

PUBLIC DISCLOSURE COPY

Form **990**
(Rev. January 2020)
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)

OMB No. 1545-0047

2019

Open to Public Inspection

▶ 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.**A For the 2019 calendar year, or tax year beginning and ending****B** Check if applicable:

- ☐ Address change
☐ Name change
☐ Initial return
☐ Final return/terminated
☐ Amended return
☐ 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)

4250 BETHEL RD.

Room/suite

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 \$ **88,501,273.****H(a)** Is this a group returnfor subordinates? ☐ Yes ☒ No**H(b)** Are all subordinates included? ☐ Yes ☐ No

If "No," attach a list. (see instructions)

H(c) Group exemption number ▶**I** Tax-exempt status: ☒ 501(c)(3) ☐ 501(c) () (insert no.) ☐ 4947(a)(1) or ☐ 527**J** Website: ▶ **WWW.METHODISTHEALTH.ORG****K** Form of organization: ☒ Corporation ☐ Trust ☐ Association ☐ 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 ☐ 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 2019 (Part V, line 2a)	5	611
	6	Total number of volunteers (estimate if necessary)	6	24
	7a	Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
7b	Net unrelated business taxable income from Form 990-T, line 39	7b	0.	
Revenue	8	Contributions and grants (Part VIII, line 1h)	Prior Year 6,533.	Current Year 11,417.
	9	Program service revenue (Part VIII, line 2g)	81,224,749.	88,182,459.
	10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	47,500.	0.
	11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	286,747.	307,397.
	12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	81,565,529.	88,501,273.
Expenses	13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	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)	26,090,323.	31,087,935.
	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)	54,874,190.	58,779,026.
	18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	80,964,513.	89,866,961.
19	Revenue less expenses. Subtract line 18 from line 12	601,016.	-1,365,688.	
Net Assets or Fund Balances	20	Total assets (Part X, line 16)	Beginning of Current Year 94,275,992.	End of Year 90,664,111.
	21	Total liabilities (Part X, line 26)	4,130,975.	3,718,633.
	22	Net assets or fund balances. Subtract line 21 from line 20	90,145,017.	86,945,478.

Part II Signature Block

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

Sign Here	Signature of officer	Date			
	KRIS SANDERS, TREASURER Type or print name and title				
Paid Preparer Use Only	Print/Type preparer's name AMY BIBBY	Preparer's signature AMY BIBBY	Date 11/16/20	Check if self-employed ☐	PTIN P00445891
	Firm's name ▶ DIXON HUGHES GOODMAN LLP	Firm's EIN ▶ 56-0747981			
	Firm's address ▶ 500 RIDGEFIELD COURT ASHEVILLE, NC 28806	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 \$ 82,219,425. including grants of \$) (Revenue \$ 88,182,459.)

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 on Schedule O.)

(Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses **82,219,425.**

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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 donor-restricted endowments or in 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 or 22, for receivables from or payables to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part II</i>	26	X
27 Did the organization provide a grant or other assistance to any current or former officer, director, trustee, key employee, creator or founder, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity (including an employee thereof) 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, key employee, creator or founder, or substantial contributor? <i>If "Yes," complete Schedule L, Part IV</i>	28a	X
b A family member of any individual described in line 28a? <i>If "Yes," complete Schedule L, Part IV</i>	28b	X
c A 35% controlled entity of one or more individuals and/or organizations described in lines 28a or 28b? <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?	38	X

Note: All Form 990 filers are required to complete Schedule O

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	47
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	X

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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 611		
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note: If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation on Schedule O		
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)?		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?		X
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
c If "Yes" to line 5a or 5b, did the organization file Form 8886-T?		
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?		X
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
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?		X
b If "Yes," did the organization notify the donor of the value of the goods or services provided?		
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		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?		X
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
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?		
9 Sponsoring organizations maintaining donor advised funds.		
a Did the sponsoring organization make any taxable distributions under section 4966?		
b Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
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?		
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year 12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.		
a Is the organization licensed to issue qualified health plans in more than one state? Note: See the instructions for additional information the organization must report on Schedule O.		
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?		X
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation on Schedule O		
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? If "Yes," see instructions and file Form 4720, Schedule N.		X
16 Is the organization an educational institution subject to the section 4968 excise tax on net investment income? If "Yes," complete Form 4720, Schedule O.		X

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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 on 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 on Schedule O.				
b Enter the number of voting members included on 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, 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 on 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 on Schedule O)

19 Describe on 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.
- See instructions for the order in which to list the persons above.

