY EDUCATION CLASSES
- COMMUNITY PRESENTATIONS FOR THE GENERAL PUBLIC
- \$410 THOUSAND IN PROVIDING HEALTH PROFESSIONS EDUCATION SERVICES
- EMPLOYEES VOLUNTEERING ON BOARDS
- \$5 MILLION IN DONATIONS TO COMMUNITY ORGANIZATIONS
- ASSISTANCE WAS PROVIDED FOR CANCER PATIENTS

PART VI, LINE 6:

METHODIST HEALTHCARE-OLIVE BRANCH HOSPITAL, THE FILING ORGANIZATION, IS A SUBSIDIARY OF METHODIST LE BONHEUR HEALTHCARE (MLH). ALTHOUGH THIS FORM 990 ONLY INCLUDES THE CHARITY CARE AND COMMUNITY BENEFIT OF THIS ORGANIZATION, MLH INCLUDES THE FOLLOWING ENTITIES THAT ALSO PROVIDE CHARITY CARE AND COMMUNITY BENEFIT:

- METHODIST HEALTHCARE - MEMPHIS HOSPITALS
- ALLIANCE HEALTH SERVICES, INC.
- METHODIST HEALTHCARE COMMUNITY CARE ASSOCIATES

IN ADDITION, METHODIST HEALTHCARE FOUNDATION AND LE BONHEUR CHILDREN'S HOSPITAL FOUNDATION PROVIDE VALUABLE FINANCIAL SUPPORT TO THE OPERATIONS OF THE GROUP, ALLOWING IT TO PURSUE RESEARCH AND CONSTRUCTION PROJECTS TO

PROVIDE ADDITIONAL BENEFITS TO THE COMMUNITY. METHODIST HEALTHCARE -
MEMPHIS HOSPITALS ALSO HAS A TEACHING AND RESEARCH AFFILIATION WITH THE
UNIVERSITY OF TENNESSEE. THE UNIVERSITY HAS A CLINICAL REACH THAT EXTENDS
BEYOND THE LOCAL SERVICE AREA, PROVIDING HIGHLY SPECIALIZED SERVICES THAT
ATTRACT PATIENTS FROM A MULTI-STATE SERVICE AREA. MHMH HAD OVER 225
RESIDENTS, PLUS FELLOWS, NURSES, AND ALLIED HEALTH PROFESSIONALS THAT
TRAINED IN OUR FACILITIES DURING 2017.

PART VI, LINE 7, LIST OF STATES RECEIVING COMMUNITY BENEFIT REPORT:

TN

**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" on Form 990, Part IV, line 23.
 ▶ Attach to Form 990.
 ▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

Open to Public
Inspection

Name of the organization **METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL** Employer identification number **64-0889822**

Part I Questions Regarding Compensation

	Yes	No
1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items. <input type="checkbox"/> First-class or charter travel <input type="checkbox"/> Travel for companions <input type="checkbox"/> Tax indemnification and gross-up payments <input type="checkbox"/> Discretionary spending account <input type="checkbox"/> Housing allowance or residence for personal use <input type="checkbox"/> Payments for business use of personal residence <input type="checkbox"/> Health or social club dues or initiation fees <input type="checkbox"/> Personal services (such as maid, chauffeur, chef)		
b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	1b	
2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked on line 1a?	2	
3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III. <input type="checkbox"/> Compensation committee <input type="checkbox"/> Independent compensation consultant <input type="checkbox"/> Form 990 of other organizations <input type="checkbox"/> Written employment contract <input type="checkbox"/> Compensation survey or study <input type="checkbox"/> Approval by the board or compensation committee		
4 During the year, did any person listed on 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	X
b Participate in, or receive payment from, a supplemental nonqualified retirement plan?	4b	X
c Participate in, or receive payment from, an equity-based compensation arrangement?	4c	X
If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III.		
Only section 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.		
5 For persons listed on 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	X
b Any related organization?	5b	X
If "Yes" on line 5a or 5b, describe in Part III.		
6 For persons listed on 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	X
b Any related organization?	6b	X
If "Yes" on line 6a or 6b, describe in Part III.		
7 For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any nonfixed payments not described on lines 5 and 6? If "Yes," describe in Part III	7	X
8 Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III	8	X
9 If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?	9	

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2018

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

Schedule J (Form 990) 2018

64-0889822

Page 2

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 on 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 aren't 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 in column (B) reported as deferred on prior Form 990
		(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) DAVID BAYTOS	(i)	0.	0.	0.	0.	0.	0.	0.
PRESIDENT/CEO	(ii)	356,386.	149,513.	78,184.	37,024.	15,440.	636,547.	0.
(2) ANNELISE JENSEN	(i)	159,265.	38,737.	31,466.	37,569.	6,238.	273,275.	6,967.
VP/CNO	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) KRIS SANDERS	(i)	154,778.	20,090.	12,264.	17,042.	16,729.	220,903.	0.
TREASUER	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) AMANDA HORRELL	(i)	121,226.	0.	4,994.	5,720.	18,065.	150,005.	0.
PHARMACIST	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) MARGARET WALLACE	(i)	150,882.	0.	675.	4,011.	6,381.	161,949.	0.
PHARMACIST	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) JENNIFER WEAVER	(i)	145,655.	9,192.	0.	9,086.	18,462.	182,395.	0.
PHARMACIST	(ii)	0.	0.	0.	0.	0.	0.	0.
(7) PAMELA HUNT	(i)	142,597.	0.	694.	7,951.	9,344.	160,586.	0.
PHARMACIST	(ii)	0.	0.	0.	0.	0.	0.	0.
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							
	(i)							
	(ii)							

Schedule J (Form 990) 2018

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.

PART I, LINE 3:

THE BOARD OF METHODIST LE BONHEUR HEALTHCARE, A RELATED ORGANIZATION AND
CORPORATE OVERSIGHT ENTITY, CONDUCTS THE FOLLOWING METHODS TO ESTABLISH
COMPENSATION FOR ITS OFFICERS AND KEY EMPLOYEES:

- COMPENSATION COMMITTEE
- INDEPENDENT COMPENSATION CONSULTANT
- FORM 990 OF OTHER ORGANIZATIONS
- WRITTEN EMPLOYMENT CONTRACT
- COMPENSATION STUDY / SURVEY
- APPROVAL BY THE BOARD / COMPENSATION COMMITTEE

PART I, LINE 4B:

THE PURPOSE OF THE METHODIST LE BONHEUR HEALTHCARE CONSOLIDATED EXECUTIVE
DEFERRED COMPENSATION PLAN IS TO PROVIDE RETIREMENT BENEFITS FOR CERTAIN
EXECUTIVE LEVEL EMPLOYEES IN ADDITION TO THE BENEFITS PROVIDED THROUGH THE
OTHER RETIREMENT PLANS THAT ARE SPONSORED BY THE COMPANY. IT IS INTENDED
THAT THIS PLAN COMPLY WITH INTERNAL REVENUE CODE SECTION 457(F) AND QUALIFY

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.

FOR THE SHORT TERM DEFERRAL EXCEPTION TO CODE SECTION 409A. UNDER THE
PLAN, CORPORATE EXECUTIVES AT OR ABOVE THE VICE PRESIDENT LEVEL ARE
ELIGIBLE TO RECEIVE EXECUTIVE DEFERRED COMPENSATION CREDITS DEPENDING ON
THEIR POSITION CLASSIFICATION [6%, 8%, 10%, 12%, 15%, 25% OF BASE SALARY].
EACH PLAN YEAR, THE EXECUTIVE MUST ELECT A DEFERRED VESTING DATE TO BE
APPLIED TO THE DEFERRED COMPENSATION CREDIT THAT WILL BE EARNED IN THAT
PLAN YEAR. THE DEFERRED VESTING DATE IS SUBJECT TO A VESTING SCHEDULE THAT
REQUIRES A MINIMUM DEFERRAL OF 5 YEARS TO BECOME VESTED. UPON REACHING AGE
55, THE MINIMUM DEFERRAL IS REDUCED TO 3 YRS. UPON REACHING AGE 60, THE
MINIMUM DEFERRAL IS REDUCED TO 2 YRS. AT AGE 64, A CASH EQUIVALENT IS
PROVIDED TO THE EXECUTIVE AND NO ADDITIONAL DEFERRALS ARE MADE UNDER THIS
PLAN.

THE PLAN IS UNFUNDED WITH ALL BENEFITS PAID FROM THE COMPANY'S GENERAL
ASSETS. HOWEVER, THE EXECUTIVE IS ALLOWED TO DIRECT THE INVESTMENTS OF HIS
DEFERRED COMPENSATION CREDIT IN A MENU OF INVESTMENT ALTERNATIVES MADE
AVAILABLE BY THE COMPANY. UPON VESTING, A DISTRIBUTION IS PROVIDED LESS
APPLICABLE TAX. IN THE CASE OF A VOLUNTARY TERMINATION OF EMPLOYMENT BY
THE EXECUTIVE OR INVOLUNTARY TERMINATION OF EMPLOYMENT FOR CAUSE BY THE

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.

COMPANY, THE NON-VESTED FUNDS ARE FORFEITED. ACCELERATED VESTING (100%) IS
ALLOWED UPON DEATH, DISABILITY OR AN INVOLUNTARY TERMINATION BY THE COMPANY
WITHOUT CAUSE.

ALLOCATIONS TO THE 457(F) PLAN FOR THE YEAR INCLUDE THE FOLLOWING:

\$11,049 - ANNEЛИSE JENSEN

IN ADDITION, THE FOLLOWING INDIVIDUALS RECEIVED 457(F) PAYOUTS. THIS AMOUNT
REPRESENTS THE FULLY VESTED PORTION PURSUANT TO THE 457(F) PLAN. THIS
AMOUNT WAS REFLECTED IN COLUMN (C) ON THE PRIOR YEARS FORM 990 AS REQUIRED.

PAYOUTS FROM THE PLAN FOR THE YEAR INCLUDE THE FOLLOWING:

\$6,967 ANNEЛИSE JENSEN

IN ADDITION, THE FOLLOWING INDIVIDUALS RECEIVED AN EXECUTIVE RETIREMENT
LUMP SUM PAYOUT. ONCE AN EXECUTIVE REACHES THE AGE OF 64 THEN THEY ARE NO
LONGER ELIGIBLE TO PARTICIPATE IN THE 457(F) PLAN. A LUMP SUM IS PAID
ANNUALLY ON THE LAST PAY PERIOD OF THE YEAR, EQUIVALENT TO THE CONTRIBUTION

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.

THAT WOULD HAVE BEEN MADE TO THE 457(F) PLAN. THIS AMOUNT REPRESENTS THE
FULLY VESTED PORTION PURSUANT TO THE 457(F) PLAN. THIS AMOUNT WAS REFLECTED
IN COLUMN (C) ON THE PRIOR YEAR'S FORM 990 AS REQUIRED.

PAYOUTS FROM THE EXECUTIVE RETIREMENT PLAN FOR THE YEAR:

\$45,016 - DAVID BAYTOS

PART I, LINE 7:

THE MANAGEMENT INCENTIVE PLAN INTENDS TO REWARD MANAGEMENT FOR THE
ACHIEVEMENT OF PERFORMANCE AGAINST A PREESTABLISHED SET OF BALANCED AND
CHALLENGING GOALS. THE PLAN INCLUDED A PROVISION THAT DEFERRED VESTING OF A
PORTION OF THE AWARD FOR THREE YEARS SUBJECT TO CONTINUED EMPLOYMENT (WITH
A SUBSTANTIAL RISK OF FORFEITURE) TO ENCOURAGE RETENTION OF EXECUTIVES.
EXECUTIVES REACHING AGE 64 AND HAVING 5 YEARS' SERVICE WERE PAID ALL
UNVESTED DEFERRALS IN THE CALENDAR YEAR OF THE VESTING EVENT. THE DEFERRAL
PROVISION WAS ELIMINATED BEGINNING WITH PLAN YEAR 2018.

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 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Go to www.irs.gov/Form990 for the latest information.

OMB No. 1545-0047

2018

Open to Public
Inspection

Name of the organization

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

Employer identification number
64-0889822

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

SUPPORTS THE HEALTH MINISTRIES AND SOCIAL PRINCIPLES OF THE UNITED
METHODIST CHURCH TO BENEFIT THE COMMUNITIES WE SERVE.

FORM 990, PART III, LINE 4A, PROGRAM SERVICE ACCOMPLISHMENTS:

SERVICES OFFERED AT OBH INCLUDE:

24-HOUR EMERGENCY ROOM

CARDIOLOGY

GASTROENTEROLOGY

FULL SERVICE ACUTE CARE

NEPHROLOGY

NEUROLOGY

OBSTETRICS AND MATERNITY

ONCOLOGY

ORTHOPAEDIC

OUTPATIENT NUTRITION THERAPY

RADIOLOGY, INCLUDING MRI, CT, NUCLEAR MEDICINE, AND ULTRASOUND

REHABILITATION SERVICES: PHYSICAL, SPEECH, AND OCCUPATIONAL THERAPY

SURGICAL SERVICES: GENERAL, SAME DAY, MINIMALLY INVASIVE

UROLOGY

FORM 990, PART VI, SECTION A, LINE 6:

METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL IS A SUBSIDIARY OF METHODIST
LE BONHEUR HEALTHCARE (MLH, 58-1454711), WITH THE PERSONS SITTING ON THE
MLH BOARD OF DIRECTORS SERVING AS THE MEMBERS OF THE ORGANIZATION.

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ.

Schedule O (Form 990 or 990-EZ) (2018)

Name of the organization	METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL	Employer identification number 64-0889822
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FORM 990, PART VI, SECTION A, LINE 7A:

AS THE MEMBERS OF THE ORGANIZATION, THE MLH BOARD OF DIRECTORS ELECTS ALL MEMBERS OF THE GOVERNING BODY FOR THE ORGANIZATION.

FORM 990, PART VI, SECTION A, LINE 7B:

THE MEMBERS SHALL FROM TIME TO TIME ADOPT AND PROMULGATE SUCH AMENDMENTS AS THEY SHALL DEEM APPROPRIATE TO THE GENERAL POLICIES AND GUIDELINES OF THE CORPORATION, ALL OF WHICH SHALL NOT BE INCONSISTENT WITH THE PURPOSES OF METHODIST LE BONHEUR HEALTHCARE. UPON REQUEST BY THE BOARD OF DIRECTORS OF THE CORPORATION AND AT SUCH OTHER TIMES AS THE MEMBERS MAY SELECT, THE MEMBERS SHALL REVIEW THE AFFAIRS OF THE CORPORATION AND TAKE SUCH ACTION AS IT MAY DEEM APPROPRIATE IN ACCORDANCE WITH THESE BYLAWS. THE "CORPORATE LIMIT" REFERRED TO IN THE FOLLOWING ITEMS SHALL BE THE SUM OF FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) OR SUCH OTHER SUMS AS MAY FROM TIME TO TIME BE DESIGNATED BY ACTION OF THE MEMBERS; AND FOR PURPOSES OF THESE BYLAWS THE WORDS "THE CORPORATION" SHALL MEAN METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL. THE FOLLOWING ITEMS, AFTER BEING REVIEWED AND ADOPTED BY THE BOARD OF DIRECTORS, SHALL BE SUBMITTED TO THE MEMBERS FOR APPROVAL.

- IN DECEMBER OF EACH YEAR, A STRATEGIC PLAN AND A ONE (1) YEAR OPERATING BUDGET OF THE CORPORATION'S ENSUING FISCAL YEAR, AND, THEREAFTER, ANY ACTION WHICH WILL RESULT IN A SUBSTANTIAL CHANGE IN THE EXPENDITURES OR REVENUE FORECAST IN ANY SUCH PLAN OR BUDGET;

- ANY CREATION OR SUBSTANTIVE AMENDMENT OF A CONTRACT, LEASE OR OTHER AGREEMENT OF WHICH THE CORPORATION IS A PARTY WHICH INVOLVES AN OBLIGATION, OR A POTENTIAL OBLIGATION, ON THE PART OF THE CORPORATION IN EXCESS OF THE

Name of the organization **METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Employer identification number
64-0889822

**CORPORATE LIMIT, UNLESS SUCH TRANSACTION HAS BEEN PREVIOUSLY APPROVED
WITHIN THE CAPITAL OR OPERATING BUDGETS;**

**- ANY SALE, EXCHANGE, GIFT, MORTGAGE, OPTION, LEASE WITH A TERM IN EXCESS
OF ONE YEAR (EXCEPT TO DOCTORS FOR OFFICE SPACE), OR OTHER DISPOSITION OF:**

(1) ANY REAL PROPERTY OR INTEREST THEREIN OWNED BY THE CORPORATION, OR

**(2) ANY OTHER ASSET OWNED BY THE CORPORATION WITH A VALUE IN EXCESS OF THE
CORPORATE LIMIT, EXCEPT WITH RESPECT TO TRANSACTIONS SPECIFIED AND
PREVIOUSLY APPROVED WITHIN THE CAPITAL OR OPERATING BUDGETS.**

**- ANY RELEASE OR CANCELLATION BY THE CORPORATION OF A CLAIM OR RIGHT OF
ACTION AGAINST ANOTHER PARTY IN AN AMOUNT IN EXCESS OF THE CORPORATE LIMIT;**

- ANY APPLICATION FOR A GOVERNMENT GRANT;

**- ANY AMENDMENT OR RESTATEMENT OF THE CORPORATE CHARTER OR ANY PLAN OF
MERGER, CONSOLIDATION OR DISSOLUTION OF THE CORPORATION;**

**- ANY ACTION OR INACTION AT VARIANCE WITH THE STATED POLICIES OF THE
CORPORATION WHICH POLICIES HAVE BEEN APPROVED BY THE MEMBERS;**

**- THE SELECTION OF ANY BANKING INSTITUTION AS A DEPOSITORY OF CORPORATE
FUNDS; AND**

**- ANY OTHER MATTERS AS MAY BE REQUIRED BY LAW TO BE SUBMITTED TO THE
MEMBERS OF A NOT-FOR-PROFIT CORPORATION.**

Name of the organization	METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL	Employer identification number	64-0889822
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FORM 990, PART VI, SECTION B, LINE 11B:

THE FORM 990 IS PREPARED BY AN INDEPENDENT ACCOUNTING FIRM WITH INPUT FROM HUMAN RESOURCES, LEGAL, COMPLIANCE, AND FINANCE DEPARTMENTS AND EXTERNAL FINANCIAL CONSULTANTS. FINANCIAL INFORMATION IS RECONCILED TO AUDITED FINANCIAL STATEMENTS AS APPROPRIATE. THE INFORMATION TO BE DISCLOSED REGARDING COMPENSATION IS REVIEWED WITH THE COMPENSATION COMMITTEE OF THE BOARD. THE RETURN IS REVIEWED BY THE CHIEF FINANCIAL OFFICER OF MLH AND MANAGEMENT OF THE ORGANIZATION AS APPROPRIATE. A COPY OF THE RETURN IS PROVIDED TO EACH BOARD MEMBER VIA E-MAIL PRIOR TO FILING THE RETURN.

FORM 990, PART VI, SECTION B, LINE 12C:

METHODIST LE BONHEUR HEALTHCARE, THE PARENT ORGANIZATION, EMPLOYS A COMPLIANCE OFFICER WHO MONITORS AND ENFORCES COMPLIANCE WITH THE CONFLICT OF INTEREST POLICY FOR ALL VOTING BOARD MEMBERS AND APPLICABLE OFFICERS.

FORM 990, PART VI, SECTION B, LINE 15:

COMPENSATION FOR OFFICERS AND KEY EMPLOYEES OF THE ORGANIZATION IS DETERMINED BY THE BOARD OF DIRECTORS OF METHODIST LE BONHEUR HEALTHCARE, THE PARENT ORGANIZATION. AN EXTERNAL INDEPENDENT CONSULTANT ADVISES THE BOARD COMPENSATION COMMITTEE ON EXECUTIVE SALARY AND INCENTIVE COMPENSATION. BENEFITS ARE PERIODICALLY BENCHMARKED BY A SEPARATE EXTERNAL CONSULTANT AND ANY CHANGES ARE APPROVED BY THE BOARD OF DIRECTORS COMPENSATION COMMITTEE.

THE COMPENSATION COMMITTEE IS COMPRISED OF INDEPENDENT MEMBERS AND IS A SUBGROUP OF THE FULL BOARD OF DIRECTORS. THE COMPENSATION CONSULTANT ANNUALLY DEVELOPS TOTAL CASH COMPENSATION COMPARISONS OF PEER NON-PROFIT

Name of the organization	METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL	Employer identification number 64-0889822
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SYSTEMS ESTABLISHED BY THE COMPENSATION COMMITTEE. THE COMPENSATION CONSULTANT INTERPRETS THE INFORMATION AND PROVIDES AN OPINION OF REASONABLENESS ON THE TOTAL CASH COMPENSATION PACKAGE. THE COMPENSATION COMMITTEE APPROVES ANY CHANGES TO THE COMPENSATION AND EXECUTIVE BENEFIT STRUCTURE OF THE CEO AND OTHER TOP EXECUTIVES, OTHERWISE KNOWN AS DISQUALIFIED CANDIDATES. ALL OTHER COMPENSATION DECISIONS ARE DETERMINED BY ARRANGEMENT AS DELEGATED BY THE BOARD OF DIRECTORS. THE COMMITTEE DOCUMENTS ALL DETERMINATIONS.

FORM 990, PART VI, SECTION C, LINE 18:

PHOTOCOPIES OF THE FORM 990 ARE AVAILABLE UPON REQUEST AT THE ORGANIZATION'S ADMINISTRATIVE OFFICE. IN ADDITION, RECENT FILINGS OF THE FORM 990 ARE AVAILABLE ONLINE AT OUR WEBSITE IN THE "ABOUT US" SECTION.

FORM 990, PART VI, SECTION C, LINE 19:

METHODIST LE BONHEUR HEALTHCARE, AND RELATED SUBSIDIARIES. INFORMATION ON FINANCIAL STATEMENTS IS AVAILABLE BY CONTACTING THE ORGANIZATION'S CORPORATE OFFICE. PLEASE SEE FORM 990, PART VI, LINE 20 FOR DETAILS. CONFLICT OF INTEREST POLICY AND GOVERNING DOCUMENTS FOR ALL AFFILIATES OF METHODIST LE BONHEUR HEALTHCARE ARE ALSO AVAILABLE BY REQUEST.

FORM 990, PART IX, LINE 11G, OTHER FEES:

PURCHASED SERVICES:

PROGRAM SERVICE EXPENSES	10,856,695.
MANAGEMENT AND GENERAL EXPENSES	1,638,201.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	12,494,896.

Name of the organization **METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**Employer identification number
64-0889822**CONSULTING:**

PROGRAM SERVICE EXPENSES 24,837.

MANAGEMENT AND GENERAL EXPENSES 0.

FUNDRAISING EXPENSES 0.

TOTAL EXPENSES 24,837.

LICENSE FEES:

PROGRAM SERVICE EXPENSES 1,700.

MANAGEMENT AND GENERAL EXPENSES 0.

FUNDRAISING EXPENSES 0.

TOTAL EXPENSES 1,700.

TOTAL OTHER FEES ON FORM 990, PART IX, LINE 11G, COL A 12,521,433.

FORM 990, PART XI, LINE 9, CHANGES IN NET ASSETS:

TRANSFER FROM AFFILIATES -2,819,149.

FORM 990, PART XII, LINE 2C:

THE PROCESS HAS NOT CHANGED FROM THE PRIOR YEAR.

**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.

▶ Go to www.irs.gov/Form990 for instructions and the latest information.

OMB No. 1545-0047

2018

**Open to Public
Inspection**

Name of the organization METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL	Employer identification number 64-0889822
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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
DESOTO DIAGNOSTIC IMAGING - 62-1802576 9085 SANDIDGE CTR CV OLIVE BRANCH, MS 38654	RADIOLOGY	MISSISSIPPI			METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL

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	No
METHODIST LE BONHEUR HEALTHCARE - 58-1454711 1211 UNION AVENUE SUITE 700 MEMPHIS, TN 38104	SUPPORTING ORGANIZATION	TENNESSEE	501(C)(3)	LINE 12B, II	N/A		X
METHODIST HEALTHCARE - MEMPHIS HOSPITALS - 62-0479367, 1265 UNION AVENUE, MEMPHIS, TN 38104	HOSPITALS	TENNESSEE	501(C)(3)	LINE 3	METHODIST LE BONHEUR HEALTHCARE		X
METHODIST EXTENDED CARE HOSPITAL INC. - 62-1518342, 225 SOUTH CLAYBROOK, MEMPHIS, TN 38104	INACTIVE HOSPITAL	TENNESSEE	501(C)(3)	LINE 3	METHODIST LE BONHEUR HEALTHCARE		X
METHODIST HEALTHCARE PRIMARY CARE ASSOCIATES - 58-2078931, 1211 UNION AVENUE SUITE 657, MEMPHIS, TN 38104	PHYSICIAN PRACTICES	TENNESSEE	501(C)(3)	LINE 10	METHODIST LE BONHEUR HEALTHCARE		X

For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule R (Form 990) 2018

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Schedule R (Form 990)

64-0889822

Part II Continuation of Identification of Related Tax-Exempt Organizations

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled organization?	
						Yes	No
METHODIST HEALTHCARE COMMUNITY CARE ASSOCIATES - 62-1403517, 6400 SHELBY VIEW SUITE 101, MEMPHIS, TN 38134	OUTPATIENT HEALTHCARE	TENNESSEE	501(C)(3)	LINE 10	METHODIST LE BONHEUR HEALTHCARE		X
ALLIANCE HEALTH SERVICES INC. - 62-0841121 6400 SHELBY VIEW SUITE 101 MEMPHIS, TN 38134	HEALTHCARE	TENNESSEE	501(C)(3)	LINE 10	METHODIST LE BONHEUR HEALTHCARE		X
METHODIST HEALTHCARE FOUNDATION - 23-7320638 1211 UNION AVENUE SUITE 450 MEMPHIS, TN 38104	FOUNDATION	TENNESSEE	501(C)(3)	LINE 12A, I	METHODIST LE BONHEUR HEALTHCARE		X
LE BONHEUR CHILDREN'S HOSPITAL FOUNDATION - 62-1872938, 850 POPLAR AVENUE BLDG 2, MEMPHIS, TN 38105	FOUNDATION	TENNESSEE	501(C)(3)	LINE 12A, I	METHODIST LE BONHEUR HEALTHCARE		X
METHODIST LE BONHEUR COMMUNITY OUTREACH - 62-1251288, 1211 UNION AVENUE SUITE 700, MEMPHIS, TN 38104	FOUNDATION	TENNESSEE	501(C)(3)	LINE 7	LE BONHEUR CHILDREN'S FOUNDATION		X
METHODIST HEALTHCARE-JONESBORO HOSPITAL - 71-0499625, 1211 UNION AVENUE SUITE 657, MEMPHIS, TN 38104	INACTIVE HOSPITAL	TENNESSEE	501(C)(3)	LINE 3	METHODIST LE BONHEUR HEALTHCARE		X
METHODIST HEALTHCARE-DYERSBURG HOSPITAL - 62-1155084, 1211 UNION AVENUE SUITE 657, MEMPHIS, TN 38104	INACTIVE HOSPITAL	TENNESSEE	501(C)(3)	LINE 3	METHODIST LE BONHEUR HEALTHCARE		X
METHODIST HEALTHCARE CENTRAL MS MEDICAL ASSOCIATES - 64-0884720, 1211 UNION AVENUE SUITE 657, MEMPHIS, TN 38104	PHYSICIAN PRACTICES	TENNESSEE	501(C)(3)	LINE 3	METHODIST LE BONHEUR HEALTHCARE		X
METHODIST HEALTHCARE-JACKSON HOSPITAL - 64-0794199, 1211 UNION AVENUE SUITE 657, MEMPHIS, TN 38104	INACTIVE HOSPITAL	TENNESSEE	501(C)(3)	LINE 3	METHODIST LE BONHEUR HEALTHCARE		X
METHODIST HEALTHCARE-MIDDLE MISSISSIPPI HOSPITAL - 64-0698911, 1211 UNION AVENUE SUITE 657, MEMPHIS, TN 38104	INACTIVE HOSPITAL	TENNESSEE	501(C)(3)	LINE 3	METHODIST LE BONHEUR HEALTHCARE		X

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

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

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(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	
NORTH SURGERY CENTER, LP - 62-1685756, 3960 NEW COVINGTON PIKE, MEMPHIS, TN 38128	SURGERY CENTER	TN	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
METHODIST SURGERY												
CENTER-GERMANTOWN, LP -												
62-1659904, 1363 S GERMANTOWN ROAD, GERMANTOWN, TN 38138												
HAMILTON EYE INSTITUTE SURGERY CENTER, LP - 20-2873438, 930 MADISON AVE. 3RD FLOOR, MEMPHIS, TN 38103	SURGERY CENTER	TN	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

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
AMBULATORY OPERATIONS INC. - 62-1157166 1211 UNION AVENUE SUITE 600 MEMPHIS, TN 38104	MEDICAL AND MANAGEMENT SERVICES	TN	N/A	C CORP	N/A	N/A	N/A		X
SOLUS MANAGEMENT SERVICES INC. - 62-1361349 6400 SHELBY VIEW SUITE 101 MEMPHIS, TN 38134									
MEMPHIS PROFESSIONAL BUILDING INC. - 62-1847544, 1211 UNION AVENUE SUITE 600, MEMPHIS, TN 38104	HEALTH SERVICES MANAGEMENT	TN	N/A	C CORP	N/A	N/A	N/A		X
	INVESTMENTS	TN	N/A	C CORP	N/A	N/A	N/A		X

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

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

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

	Yes	No
1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
a Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity	1a	X
b Gift, grant, or capital contribution to related organization(s)	1b	X
c Gift, grant, or capital contribution from related organization(s)	1c	X
d Loans or loan guarantees to or for related organization(s)	1d	X
e Loans or loan guarantees by related organization(s)	1e	X
f Dividends from related organization(s)	1f	X
g Sale of assets to related organization(s)	1g	X
h Purchase of assets from related organization(s)	1h	X
i Exchange of assets with related organization(s)	1i	X
j Lease of facilities, equipment, or other assets to related organization(s)	1j	X
k Lease of facilities, equipment, or other assets from related organization(s)	1k	X
l Performance of services or membership or fundraising solicitations for related organization(s)	1l	X
m Performance of services or membership or fundraising solicitations by related organization(s)	1m	X
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	X
o Sharing of paid employees with related organization(s)	1o	X
p Reimbursement paid to related organization(s) for expenses	1p	X
q Reimbursement paid by related organization(s) for expenses	1q	X
r Other transfer of cash or property to related organization(s)	1r	X
s Other transfer of cash or property from related organization(s)	1s	X

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)			
(2)			
(3)			
(4)			
(5)			
(6)			

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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.

[illegible]

Provide additional information for responses to questions on Schedule R. See instructions.

Exempt Organization Business Income Tax Return

(and proxy tax under section 6033(e))

OMB No. 1545-0687

2018

Department of the Treasury
Internal Revenue Service

For calendar year 2018 or other tax year beginning _____, and ending _____

▶ Go to www.irs.gov/Form990T for instructions and the latest information.

▶ Do not enter SSN numbers on this form as it may be made public if your organization is a 501(c)(3).

Open to Public Inspection for
501(c)(3) Organizations Only

A <input type="checkbox"/> Check box if address changed		Print or Type	Name of organization (<input type="checkbox"/> Check box if name changed and see instructions.) METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL	D Employer identification number (Employees' trust, see instructions.) 64-0889822
B Exempt under section <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 408(e) <input type="checkbox"/> 220(e) <input type="checkbox"/> 408A <input type="checkbox"/> 530(a) <input type="checkbox"/> 529(a)			Number, street, and room or suite no. If a P.O. box, see instructions. 4250 BETHEL RD.	E Unrelated business activity code (See instructions.) 900099
			City or town, state or province, country, and ZIP or foreign postal code OLIVE BRANCH, MS 38654	
C Book value of all assets at end of year 94,275,992.			F Group exemption number (See instructions.) ▶	
		G Check organization type ▶ <input checked="" type="checkbox"/> 501(c) corporation <input type="checkbox"/> 501(c) trust <input type="checkbox"/> 401(a) trust <input type="checkbox"/> Other trust		

H Enter the number of the organization's unrelated trades or businesses. ▶ **1** Describe the only (or first) unrelated trade or business here ▶ **DISALLOWED FRINGES**. If only one, complete Parts I-V. If more than one, describe the first in the blank space at the end of the previous sentence, complete Parts I and II, complete a Schedule M for each additional trade or business, then complete Parts III-V.

I During the tax year, was the corporation a subsidiary in an affiliated group or a parent-subsidiary controlled group? ▶ ☐ Yes ☒ No
If "Yes," enter the name and identifying number of the parent corporation. ▶

J The books are in care of ▶ **RICK HETHERINGTON** Telephone number ▶ **901-516-0656**

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a Gross receipts or sales				
b Less returns and allowances				
c Balance	▶	1c		
2 Cost of goods sold (Schedule A, line 7)		2		
3 Gross profit. Subtract line 2 from line 1c		3		
4a Capital gain net income (attach Schedule D)		4a		
b Net gain (loss) (Form 4797, Part II, line 17) (attach Form 4797)		4b		
c Capital loss deduction for trusts		4c		
5 Income (loss) from a partnership or an S corporation (attach statement)		5		
6 Rent income (Schedule C)		6		
7 Unrelated debt-financed income (Schedule E)		7		
8 Interest, annuities, royalties, and rents from a controlled organization (Schedule F)		8		
9 Investment income of a section 501(c)(7), (9), or (17) organization (Schedule G)		9		
10 Exploited exempt activity income (Schedule I)		10		
11 Advertising income (Schedule J)		11		
12 Other income (See instructions; attach schedule)		12		
13 Total. Combine lines 3 through 12		13	0.	

Part II Deductions Not Taken Elsewhere (See instructions for limitations on deductions.)

(Except for contributions, deductions must be directly connected with the unrelated business income.)

14 Compensation of officers, directors, and trustees (Schedule K)		14	
15 Salaries and wages		15	
16 Repairs and maintenance		16	
17 Bad debts		17	
18 Interest (attach schedule) (see instructions)		18	
19 Taxes and licenses		19	
20 Charitable contributions (See instructions for limitation rules)		20	
21 Depreciation (attach Form 4562)	21		
22 Less depreciation claimed on Schedule A and elsewhere on return	22a	22b	
23 Depletion		23	
24 Contributions to deferred compensation plans		24	
25 Employee benefit programs		25	
26 Excess exempt expenses (Schedule I)		26	
27 Excess readership costs (Schedule J)		27	
28 Other deductions (attach schedule)		28	
29 Total deductions. Add lines 14 through 28		29	0.
30 Unrelated business taxable income before net operating loss deduction. Subtract line 29 from line 13		30	0.
31 Deduction for net operating loss arising in tax years beginning on or after January 1, 2018 (see instructions)		31	
32 Unrelated business taxable income. Subtract line 31 from line 30		32	0.

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

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Part III Total Unrelated Business Taxable Income

33	Total of unrelated business taxable income computed from all unrelated trades or businesses (see instructions)	33	0.
34	Amounts paid for disallowed fringes	34	10,935.
35	Deduction for net operating loss arising in tax years beginning before January 1, 2018 (see instructions)	35	
36	Total of unrelated business taxable income before specific deduction. Subtract line 35 from the sum of lines 33 and 34	36	10,935.
37	Specific deduction (Generally \$1,000, but see line 37 instructions for exceptions)	37	1,000.
38	Unrelated business taxable income. Subtract line 37 from line 36. If line 37 is greater than line 36, enter the smaller of zero or line 36	38	9,935.

Part IV Tax Computation

39	Organizations Taxable as Corporations. Multiply line 38 by 21% (0.21)	39	2,086.
40	Trusts Taxable at Trust Rates. See instructions for tax computation. Income tax on the amount on line 38 from: <input type="checkbox"/> Tax rate schedule or <input type="checkbox"/> Schedule D (Form 1041)	40	
41	Proxy tax. See instructions	41	
42	Alternative minimum tax (trusts only)	42	
43	Tax on Noncompliant Facility Income. See instructions	43	
44	Total. Add lines 41, 42, and 43 to line 39 or 40, whichever applies	44	2,086.