☐ 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) MERLE FLOWERS CHAIR	1.00	X		X				0.	0.	0.
(2) SAMUEL P. RIKARD SECRETARY	1.00	X		X				0.	0.	0.
(3) MICHAEL BELLIPANNI BOARD MEMBER	1.00	X						0.	0.	0.
(4) REV. KEITH MASON BOARD MEMBER	1.00	X						0.	0.	0.
(5) PATT DORR BOARD MEMBER	1.00	X						0.	0.	0.
(6) TIM DONOVAN BOARD MEMBER	1.00	X						0.	0.	0.
(7) LEE SMART BOARD MEMBER	1.00	X						0.	0.	0.
(8) JAMIE STEEN BOARD MEMBER	1.00	X						0.	0.	0.
(9) DAVID BAYTOS PRESIDENT/CEO	30.00 20.00	X		X				0.	565,664.	22,016.
(10) KRIS SANDERS TREASUER	40.00			X				222,805.	0.	49,784.
(11) ANNELEISE JENSEN VP/CNO	40.00			X				217,725.	0.	40,010.
(12) AMANDA HORRELL PHARMACIST	40.00					X		120,567.	0.	26,577.
(13) JOSE LOPEZ DIRECTOR/RADIOLOGY	40.00					X		134,780.	0.	8,033.
(14) MARGARET WALLACE PHARMACIST	40.00					X		148,960.	0.	14,954.
(15) JENNIFER WEAVER PHARMACIST	40.00					X		166,223.	0.	28,918.
(16) PAMELA HUNT PHARMACIST	40.00					X		151,448.	0.	18,943.

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HOSPITAL**

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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 Subtotal								1,162,508.	565,664.	209,235.
c Total from continuation sheets to Part VII, Section A								0.	0.	0.
d Total (add lines 1b and 1c)								1,162,508.	565,664.	209,235.

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 **23**

	Yes	No
3 Did the organization list any former officer, director, trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i>	☐	☒
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>	☒	☐
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>	☐	☒

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	809,682.
MEMPHIS NEUROLOGY PLLC, 7645 WOLF RIVER CIR # 100, GERMANTOWN, TN 38138	PHYSICIAN SERVICES	588,200.
MID-SOUTH PULMONARY SPECIALISTS P C 5050 POPLAR, MEMPHIS, TN 38157-0800	PHYSICIAN SERVICES	420,600.
CONRAD PEARSON CLINIC PC, 1325 WOLF PARK DR STE 103, GERMANTOWN, TN 38138	PHYSICIAN SERVICES	367,250.
PEDIATRIX MEDICAL GROUP INC PO BOX 281034, ATLANTA, GA 30384-1034	MEDICAL CALL SERVICES	331,546.

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 **6**

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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	11,417.					
	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	1g	\$					
	h Total. Add lines 1a-1f							11,417.
Program Service Revenue	2 a NET PATIENT REVENUE	Business Code	623000	88,063,138.	88,063,138.			
	b 340B REVENUE		900099	119,321.	119,321.			
	c							
	d							
	e							
	f All other program service revenue							
	g Total. Add lines 2a-2f				88,182,459.			
	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					
6a		3,787.						
b Less: rental expenses ...		0.						
c Rental income or (loss)		6c	3,787.					
d Net rental income or (loss)					3,787.		3,787.	
7 a Gross amount from sales of assets other than inventory		(i) Securities	(ii) Other					
7a								
b Less: cost or other basis and sales expenses		7b						
c Gain or (loss)		7c						
d Net gain or (loss)								
8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18		8a						
b Less: direct expenses		8b						
c Net income or (loss) from fundraising events								
9 a Gross income from gaming activities. See Part IV, line 19	9a							
b Less: direct expenses	9b							
c Net income or (loss) from gaming activities								
10 a Gross sales of inventory, less returns and allowances	10a							
b Less: cost of goods sold	10b							
c Net income or (loss) from sales of inventory								
Miscellaneous Revenue	11 a MISCELLANEOUS REVENUE	Business Code	900099	303,610.			303,610.	
	b							
	c							
	d All other revenue							
	e Total. Add lines 11a-11d				303,610.			
	12 Total revenue. See instructions				88,501,273.	88,182,459.	0.	307,397.