Part V Tax and Payments

45a	Foreign tax credit (corporations attach Form 1118; trusts attach Form 1116)	45a	
b	Other credits (see instructions)	45b	
c	General business credit. Attach Form 3800	45c	
d	Credit for prior year minimum tax (attach Form 8801 or 8827)	45d	
e	Total credits. Add lines 45a through 45d	45e	
46	Subtract line 45e from line 44	46	2,086.
47	Other taxes. Check if from: <input type="checkbox"/> Form 4255 <input type="checkbox"/> Form 8611 <input type="checkbox"/> Form 8697 <input type="checkbox"/> Form 8866 <input type="checkbox"/> Other (attach schedule)	47	
48	Total tax. Add lines 46 and 47 (see instructions)	48	2,086.
49	2018 net 965 tax liability paid from Form 965-A or Form 965-B, Part II, column (k), line 2	49	0.
50a	Payments: A 2017 overpayment credited to 2018	50a	
b	2018 estimated tax payments	50b	
c	Tax deposited with Form 8868	50c	
d	Foreign organizations: Tax paid or withheld at source (see instructions)	50d	
e	Backup withholding (see instructions)	50e	
f	Credit for small employer health insurance premiums (attach Form 8941)	50f	
g	Other credits, adjustments, and payments: <input type="checkbox"/> Form 2439 <input type="checkbox"/> Form 4136 <input type="checkbox"/> Other Total	50g	
51	Total payments. Add lines 50a through 50g	51	
52	Estimated tax penalty (see instructions). Check if Form 2220 is attached <input type="checkbox"/>	52	
53	Tax due. If line 51 is less than the total of lines 48, 49, and 52, enter amount owed STATEMENT 1	53	2,086.
54	Overpayment. If line 51 is larger than the total of lines 48, 49, and 52, enter amount overpaid	54	
55	Enter the amount of line 54 you want: Credited to 2019 estimated tax Refunded	55	

Part VI Statements Regarding Certain Activities and Other Information (see instructions)

56	At any time during the 2018 calendar year, did the organization have an interest in or a signature or other authority over a financial account (bank, securities, or other) in a foreign country? If "Yes," the organization may have to file FinCEN Form 114, Report of Foreign Bank and Financial Accounts. If "Yes," enter the name of the foreign country here	Yes	No
57	During the tax year, did the organization receive a distribution from, or was it the grantor of, or transferor to, a foreign trust? If "Yes," see instructions for other forms the organization may have to file.		X
58	Enter the amount of tax-exempt interest received or accrued during the tax year \$		

Sign Here

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 taxpayer) is based on all information of which preparer has any knowledge.

Signature of officer _____ Date _____ CFO Title _____

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

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	AMY BIBBY	AMY BIBBY			P00445891
	Firm's name DIXON HUGHES GOODMAN LLP 500 RIDGEFIELD COURT Firm's address ASHEVILLE, NC 28806	Firm's EIN 56-0747981	Phone no. (828) 254-2254		

Schedule A - Cost of Goods Sold. Enter method of inventory valuation ► **N/A**

1 Inventory at beginning of year	1		6 Inventory at end of year	6	
2 Purchases	2		7 Cost of goods sold. Subtract line 6		
3 Cost of labor	3		from line 5. Enter here and in Part I,		
4a Additional section 263A costs			line 2	7	
(attach schedule)	4a		8 Do the rules of section 263A (with respect to		Yes No
b Other costs (attach schedule)	4b		property produced or acquired for resale) apply to		
5 Total. Add lines 1 through 4b	5		the organization?		

Schedule C - Rent Income (From Real Property and Personal Property Leased With Real Property)

(see instructions)

1. Description of property

(1)
(2)
(3)
(4)

2. Rent received or accrued

(a) From personal property (if the percentage of rent for personal property is more than 10% but not more than 50%)	(b) From real and personal property (if the percentage of rent for personal property exceeds 50% or if the rent is based on profit or income)	3(a) Deductions directly connected with the income in columns 2(a) and 2(b) (attach schedule)
(1)		
(2)		
(3)		
(4)		
Total 0.	Total 0.	

(c) Total income. Add totals of columns 2(a) and 2(b). Enter here and on page 1, Part I, line 6, column (A) ►**(b) Total deductions.**

Enter here and on page 1, Part I, line 6, column (B) ... ►

0.**0.****Schedule E - Unrelated Debt-Financed Income** (see instructions)

1. Description of debt-financed property		2. Gross income from or allocable to debt-financed property	3. Deductions directly connected with or allocable to debt-financed property	
			(a) Straight line depreciation (attach schedule)	(b) Other deductions (attach schedule)
(1)				
(2)				
(3)				
(4)				
4. Amount of average acquisition debt on or allocable to debt-financed property (attach schedule)	5. Average adjusted basis of or allocable to debt-financed property (attach schedule)	6. Column 4 divided by column 5	7. Gross income reportable (column 2 x column 6)	8. Allocable deductions (column 6 x total of columns 3(a) and 3(b))
(1)		%		
(2)		%		
(3)		%		
(4)		%		
Totals			Enter here and on page 1, Part I, line 7, column (A). 0.	Enter here and on page 1, Part I, line 7, column (B). 0.
Total dividends-received deductions included in column 8			0.	0.

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Schedule F - Interest, Annuities, Royalties, and Rents From Controlled Organizations (see instructions)

1. Name of controlled organization	2. Employer identification number	Exempt Controlled Organizations			
		3. Net unrelated income (loss) (see instructions)	4. Total of specified payments made	5. Part of column 4 that is included in the controlling organization's gross income	6. Deductions directly connected with income in column 5
(1)					
(2)					
(3)					
(4)					

Nonexempt Controlled Organizations

7. Taxable income	8. Net unrelated income (loss) (see instructions)	9. Total of specified payments made	10. Part of column 9 that is included in the controlling organization's gross income	11. Deductions directly connected with income in column 10
(1)				
(2)				
(3)				
(4)				
			Add columns 5 and 10. Enter here and on page 1, Part I, line 8, column (A).	Add columns 6 and 11. Enter here and on page 1, Part I, line 8, column (B).
Totals			0.	0.

Schedule G - Investment Income of a Section 501(c)(7), (9), or (17) Organization

(see instructions)

1. Description of income	2. Amount of income	3. Deductions directly connected (attach schedule)	4. Set-asides (attach schedule)	5. Total deductions and set-asides (col. 3 plus col. 4)
(1)				
(2)				
(3)				
(4)				
		Enter here and on page 1, Part I, line 9, column (A).		Enter here and on page 1, Part I, line 9, column (B).
Totals		0.		0.

Schedule I - Exploited Exempt Activity Income, Other Than Advertising Income

(see instructions)

1. Description of exploited activity	2. Gross unrelated business income from trade or business	3. Expenses directly connected with production of unrelated business income	4. Net income (loss) from unrelated trade or business (column 2 minus column 3). If a gain, compute cols. 5 through 7.	5. Gross income from activity that is not unrelated business income	6. Expenses attributable to column 5	7. Excess exempt expenses (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
		Enter here and on page 1, Part I, line 10, col. (A).	Enter here and on page 1, Part I, line 10, col. (B).			Enter here and on page 1, Part II, line 26.
Totals		0.	0.			0.

Schedule J - Advertising Income (see instructions)**Part I Income From Periodicals Reported on a Consolidated Basis**

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals (carry to Part II, line (5))		0.	0.			0.

METHODIST HEALTHCARE - OLIVE BRANCH

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Part II **Income From Periodicals Reported on a Separate Basis** (For each periodical listed in Part II, fill in columns 2 through 7 on a line-by-line basis.)

1. Name of periodical	2. Gross advertising income	3. Direct advertising costs	4. Advertising gain or (loss) (col. 2 minus col. 3). If a gain, compute cols. 5 through 7.	5. Circulation income	6. Readership costs	7. Excess readership costs (column 6 minus column 5, but not more than column 4).
(1)						
(2)						
(3)						
(4)						
Totals from Part I	0.	0.				0.
Totals, Part II (lines 1-5)	Enter here and on page 1, Part I, line 11, col. (A). 0.	Enter here and on page 1, Part I, line 11, col. (B). 0.				Enter here and on page 1, Part II, line 27. 0.

Schedule K - Compensation of Officers, Directors, and Trustees (see instructions)

1. Name	2. Title	3. Percent of time devoted to business	4. Compensation attributable to unrelated business
(1)		%	
(2)		%	
(3)		%	
(4)		%	
Total. Enter here and on page 1, Part II, line 14			0.

Form 990-T (2018)

FORM 990-T	INTEREST AND PENALTIES	STATEMENT 1
------------	------------------------	-------------

TAX FROM FORM 990-T, PART IV	2,086.
LATE PAYMENT INTEREST	56.
LATE PAYMENT PENALTY	63.
TOTAL AMOUNT DUE	2,205.

FORM 990-T	LATE PAYMENT INTEREST	STATEMENT 2
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DESCRIPTION	DATE	AMOUNT	BALANCE	RATE	DAYS	INTEREST
TAX DUE	05/15/19	2,086.	2,086.	.0600	46	16.
INTEREST RATE CHANGE	06/30/19	0.	2,102.	.0500	138	40.
DATE FILED	11/15/19		2,142.			
TOTAL LATE PAYMENT INTEREST						56.

FORM 990-T	LATE PAYMENT PENALTY	STATEMENT 3
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DESCRIPTION	DATE	AMOUNT	BALANCE	MONTHS	PENALTY
TAX DUE	05/15/19	2,086.	2,086.	6	63.
DATE FILED	11/15/19		2,086.		
TOTAL LATE PAYMENT PENALTY					63.

Electronic Filing PDF Attachment



METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Single Audit Reports

December 31, 2018

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

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KPMG LLP
Triad Centre III
Suite 450
6070 Poplar Avenue
Memphis, TN 38119-3901

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

The Board of Directors
Methodist Le Bonheur Healthcare:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the combined financial statements of Methodist Le Bonheur Healthcare and Affiliates (the System), which comprise the combined balance sheet as of December 31, 2018, and the related combined statements of operations, changes in net assets, and cash flows for the year then ended, and the related notes to the combined financial statements, and have issued our report thereon dated April 26, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the System's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2018-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the System's combined financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**The System's Response to Findings**

The System's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The System's response was not subjected to the auditing procedures applied in the audit of the combined financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the System's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Memphis, Tennessee
April 26, 2019



KPMG LLP
Triad Centre III
Suite 450
6070 Poplar Avenue
Memphis, TN 38119-3901

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Reports on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Schedule of Expenditures of State of Tennessee Financial Assistance

The Board of Directors
Methodist Le Bonheur Healthcare:

Report on Compliance for Each Major Federal Program

We have audited Methodist Le Bonheur Healthcare and Affiliates' (the System) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on the System's major federal program for the year ended December 31, 2018. The System's major federal program is identified in the summary of auditor's results Section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the System's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the System's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the System's compliance.

Opinion on the Major Federal Program

In our opinion, the System complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2018.

Report on Internal Control over Compliance

Management of the System is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the System's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major



federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the System's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance and Schedule of Expenditures of State of Tennessee Financial Assistance

We have audited the combined financial statements of the System as of and for the year ended December 31, 2018, and have issued our report thereon dated April 26, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the combined financial statements. In addition, the accompanying schedule of expenditures of State of Tennessee financial assistance is presented for the purposes of additional analysis as required by the State of Tennessee and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and expenditures of State of Tennessee financial assistance are fairly stated in all material respects in relation to the combined financial statements as a whole.

KPMG LLP

Memphis, Tennessee
June 28, 2019

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Schedule of Expenditures of Federal Awards

Year ended December 31, 2018

Federal sponsor/program title	CFDA	Pass-through award number	Pass-through entity	Direct expenditures	Pass-through expenditures	Federal expenditures	Passed- through to subrecipients
U.S. Department of Education:							
Office of Special Education and Rehabilitative Services:							
Early Intervention Services (IDEA) Cluster	84.181	33195-00117	Tennessee Department of Education	\$ —	17,294	17,294	—
Early Intervention Services (IDEA) Cluster	84.181	33195-00117	Tennessee Department of Education	—	57,560	57,560	—
Early Intervention Services (IDEA) Cluster	84.181	33195-00117	Tennessee Department of Education	—	302,644	302,644	—
Total U.S. Department of Education				—	377,498	377,498	—
U.S. Department of Health and Human Services:							
Health Resources and Services Administration:							
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	H12HA24874-06		263,460	—	263,460	129,084
Coordinated Services and Access to Research for Women, Infants, Children, and Youth	93.153	H12HA24874-07		222,296	—	222,296	130,148
Total CFDA				485,756	—	485,756	259,232
Rural Health Care Services Outreach, Rural Health Network Development Program Care Provider Quality Improvement Program	93.912	D60RH25761-05	Paris Henry County Healthcare Foundation	—	447,457	447,457	107,920
Rural Health Care Services Outreach, Rural Health Network Development Program Care Provider Quality Improvement Program	93.912	D60RH25761-06	Paris Henry County Healthcare Foundation	—	236,862	236,862	70,275
Rural Health Care Services Outreach, Rural Health Network Development Program Care Provider Quality Improvement Program	93.912	P10RH31084-01	Paris Henry County Healthcare Foundation	—	24,067	24,067	—
Total CFDA				—	708,386	708,386	178,195
Maternal, Infant and Early Childhood Home Visiting Grant Program*	93.870	GR-18-55863-00	Tennessee Department of Health	—	1,148,773	1,148,773	545,600
Maternal, Infant and Early Childhood Home Visiting Grant Program*	93.870	GR-19-60213-00	Tennessee Department of Health	—	288,022	288,022	79,838
Total CFDA				—	1,436,795	1,436,795	625,438
HIV Emergency Relief Project Grants	93.914	H89HA11464	Shelby County Department of Health	—	39,030	39,030	—
HIV Care Formula Grants	93.917	CA1821367	Tennessee Department of Health/ Shelby County Health Department	—	239,752	239,752	—
Total Health Resources and Services Administration				485,756	2,423,963	2,909,719	1,062,865
Administration for Children and Families:							
Child Care and Development Block Grant	93.575	34549-51216	Tennessee Department of Children's Services/ Signal Centers, Inc.	—	181,668	181,668	—
Child Care and Development Block Grant	93.575	34549-51216	Tennessee Department of Children's Services/ Signal Centers, Inc.	—	291,403	291,403	—
Total Administration for Children and Families				—	473,071	473,071	—
Office of the Secretary:							
Teenage Pregnancy Prevention Program	93.297	TPIAH000120-03		607,141	—	607,141	39,302
Teenage Pregnancy Prevention Program	93.297	TPIAH000120-04		443,625	—	443,625	4,870
Total Office of the Secretary				1,050,766	—	1,050,766	44,172

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Schedule of Expenditures of Federal Awards

Year ended December 31, 2018

Federal sponsor/program title	CFDA	Pass-through award number	Pass-through entity	Direct expenditures	Pass-through expenditures	Federal expenditures	Passed- through to subrecipients
Centers for Disease Control and Prevention:							
HIV Prevention Activities Health Department Based	93.940	C1415400	Tennessee Department of Health/Shelby County Ryan White	\$ —	82,810	82,810	—
HIV Prevention Activities Health Department Based	93.940	GG34349-84117	Tennessee Department of Health/Shelby County Ryan White	—	87,447	87,447	—
HIV Prevention Activities Health Department Based	93.940	GR-17-50279-01	Tennessee Department of Health	—	34,592	34,592	—
HIV Prevention Activities Health Department Based	93.940	GR-17-52108-00	Tennessee Department of Health	—	141,977	141,977	—
Total CFDA				—	346,826	346,826	—
HIV Prevention Activities Non-Governmental Organization Based	93.939	1U65PS004763-02		176,467	—	176,467	—
HIV Prevention Activities Non-Governmental Organization Based	93.939	1U65PS004763-03		163,177	—	163,177	—
Total CFDA				339,644	—	339,644	—
Total Centers for Disease Control and Prevention				339,644	346,826	686,470	—
Substance Abuse and Mental Health Services Administration:							
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	GR-15-43754-00	Tennessee Department of Health	—	599,396	599,396	97,171
Total U.S. Department of Health and Human Services				1,876,166	3,843,256	5,719,422	1,204,208
Corporation for National and Community Service:							
Social Innovation Fund	94.019	16PSHMD003	Green and Healthy Homes Initiative	—	15,896	15,896	—
Total Federal Expenditures				\$ 1,876,166	4,236,650	6,112,816	1,204,208

* Denotes Major program

See accompanying Reports on Schedule of Expenditures of Federal Awards required by the Uniform Guidance and Schedule of Expenditures of State of Tennessee Financial Assistance.

See accompanying notes to Schedules of Expenditures of Federal Awards and Expenditures of State of Tennessee Financial Assistance.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Schedule of Expenditures of State of Tennessee Financial Assistance

Year ended December 31, 2018

Program name	CFDA number	Contract number	Award amount	Accrued (deferred) revenue January 1, 2018	Cash receipts	Transfers in	Disbursements	Refunds to grantors/ other	Transfers out	Accrued (deferred) revenue December 31, 2018
Tennessee (TN) Department of Human Services:										
Child Care and Development Block Grant	93.575	34549-51216	\$ 340,173	76,206	(259,434)	—	181,668	—	—	(1,560)
Child Care and Development Block Grant	93.575	34549-51216	803,288	—	—	—	291,403	—	—	291,403
Total TN Department of Human Services			1,143,461	76,206	(259,434)	—	473,071	—	—	289,843
Tennessee (TN) Department of Children Services:										
Adverse Childhood Experiences (ACEs) Initiative	NONE	35910-03191	50,000	—	(14,570)	—	15,032	—	—	462
Adverse Childhood Experiences (ACEs) Initiative	NONE	35910-03190	50,000	—	(19,210)	—	19,210	—	—	—
Total TN Department of Children Services			100,000	—	(33,780)	—	34,242	—	—	462
TN Department of Health:										
Maternal and Child Health Services Block Grant to the States (1)	NONE	GR-17-49429-00	162,000	24,763	(120,754)	—	95,991	—	—	—
Maternal and Child Health Services Block Grant to the States (1)	NONE	GR-19-59364-00	339,400	—	(60,011)	—	118,956	—	—	58,945
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	GR-18-55863-00	1,318,600	54,579	(1,264,433)	61,081	1,148,773	—	—	—
Maternal, Infant and Early Childhood Home Visiting Grant Program	93.870	GR-19-60213-00	1,408,600	—	(68,325)	—	288,022	—	—	219,697
Nurse Family Partnership Program (non-Federal)	NONE	GR-17-49744-00	345,000	55,049	(231,570)	—	176,521	—	—	—
Nurse Family Partnership Program (non-Federal)	NONE	GR-19-58365-00	345,000	—	(116,227)	—	170,950	—	—	54,723
HIV Prevention Activities Health Department Based	98.940	GR-17-52108-00	164,950	28,723	(28,814)	91	—	—	—	—
HIV Prevention Activities Health Department Based (non-Federal)	NONE	GR-17-52108-00	164,950	23,335	(23,335)	—	—	—	—	—
HIV Prevention Activities Health Department Based	93.940	GR-18-57508-00	168,000	—	(119,899)	—	141,977	—	—	22,078
HIV Prevention Activities Health Department Based (non-Federal)	NONE	GR-18-57508-00	161,900	—	(122,860)	—	142,124	—	—	19,264
HIV Prevention Activities Health Department Based	93.940	C1415400	101,000	19,143	(19,143)	—	—	—	—	—
HIV Prevention Activities Health Department Based	93.940	GG133434800	101,000	—	(66,434)	—	82,810	—	—	16,376
HIV Prevention Activities Health Department Based	93.940	GR-18-55045	92,400	21,511	(56,084)	—	34,592	—	(419)	(400)
HIV Prevention Activities Health Department Based	93.940	GG34349-84117	96,000	5,725	(73,192)	—	67,447	—	—	(20)
HIV Prevention Activities Health Department Based	93.940	GG34349-84117	96,000	—	—	—	20,000	—	—	20,000
HIV Emergency Relief Project Grants	93.914	H89HA11464	96,000	14,629	(24,373)	1	9,743	—	—	—
HIV Emergency Relief Project Grants	93.914	H89HA11464	40,000	—	(24,635)	—	29,287	—	—	4,652
HIV Care Formula Grants	93.917	CA1821367	123,200	—	(41,714)	2,843	38,871	—	—	—
HIV Care Formula Grants	93.917	CA1821367	343,200	—	—	—	200,881	—	—	200,881
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	GR-15-43754-00	808,000	64,029	(663,424)	—	599,396	—	(1)	—
Community Based Organization and Faith-Based Organization Health Disparities Initiative	NONE	Z-18-157826	10,000	—	(8,922)	104	8,818	—	—	—
State and Local Public Health Actions to Prevent Obesity, Diabetes, Heart Disease and Stroke (PPHF)	93.757	GR-1854158	21,000	1,386	(1,386)	—	—	—	—	—
Total TN Department of Health			6,506,200	312,872	(3,135,535)	64,120	3,375,159	—	(420)	616,196
TN Department of Education:										
T.E.I.S. (non-federal-FY 2017)	NONE	33195-00117	9,880	—	(18,735)	—	18,735	—	—	—
T.E.I.S. (federal-FY 2017) (2)	84.181A	33195-00117	9,120	—	(17,294)	—	17,294	—	—	—
T.E.I.S. (non-federal-FY 2017)	NONE	33195-00117	139,880	—	(62,356)	—	62,356	—	—	—
T.E.I.S. (federal-FY 2017) (2)	84.181A	33195-00117	129,120	—	(57,560)	—	57,560	—	—	—
T.E.I.S. (non-federal-FY 2017)	NONE	33195-00117	748,349	128,269	(534,603)	—	406,334	—	—	—
T.E.I.S. (federal-FY 2017) (2)	84.181A	33195-00117	276,787	47,442	(197,730)	1	150,287	—	—	—
T.E.I.S. (non-federal-FY 2017)	NONE	33195-00117	748,349	—	(62,568)	—	411,928	—	—	349,360
T.E.I.S. (federal-FY 2017) (2)	84.181A	33195-00117	276,787	—	(23,142)	—	152,357	—	—	129,215
Total TN Department of Education			2,338,272	175,711	(973,988)	1	1,276,851	—	—	478,575
Total State of Tennessee Financial Assistance			\$ 10,087,933	564,789	(4,402,737)	64,121	5,159,323	—	(420)	1,385,076

(1) Denotes Healthy Start Cluster

(2) Denotes IDEA Cluster

See accompanying Reports on Schedule of Expenditures of Federal Awards required by the Uniform Guidance and Schedule of Expenditures of State of Tennessee Financial Assistance.

See accompanying notes to Schedules of Expenditures of Federal Awards and Expenditures of State of Tennessee Financial Assistance.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Schedules of Expenditures of Federal Awards and
Expenditures of State of Tennessee Financial Assistance
Year ended December 31, 2018

(1) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards summarizes the expenditures of Methodist Le Bonheur Healthcare and affiliates (the System) under programs of the federal government for the year ended December 31, 2018. The accompanying Schedule of Expenditures of State of Tennessee Financial Assistance (collectively with the Schedule of Expenditures of Federal Awards, the Schedules) summarizes the expenditures of the System under programs of the state government. The amounts reported as federal and state expenditures were obtained from the System's general ledger. Because the Schedules present only a selected portion of the operations of the System, they are not intended to and do not present the financial position, results of operations, changes in net assets and cash flows of the System.

For purposes of the Schedules, federal awards include all grants, contracts, and similar agreements entered into directly between the System and agencies and departments of the federal government and all subawards to the System by nonfederal organizations pursuant to federal grants, contracts, and similar agreements. The information in the Schedule of Expenditures of Federal Awards is presented in accordance with the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

(2) Summary of Significant Accounting Policies

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures reported on the Schedule of Expenditures of Federal Awards are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The System has not elected to utilize a de minimis indirect cost rate of 10% of modified total direct costs.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Schedule of Findings and Questioned Costs

Year ended December 31, 2018

(1) Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with U.S. generally accepted accounting principles:

Unmodified

Internal control over financial reporting disclosed by the audit of the financial statements:

Material weakness(es) identified?

_____ yes x no

Significant deficiency(ies) identified not considered to be material weaknesses?

 x yes _____ none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards:

Internal control over major programs:

Material weakness(es) identified?

_____ yes x no

Significant deficiency(ies) identified not considered to be material weaknesses?

_____ yes x none reported

Type of auditors' report issued on compliance for major federal programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes x no

Identification of major program:

CFDA Numbers	Name of federal program or cluster
93.870	Maternal, Infant and Early Childhood Home Visiting Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Schedule of Findings and Questioned Costs

Year ended December 31, 2018

(2) Findings Related to the Financial Statements Reported in Accordance with Government Auditing Standards

Finding 2018-01 – SAP User Access

Criteria

SAP user access should be restricted to appropriate individuals as required by job function to promote proper segregation of duties.

Condition, Cause, and Effect

We noted the following control deficiencies related to SAP user access:

Developers were given inappropriate production access. The prominent issued stemmed from a dialog account DDIC. The SAP team (including developers) had access to the password for this account. This level of user access resulted in inappropriate segregation of duties and hinders the integrity of the system modification audit log used for monitoring developers with productions access.

Recommendation

We recommend that management implement appropriate controls and processes to ensure appropriate user access and proper segregation of duties related to the System's SAP environment.

Management's Response

Management addressed the previous KPMG IT control finding and engaged a third party in September to assist with role redesign including end user and privileged access. The privileged access issues were remediated prior to the end of fiscal year 2018. Role redesign for end user access will continue in 2019 in an effort to reduce and standardize all SAP roles throughout the organization.

(3) Findings and Questioned Costs Relating to Federal Awards

None.



METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Financial Statements and Schedules

December 31, 2018 and 2017

(With Independent Auditors' Report Thereon)

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

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KPMG LLP
Triad Centre III
Suite 450
6070 Poplar Avenue
Memphis, TN 38119-3901

Independent Auditors' Report

The Board of Directors
Methodist Le Bonheur Healthcare:

We have audited the accompanying combined financial statements of Methodist Le Bonheur Healthcare and Affiliates (the System), which comprise the combined balance sheets as of December 31, 2018 and 2017, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Methodist Le Bonheur Healthcare and Affiliates as of December 31, 2018 and 2017, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The supplementary information contained in Schedule 1 and Schedule 2, on pages 47 – 48 is presented for the purposes of additional analysis of the 2018 combined financial statements and is not a required part of



the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Emphasis of Matter

As discussed in note 1(v) to the combined financial statements, in 2018 the System adopted new accounting guidance in connection with its implementation of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers*, and FASB ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

KPMG LLP

Memphis, Tennessee
April 26, 2019

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Balance Sheets

December 31, 2018 and 2017

(In thousands)

Assets	2018	2017
Current assets:		
Cash and cash equivalents	\$ 86,833	59,727
Investments	1,073,267	1,154,595
Assets limited as to use – current portion	725	854
Net patient accounts receivable	264,915	250,192
Other current assets	98,078	99,351
Due from third-party payors	5,140	—
Total current assets	1,528,958	1,564,719
Assets limited as to use, less current portion	10,351	32,694
Property and equipment, net	1,096,868	996,132
Other assets	41,551	51,649
Total assets	<u>\$ 2,677,728</u>	<u>2,645,194</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 103,196	78,727
Accrued expenses	97,906	105,347
Due to third-party payors, net	—	6,415
Long-term debt – current portion	9,579	20,258
Total current liabilities	210,681	210,747
Long-term debt, less current portion	625,386	647,100
Estimated professional and general liability costs, less current portion	14,619	12,905
Accrued pension cost	97,011	82,113
Other long-term liabilities	48,818	58,720
Total liabilities	<u>996,515</u>	<u>1,011,585</u>
Net assets:		
Without donor restrictions	1,653,156	1,596,096
With donor restrictions	26,256	35,249
Total net assets attributable to Methodist Le Bonheur Healthcare	1,679,412	1,631,345
Noncontrolling interests	1,801	2,264
Total net assets	1,681,213	1,633,609
Commitments and contingencies		
Total liabilities and net assets	<u>\$ 2,677,728</u>	<u>2,645,194</u>

See accompanying notes to combined financial statements.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Statements of Operations

Years ended December 31, 2018 and 2017

(In thousands)

	<u>2018</u>	<u>2017</u>
Unrestricted revenues and other support:		
Net patient service revenue	\$ 1,888,136	2,039,335
Provision for uncollectible accounts	<u>—</u>	<u>(223,043)</u>
Net patient service revenue less provision for uncollectible accounts	1,888,136	1,816,292
Other revenue	184,956	163,946
Net assets released from restrictions used for operations	<u>12,317</u>	<u>17,340</u>
Total unrestricted revenues and other support	<u>2,085,409</u>	<u>1,997,578</u>
Expenses:		
Salaries and benefits	974,722	957,360
Supplies and other	890,758	834,503
Depreciation and amortization	113,021	111,799
Interest	19,910	23,802
Impairment of goodwill	<u>5,972</u>	<u>—</u>
Total expenses	<u>2,004,383</u>	<u>1,927,464</u>
Operating income	<u>81,026</u>	<u>70,114</u>
Nonoperating gains (losses):		
Investment income, net	34,907	32,503
Change in fair value of interest rate swaps	9,704	7,106
Unrealized (loss) gain on trading securities, net	(61,577)	49,091
Nonservice component of periodic pension expense	(3,814)	(5,420)
Gain on refunding of long-term debt	<u>697</u>	<u>—</u>
Total nonoperating (losses) gains, net	<u>(20,083)</u>	<u>83,280</u>
Revenues, gains and other support in excess of expenses and losses, before noncontrolling interests	60,943	153,394
Noncontrolling interests	<u>(548)</u>	<u>(1,241)</u>
Revenues, gains and other support in excess of expenses and losses	60,395	152,153
Other changes in net assets without donor restrictions:		
Accrued pension cost adjustments	(14,898)	33,321
Other	<u>—</u>	<u>(166)</u>
Net assets released from donor restrictions used for capital purposes	<u>11,563</u>	<u>474</u>
Change in net assets without donor restrictions	<u>\$ 57,060</u>	<u>185,782</u>

See accompanying notes to combined financial statements.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Statements of Changes in Net Assets

Years ended December 31, 2018 and 2017

(In thousands)

	Without donor restrictions	With donor restrictions	Noncontrolling interests	Total
Balances at December 31, 2016	\$ 1,410,314	32,540	2,247	1,445,101
Revenues, gains and other support in excess of expenses and losses	152,153	—	1,241	153,394
Distributions to minority shareholders	—	—	(1,224)	(1,224)
Accrued pension cost adjustments	33,321	—	—	33,321
Donor-restricted gifts, grants, and bequests	—	17,352	—	17,352
Donor-restricted investment income, net	—	3,171	—	3,171
Other	(166)	—	—	(166)
Net assets released from restrictions used for operations	—	(17,340)	—	(17,340)
Net assets released from restrictions used for capital purposes	474	(474)	—	—
Change in net assets	185,782	2,709	17	188,508
Balances at December 31, 2017	1,596,096	35,249	2,264	1,633,609
Revenues, gains and other support in excess of expenses and losses	60,395	—	548	60,943
Distributions to minority shareholders	—	—	(1,011)	(1,011)
Accrued pension cost adjustments	(14,898)	—	—	(14,898)
Donor-restricted gifts, grants, and bequests	—	16,546	—	16,546
Donor-restricted investment loss, net	—	(1,659)	—	(1,659)
Net assets released from restrictions used for operations	—	(12,317)	—	(12,317)
Net assets released from restrictions used for capital purposes	11,563	(11,563)	—	—
Change in net assets	57,060	(8,993)	(463)	47,604
Balances at December 31, 2018	<u>\$ 1,653,156</u>	<u>26,256</u>	<u>1,801</u>	<u>1,681,213</u>

See accompanying notes to combined financial statements.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Statements of Cash Flows

Years ended December 31, 2018 and 2017

(In thousands)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 47,604	188,508
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	113,021	111,799
Unrealized and realized gain on trading securities, net	58,114	(55,770)
Change in fair value of interest rate swaps	(9,704)	(7,106)
Restricted contributions and investment income	1,659	(3,336)
Equity in net loss of equity investees	11,243	7,284
Impairment of goodwill	5,972	—
Gain on refunding of long-term debt	(697)	—
Loss (gain) on disposal of property and equipment	1,249	(256)
Accrued pension cost adjustments	14,898	(33,321)
Changes in operating assets and liabilities, net of effects of acquisitions:		
Net patient accounts receivable	(14,723)	(18,751)
Other current assets and due from third-party payors	(3,867)	(10,089)
Other assets	(7,145)	(6,651)
Accounts payable, accrued expenses and due to third-party payors	10,613	(298)
Other long-term liabilities and estimated professional general liability costs, less current portion	1,448	1,096
Net cash provided by operating activities	<u>229,685</u>	<u>173,109</u>
Cash flows from investing activities:		
Capital expenditures	(215,356)	(153,637)
Proceeds from sales of property and equipment	802	476
Sales of investments and assets limited as to use	1,603,830	2,114,714
Purchases of investments and assets limited as to use	(1,558,144)	(2,286,178)
Net cash used in investing activities	<u>(168,868)</u>	<u>(324,625)</u>
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	97	160,006
Repayment of long-term debt	(16,274)	(19,338)
Cash defeasance of debt	(15,875)	—
Restricted contributions and investment income	(1,659)	3,336
Net cash (used in) provided by financing activities	<u>(33,711)</u>	<u>144,004</u>
Net increase (decrease) in cash and cash equivalents	27,106	(7,512)
Cash and cash equivalents at beginning of year	59,727	67,239
Cash and cash equivalents at end of year	<u>\$ 86,833</u>	<u>59,727</u>

See accompanying notes to combined financial statements.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2018 and 2017

(1) Organization and Summary of Significant Accounting Policies

Methodist Le Bonheur Healthcare and Affiliates (the System) is a not-for-profit healthcare system providing a continuum of healthcare services primarily to residents of Memphis, West Tennessee, North Mississippi, and East Arkansas through its acute care and specialty care facilities. The System operates six hospitals, physician practices, a hospice residence and a home health agency, with over 12,950 employees and 1,692 licensed beds. The significant accounting policies used by the System in preparing and presenting its combined financial statements follow:

(a) Principles of Combination

The accompanying combined financial statements include Methodist Le Bonheur Healthcare (Methodist Le Bonheur), all affiliates for which Methodist Le Bonheur or its board of directors is the controlling member, and its wholly owned subsidiaries. Such affiliates and subsidiaries of the System include:

- Methodist Healthcare – Memphis Hospitals (Methodist Healthcare – University Hospital, North Hospital, South Hospital, Germantown Hospital and Le Bonheur Children’s Hospital);
- Methodist Healthcare – Olive Branch Hospital;
- Alliance Health Services, Inc.;
- Methodist Le Bonheur Healthcare Foundation (comprised of Methodist Healthcare Foundation, Le Bonheur Children’s Hospital Foundation, and Le Bonheur Community Health and Well-Being);
- Methodist Healthcare Community Care Associates;
- Methodist Healthcare Primary Care Associates; and
- Ambulatory Operations, Inc.

Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2010-07 requires that noncontrolling ownership interests in subsidiaries held by parties other than the parent be clearly identified, labeled, and presented in the combined balance sheets within net assets, but separate from the entity’s net assets. In addition, ASU 2010-07 requires that a combined statement of changes in net assets attributable to the entity and noncontrolling interests be provided for each class of net assets for which a noncontrolling interest exists during the reporting period.

All significant intercompany balances and transactions have been eliminated in combination.

(b) Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires that management make estimates and assumptions affecting the reported amounts of assets, liabilities, revenues and expenses, as well as disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

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Significant items subject to such estimates and assumptions include the determination of the allowances for uncollectible accounts, implicit price concessions and contractual adjustments, reserves for general and professional liability claims, reserves for workers' compensation claims, reserves for employee healthcare claims, estimated third-party payor settlements, fair value of investments and assets limited as to use, fair value of interest rate swaps, and the actuarially determined benefit liability related to the System's pension plan. In addition, laws and regulations governing the Medicare and Medicaid reimbursement programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates related to these programs will change by a material amount in the near term.

(c) Cash Equivalents

The System considers highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

(d) Investments and Investment Income

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the combined balance sheets. Investment income items (including realized and unrealized gains and losses on investments, interest, and dividends) are included in revenues, gains and other support in excess of expenses and losses unless the income or loss is restricted by donor or law. The System considers all of its investments to be trading securities.

The System also has investments in alternative funds, which represent investments in real estate through a private Real Estate Investment Trust (REIT) and hedge funds through direct structures generally organized as corporations or limited partnerships.

The System's investments in certain alternative funds are accounted for using the equity method, which generally approximates fair value. The change in carrying amount is reported as investment income in the accompanying combined statements of operations.

Certain underlying holdings of alternative funds are typically valued by the general partner and/or trustee using quoted market prices for publicly traded securities and valuation estimates for derivative instruments. Other underlying holdings are typically valued at cost or adjusted value based on recent arms-length transactions, appraisals by third parties of properties held, or other correspondence with the fund manager. The valuations provided by the general partners and trustees are reviewed by management, and management believes such values are reasonable.

The System accounts for certain alternative investments in accordance with FASB ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*. ASU 2015-07 removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The ASU also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient.

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(e) Inventories

Inventories, consisting principally of medical supplies and pharmaceuticals, are stated at the lower of cost (first-in, first-out method) or net realizable value.

(f) Assets Limited as to Use

Assets limited as to use include assets held by trustees under indenture and other funding agreements. Amounts required to meet current liabilities of the System are classified as current assets in the accompanying combined balance sheets.

(g) Property and Equipment

Property and equipment are stated at cost. Provisions for depreciation are computed using the straight-line method based on the estimated useful lives of the assets.

Gifts of long-lived assets, such as land, buildings, or equipment, are reported as unrestricted support and are excluded from revenues, gains and other support in excess of expenses and losses unless explicit donor stipulations specify how the donated asset must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when the donated or acquired long-lived assets are placed into service. Contributions restricted for the purchase of property and equipment for which restrictions are met within the same year as the contributions are received are reported as increases in net assets without donor restrictions in the combined financial statements.

(h) Impairment of Long-lived Assets

Long-lived assets, such as property and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized to the extent the carrying amount of the asset exceeds its fair value. Assets to be disposed of are separately presented in the accompanying combined balance sheet and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposal group classified as held for sale are presented separately in the asset and liability sections of the accompanying combined balance sheets.