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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	257,735.	257,735.		
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	25,393,019.	24,341,551.	1,051,468.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	952,860.	913,801.	39,059.	
9 Other employee benefits	2,666,953.	2,557,630.	109,323.	
10 Payroll taxes	1,817,368.	1,742,871.	74,497.	
11 Fees for services (nonemployees):				
a Management				
b Legal				
c Accounting	10,089.		10,089.	
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.)	12,600,285.	10,531,262.	2,069,023.	
12 Advertising and promotion	40,000.	26,000.	14,000.	
13 Office expenses	3,643,896.	1,704,749.	1,939,147.	
14 Information technology	34,962.	30,341.	4,621.	
15 Royalties				
16 Occupancy	565,883.	565,883.		
17 Travel	19,771.	15,986.	3,785.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials ...				
19 Conferences, conventions, and meetings	54,290.	23,909.	30,381.	
20 Interest	10,593.	10,593.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	6,289,353.	6,289,353.		
23 Insurance	2,299,383.		2,299,383.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses on 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	22,452,163.	22,452,163.		
b MEDICAL SUPPLIES	8,209,737.	8,209,737.		
c OVERHEAD & ADMINISTRATIVE	2,231,376.	2,231,376.		
d FOOD	314,477.	314,477.		
e All other expenses	2,768.	8.	2,760.	
25 Total functional expenses. Add lines 1 through 24e	89,866,961.	82,219,425.	7,647,536.	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	-262,636.	1	-183,475.	
	2 Savings and temporary cash investments		2		
	3 Pledges and grants receivable, net		3		
	4 Accounts receivable, net	6,186,493.	4	6,004,905.	
	5 Loans and other receivables from any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		5		
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), and persons described in section 4958(c)(3)(B)		6		
	7 Notes and loans receivable, net		7		
	8 Inventories for sale or use	932,784.	8	1,190,933.	
	9 Prepaid expenses and deferred charges	97,393.	9	133,231.	
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 116,935,947.			
	b Less: accumulated depreciation	10b 41,098,346.	79,312,636.	10c	75,837,601.
	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	3,218,274.	15	2,889,868.	
16 Total assets. Add lines 1 through 15 (must equal line 33)	94,275,992.	16	90,664,111.		
Liabilities	17 Accounts payable and accrued expenses	4,130,975.	17	3,718,633.	
	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 any current or former officer, director, trustee, key employee, creator or founder, substantial contributor, or 35% controlled entity or family member of any of these persons		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	4,130,975.	26	3,718,633.	
Net Assets or Fund Balances	Organizations that follow FASB ASC 958, check here ☒ and complete lines 27, 28, 32, and 33.				
	27 Net assets without donor restrictions	90,145,017.	27	86,945,478.	
	28 Net assets with donor restrictions		28		
	Organizations that do not follow FASB ASC 958, check here ☐ and complete lines 29 through 33.				
	29 Capital stock or trust principal, or current funds		29		
	30 Paid-in or capital surplus, or land, building, or equipment fund		30		
	31 Retained earnings, endowment, accumulated income, or other funds		31		
	32 Total net assets or fund balances	90,145,017.	32	86,945,478.	
	33 Total liabilities and net assets/fund balances	94,275,992.	33	90,664,111.	

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**METHODIST HEALTHCARE - OLIVE BRANCH
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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	88,501,273.
2	Total expenses (must equal Part IX, column (A), line 25)	2	89,866,961.
3	Revenue less expenses. Subtract line 2 from line 1	3	-1,365,688.
4	Net assets or fund balances at beginning of year (must equal Part X, line 32, column (A))	4	90,145,017.
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 on Schedule O)	9	-1,833,851.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 32, column (B))	10	86,945,478.

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: ☐ Cash ☒ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis	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: ☐ Separate basis ☒ Consolidated basis ☐ 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 on 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 on Schedule O and describe any steps taken to undergo such audits _____	3b	X

Form **990** (2019)

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

2019

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) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(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) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(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						☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2019 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2018 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2019. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
☐		
b 33 1/3% support test - 2018. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization		
☐		
17a 10% -facts-and-circumstances test - 2019. 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		
☐		
b 10% -facts-and-circumstances test - 2018. 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		
☐		
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		
☐		

Schedule A (Form 990 or 990-EZ) 2019

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) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(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) 2015	(b) 2016	(c) 2017	(d) 2018	(e) 2019	(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 2019 (line 8, column (f), divided by line 13, column (f))	15	%
16 Public support percentage from 2018 Schedule A, Part III, line 15	16	%

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2019 (line 10c, column (f), divided by line 13, column (f))	17	%
18 Investment income percentage from 2018 Schedule A, Part III, line 17	18	%

19a 33 1/3% support tests - 2019. 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 - 2018. 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 ☐ The organization satisfied the Activities Test. Complete line 2 below.			
b ☐ The organization is the parent of each of its supported organizations. Complete line 3 below.			
c ☐ 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	☐ 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) 2019

METHODIST HEALTHCARE - OLIVE BRANCH

Schedule A (Form 990 or 990-EZ) 2019 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 2019 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-2019	(iii) Distributable Amount for 2019
1 Distributable amount for 2019 from Section C, line 6			
2 Underdistributions, if any, for years prior to 2019 (reasonable cause required- explain in Part VI). See instructions.			
3 Excess distributions carryover, if any, to 2019			
a From 2014			
b From 2015			
c From 2016			
d From 2017			
e From 2018			
f Total of lines 3a through e			
g Applied to underdistributions of prior years			
h Applied to 2019 distributable amount			
i Carryover from 2014 not applied (see instructions)			
j Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
4 Distributions for 2019 from Section D, line 7: \$			
a Applied to underdistributions of prior years			
b Applied to 2019 distributable amount			
c Remainder. Subtract lines 4a and 4b from 4.			
5 Remaining underdistributions for years prior to 2019, 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 2019. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI . See instructions.			
7 Excess distributions carryover to 2020. Add lines 3j and 4c.			
8 Breakdown of line 7:			
a Excess from 2015			
b Excess from 2016			
c Excess from 2017			
d Excess from 2018			
e Excess from 2019			

Schedule A (Form 990 or 990-EZ) 2019

Schedule A (Form 990 or 990-EZ) 2019 **HOSPITAL**

Part VI

This image shows a blank 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

2019

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, 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>11,417.</u>	Person ☒ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
		\$ _____	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
		\$ _____	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
		\$ _____	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
		\$ _____	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
		\$ _____	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)
		\$ _____	Person ☐ Payroll ☐ Noncash ☐ (Complete Part II for noncash contributions.)