(i) Goodwill

Goodwill is the amount by which the purchase price exceeds the fair value of assets acquired and is included in other assets within the accompanying combined balance sheets. Goodwill totaled \$4,791,000 and \$10,763,000 at December 31, 2018 and 2017, respectively.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

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The System applies ASU 2010-07, *Not-for-Profit Entities: Mergers and Acquisitions*, which requires that all future acquired goodwill is generally nonamortizable and subject to routine impairment testing. Additionally, existing goodwill and indefinite-lived intangible assets are no longer amortized but are reviewed for impairment annually, or more frequently if circumstances indicate potential impairment. Separable intangible assets that are not deemed to have an indefinite life continue to be amortized over their useful lives.

Additionally, ASU 2011-08, *Testing of Goodwill for Impairment* permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit's fair value is less than its carrying amount before applying the two-step test for impairment of goodwill. If an entity concludes that it is more likely than not that the fair value of a reporting unit is less than its carrying amount, it would not be required to perform the two-step impairment test for that reporting unit.

The System performs an impairment review of goodwill at least annually and when a triggering event occurs between annual impairment tests. The System performed an impairment review as of December 31, 2018 and recognized an impairment loss of \$5,972,000. No impairment was noted as of December 31, 2017.

(j) Costs of Borrowing

Bond discounts, premiums, and issuance costs are amortized over the terms of the related bond issues using the effective interest method.

The System applies ASU 2015-03, *Interest – Imputations of Interest (Subtopic 835-30); Simplifying the Presentation of Debt Issuance Cost* and ASU 2015-15, *Interest – Imputation of Interest (Subtopic 835-30) Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line of Credit Arrangements*. ASU 2015-03 and 2015-15 require debt issuance costs to be presented net of the associated long-term debt.

The System capitalizes interest costs on qualified construction projects as a component of the cost of related projects.

(k) Equity Investees

Investments in the following affiliated companies, where the System's ownership interests range from 20% – 50%, are accounted for using the equity method (note 18):

- HealthSouth/Methodist Rehabilitation Hospital, L.P. (50% owned),
- Le Bonheur East Surgery Center II, L.P. (34% owned),
- Hamilton Eye Institute Surgery Center, L.P. (33% owned),
- Health Choice, LLC (50% owned),
- Urology Ambulatory Surgery Center, LLC (30% owned),
- UT Le Bonheur Pediatric Specialists, Inc. (50% owned),
- Memphis Medical Center Air Ambulance Service, Inc. (33% owned),
- Rx Management Systems, LLC (50% owned),

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- Medical Center Associates, LTD (50% owned), and
- Partners Central Business Office, LLC (33% owned).

(l) *Derivative Instruments and Hedging Activities*

On the date a derivative contract becomes effective, the System designates the derivative as either (1) a hedge of the fair value of a recognized asset or liability or of an unrecognized firm commitment (fair value hedge) or (2) a hedge of a forecasted transaction related to the variability of cash flows to be received or paid related to a recognized asset or liability (cash flow hedge). The System formally assesses, both at inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items. When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the System discontinues hedge accounting prospectively.

The System does not currently apply hedge accounting with respect to any of its interest rate swaps. All of those swaps (including those originally de-designated as hedges as a part of previous bond refinancing/conversion transactions) continue to be carried in the System's combined balance sheets at fair value, with related changes in fair value included as nonoperating gains or losses in the combined statements of operations.

(m) *Pension Accounting Standard*

The System applies the recognition and disclosure provisions of FASB Accounting Standards Codification (ASC) Subtopic 715-20 (Subtopic 715-20), *Defined Benefit Plans* and FASB ASC Subtopic 715-30 (Subtopic 715-30), *Defined Benefit Plans-Pension*. Subtopic 715-30 requires that the System recognize the unfunded status of its defined benefit plan on its combined balance sheets. The System measures the plan at December 31 each year.

Subtopic 715-20 requires certain disclosures related to pension plan assets, including disclosures related to the fair value of the plan assets (note 13(b)).

(n) *Guarantees*

The System applies the provisions of FASB ASC Topic 460 (Topic 460), *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others*. Topic 460 requires entities to disclose additional information about certain guarantees, or groups of similar guarantees, even if the likelihood of the guarantor having to make any payments under the guarantee is remote. For certain guarantees, the interpretation also requires that a guarantor recognize a liability equal to the fair value of the guarantee upon its issuance. The provisions of Topic 460 have no impact on the System's combined financial statements and all additional disclosure requirements of Topic 460 have been included within the footnotes of the accompanying combined financial statements.

(o) *Net Patient Service Revenue and Patient Receivables*

Net patient service revenue is reported at the amount that reflects the consideration to which the System expects to be entitled for providing patient care. These amounts are due from patients, third-party payors, and others and includes variable consideration for retroactive revenue adjustments due to settlement of audits, reviews, and investigations. Generally, the System bills the patients and

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third-party payors several days after the services are performed or the patient is discharged from the facility. Revenue is recognized as performance obligations are satisfied.

Performance obligations are determined based on the nature of the services provided by the System. Revenue for performance obligations satisfied over time is recognized based on actual charges incurred in relation to total expected (or actual) charges. The System believes that this method provides a faithful depiction of the transfer of services over the term of the performance obligation based on the inputs needed to satisfy the obligation. Generally, performance obligations satisfied over time relate to patients receiving inpatient acute care services. The System measures the performance obligation from admission into the hospital to the point when it is no longer required to provide services to that patient, which is generally at the time of discharge. Revenue for performance obligations satisfied at a point in time is recognized when services are provided and the System does not believe it is required to provide additional services to the patient.

The System's performance obligations relate to contracts with a duration of less than one year; therefore, the System has elected to apply the optional exemption provided in FASB ASC 606-10-50-14(a) and is not required to disclose the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. The unsatisfied or partially unsatisfied performance obligations referred to above are primarily related to inpatient acute care services at the end of the reporting period. The performance obligations for these contracts are generally completed when the patients are discharged, which generally occurs within days or weeks of the end of the reporting period.

The System is utilizing the portfolio approach practical expedient in ASC 606 for contracts related to net patient service revenue. The System accounts for the contracts within each portfolio as a collective group, rather than individual contracts, based on the payment pattern expected in each portfolio category and the similar nature and characteristics of the patients within each portfolio. The portfolios consist of major payor classes for inpatient revenue and outpatient revenue. Based on historical collection trends and other analyses, the System has concluded that revenue for a given portfolio would not be materially different than if accounting for revenue on a contract-by-contract basis.

The System has agreements with third-party payors that generally provide for payments to the System at amounts different from its established rates. For uninsured patients who do not qualify for charity care, the System recognizes revenue based on established rates, subject to certain discounts and implicit price concessions as determined by the System. The System determines the transaction price based on standard charges for services provided, reduced by explicit price concessions provided to third-party payors, discounts provided to uninsured patients in accordance with the System's policy, and implicit price concessions provided to uninsured patients. Explicit price concessions are based on contractual agreements, discount policies and historical experience. Implicit price concessions represent differences between amounts billed and the estimated consideration the System expects to receive from patients, which are determined based on historical collection experience, current market conditions and other factors.

Generally, patients who are covered by third-party payors are responsible for patient responsibility balances, including deductibles and coinsurance, which vary in amount. The System estimates the transaction price for patients with deductibles and coinsurance based on historical experience and

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current market conditions. The initial estimate of the transaction price is determined by reducing the standard charge by any contractual adjustments, discounts, and implicit price concessions.

Subsequent changes to the estimate of the transaction price are generally recorded as adjustments to patient service revenue in the period of the change. Adjustments arising from a change in the transaction price were not significant in 2018 or 2017.

(p) Charity Care

The System provides care to patients who meet certain criteria under its charity care policy without charge or at amounts less than its established rates. Because the System does not pursue collection of amounts determined to qualify as charity care, they are not reported as revenue. The System applies the provisions of FASB ASU 2010-23, *Health Care Entities (Topic 954): Measuring Charity Care for Disclosure*, whereby cost is used as the measurement basis for charity care disclosure purposes.

(q) Revenues, Gains and Other Support in Excess of Expenses and Losses

Activities deemed by the System to be a provision of healthcare services are reported as components of operating income. Other activities that are peripheral to providing healthcare services are reported as nonoperating gains and losses.

The combined statements of operations include revenues, gains and other support in excess of expenses and losses. Changes in net assets without donor restrictions which are excluded from revenues, gains and other support in excess of expenses and losses include certain impacts of pension accounting adjustments, effects of defined accounting changes, and net assets released from donor restrictions used for capital purposes.

(r) Contributions

Conditional promises to give are recognized when the conditions are substantially met, and indications of intentions to give are reported at fair value at the date the gift is received. Unconditional promises to give cash and other assets are reported at fair value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the pledges are received, and are amortized as the cash payments are received. Contributions received with donor restrictions that limit the use of the donated assets are reported as donor restricted support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are transferred to net assets without donor restrictions and reported in the combined statements of operations as other unrestricted revenues if the purpose relates to operations or reported as a change in net assets without donor restrictions if the purpose relates to capital. Donor-restricted contributions for which restrictions are met within the same year as the contributions are received are reported as contributions without donor restrictions in the combined statements of operations. To the extent that resources with donor restrictions are from multiple donors and are available for the same purpose, the System expends such gifts on a "first-in, first-out" basis.

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(s) Income Taxes

The System and all of the nonprofit affiliates for which the System or its board of directors is the controlling member are exempt from Federal and state income tax on related income under Internal Revenue Code (IRC) Section 501(a) as organizations described in Section 501(c)(3). As qualified tax-exempt organizations, the System's nonprofit affiliates must operate in conformity with the IRC to maintain their tax-exempt status. Income tax from the operations of the System's wholly owned for-profit subsidiary, Ambulatory Operations, Inc., is not significant.

The System applies FASB ASC Topic 740 (Topic 740), *Accounting for Uncertainty in Income Taxes*. Topic 740 clarifies the accounting for uncertainty in income tax positions and provides guidance on when tax positions are recognized in an entity's financial statements and how the values of these positions are determined. Management has analyzed the tax positions taken by the System and has concluded that as of December 31, 2018 and 2017, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the accompanying combined financial statements.

(t) Net Assets with Donor Restrictions

Net assets with donor restrictions are used to differentiate resources, the use of which is restricted by donors or grantors to a specific time period or purpose, from resources on which no restrictions have been placed or that arise from the general operations of the System. Donor-restricted gifts and bequests are recorded as an addition to net assets with donor restrictions in the period received. Earnings on donor-restricted gifts are recorded as investment income in net assets with donor restrictions and subsequently used in accordance with the donor's designation. Net assets with donor restrictions are primarily restricted for research, education, and strategic capital projects.

(u) Fair Value Measurements

The System applies FASB ASC Topic 820 (Topic 820), *Fair Value Measurement*, which establishes an enhanced framework for measuring fair value and expands disclosures about fair value measurements, including a requirement to categorize financial instruments, based on the priority of inputs used in the related valuation techniques, into a three-level hierarchy. These disclosures are included in these combined financial statements at note 2.

(v) Recent Accounting Pronouncements

In May 2014, the FASB issued ASU 2014-09, amended by 2015-14, *Revenue from Contracts with Customers*, which supersedes virtually all existing revenue recognition guidance under U.S. GAAP. The ASU provides a five-step model for revenue recognition that entities will apply to recognize revenue in a manner that reflects the timing of the transfer of services to customers and the consideration that an entity expects to receive for the goods and services provided. The System adopted ASU 2014-09 on January 1, 2018 using the modified retrospective method of transition. The System performed an analysis of revenue streams and transactions under ASU 2014-09. In particular, for net patient service revenue, the System performed an analysis into the application of the portfolio approach as a practical expedient to group patient contracts with similar characteristics, such that revenue for a given portfolio would not be materially different than if it were evaluated on a contract-by-contract basis. Upon adoption, the majority of what was previously classified as provision for uncollectible accounts and presented as a reduction to net patient service revenue on the combined

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statements of operations is treated as an implicit price concession that reduces the transaction price, which is reported as net patient service revenue. The new standard also requires enhanced disclosures related to the disaggregation of revenue and significant judgments made in measurement and recognition. The adoption of ASU 2014-09 was not material to the accompanying combined balance sheets or consolidated statements of operations and changes in net assets for the years ended December 31, 2018 and 2017.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The amendments in ASU 2016-02 create FASB ASC Topic 842, *Leases*, and supersede the requirements in ASC Topic 840, *Leases*. ASU 2016-02 requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under ASC Topic 840. Under the guidance of ASU 2016-02, a lessee should recognize in the balance sheet a liability to make lease payments (lease liability) and a right-of-use asset representing its right to use the underlying asset for the lease term. The accounting applied by a lessor under ASU 2016-02 is largely unchanged from that applied under Topic 840. The new standard is effective for the System for years beginning after December 15, 2018. The System is currently evaluating the impact of the new standard on its current policies for lessee accounting.

In August 2016, the FASB issued ASU No 2016-14, *Presentation of Financial Statements of Non-for-Profit Entities*. The System adopted ASU 2016-14 in its combined financial statements effective December 31, 2018, applying retrospectively to all periods presented. The impact of adoption changes the classification of net assets on the combined balance sheets and combined statements of operations from three classes of net assets to two classes of net assets. The System also added disclosure for the liquidity and availability of financial assets at the balance sheet date to meet cash needs for general expenditures within one year and disaggregated functional expense classifications by their natural expense classification. The adoption of ASU 2016-14 did not have a material impact on the System's consolidated financial statements.

In August 2016, the FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments – a consensus of the FASB Emerging Issues Task Force*. ASU 2016-15 amends ASC 230, *Statement of Cash Flows*, to add or clarify guidance on the classification of certain cash receipts and payments in the statement of cash flows with the intent of reducing diversity in practice with respect to eight types of cash flows. ASU 2016-15 is effective for fiscal years beginning after December 15, 2017 and requires retrospective application. The adoption of ASU 2016-15 did not have a material impact on the System's consolidated financial statements.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*, which requires companies to present amounts generally described as restricted cash and restricted cash equivalents in cash and cash equivalents on the statement of cash flows. ASU 2016-18 is effective for annual periods in fiscal years beginning after December 15, 2017 and requires retrospective application. The adoption of ASU 2016-18 did not have a material impact on the System's consolidated financial statements.

In March 2017 the FASB issued ASU 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires companies to present the service cost component of net benefit cost in the income statement line items where they report compensation cost, and all other components of net benefit cost in the income statement separately from the service cost component and outside of operating income, if this subtotal is presented. Additionally, the service

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cost component will be the only component that can be capitalized. ASU 2017-07 is effective in annual periods in fiscal years beginning after December 15, 2017. The standard requires retrospective application for the amendments related to the presentation of the service cost component and other components of net benefit cost, and prospective application for the amendments related to the capitalization requirements for the service cost components of net benefit cost. The System adopted the ASU for the period beginning January 1, 2018, and \$3,814,000 and \$5,420,000 in net periodic benefit costs were recorded in net nonoperating (losses) gains on the statements of operations for the period ended December 31, 2018 and 2017, respectively.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU intends to clarify and improve current accounting guidance to determine when a transaction should be accounted for as a contribution or as an exchange transaction and provides additional guidance about how to determine whether a contribution is conditional. The ASU is effective for the System for annual reporting periods beginning after June 15, 2018 for contributions received and after December 15, 2018 for contributions made, with early adoption permitted. The System is currently assessing the impact that ASU 2018-08 will have on its combined financial statements and will adopt the provisions upon the effective date.

In August 2018, the FASB issued ASU No. 2018-13, *Fair Value Measurement, Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement*. This ASU intends to improve the effectiveness of disclosures in the notes to financial statements by modifying disclosure requirements for fair value measurements. The ASU is effective for the System for annual reporting periods beginning after December 15, 2019, with early adoption permitted. The System is currently assessing the impact that ASU 2018-13 will have on its combined financial statements and will adopt the provisions upon the effective date.

In August 2018, the FASB issued ASU No. 2018-14, *Compensation – Retirement Benefits – Defined Benefit Plans – General, Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans*. This ASU intends to improve the effectiveness of disclosures in the notes to financial statements by modifying disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. The ASU is effective for the System for annual reporting periods ending after December 15, 2021, with early adoption permitted. The System is currently assessing the impact that ASU 2018-14 will have on its combined financial statements and will adopt the provisions upon the effective date.

In August 2018, the FASB issued ASU No. 2018-15, *Intangibles – Goodwill and Other – Internal-Use Software, Customer’s Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract*. This ASU aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. The ASU is effective for the System for annual reporting periods beginning after December 15, 2020, with early adoption permitted. The System is currently assessing the impact that ASU 2018-15 will have on its combined financial statements and will adopt the provisions upon the effective date.

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(w) Reclassifications

Certain 2017 amounts have been reclassified to conform to the 2018 combined financial statements presentation. These reclassifications have not changed the results of operations or cash flows of prior periods.

(2) Investments and Assets Limited as to Use

In accordance with Topic 820, the System has categorized its financial instruments, based on the priority of inputs used in related valuation techniques, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of the hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the financial instrument.

When available, the System uses quoted market prices to determine fair value, and classifies such items as Level 1. The System's Level 2 securities are commingled funds that invest in equity securities and bonds whose fair values are determined by independent vendors. The vendors compile prices from various sources and often apply matrix pricing for similar bonds or loans where no price is observable in an actively traded market. If available, the vendor may also use quoted prices for recent trading activity of assets with similar characteristics to the bond being valued.

In 2018, the System partially liquidated two investments valued at net asset value (NAV) for approximately \$4,337,000 and reallocated the proceeds to existing Level 1 investments. The System also made a contribution in 2018 to one investment valued at net asset value (NAV) in the amount of \$1,000,000, which was a transfer from a Level 1 investment. In 2017, the System partially liquidated one investment valued at net asset value (NAV) for approximately \$3,297,000 and reallocated the proceeds to existing investment managers, which resulted in a net transfer from investments valued at NAV to Level 1 totaling \$2,198,000 and Level 2 totaling \$1,099,000. The System recognizes transfers on the actual date of the event.

The System's Level 3 securities are comprised of bonds that have less liquidity, a stale quoted price, or varying prices from independent sources. The Level 3 bonds are priced using cash flow models, remittance data, and the investment manager's best estimate based on the likelihood of any future cash flows.

The System's hedge funds and private REIT investments are recorded at NAV, as a practical expedient to fair value, based on prices obtained from the related fund manager. The System receives account statements for each hedge fund directly from independent administrators, who are responsible for the pricing of these funds. Before reliance on these valuations, the System's independent investment consultant, with oversight of the System, evaluates the hedge fund's policies and procedures for estimating fair value of underlying investments, the hedge fund's use of independent third party valuation experts, the portion (approximately 99% for the System) of the underlying securities traded on active markets, and the professional reputation and standing of the hedge fund's auditor. The System's private REIT investments are valued by the fund managers based upon third-party appraisals of the fund's properties.