Name of organization

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Employer identification number

64-0889822**Part II Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(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	

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

2019**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?	☐ Yes	☐ No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?	☐ Yes	☐ No

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

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

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

	Held at the End of the 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 FASB 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 FASB 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 FASB 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) 2019

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Schedule D (Form 990) 2019

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 FASB ASC 740. Check here if the text of the footnote has been provided in Part XIII ... ☒

Schedule D (Form 990) 2019

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

Schedule D (Form 990) 2019

64-0889822 Page 4

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	64,215,259.
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	64,215,259.
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	24,286,014.
c	Add lines 4a and 4b	4c	24,286,014.
5	Total revenue. Add lines 3 and 4c . (This must equal Form 990, Part I, line 12.)	5	88,501,273.

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	67,414,798.
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	67,414,798.
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	22,452,163.
c	Add lines 4a and 4b	4c	22,452,163.
5	Total expenses. Add lines 3 and 4c . (This must equal Form 990, Part I, line 18.)	5	89,866,961.

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	1,833,851.
BAD DEBT EXPENSE	22,452,163.
TOTAL TO SCHEDULE D, PART XI, LINE 4B	24,286,014.

PART XII, LINE 4B - OTHER ADJUSTMENTS:

BAD DEBT EXPENSE	22,452,163.
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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

2019

**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. ☒ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities		
3 Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year. a Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing <i>free</i> care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for free care: ☐ 100% ☐ 150% ☒ 200% ☐ 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: ☐ 200% ☒ 250% ☐ 300% ☐ 350% ☐ 400% ☐ 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

	(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
Financial Assistance and Means-Tested Government Programs						
a Financial Assistance at cost (from Worksheet 1)			6828535.		6828535.	10.13%
b Medicaid (from Worksheet 3, column a)			8253446.	14147815.	0.	.00%
c Costs of other means-tested government programs (from Worksheet 3, column b)			14,705.	19,768.	0.	.00%
d Total. Financial Assistance and Means-Tested Government Programs			15096686.	14167583.	6828535.	10.13%
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)			77,890.	41,541.	36,349.	.05%
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)			22,325.		22,325.	.03%
j Total. Other Benefits			100,215.	41,541.	58,674.	.08%
k Total. Add lines 7d and 7j			15196901.	14209124.	6887209.	10.21%

Schedule H (Form 990) 2019

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

932092 11-19-19

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Schedule H (Form 990) 2019

64-0889822 Page 4

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 ☒ A definition of the community served by the hospital facility		
b ☒ Demographics of the community		
c ☒ Existing health care facilities and resources within the community that are available to respond to the health needs of the community		
d ☒ How data was obtained		
e ☒ The significant health needs of the community		
f ☒ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups		
g ☒ The process for identifying and prioritizing community health needs and services to meet the community health needs		
h ☒ The process for consulting with persons representing the community's interests		
i ☒ The impact of any actions taken to address the significant health needs identified in the hospital facility's prior CHNA(s)		
j ☐ Other (describe in Section C)		
4 Indicate the tax year the hospital facility last conducted a CHNA: 20 <u>19</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 ☒ Hospital facility's website (list url): <u>SEE PART V, SECTION C</u>		
b ☐ Other website (list url):		
c ☒ Made a paper copy available for public inspection without charge at the hospital facility		
d ☐ 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) 2019

64-0889822 Page 5

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 ☒ 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 ☒ Income level other than FPG (describe in Section C)		
c ☐ Asset level		
d ☒ Medical indigency		
e ☐ Insurance status		
f ☒ Underinsurance status		
g ☒ Residency		
h ☐ 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 ☒ Described the information the hospital facility may require an individual to provide as part of his or her application		
b ☒ Described the supporting documentation the hospital facility may require an individual to submit as part of his or her application		
c ☒ Provided the contact information of hospital facility staff who can provide an individual with information about the FAP and FAP application process		
d ☒ Provided the contact information of nonprofit organizations or government agencies that may be sources of assistance with FAP applications		
e ☒ 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 ☒ The FAP was widely available on a website (list url): <u>WWW.METHODISTHEALTH.ORG/FINANCIAL-ASSISTANCE/</u>		
b ☒ The FAP application form was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
c ☒ A plain language summary of the FAP was widely available on a website (list url): <u>SEE PART V, PAGE 8</u>		
d ☒ The FAP was available upon request and without charge (in public locations in the hospital facility and by mail)		
e ☒ The FAP application form was available upon request and without charge (in public locations in the hospital facility and by mail)		
f ☒ 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 ☒ 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 ☒ Notified members of the community who are most likely to require financial assistance about availability of the FAP		
i ☒ 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 ☒ Other (describe in Section C)		

Schedule H (Form 990) 2019

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Schedule H (Form 990) 2019

64-0889822 Page 6

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 ☐ Reporting to credit agency(ies)		
b ☐ Selling an individual's debt to another party		
c ☐ 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 ☐ Actions that require a legal or judicial process		
e ☐ Other similar actions (describe in Section C)		
f ☒ 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 ☐ Reporting to credit agency(ies)		
b ☐ Selling an individual's debt to another party		
c ☐ 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 ☐ Actions that require a legal or judicial process		
e ☐ 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 ☐ 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 ☒ Made a reasonable effort to orally notify individuals about the FAP and FAP application process (if not, describe in Section C)		
c ☒ Processed incomplete and complete FAP applications (if not, describe in Section C)		
d ☒ Made presumptive eligibility determinations (if not, describe in Section C)		
e ☐ Other (describe in Section C)		
f ☐ 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 ☐ The hospital facility did not provide care for any emergency medical conditions		
b ☐ The hospital facility's policy was not in writing		
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Section C)		
d ☐ Other (describe in Section C)		

Schedule H (Form 990) 2019

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		Yes	No
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.		23	X
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.		24	X

Schedule H (Form 990) 2019

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

Schedule H (Form 990) 2019

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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

Schedule H (Form 990) 2019

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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 70% DISCOUNT. THE VENDOR USES THE

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 WITH FPG LESS THAN OR EQUAL TO 200%

*ISCORE LESS THAN 700

NO FA DENIAL DATE IN OUR SYSTEM

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

Schedule H (Form 990) 2019

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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 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:

PFS RECEIVES FINANCIAL ASSISTANCE APPLICATIONS/REQUESTS IN SEVERAL WAYS:

COMPLETED FORMS FROM FACILITIES/HOSPITALS AFTER ADMISSION

PRE-SCREEN PROCESS VIA PHONE CONTACT BY PFS 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%)

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

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.

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

THE CHNA CAN BE FOUND USING THE FOLLOWING URL:

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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.

[HTTPS://WWW.METHODISTHEALTH.ORG/ABOUT-US/COMMUNITY-HEALTH/](https://www.methodisthealth.org/about-us/community-health/)

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/COMMUNITY-HEALTH/](https://www.methodisthealth.org/about-us/community-health/)

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	PRIMARY CARE
4 SOUTHCREST WOMEN'S HEALTHCARE 5480 GOODMAN RD, SUITE 2 OLIVE BRANCH, MS 38654	SPECIALISTS
5 OLIVE BRANCH WOMEN'S CENTER 4250 BETHEL ROAD, 5TH FLOOR OLIVE BRANCH, MS 38654	SPECIALISTS
6 METHODIST MEDICAL GROUP - GENERAL SUR 5480 GOODMAN RD. SUITE 3 OLIVE BRANCH, MS 38654	SPECIALISTS
7 METHODIST MEDICAL GROUP 7163 GOODMAN RD. OLIVE BRANCH, MS 38654	PRIMARY CARE
8 UT METHODIST PHYSICIANS GASTROENTEROL 4250 BETHEL ROAD, 5TH FLOOR OLIVE BRANCH, MS 38654	SPECIALISTS
9 UT METHODIST PHYSICIANS GENERAL & MIN 4250 BETHEL ROAD, 5TH FLOOR OLIVE BRANCH, MS 38654	SPECIALISTS
10 SUTHERLAND CARDIOLOGY CLINIC 4250 BETHEL ROAD, 5TH FLOOR 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 70% 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 2019 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

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 \$22,452,163 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 2019 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 EARLY-OUT GROUP, ANY PAYMENTS RECOUPED BY OUR EARLY-OUT 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

Schedule H (Form 990)

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. 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:

MLH FORMED A MULTIDISCIPLINARY TEAM TO CONDUCT THE 2019 CHNA. THIS TEAM USED A VARIETY OF DATA TO ENSURE THE ASSESSMENT PROCESS WAS AS ACCURATE AND COMPREHENSIVE AS POSSIBLE. THIS INCLUDED PRIMARY DATA, LIKE FOCUS GROUPS AND INFORMAL INTERVIEWS WITH COMMUNITY MEMBERS AND KEY STAKEHOLDERS, AS WELL AS SECONDARY DATA, SUCH AS PUBLIC HEALTH INFORMATION AND OUR OWN INTERNAL FIGURES. THE PRIMARY DATA WAS ASSESSED FOR THEMES, WHILE THE SECONDARY DATA WAS ANALYZED TO DETERMINE HOW OUR COMMUNITY COMPARED TO PEER COUNTIES (I.E., SIMILAR OUTCOMES IN MORBIDITY AND MORTALITY, AND SIMILAR DRIVERS OF HEALTH, SUCH AS SOCIAL/ECONOMIC FACTORS, PHYSICAL ENVIRONMENT, HEALTH BEHAVIORS, AND CLINICAL ACCESS).