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The composition of investments follows:

	2018	2017
	(In thousands)	
U.S. Treasury obligations	\$ 22,135	31,150
Equity securities	88,906	103,402
Federal mortgage-backed securities	10,071	6,531
Corporate bonds	644,051	678,101
Mutual funds	60,186	69,885
Commingled funds	148,820	164,933
Real estate – private REIT	66,586	64,390
Hedge funds – limited partnerships	32,512	36,203
Total	<u>\$ 1,073,267</u>	<u>1,154,595</u>

At December 31, 2018, the System has no outstanding capital commitments related to its investment portfolio.

The composition and fair value hierarchy of investments follows:

	2018			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
U.S. Treasury obligations	\$ 22,135	—	—	22,135
Equity securities:				
Consumer discretionary	8,048	—	—	8,048
Consumer staples	5,075	—	—	5,075
Energy	4,188	—	—	4,188
Financials	16,543	—	—	16,543
Healthcare	14,992	—	—	14,992
Industrials	13,657	—	—	13,657
Information technology	12,524	—	—	12,524
Materials	5,450	—	—	5,450
Telecommunication	4,721	—	—	4,721
Utilities	2,288	—	—	2,288
Real estate	1,420	—	—	1,420
Federal mortgage-backed securities:				
Residential	—	10,071	—	10,071
Corporate bonds:				
Financials	—	253,035	20	253,055
Industrials	—	327,602	—	327,602
Utilities	—	49,428	—	49,428
Other	—	13,911	55	13,966

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2018				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Mutual funds:				
Equities	\$ 60,186	—	—	60,186
Commingled funds	—	148,820	—	148,820
Total	\$ 171,227	802,867	75	974,169
Investments reported at NAV as a practical expedient to fair value:				
Real estate – private REIT				66,586
Hedge funds – limited partnerships				32,512
Total				\$ 1,073,267

In December 2017, the System requested liquidation of one hedge fund investment within the operating investment portfolio, which resulted in a transfer out of hedge fund investments to Level 1 investments of \$2,863,000 in 2018 and will result in a transfer out of hedge fund investments to Level 1 investments of approximately \$2,844,000 during 2019.

2017				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
U.S. Treasury obligations	\$ 31,150	—	—	31,150
Equity securities:				
Consumer discretionary	10,740	—	—	10,740
Consumer staples	6,651	—	—	6,651
Energy	5,878	—	—	5,878
Financials	18,731	—	—	18,731
Healthcare	13,738	—	—	13,738
Industrials	14,433	—	—	14,433
Information technology	18,673	—	—	18,673
Materials	8,891	—	—	8,891
Telecommunication	1,243	—	—	1,243
Utilities	2,354	—	—	2,354
Real estate	2,070	—	—	2,070
Federal mortgage-backed securities:				
Residential	—	6,531	—	6,531
Corporate bonds:				
Financials	—	232,311	20	232,331
Industrials	—	377,697	—	377,697
Utilities	—	52,042	—	52,042
Other	—	15,966	65	16,031

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	2017			
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Mutual funds:				
Equities	\$ 69,885	—	—	69,885
Commingled funds	—	164,933	—	164,933
Total	\$ 204,437	849,480	85	1,054,002
Investments reported at NAV as a practical expedient to fair value:				
Real estate – private REIT				64,390
Hedge funds – limited partnerships				36,203
Total				\$ 1,154,595

The System is subject to limitations on redemption of certain alternative investments as follows:

		2018			
		<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
		(Dollars in thousands)			
Equity long/short hedge funds ⁽¹⁾	\$	28,452	—	Monthly, quarterly, and semi-annually	30–65 days
Multi-strategy fund ⁽²⁾		4,060	—	Quarterly	60 days
Real estate funds ⁽³⁾		<u>66,586</u>	<u>—</u>	Quarterly	45 days
Total	\$	<u>99,098</u>	<u>—</u>		
		2017			
		<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
		(Dollars in thousands)			
Equity long/short hedge funds ⁽¹⁾	\$	33,140	—	Monthly, quarterly, and semi-annually	30–90 days
Multi-strategy fund ⁽²⁾		3,063	—	Quarterly	60 days
Real estate funds ⁽³⁾		<u>64,390</u>	<u>—</u>	Quarterly	45 days
Total	\$	100,593	—		

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Notes:

- (1) This class is comprised of investments in hedge funds that invest both long and short primarily in U.S. and international common stocks. Management of the hedge funds has the ability to shift investments from value to growth, from small to large capitalization, and from a net long position to a net short position. All investments are eligible for redemption, as they are all beyond any lockup restrictions. The fair value of the investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.
- (2) This class is comprised of an investment in a hedge fund that pursues multiple strategies to diversify risks and reduce volatility. The hedge fund's composite portfolio for this class includes investments in approximately 13% equities, 43% fixed income and cash, 6% real estate, and 38% alternative credit. This investment is eligible for redemption, as it has no lockup restrictions. The fair value of the investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.
- (3) This class is comprised of two investments in real estate funds that invest primarily in U.S. core commercial real estate. Both investments are eligible for redemption, as neither fund has lockup restrictions. The fair value of the investments in this class has been estimated using the net asset value per share of the investments.

The composition and fair value hierarchy of assets limited as to use follows:

		2018			
		Level 1	Level 2	Level 3	Total
		(In thousands)			
Under bond indenture					
agreements-held by trustee:					
Cash and short-term					
investments	\$	8,076	—	—	8,076
Municipal obligations		—	2,344	—	2,344
Interest receivable		5	—	—	5
		8,081	2,344	—	10,425
Under other funding					
arrangements-held by trustees:					
Cash and short-term					
investments		6	—	—	6
U.S. Treasury obligations		83	—	—	83
Corporate bonds		—	337	—	337
Mortgage-backed securities		—	225	—	225
		89	562	—	651
Total assets limited					
as to use	\$	8,170	2,906	—	11,076

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2017				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Under bond indenture agreements-held by trustee:				
Cash and short-term investments	\$ 16,820	—	—	16,820
U.S. Treasury obligations	335	—	—	335
Municipal obligations	—	4,904	—	4,904
Corporate bonds:				
Financials	—	4,685	—	4,685
Industrials	—	2,890	—	2,890
Agency securities	—	3,179	—	3,179
Interest receivable	84	—	—	84
	<u>17,239</u>	<u>15,658</u>	<u>—</u>	<u>32,897</u>
Under other funding arrangements-held by trustees:				
Cash and short-term investments	12	—	—	12
U.S. Treasury obligations	73	—	—	73
Corporate bonds	—	371	—	371
Mortgage-backed securities	—	195	—	195
	<u>85</u>	<u>566</u>	<u>—</u>	<u>651</u>
Total assets limited as to use	\$ <u>17,324</u>	<u>16,224</u>	<u>—</u>	<u>33,548</u>

All amounts under bond indenture agreements held by trustee are maintained in accordance with revenue bond trust indentures as further described in note 11.

Investment income is comprised of the following:

	2018	2017
	(In thousands)	
Investment income:		
Interest and dividends	\$ 29,785	28,995
Realized gains on sales of securities	<u>3,463</u>	<u>6,679</u>
	33,248	35,674
Less investment (loss) income recognized in net assets with donor restrictions	<u>(1,659)</u>	<u>3,171</u>
Investment income in combined statements of operations	\$ <u>34,907</u>	<u>32,503</u>

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(3) Liquidity and Availability

Financial assets available for general expenditure within one year of December 31, 2018 include the following (in thousands):

	<u>2018</u>
Cash and cash equivalents	\$ 86,833
Investments	1,073,267
Net patient accounts receivable	<u>264,915</u>
	<u>\$ 1,425,015</u>

As part of the System's liquidity management plan, cash in excess of daily requirements for general expenditures is invested in long-term investments. The System's long-term investment portfolio contains money market funds and other liquid investments that can be drawn upon, if necessary, to meet the liquidity needs of the System.

(4) Trusteed Bond Funds

The trusteed bond funds, included in assets limited as to use in the accompanying combined balance sheets (note 2), were established in accordance with the requirements of revenue bond indentures as further discussed in note 11.

	<u>2018</u>	<u>2017</u>
	(In thousands)	
Debt service reserve funds	\$ 9,704	32,128
Interest funds	<u>721</u>	<u>769</u>
	<u>\$ 10,425</u>	<u>32,897</u>

The interest funds are used to pay principal and interest on the various bond issues. The debt service reserve funds secure any potential deficiencies in the interest funds.

(5) Patient Accounts Receivable

The composition of net patient accounts receivable follows:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
Patient accounts receivable, net of contractual and other allowances	\$ 330,950	308,887
Less implicit price concessions and allowance for uncollectible accounts	<u>66,035</u>	<u>58,695</u>
	<u>\$ 264,915</u>	<u>250,192</u>

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(6) Other Current Assets

The composition of other current assets follows:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
Other receivables	\$ 41,634	43,002
Inventories	35,199	34,899
Prepaid expenses and other current assets	17,567	17,109
Pledges receivable, net	<u>3,678</u>	<u>4,341</u>
	<u>\$ 98,078</u>	<u>99,351</u>

(7) Property and Equipment

A summary of property and equipment follows:

	<u>Useful lives (years)</u>	<u>2018</u>	<u>2017</u>
		(In thousands)	
Land	—	\$ 81,454	80,757
Land improvements	5–20	43,349	41,962
Buildings and improvements	10–40	886,127	866,012
Fixed equipment	5–30	436,973	424,178
Movable equipment	3–20	735,278	702,449
Construction in progress	—	<u>235,619</u>	<u>112,961</u>
		2,418,800	2,228,319
Less accumulated depreciation		<u>1,321,932</u>	<u>1,232,187</u>
		<u>\$ 1,096,868</u>	<u>996,132</u>

Construction in progress as of December 31, 2018 is principally comprised of costs incurred for construction of the University Hospital master campus plan and the Le Bonheur Children's Hospital operating room expansion. The estimated total remaining cost to complete both projects as of December 31, 2018 is approximately \$72,993,000. Depreciation expense was approximately \$112,569,000 and \$111,820,000 in 2018 and 2017, respectively.

The System capitalized approximately \$5,705,000 and \$1,679,000 of interest expense in 2018 and 2017, respectively.

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(8) Other Assets

The composition of other assets follows:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
Pledges receivable net, noncurrent	\$ 5,337	6,265
Note receivable	1,411	2,345
Investments in equity investees (note 18)	23,786	24,912
Cash surrender value and prepaid life insurance premiums	1,979	2,271
Goodwill	4,791	10,763
Other	4,247	5,093
	<u>\$ 41,551</u>	<u>51,649</u>

Noncurrent pledges receivable at December 31, 2018 are due in one to five years.

(9) Leases

The System has entered into noncancelable operating leases for certain office space.

Rental expense for all operating leases for the years ended December 31, 2018 and 2017 was approximately \$17,869,000 and \$17,596,000, respectively. Future minimum payments under noncancelable operating leases as of December 31, 2018 follow (in thousands):

Year ending December 31:	
2019	\$ 11,926
2020	10,823
2021	9,670
2022	7,827
2023	6,644
Thereafter	15,814
	<u>\$ 62,704</u>

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(10) Accrued Expenses

The composition of accrued expenses follows:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
Accrued payroll and payroll taxes	\$ 32,873	42,337
Accrued compensated absences	38,955	38,172
Accrued self-insurance costs	16,971	16,898
Accrued interest	3,028	3,582
Other accrued expenses	6,079	4,358
	<u>\$ 97,906</u>	<u>105,347</u>

(11) Long-Term Debt

A summary of long-term debt follows:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
The Health, Educational and Housing Facility Board (HEHFB) of the County of Shelby, Tennessee:		
Series 2004A/B, interest ranging from 5.00% to 5.25% per annum, payable through 2019, call option 2018	\$ —	15,875
Series 2008A/B, annum variable rate, through 2042	256,295	261,855
Series 2008C, interest ranging from 4.00% to 5.25% per annum, payable through 2018	—	9,585
Series 2012, interest ranging from 4.00% to 5.00% per annum, payable through 2042	98,260	98,260
Series 2016A, interest 2.03% per annum, payable through 2046	63,000	63,000
Series 2016B, interest 2.34% per annum, payable through 2031	30,000	30,000
Series 2016C, interest 2.27% per annum, payable through 2046	27,000	27,000
Series 2017A, interest ranging from 3.375% to 5.00% per annum, payable through 2037	146,275	146,275
	<u>620,830</u>	<u>651,850</u>
Other promissory notes, interest ranging from 5.47% to 9.50% per annum, payable through 2041	3,239	4,272
	<u>624,069</u>	<u>656,122</u>
Total contractual long-term debt	624,069	656,122

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	<u>2018</u>	<u>2017</u>
	(In thousands)	
Unamortized debt issuance costs, net	\$ (7,741)	(8,380)
Unamortized premiums and discounts, net	<u>18,637</u>	<u>19,616</u>
Total long-term debt	634,965	667,358
Less current portion of long-term debt	<u>9,579</u>	<u>20,258</u>
	<u>\$ 625,386</u>	<u>647,100</u>

The System utilizes interest rate swap agreements to synthetically convert certain of its variable rate long-term debt to fixed rate obligations (note 12). The maturity structure of such swaps generally corresponds with the maturity structure of the related debt.

Future maturities of long-term debt consist of the following at December 31, 2018 (in thousands):

Year ending December 31:	
2019	\$ 9,579
2020	15,694
2021	16,559
2022	17,454
2023	18,481
Thereafter	<u>546,302</u>
Total contractual long-term debt	<u>\$ 624,069</u>

In June 2008, the System issued \$270,000,000 in HEHFB Series 2008A and 2008B variable rate revenue bonds (the Series 2008A/B Bonds). The proceeds from the issuance were used to finance the cost of acquiring, constructing, and equipping certain renovations and improvements to health care facilities, refund \$65,615,000 in aggregate principal amount of Series 2004C variable rate bonds, fund a debt service reserve and pay certain expenses incurred in connection with the issuance.

The Series 2008A/B Bonds originally bore interest at a variable rate for weekly rate periods, but either series could be converted at the option of the System, subject to certain restrictions, to a different rate period. In April 2013, the Series 2008A/B Bonds were converted to a daily rate period. Holders of the Series 2008A/B Bonds have the option to tender the bonds for purchase on any business day. The bonds are also subject to a mandatory tender for purchase upon the occurrence of certain events. Each remarketing agent has agreed to use its best efforts to solicit offers to purchase the tendered bonds, but in the event that there are insufficient funds available, no purchase of bonds of such series so tendered will be made. In such event (or any default, as defined), the System has in place a liquidity facility through March 31, 2021 to provide funds for the purchase of the tendered bonds that are not remarketed, which will bear interest from such date at a rate equal to the lesser of index rate of LIBOR plus 150 basis points for the first 90 days, and Prime Rate plus 100 basis points for any days thereafter, or the maximum lawful rate as defined in the indenture agreement until such default is cured or the bond is paid in full. Upon activation

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of the liquidity facility, the bonds will mature within five years, with payments due ratably in each of the five years of the maturity term. The bonds may be redeemed by the System, in whole or in part at any time during a daily rate period, at the principal amount of the bonds to be redeemed, plus accrued interest, and without premium. The average contractual interest rate on the 2008A/B revenue bonds approximated 1.36% and 0.78%, for the years ended December 31, 2018 and 2017, respectively.

Also during June 2008, the System issued \$107,020,000 in HEHFB Series 2008C fixed rate revenue bonds (the Series 2008C Bonds). The proceeds from the issuance were used to refund all of the then-outstanding portions of the Series 1985C, 1995D, and 1998 Revenue Bonds, fund a debt service reserve and pay certain expenses incurred in connection with the issuance. The Series 2008C Bonds are not subject to optional redemption prior to maturity, other than optional redemption under certain defined extraordinary circumstances.

Also during June 2008, the System effected a fixed rate conversion of \$168,070,000 in HEHFB Series 2004A/B/C bonds to convert all of the then-outstanding Series 2004A and 2004B, and a portion of the 2004C, variable rate revenue bonds to fixed rate bonds. As noted above, the System also refunded the most significant portion of the Series 2004C Bonds through the issuance of Series 2008A and 2008B Bonds. The 2004C Bonds matured on September 1, 2014. The Series 2004A and Series 2004B Bonds will mature in September 2019 and are subject to redemption prior to maturity on or after March 1, 2018, at a redemption price equal to the principal amount thereof, plus accrued interest. On March 15, 2018, the System redeemed the remaining \$15,875,000 of Series 2004A and Series 2004B Bonds in accordance with the call provisions resulting in no remaining obligation outstanding for the 2004A/B bonds. The System recorded a gain on the extinguishment of debt of \$697,000 related to the call redemption.

In May 2012, the System issued \$98,260,000 in HEHFB Series 2012 fixed rate revenue bonds (the Series 2012 Bonds). The proceeds from the issuance were used to finance the cost of acquiring, constructing, and equipping certain renovations and improvements to health care facilities and pay certain expenses incurred in connection with the issuance. The principal payments for the Series 2012 fixed rate revenue bonds begin in 2027. The Series 2012 fixed rate revenue bonds mature on May 1, 2042 and are subject to redemption prior to maturity on or after May 1, 2022, at a redemption price equal to 100% of the principal amount, plus accrued interest.

In May 2016, the System issued \$120,000,000 in HEHFB Series 2016A, 2016B, and 2016C fixed rate revenue bonds (collectively, the Direct Placement Bonds and each individually, a Direct Placement Bond). Each of the Direct Placement Bonds was purchased by a different commercial bank. The proceeds from the Direct Placement Bonds were used to finance the cost of acquiring, constructing, and equipping certain renovations and improvements to the System's health care facilities and pay all related financing expenses. The Series 2016A Direct Placement Bonds mature on June 1, 2046 and are subject to mandatory tender on June 1, 2028. The Series 2016B Direct Placement Bonds mature on June 1, 2031. The Series 2016C Direct Placement Bonds mature on June 1, 2046 and are subject to mandatory tender on June 1, 2025. The Direct Placement Bonds are subject to redemption by the System at any time with a make-whole provision.

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In April 2017, the System issued \$146,275,000 in HEHFB Series 2017A fixed rate revenue bonds (the Series 2017 Bonds). The proceeds from the issuance were used to finance the cost of acquiring, constructing, remodeling, renovation and equipping of certain healthcare facilities and to pay certain expenses incurred in connection with the issuance. The principal payments for the Series 2017 Bonds begin in 2020. The Series 2017 Bonds mature on May 1, 2037 and are subject to redemption prior to maturity on or after May 1, 2027, at a redemption price equal to 100% of the principal amount, plus accrued interest.

All of the HEHFB revenue bonds are collateralized by related trustee bond funds, certain municipal bond insurance policies and contribution agreements between the System and certain affiliates (the Combined Group, as defined). The System has also agreed under the Master Trust Indenture to subject the Combined Group to various operational and financial covenants typical of such agreements. In addition, the System has granted to the Master Trustee a deed of trust lien on three hospitals and a security interest in the Combined Group's accounts receivable to secure payment of the outstanding revenue bonds.

Included in other promissory notes is a note for the Memphis Professional Building in the amount of \$2,283,000 and \$3,113,000 at December 31, 2018 and 2017, respectively, due 2021.