USING HEALTHY PEOPLE 2020 AS A FRAMEWORK, WE SOUGHT TO ANSWER THE QUESTION: WHAT ARE THE HEALTH NEEDS OF OUR COMMUNITY?

A HEALTH NEED WAS IDENTIFIED WHERE THESE TWO CRITERIA WERE MET:

Part VI Supplemental Information (Continuation)

1) IT WAS A THEME AMONG THE PRIMARY DATA, AND
2) RELATED SECONDARY DATA COMPARED UNFAVORABLY TO OTHER COMMUNITIES.
ADDITIONAL INFORMATION, LIKE HEALTH DISPARITY, SEVERITY, AND NUMBER
AFFECTED, WAS ALSO INCORPORATED WHERE AVAILABLE.

ADDITIONALLY, WE CONSIDERED WHETHER OUR SYSTEM HAD THE ABILITY TO IMPACT
THE IDENTIFIED NEED, WHICH FURTHER ENABLED US TO PRIORITIZE OUR RESULTS.
TO DO THIS, WE TOOK INTO ACCOUNT MANY FACTORS, SUCH AS WHETHER WE ALREADY
OFFER SERVICES TO ADDRESS THE NEED, OUR ABILITY TO BUILD UPON EXISTING
INITIATIVES, AND ANY PARTNERS WITH WHOM COLLABORATION WOULD BE POSSIBLE.

USING THIS METHODOLOGY MEANT THE PRIORITIZED NEEDS HAVE THE FOLLOWING
CHARACTERISTICS:

1. IT'S CONSIDERED BY OUR COMMUNITY TO BE A SIGNIFICANT HEALTH NEED.
2. IT'S A HEALTH NEED IN WHICH, BASED ON A COLLECTION OF KEY INDICATORS
IDENTIFIED BY PUBLIC HEALTH EXPERTS, OUR COMMUNITY COMPARES UNFAVORABLY TO
SIMILAR COMMUNITIES AS WELL AS NATIONAL AND STATE BENCHMARKS.
3. HEALTH DISPARITIES, PARTICULARLY RACIAL DISPARITIES, EXIST WITHIN THIS
HEALTH NEED.
4. COMPARED TO OTHER HEALTH NEEDS, MORE PEOPLE ARE AFFECTED BY THIS HEALTH
NEED (E.G. PREVALENCE), AND/OR THEY ARE AFFECTED MORE SEVERELY (E.G.,
MORTALITY).
5. MLH HAS THE ABILITY TO IMPACT THE HEALTH NEED.

PART VI, LINE 3:

METHODIST HEALTHCARE - MEMPHIS HOSPITALS UTILIZES THE FEDERAL POVERTY
GUIDELINES (FPG) TO DETERMINE THE LEVEL OF DISCOUNT UNINSURED PATIENTS MAY

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Part VI Supplemental Information (Continuation)

RECEIVE. THE LEVEL BY WHICH ASSISTANCE IS DETERMINED IS THROUGH THE SCALE SET BY THE DEPARTMENT OF HEALTH AND HUMAN SERVICES (DHHS), WHICH INCLUDES FACTORS SUCH AS RESIDENTS PER HOUSEHOLD AND INCOME.

MHMH COMMUNICATES AND PROVIDES ASSISTANCE CONCERNING ELIGIBILITY FOR FINANCIAL ASSISTANCE IN SEVERAL WAYS. CHARITY CARE POLICIES ARE POSTED AND UPDATED AS PART OF THE ORGANIZATION'S SYSTEM POLICIES AND ARE AVAILABLE TO ALL STAFF THROUGH THE COMPANY INTRANET CONNECTIONS.

IN ADDITION, PATIENT-FRIENDLY SUMMARIES OF THESE POLICIES ARE POSTED IN VISIBLE LOCATIONS THROUGHOUT ALL PUBLIC AREAS OF THE FACILITY. AT THE TIME OF PATIENT REGISTRATION, MHMH PROVIDES FINANCIAL COUNSELING BASED ON THE AVAILABLE INSURANCE AND "ABILITY TO PAY" INFORMATION PROVIDED. MHMH ALSO SUPPLIES CHARITY CARE APPLICATIONS AND OFFERS ASSISTANCE IN THE COMPLETION OF FORMS IN ALL INSTANCES WHERE THE "FINANCIAL PICTURE AS PRESENTED TO US" APPEARS TO WARRANT THAT SERVICE.

FINALLY, THE HOSPITAL DISCUSSES WITH THE PATIENT THE AVAILABILITY OF VARIOUS GOVERNMENTAL BENEFITS, SUCH AS MEDICAID OR OTHER STATE PROGRAMS, AND ASSISTS THE PATIENT WITH QUALIFICATION FOR SUCH PROGRAMS, AS APPLICABLE. LANGUAGE BARRIERS ARE TAKEN INTO ACCOUNT WITH ALL PATIENT COMMUNICATION. ALL STAFF WITH PATIENT CONTACT, INCLUDING ADMISSION AND BILLING CLERKS, NURSES AND THE MEDICAL STAFF, SOCIAL WORKERS, CHAPLAINS, AND PATIENT ADVOCATES, ARE KNOWLEDGEABLE ABOUT THE CHARITY CARE POLICY AND ASSIST PATIENTS WHEN NECESSARY.

PART VI, LINE 4:

METHODIST HEALTHCARE MEMPHIS HOSPITALS (MHMH) WAS FOUNDED BY THE MEMPHIS,

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Part VI Supplemental Information (Continuation)

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 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

Part VI Supplemental Information (Continuation)

COMMUNITY.

PART VI, LINE 5:

METHODIST LE BONHEUR HEALTHCARE WORKS DELIGENTLY THROUGHOUT OUR LOCAL COMMUNITIES TO INCREASE HEALTH AWARENESS AMONGST THE GENERAL PUBLIC. AS STATED IN OUR ORGANIZATON'S MISSION AND VALUES; IT IS OUR DEDICATION TO COMMUNITY SERVICE THAT DRIVES OUR CALL TO ACTION. OUR GOAL IS TO PROVIDE OUR NEIGHBORS WITH RESOURCES AND EDUCATION NECESSARY TO EFFECTIVELY COMBAT THE RISK FACTORS AND BEHAVIORS THAT POSE A CHALLENGE TO LIFE EXPECTANCY RATES WITHIN OUR REGION.

OUR DEDICATION TO GIVING BACK INVOLVES A NUMBER OF MEASUREABLE PROGRAMS AND EVENTS THAT ARE ALL ALIGNED WITH OUR PRIMARY GOAL OF ALLOWING PEOPLE OF THE MID SOUTH TO LIVE THEIR BEST LIVES. OUR HOSPITALS ARE PART OF A SYSTEM THAT IS THE LARGEST PROVIDER OF TENNCARE SERVICES IN THE STATE, AND OUR FACILITIES PROVIDE FULL ACCESS TO ALL INDIVIDUALS IN OUR SERVICE AREA.OUR LOCATIONS ARE PLACED IN ALL QUADRANTS OF OUR GEOGRAPHIC SERVICE AREAS ALLOWING US TO PROVIDE ACCESS TO HEALTHCARE FOR ALL OF THE COMMUNITY.

OTHER ELEMENTS OF OUR COMMITMENT TO GIVING INCLUDE; OUR EDUCATIONAL SEMINARS THAT FOCUS ON TOPICS SUCH AS DIABETES PREVENTION AND MANAGEMENT, STROKE PREVENTION AND CARE, PEDIATRIC ASTHMA TRAINING, FIRST AID/ HANDS ONLY CPR TRAINING, AND MENTAL HEALTH AWARENESS; WHICH ARE OFFERED AT VARIOUS METHODIST HOSPITAL LOCATIONS. IN ADDITION TO THAT, OUR FACILITIES SERVE AS HOST TO A NUMBER OF SUPPORT GROUPS SUCH AS "MOMS", "DYNAMIC DADS", "GRIEF", AND SOCIAL SKILL DEVELOPMENT GROUPS. ALL OF WHICH SHARE A COMMON OBJECTIVE; TO SUPPLY THE PEOPLE OF OUR COMMUNITY WITH THE EMOTIONAL

Part VI Supplemental Information (Continuation)

SUPPORT AND RESOURCES NEEDED TO OVERCOME LIFE STRESSORS.

OUR ORGANIZATION ABSORBS COSTS ASSOCIATED WITH PROVIDING MEDICATIONS, DURABLE MEDICAL EQUIPMENT AND HOME HEALTH VISITS FOR MANY OF OUR INDIGENT PATIENTS ALL IN EFFORTS OF ALLOWING THEM TO CONTINUE THEIR RECOVERY PROCESS POST DISCHARGE. OUR FACILITIES ABSORB THE COST OF TRANSPORTATION FOR MANY OF OUR PATIENTS BY CAB, BUS, OR AMBULANCE TO GET HOME AFTER DISCHARGE.

MEDICAL EDUCATION AND RESEARCH-METHODIST SUPPORTS VIA DIRECT SALARY AND BENEFIT CONTRIBUTIONS TO THE UNIVERSITY OF TENNESSEE HEALTH SCIENCE CENTER (UTHSC) FOR GRADUATE MEDICAL TRAINING POSITIONS (GME) AT METHODIST UNIVERSITY HOSPITAL, LE BONHEUR CHILDREN'S HOSPITAL, AND METHODIST LE BONHEUR GERMANTOWN HOSPITAL. THESE GME RESIDENTS AND FELLOWS ARE EMPLOYEES AND TRAINEES AT THE UNIVERSITY OF TENNESSEE, BUT THEIR FINANCIAL SUPPORT FOR SALARIES AND BENEFITS COMES VIA METHODIST. THESE TRAINEES SPEND TIME AT A METHODIST HOSPITAL DURING THE PERIODS OF METHODIST SUPPORT AND ARE INVOLVED IN PATIENT CARE IN ADDITION TO EDUCATIONAL ACTIVITIES.