Interest paid totaled \$26,169,000 and \$24,338,000 in 2018 and 2017, respectively.

(12) Interest Rate Swaps

In June 2004, the System entered into two forward-starting interest rate swaps with JP Morgan Chase Bank, N.A. (JP Morgan). Under these swap agreements, the System receives variable rate payments and makes fixed rate payments (which is known as a fixed payor swap). The original combined notional amount was \$161,400,000, with an effective date of September 15, 2004. The current notional amount is \$148,475,000. The System's payments on these swaps are fully insured by Assured Guaranty Municipal Corp.

In August 2004, the System entered into a forward-starting fixed payor swap with JP Morgan. The original notional amount was \$23,450,000, with an effective date of September 15, 2004. The current notional amount is \$12,947,750.

In July 2007, the System entered into a forward-starting fixed payor swap with JP Morgan. The total notional amount is \$75,000,000, with an effective date of June 1, 2008. In August 2007, the System entered into an additional forward-starting fixed payor swap with JP Morgan. The total notional amount is \$25,000,000, with an effective date of June 1, 2008. Both swaps contain a "knockout" provision whereby on each monthly payment date, if the daily weighted average of the SIFMA Municipal Swap Index for the prior 180 days is equal to or greater than 6.00%, no payments shall be due to either party on the swap payment date. The System's payments on these swaps are fully insured by Assured Guaranty Corp.

The System has the right to terminate its fixed payor swaps at any time without notice. Termination of the agreements would result in market value settlement.

The System's credit risk involves the possible default of the counterparty. Collateral may be required in the future based on the System's credit rating, the insurer's credit rating, or market valuations of the swaps. At December 31, 2018 and through the date of these combined financial statements, no such collateral was required.

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The swap fair values are included in other long-term liabilities in the accompanying combined balance sheets. The following is a summary of the contracts outstanding at December 31, 2018 and 2017 (dollars in thousands):

2018						
Related bond issuance	Notional amount	Maturity date	Average variable rate received	Fixed rate	Increase in interest expense	Swap fair value
2004	\$ 74,225	August 2027	1.57 %	(3.80)%	\$ 1,662	(6,758)
2004	74,250	August 2027	1.56	(3.80)	1,678	(6,807)
2004	12,948	July 2024	1.97	(5.40)	476	(1,368)
2008	75,000	June 2042	1.35	(3.70)	1,748	(24,187)
2008	25,000	June 2038	1.35	(3.47)	526	(6,266)
						<u>\$ (45,386)</u>

2017						
Related bond issuance	Notional amount	Maturity date	Average variable rate received	Fixed rate	Increase in interest expense	Swap fair value
2004	\$ 76,225	August 2027	1.05 %	(3.80)%	\$ 2,128	(8,822)
2004	76,250	August 2027	1.05	(3.80)	2,127	(8,885)
2004	14,355	July 2024	1.08	(5.40)	655	(1,949)
2008	75,000	June 2042	0.73	(3.70)	2,217	(28,059)
2008	25,000	June 2038	0.73	(3.47)	682	(7,375)
						<u>\$ (55,090)</u>

In accordance with Topic 820, the System has also categorized its interest rate swaps into a three-level fair value hierarchy (as described in note 2). The interest rate swaps held by the System are executed over the counter and are valued using the net present value of the cash flow streams as no quoted market prices exist for such instruments. For swaps that have an option component, the value will reflect the time value and intrinsic value of the option as well as whether the option was bought or sold. The value of the option is driven by its term to maturity, volatility, forward rates, and strike. The System also employs an independent third party to perform a fair value assessment on the swaps to assess the reasonableness of the valuations otherwise received by the System.

The System's interest rate swaps are considered Level 2 financial instruments at December 31, 2018 and 2017.

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(13) Employee Benefit Plans

(a) Pension Plan

The System sponsors a noncontributory defined benefit pension plan (the Plan) covering substantially all nonsupplemental employees hired prior to July 1, 2009. Benefits of the Plan are based on average monthly compensation and service with the System. The Plan assets primarily consist of United States Government securities, investment grade corporate bonds, real estate-private REIT, equity securities, and hedge funds. The Plan has been determined to be a church plan under Section 414(e) of the IRC, and is therefore exempt from minimum funding and certain other requirements of the Employee Retirement Income Security Act of 1974.

The System's funding policy is to annually contribute an amount equal to the greater of accounting expense or an actuarially determined amount that amortizes unfunded past and future benefits as a level percent of payroll. In addition, this policy requires the System to contribute any additional amount necessary to ensure that accumulated benefits will be at least 100% funded within 5 years, using a long-term discount rate of 6.00%.

In February 2009, the System amended the Plan whereby employees hired subsequent to July 1, 2009 are not eligible for benefits under the Plan.

In October 2018, the Society of Actuaries published an update to the RP-2014 mortality tables. The update consists of a new mortality improvement projection scale (MP-2018). The System has elected to adopt MP-2018 for the year ended December 31, 2018. The System has elected to adopt MP-2017 for the year ended December 31, 2017.

The following table sets forth the Plan's funded status and amounts recognized in the accompanying combined balance sheets at December 31, 2018 and 2017:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 733,206	687,815
Service cost	9,530	9,711
Interest cost	26,006	27,415
Actuarial loss	(50,421)	41,151
Benefits paid	<u>(32,587)</u>	<u>(32,886)</u>
Projected benefit obligation at end of year	<u>685,734</u>	<u>733,206</u>

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	<u>2018</u>	<u>2017</u>
	(In thousands)	
Change in plan assets:		
Fair value of plan assets at beginning of year	\$ 651,093	572,381
Actual return on plan assets	(43,127)	96,467
Employer contributions	13,344	15,131
Benefits paid	<u>(32,587)</u>	<u>(32,886)</u>
Fair value of plan assets at end of year	<u>588,723</u>	<u>651,093</u>
Funded status (deficit)	<u>\$ (97,011)</u>	<u>(82,113)</u>
Amounts recognized in unrestricted net assets:		
Net actuarial loss	\$ 179,871	164,738
Prior service cost	<u>65</u>	<u>301</u>
	<u>\$ 179,936</u>	<u>165,039</u>

The accumulated benefit obligation at December 31, 2018 and 2017 totaled \$657,839,000 and \$700,254,000, respectively.

Components of net periodic benefit cost follow:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
Service cost	\$ 9,530	9,711
Nonservice costs:		
Interest cost	26,006	27,415
Expected return on plan assets	(39,276)	(36,869)
Amortization of prior service cost	237	384
Amortization of net loss	<u>16,847</u>	<u>14,490</u>
Total nonservice costs	<u>3,814</u>	<u>5,420</u>
Net periodic benefit cost	<u>\$ 13,344</u>	<u>15,131</u>

The service cost component of net periodic benefit cost is included in salaries and benefits in the combined statements of operations.

The amount of prior service cost and net actuarial loss expected to be amortized in net periodic pension cost in 2019 is \$65,000 and \$10,095,000, respectively.

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Additional information follows:

	2018	2017
Weighted average assumptions used to determine benefit obligations in the accompanying combined balance sheets at December 31:		
Discount rate	4.21 %	3.61 %
Rate of compensation increase	3.00	2.75
Weighted average assumptions used to determine net periodic benefit cost for years ended December 31:		
Discount rate	3.61 %	4.14 %
Expected long-term rate of return on plan assets	6.50	6.50
Rate of compensation increase	3.00	3.00

The Plan's expected long-term rate of return on assets is determined by reviewing expected long-term returns by asset category. This review produces an annual return assumption for each asset category. The product of the annual return assumption and the Plan's target asset allocation percentage for each asset category equals the annual return attribution by asset category.

(b) Plan Assets

The Plan's target minimum and maximum and weighted average asset allocations follow:

	Target allocation		Plan assets at December 31	
	Minimum	Maximum	2018	2017
Asset category:				
Equity securities	20 %	56 %	36 %	37 %
Real estate – private REIT	—	13	6	5
International equity securities	10	32	19	20
Global equity securities	—	16	10	11
Hedge funds – direct	3	20	7	7
Debt securities	15	50	22	20
Total			100 %	100 %

In accordance with Topic 715-20, the System has categorized its plan assets, based on Topic 820 and the priority of inputs used in related valuation techniques, into a three-level fair value hierarchy as described in note 2.

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The fair value hierarchy of investments follows:

		2018			Total
		Level 1	Level 2	Level 3	
		(In thousands)			
Cash and cash equivalents	\$	3,216	—	—	3,216
U.S. Treasury obligations		24,035	—	—	24,035
Equity securities:					
Consumer discretionary		8,451	—	—	8,451
Consumer staples		1,786	—	—	1,786
Energy		2,387	—	—	2,387
Financials		10,322	—	—	10,322
Healthcare		16,581	—	—	16,581
Industrials		10,276	—	—	10,276
Information technology		17,560	—	—	17,560
Materials		2,430	—	—	2,430
Telecommunication		5,176	—	—	5,176
Real estate		812	—	—	812
Commercial mortgage backed securities		—	1,357	—	1,357
Agency securities		—	20,526	—	20,526
Asset-backed securities		—	2,908	276	3,184
Residential nonagency mortgage backed securities		—	1,762	26	1,788
Corporate bonds:					
Financials		—	31,998	20	32,018
Industrials		—	34,027	—	34,027
Utilities		—	6,803	—	6,803
Municipal obligations		—	1,368	—	1,368
Mutual funds:					
Equities		84,269	—	—	84,269
Bonds		1,628	—	—	1,628
Commingled funds		—	223,921	—	223,921
Total	\$	<u>188,929</u>	<u>324,670</u>	<u>322</u>	513,921
Investments reported at NAV as a practical expedient to fair value:					
Real estate – private REIT					37,741
Hedge funds – limited partnerships					37,061
Total					<u>\$ 588,723</u>

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2017				
	Level 1	Level 2	Level 3	Total
	(In thousands)			
Cash and cash equivalents	\$ 10,499	—	—	10,499
U.S. Treasury obligations	24,452	—	—	24,452
Equity securities:				
Consumer discretionary	12,092	—	—	12,092
Consumer staples	1,340	—	—	1,340
Energy	3,180	—	—	3,180
Financials	11,810	—	—	11,810
Healthcare	16,046	—	—	16,046
Industrials	10,140	—	—	10,140
Information technology	24,904	—	—	24,904
Materials	1,875	—	—	1,875
Telecommunication	918	—	—	918
Real estate	1,086	—	—	1,086
Commercial mortgage backed securities	—	3,243	—	3,243
Agency securities	—	10,718	—	10,718
Asset-backed securities	—	3,495	259	3,754
Residential nonagency mortgage backed securities	—	2,564	110	2,674
Corporate bonds:				
Financials	—	27,947	21	27,968
Industrials	—	36,936	—	36,936
Utilities	—	5,908	—	5,908
Municipal obligations	—	1,532	—	1,532
Mutual funds:				
Equities	98,285	—	—	98,285
Bonds	1,498	—	—	1,498
Commingled funds	—	258,907	—	258,907
Total	\$ 218,125	351,250	390	569,765
Investments reported at NAV as a practical expedient to fair value:				
Real estate – private REIT				36,660
Hedge funds – limited partnerships				44,668
Total				\$ 651,093

In 2018, the Plan liquidated two investments valued at NAV for \$4,647,000 which resulted in a transfer from investments valued at NAV to Level 1. Also during 2018, the Plan had net asset reallocations from Level 2 to Level 1 totaling \$12,000,000.

At December 31, 2018 and 2017, the System's remaining outstanding commitments to private equity interests totaled \$698,000, for both years, in the pension investment portfolio.

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The Plan's investment objectives are to protect long-term asset values by applying prudent, low risk, high quality investment disciplines and to enhance the values by maximizing investment returns through active security management within the framework of the investment policy. Asset allocation strategies and investment management structure are designed to meet the Plan's investment objectives.

The System is subject to limitations on redemption of certain plan asset alternative investments as follows:

2018				
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
	(Dollars in thousands)			
Equity long/short hedge funds ⁽¹⁾	\$ 31,672	—	Monthly, quarterly, and annually	30–90 days
Global opportunities hedge funds ⁽²⁾	5,389	698	Annual for liquid balance only	180 days
Real estate funds ⁽³⁾	37,741	—	Quarterly	45 days
Total	<u>\$ 74,802</u>	<u>698</u>		

2017				
	<u>Fair value</u>	<u>Unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice period</u>
	(Dollars in thousands)			
Equity long/short hedge funds ⁽¹⁾	\$ 38,199	—	Monthly, quarterly, and annually	30–90 days
Global opportunities hedge funds ⁽²⁾	6,469	698	Annual for liquid balance only	180 days
Real estate funds ⁽³⁾	36,660	—	Quarterly	45 days
Total	<u>\$ 81,328</u>	<u>698</u>		

Notes:

- ⁽¹⁾ This class is comprised of investments in hedge funds that invest both long and short primarily in U.S. and international common stocks. Management of the hedge funds has the ability to shift investments from value to growth, from small to large capitalization, and from a net long position to a net short position. As of December 31, 2018, there are no lockup restrictions and all investments are eligible for redemption. The fair value of the investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.

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- (2) This class is comprised of investments in hedge funds that invest primarily in distressed debt and equity of U.S. and European companies. The investments generally cannot be redeemed prior to the funds' dissolution dates. The expected dissolution dates for the funds range from 2019 to 2024, all of which are subject to annual extensions. Prior to dissolution, distributions from the funds will be received as underlying investments are liquidated. The fair value of the investments in this class has been estimated using the net asset value of the System's ownership interest in partners' capital.
- (3) This class is comprised of two investments in real estate funds that invest primarily in U.S. commercial real estate. One fund invests primarily in core real estate while the other invests primarily in value-added real estate. The core fund is eligible for redemption, as it has no lockup restrictions. The value-added fund, which represents 6% of the value of the investments in this class, cannot be redeemed prior to the fund's dissolution date, which is currently estimated to be in year 2020. Prior to dissolution, distributions from the fund will be received as underlying investments are liquidated. The fair value of the investment in the core fund has been estimated using the net asset value per share of the investment. The fair value of the investment in the value-added fund has been estimated using the net asset value of the System's ownership interest in partners' capital.

(c) Cash Flows

The System expects to contribute \$6,615,000 to the Plan in 2019.

(d) Expected Future Benefit Payments

The following benefit payments, which reflect future services as appropriate, are expected to be paid as follows (in thousands):

Year ending December 31:		
2019	\$	36,635
2020		37,335
2021		40,072
2022		41,821
2023		40,165
2024–2028		214,396

(e) Defined Contribution Savings Plans

The System also sponsors 403(b), 401(k) and 457(b) defined contribution savings plans (the defined contribution plans) for the System's employees, in which all employees meeting certain age and service requirements are eligible to participate. The defined contribution plans allow employees to contribute a portion of their compensation on a pre-tax basis in accordance with specific guidelines. For certain of the plans in 2008 and prior, additional matching contributions were made into the defined benefit pension plan. As required by regulations, these matching amounts were made into the defined contribution plan starting in 2009. The System contributed \$28,029,000 and \$27,012,000 to the defined contribution plans during the years ended December 31, 2018 and 2017, respectively.

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(f) Supplemental Employee Retirement Plan

The System also has an unfunded supplemental employee retirement plan (SERP) for certain senior executives that provide for defined benefit payments upon continued employment with the System to age 65. There is no obligation for the System to make payments to these individuals under the SERP in the event that employment voluntarily ceases prior to age 65. The related obligation, included in accrued expenses and other long-term liabilities in the accompanying combined financial statements, was approximately \$949,000 and \$1,024,000 at December 31, 2018 and 2017, respectively.

(14) Insurance Programs

The System is self-insured for certain coverages related to employee health insurance. The employee health insurance liability (unfunded at both December 31, 2018 and 2017) was approximately \$6,162,000 and \$6,028,000 at December 31, 2018 and 2017, respectively, and is included in accrued expenses in the accompanying combined balance sheets. The total expense for the years ended December 31, 2018 and 2017 was approximately \$69,970,000 and \$64,302,000, respectively, and is included in salaries and benefits expense in the accompanying combined statements of operations.

The System is routinely involved in litigation as part of its health system operations and is self-insured for a substantial portion of its workers' compensation and professional and general liability risks. The System's reserves for professional and general liability risks are based upon historical claims data, demographic considerations, severity factors and other actuarial assumptions, and advice from an independent consulting actuary.

The reserve for workers' compensation risk was approximately \$2,309,000 and \$2,370,000 at December 31, 2018 and 2017, respectively, and is included in accrued expenses in the accompanying combined balance sheets. The total expense for the years ended December 31, 2018 and 2017 was approximately \$2,414,000 and \$2,252,000, respectively, and is included in salaries and benefits expense in the accompanying combined statements of operations.

The System also has substantial excess liability coverage available under the provisions of certain claims-made policies. The excess policies currently expire on June 1, 2019. Management anticipates that the claims-made coverage currently in place will be renewed or replaced with equivalent insurance as the term of such coverage expires.

The reserve for professional and general liability claims was approximately \$23,119,000 and \$21,405,000 at December 31, 2018 and 2017, respectively, of which \$8,500,000 is considered current and included in accrued expenses in the accompanying combined balance sheets at both December 31, 2018 and 2017. The total expense of this coverage for the years ended December 31, 2018 and 2017 was approximately \$15,095,000 and \$13,778,000, respectively, and is included in supplies and other expense in the accompanying combined statements of operations.

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(15) Other Long-Term Liabilities

The composition of other long-term liabilities follows:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
Fair value of derivative instruments	\$ 45,386	55,090
Other	<u>3,432</u>	<u>3,630</u>
	<u>\$ 48,818</u>	<u>58,720</u>

(16) Net Patient Service Revenue and Patient Receivables

The composition of net patient service revenue by major payor source for the years ended December 31, 2018 and 2017, is as follows (in thousands):

	<u>2018</u>		<u>2017</u>	
Medicare	\$ 646,376	34 %	\$ 632,194	31 %
Medicaid and TennCare	312,120	17	265,114	13
Managed care	908,133	48	1,040,061	51
Self-pay	<u>21,507</u>	<u>1</u>	<u>101,966</u>	<u>5</u>
	<u>\$ 1,888,136</u>	<u>100 %</u>	<u>\$ 2,039,335</u>	<u>100 %</u>

As a result of certain changes required by ASU 2014-09, the System's implicit price concessions are recorded as a direct reduction to net patient service revenue instead of being presented as a separate line item on the combined statements of operations. The adoption of ASU 2014-09 has no impact on the System's patient receivables as it was historically recorded net of implicit price concessions and contractual adjustments on the combined balance sheets.

The System has agreements with governmental and other third-party payors that provide for reimbursement to the System at amounts different from its established rates. Contractual adjustments under third-party reimbursement programs represent the difference between billings at established rates for services and amounts reimbursed by third-party payors. A summary of the basis of reimbursement with major third-party payors follows:

- **Medicare** – Substantially all acute care services rendered to Medicare program beneficiaries are paid at prospectively determined rates. These rates vary according to patient classification systems that are based on clinical, diagnostic, and other factors. Certain types of exempt services and other defined payments related to Medicare beneficiaries are paid based on cost reimbursement or other retroactive-determination methodologies. The System is paid for retroactively determined items at tentative rates, with final settlement determined after submission of annual cost reports by the System and audits thereof by the Medicare fiscal intermediary.

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The System's classification of patients under the Medicare program and the appropriateness of their admission are subject to an independent review by a peer review organization under contract with the System. The System's Medicare cost reports for most of its hospitals have been audited and settled by the Medicare fiscal intermediary through December 31, 2014. Revenue from the Medicare program accounted for approximately 34% and 31% of the System's net patient service revenue for the years ended December 31, 2018 and 2017, respectively.

- *Medicaid and TennCare* – Under the TennCare program, patients traditionally covered by the State of Tennessee Medicaid program and certain members of the uninsured population enroll in managed care organizations that have contracted with the State of Tennessee to ensure healthcare coverage to their enrollees. The System contracts with the managed care organizations to receive reimbursement for providing services to these patients. Payment arrangements with these managed care organizations consist primarily of prospectively determined rates per discharge, discounts from established charges or prospectively determined per diem rates. Revenue from the TennCare program accounted for approximately 17% and 13% of the System's net patient service revenue for the years ended December 31, 2018 and 2017, respectively.

The System has historically received Essential Access payments associated with its participation in the TennCare Program. Amounts received by the System under this program were approximately \$20,218,000 and \$13,819,000 in 2018 and 2017, respectively. These amounts have been recognized as reductions in related contractual adjustments in the accompanying combined statements of operations. There can be no assurance that the System will continue to qualify for future participation in this program or that the program will not ultimately be discontinued or materially modified.

In July 2010, the State of Tennessee instituted a hospital tax based on a hospital's net patient revenue. Because the hospital tax is, in effect, a vehicle for the State to appropriately access available federal matching funds, the System's policy is to recognize the net effect of the hospital tax as a component of contractual adjustments in the accompanying combined statements of operations. The System paid taxes totaling approximately \$45,965,000 and received a distribution of approximately \$45,876,000 in 2018. The System paid taxes totaling approximately \$68,229,000 and received a distribution of approximately \$68,229,000 in 2017.

The System has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations, and preferred provider organizations. The reimbursement methodologies under these agreements include prospectively determined rates per discharge, discounts from established charges and prospectively determined per diem rates.

Laws and regulations governing the Medicare, TennCare, and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation, as well as significant regulatory action including fines, penalties, and exclusion from the Medicare, TennCare, and Medicaid programs. Changes in the Medicare, TennCare, and Medicaid programs and the reduction of related funding could have an adverse impact on the System. Charges

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exceeding amounts reimbursed from these governmental programs and other third-party payor reimbursement arrangements and not included in net patient service revenue follow:

	<u>2018</u>	<u>2017</u>
	(In thousands)	
Medicare	\$ 2,231,139	2,083,329
Medicaid and TennCare	1,417,991	1,355,122
Other deductions	<u>1,620,549</u>	<u>1,622,020</u>
	<u>\$ 5,269,679</u>	<u>5,060,471</u>

Changes in estimates related to prior cost reporting periods resulted in an increase of approximately \$586,000 and \$1,193,000 in net patient service revenue for the years ended December 31, 2018 and 2017, respectively.

(17) Charity Care

The System is an active, caring member of the community it serves. In carrying out its teaching and healing ministry, the System has established a policy under which it provides care to the needy members of its community. Following that policy, the System maintains records to identify and monitor the level of charity care it provides.

When defining charity care, the System employs the Federal Poverty Guideline (FPG) to determine the level of discount uninsured patients receive. The level by which assistance is determined is through the scale set by U.S. Department of Health and Human Services (DHHS), which includes factors such as residents per household and income. The System's methodology includes a sliding scale for patients that fall at or below the 200% FPG baseline. The System does not have a cap at which patients will not qualify for a discount. Additionally, the System's charity care guidelines provide for an expansive definition of charity care patients, including a discount from standard charges for uninsured patients.

In order to uphold its mission and dedication to its community, the System turns no patient away regardless of whether they possess insurance. It is this commitment that enables the System to utilize its charity care policy. Once deemed charity, payments are no longer sought after and the amount is covered by the System at no cost to the patient or community.

Reported below as community commitment are charity care, Medicaid and TennCare and other means tested programs, and unbilled community services at cost. Revenue received for each of these categories is substantially lower than the costs to operate. The revenue is offset against the community commitment to calculate net community commitment. A provider tax of 4.5% of net patient revenue from the fiscal year 2008 cost report was assessed during fiscal years 2018 and 2017. The provider tax assessment has been included in the Medicaid and other means tested programs section, while the reimbursement for the programs has been included in offsetting revenue. The unbilled community services section includes other

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2018 and 2017

services provided to the community at a net loss to the program; it includes programs such as educational programs, health fairs, and sponsorships among others.

	Charity care	Medicaid, TennCare, and other programs	Unbilled community service	Total
	(In thousands)			
Year ended December 31, 2018:				
Community commitment	\$ 96,478	450,324	50,457	597,259
Offsetting revenue	(89)	(354,520)	(14,130)	(368,739)
Net community commitment	<u>\$ 96,389</u>	<u>95,804</u>	<u>36,327</u>	<u>228,520</u>
	Charity care	Medicaid, TennCare, and other programs	Unbilled community service	Total
	(In thousands)			
Year ended December 31, 2017:				
Community commitment	\$ 89,524	427,554	47,641	564,719
Offsetting revenue	(83)	(331,638)	(13,244)	(344,965)
Net community commitment	<u>\$ 89,441</u>	<u>95,916</u>	<u>34,397</u>	<u>219,754</u>

(18) Equity Investees

Equity investees consist mainly of affiliated surgery centers, rehabilitation facilities and other support service components. Summary aggregated unaudited financial information for the investee companies as of and for the years ended December 31, 2018 and 2017 follows:

	2018	2017
	(In thousands)	
Total assets	\$ 116,928	91,203
Total liabilities	55,302	29,369
Total net operating revenues	136,005	135,710
Total net loss	(19,399)	(14,752)

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December 31, 2018 and 2017

At December 31, 2018, the System has guaranteed approximately \$551,000 of indebtedness of certain of these affiliated healthcare providers and is generally obligated for its proportionate share of the investees' underlying debt. The System will become obligated to perform under these guarantee arrangements if the investee is unable to fulfill its responsibility as primary obligor. These guarantee arrangements do not have any recourse or security provisions included therein.

(19) Commitments

In March 2002, the System entered into an agreement with a vendor to provide computer hardware and software along with implementation and maintenance services in connection with the upgrade of certain of the System's information systems. In September 2006, an additional agreement was entered into to provide a remote hosting option for certain information system applications. In December 2009, both agreements were extended and were set to expire December 31, 2018. In October 2016, the System entered into a new agreement, which consolidated numerous services with the vendor. The new agreement will expire on September 30, 2023. This agreement may not be terminated by either party without cause. Future payments under the agreement at December 31, 2018 follow (in thousands):

Year ending December 31:		
2019	\$	12,000
2020		12,000
2021		12,000
2022		12,000
2023		9,000
Total	\$	<u>57,000</u>

(20) Concentrations of Credit Risk

The System grants credit to patients, substantially all of whom reside in the System's service area as described in note 1. The System generally does not require collateral or other security in extending credit to patients; however, it routinely obtains assignment of (or is otherwise entitled to receive) patients' benefits payable under their health insurance programs, plans, or policies (e.g., Medicare, Medicaid, TennCare, preferred provider arrangements, and commercial insurance policies).

The following table represents the composition of the System's net patient accounts receivable balance by payor type:

	2018	2017
Medicare	36 %	35 %
Medicaid and TennCare	24	25
Blue Cross	11	11
Patient	3	3
Other third-party payors	26	26
	<u>100 %</u>	<u>100 %</u>

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2018 and 2017

All of a depositor's accounts at an insured depository institution, including all noninterest-bearing transaction accounts, are insured by the FDIC up to the standard maximum deposit insurance amount of \$250,000, per depositor. Included in cash and cash equivalents at December 31, 2018 are cash balances at multiple banking institutions in excess of FDIC coverage of approximately \$1,325,032.

(21) Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

	2018	2017
	(In thousands)	
Le Bonheur capital campaign	\$ 6,217	10,220
Annuities	3,502	3,707
Specific patient care units	7,137	7,025
Education/community outreach	5,824	10,305
Professorships, research and scholarships	3,576	3,992
	<u>\$ 26,256</u>	<u>35,249</u>

The System has historically and to-date received a limited amount of donor-restricted endowment funds, and does not maintain any Board-designated endowments. The System's Board has interpreted Tennessee's State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. In all material respects, income from the System's donor-restricted endowment funds is itself restricted to specific donor-directed purposes, and is, therefore, accounted for within net assets with donor restrictions until expended in accordance with the donor's wishes. The System oversees individual donor-restricted endowment funds to ensure that the fair value of the original gift is preserved.

The System invests donor-restricted endowment funds within the framework of the System's overall investment management program, as described elsewhere in the notes to the combined financial statements.

(22) Related Parties

In 2001, the System entered into an agreement with Medical Center Associates, L.P. (MCA) to purchase the existing mortgage on a professional building in which the System leases space for its administrative and executive offices adjacent to the University Hospital campus. The financing arrangement resulted in the execution of a note receivable from MCA and the System entering into a mortgage on the building with a financial institution. At December 31, 2018 and 2017 the note receivable balance of \$2,345,000 and \$3,231,000, respectively, and the mortgage payable balance of \$2,283,000 and \$3,113,000, respectively, are both reflected on the books of Ambulatory Operations, Inc., a wholly owned subsidiary of the System.

In connection with this transaction, the System also recorded a deferred gain, which is being amortized over the life of the mortgage loan. The remainder of the gain remaining to be recognized at December 31, 2018 and 2017 is approximately \$62,000 and \$118,000, respectively.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2018 and 2017

(23) Functional Expenses

Operating expenses classified by their natural classification on the combined statements of operations are presented in their functional classifications as follows for the years ended December 31 (in thousands):

		2018							
		Program Activities				Supporting Activities			Total
		Hospitals	Physicians	Other Healthcare	Total Programs	General and Administrative	Non-Healthcare Services	Total Supporting	
Salaries and benefits	\$	696,021	169,151	17,769	882,941	71,197	7,884	79,081	974,722
Supplies and other		816,807	39,201	9,921	865,929	15,844	5,083	20,927	890,758
Depreciation and amortization		97,838	3,933	755	102,526	10,301	189	10,490	113,021
Interest		19,704	—	—	19,704	—	206	206	19,910
Impairment of Goodwill		5,972	—	—	5,972	—	—	—	5,972
	\$	<u>1,636,342</u>	<u>212,285</u>	<u>28,445</u>	<u>1,877,072</u>	<u>97,342</u>	<u>13,362</u>	<u>110,704</u>	<u>2,004,383</u>
		2017							
		Program Activities				Supporting Activities			Total
		Hospitals	Physicians	Other Healthcare	Total Programs	General and Administrative	Non-Healthcare Services	Total Supporting	
Salaries and benefits	\$	689,201	156,344	22,476	868,021	68,567	7,792	76,359	957,360
Supplies and other		765,961	36,976	10,503	813,440	10,971	6,471	17,442	834,503
Depreciation and amortization		96,827	4,357	849	102,033	9,621	137	9,758	111,799
Interest		23,536	—	—	23,536	—	266	266	23,802
	\$	<u>1,575,525</u>	<u>197,677</u>	<u>33,828</u>	<u>1,807,030</u>	<u>89,159</u>	<u>14,666</u>	<u>103,825</u>	<u>1,927,464</u>

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2018 and 2017

The combined financial statements report certain categories of expenses that are attributable to more than one function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The allocations are primarily based on total revenues and full-time equivalent employees of the related program activities, supporting activities and fund raising.

(24) Subsequent Events

The System has evaluated subsequent events through April 26, 2019, the date on which the combined financial statements were issued, and determined that there are no additional subsequent events to be recognized in the accompanying combined financial statements or disclosed in the related notes, except the disclosed event below.

Effective February 22, 2019, the System discontinued its formal affiliation with West Cancer Center. The System sold substantially all assets of the West Cancer site to West Cancer Center for approximately \$67,000,000. Of the total proceeds, approximately \$44,360,000 have been deposited in trustee bond funds in accordance with the Series 2016 and Series 2017 revenue bonds. The use of these funds is restricted to the acquisition of assets similar to those disposed within a period of two years from the date of sale. Based on current and planned capital projects, the System expects to utilize these funds during fiscal year 2019.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combining Balance Sheet Information

December 31, 2018

(In thousands)

Assets	Methodist Le Bonheur Healthcare	Methodist Healthcare Memphis Hospitals	Methodist Healthcare Olive Branch Hospital	Alliance Health Services, Inc.	Methodist Le Bonheur Healthcare Foundations	Methodist Healthcare Community Care Associates	Ambulatory Operations, Inc.	Combined
Current assets:								
Cash and cash equivalents	\$ 84,892	(10,660)	(263)	(16)	(3,270)	(43)	16,193	86,833
Investments	986,791	—	—	—	86,476	—	—	1,073,267
Assets limited as to use – current portion	725	—	—	—	—	—	—	725
Net patient accounts receivable	40,140	212,132	6,186	6,149	—	308	—	264,915
Other current assets	21,553	64,487	1,031	5,321	3,721	368	1,597	98,078
Due from third-party payors	—	6,678	(1,538)	—	—	—	—	5,140
Total current assets	1,134,101	272,637	5,416	11,454	86,927	633	17,790	1,528,958
Assets limited as to use, less current portion	9,700	651	—	—	—	—	—	10,351
Property and equipment, net	48,084	963,467	79,313	4,361	13	367	1,263	1,096,868
Other assets	3,471	22,885	4,791	—	6,188	—	4,216	41,551
Total assets	\$ 1,195,356	1,259,640	89,520	15,815	93,128	1,000	23,269	2,677,728
Liabilities and Net Assets								
Current liabilities:								
Accounts payable	\$ 12,561	87,662	1,157	607	443	90	676	103,196
Accrued expenses	38,537	55,011	1,436	1,187	872	322	541	97,906
Long-term debt – current portion	8,638	46	—	—	—	—	895	9,579
Advances from (to) affiliates	(23,761)	12,298	(3,218)	551	11,972	(293)	2,451	—
Total current liabilities	35,975	155,017	(625)	2,345	13,287	119	4,563	210,681
Long-term debt, less current portion	623,449	548	—	—	—	—	1,389	625,386
Estimated professional and general liability costs, less current portion	14,619	—	—	—	—	—	—	14,619
Accrued pension cost	97,011	—	—	—	—	—	—	97,011
Other long-term liabilities	46,673	2,083	—	—	—	—	62	48,818
Total liabilities	817,727	157,648	(625)	2,345	13,287	119	6,014	996,515
Net assets:								
Without donor restrictions	377,629	1,100,191	90,145	13,470	53,585	881	17,255	1,653,156
With donor restrictions	—	—	—	—	26,256	—	—	26,256
Total net assets attributable to Methodist Le Bonheur Healthcare	377,629	1,100,191	90,145	13,470	79,841	881	17,255	1,679,412
Noncontrolling interests	—	1,801	—	—	—	—	—	1,801
Total net assets	377,629	1,101,992	90,145	13,470	79,841	881	17,255	1,681,213
Total liabilities and net assets	\$ 1,195,356	1,259,640	89,520	15,815	93,128	1,000	23,269	2,677,728

See accompanying independent auditors' report.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combining Statement of Operations Information

Year ended December 31, 2018

(In thousands)

	Methodist Le Bonheur Healthcare	Methodist Healthcare – Memphis Hospitals	Methodist Healthcare – Olive Branch Hospital	Alliance Health Services, Inc.	Methodist Le Bonheur Healthcare Foundations	Methodist Healthcare Community Care Associates	Ambulatory Operations, Inc.	Eliminations and Reclassifications	Combined
Unrestricted revenues and other support:									
Net patient service revenue	\$ —	1,783,278	60,606	28,344	—	6,733	9,175	—	1,888,136
Other revenue	5,940	194,445	166	(1,111)	(22,355)	2,061	5,810	—	184,956
Net assets released from restrictions used for operations	—	—	—	—	12,317	—	—	—	12,317
Total unrestricted revenues and other support	5,940	1,977,723	60,772	27,233	(10,038)	8,794	14,985	—	2,085,409
Expenses:									
Salaries and benefits	111,031	793,062	26,947	17,547	12,549	5,803	7,783	—	974,722
Supplies and other	(101,003)	941,479	26,471	10,841	4,871	2,540	5,559	—	890,758
Depreciation and amortization	10,432	94,846	6,698	752	3	102	188	—	113,021
Interest	(6,887)	26,580	11	—	—	—	206	—	19,910
Impairment of goodwill	—	5,972	—	—	—	—	—	—	5,972
Total expenses	13,573	1,861,939	60,127	29,140	17,423	8,445	13,736	—	2,004,383
Operating income (loss)	(7,633)	115,784	645	(1,907)	(27,461)	349	1,249	—	81,026
Nonoperating gains (losses):									
Investment income, net	1,551	30,554	—	—	2,431	—	371	—	34,907
Change in fair value of interest rate swaps	9,704	—	—	—	—	—	—	—	9,704
Unrealized (loss) gain on trading securities, net	(69,585)	10,649	—	—	(2,641)	—	—	—	(61,577)
Nonservice component of periodic pension expense	(803)	(2,722)	(44)	(88)	(44)	(20)	(93)	—	(3,814)
Gain on refunding of long-term debt	697	—	—	—	—	—	—	—	697
Total nonoperating gains (losses), net	(58,436)	38,481	(44)	(88)	(254)	(20)	278	—	(20,083)
Revenues, gains and other support in excess of (less than) expenses and losses, before noncontrolling interest	(66,069)	154,265	601	(1,995)	(27,715)	329	1,527	—	60,943
Noncontrolling interests	—	(548)	—	—	—	—	—	—	(548)
Revenues, gains and other support in excess of (less than) expenses and losses	(66,069)	153,717	601	(1,995)	(27,715)	329	1,527	—	60,395
Other changes in net assets without donor restrictions:									
Accrued pension cost adjustments	(14,898)	—	—	—	—	—	—	—	(14,898)
Other	36,573	(39,027)	(2,819)	1,039	4,396	(162)	—	—	—
Net assets released from donor restrictions used for capital purposes	—	—	—	—	11,563	—	—	—	11,563
Change in net assets without donor restrictions	\$ (44,394)	114,690	(2,218)	(956)	(11,756)	167	1,527	—	57,060

See accompanying independent auditors' report.