CHURCH HEALTH CENTER AS AN EARLY SUPPORTER OF THE CHURCH HEALTH CENTER, METHODIST LE BONHEUR HEALTHCARE STRONGLY BELIEVES IN ITS MISSION TO SERVE THE WORKING POOR. FROM ITS BEGINNINGS AS A PROJECT OF ST. JOHN'S UNITED METHODIST CHURCH AND OF DR. SCOTT MORRIS TO THE COMPREHENSIVE COMMUNITY RESOURCE IT IS TODAY, THE CHURCH HEALTH CENTER PROVIDES AFFORDABLE HEALTH CARE, DENTISTRY, OPTOMETRY, PASTORAL COUNSELING, AND HEALTH EDUCATION TO THOSE WHO NEED THESE SERVICES IN MEMPHIS. METHODIST HEALTHCARE - MEMPHIS HOSPITALS IS PROUD TO SUPPORT THIS WORTHY ENDEAVOR. MHM HELPS SUPPORT THE CHURCH HEALTH CENTER BY PROVIDING PATIENT CARE FREE OF CHARGE.

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Part VI Supplemental Information (Continuation)

LE BONHEUR COMMUNITY HEALTH & WELL-BEING LE BONHEUR CHILDREN'S HOSPITAL'S COMMUNITY OUTREACH DIVISION WORKS TO EXTEND THE WORK OF THE HOSPITAL BEYOND ITS WALLS. THROUGH A VARIETY OF PROGRAMS, WE MAKE A DIFFERENCE IN THE EVERYDAY LIVES OF CHILDREN IN COMMUNITIES THROUGHOUT THE REGION. THE SPIRIT OF FAITH AND HEALING PERVADES METHODIST LE BONHEUR HEALTHCARE. AS A FAITH-BASED INSTITUTION, WE ARE WORKING TO DEFINE HOW WE CAN BETTER UTILIZE OUR FAITH RESOURCES AND OTHER ASSETS IN THE COMMUNITY TO IMPROVE HEALTH. THAT MISSION HAS RESULTED IN A STRATEGY AROUND CONGREGATIONS AND OUR CONNECTION WITH THEM. WE BELIEVE THAT CONGREGATIONS CAN PLAY A SIGNIFICANT ROLE IN HEALTHCARE WHEN THEY ARE STRATEGIC PARTNERS IN THEIR MEMBERS' HEALTH JOURNEYS. TO THAT END, WE HAVE ENTERED INTO COVENANT RELATIONSHIPS WITH 500+ CONGREGATIONS TO IMPROVE THE ACCESS TO COMPREHENSIVE HEALTH SERVICES FOR ALL CITIZENS AND TO IMPROVE THE HEALTH STATUS OF THESE PATIENTS.

THE CENTER OF EXCELLENCE IN FAITH AND HEALTH (COE) IS HOUSED IN RENOVATED SPACE AT METHODIST UNIVERSITY HOSPITAL. THE COE WILL ADVANCE HEALTH BY BRINGING FAITH AND HEALTH TOGETHER FOR THE IMPROVED WELLBEING OF THOUSANDS OF PATIENTS. THE CENTER'S GOAL IS TO DRAMATICALLY ENHANCE QUALITY OF CARE AND SUPPORT FOR OUR PATIENTS AND THEIR FAMILIES. WE BELIEVE THAT THE COUPLING OF FAITH AND HEALTH CAN NOT ONLY ELEVATE THE LEVEL OF CARE WE DELIVER TO OUR PATIENTS, BUT ALSO IMPROVE THE QUALITY OF LIFE FOR OUR COMMUNITY AND BEYOND. THE ACTUAL CENTER OF EXCELLENCE SPACE TRANSFORMED THE PREVIOUSLY EXISTING INTENSIVE CARE WAITING ROOM INTO A STATE-OF-THE-ART FAMILY-CENTERED HEALING ENVIRONMENT WITH A QUIET AREA, RESOURCE ROOM, EDUCATION SPACES, MOVEABLE FURNITURE, AS WELL AS SPACE FOR LOCAL CLERGY TO COUNSEL THEIR MEMBERS. IT ALSO HOUSES CREATIVE MEETING

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Part VI Supplemental Information (Continuation)

SPACE FOR ACADEMIC PARTNERS LOCALLY AND ACROSS THE GLOBE TO WORK WITH EACH OTHER, AS WELL AS PROVIDE TRAINING AND EDUCATION TO OUR ASSOCIATES, LOCAL CLERGY AND COMMUNITY HEALTH PARTNERS.

METHODIST PLACES A STRONG VALUE ON EDUCATION. THROUGH THE MEMPHIS CITY ADOPT-A-SCHOOL PROGRAM, MLH ASSOCIATES WORKED TO:

- TUTOR AND MENTOR STUDENTS
- PROVIDE SPEAKERS FOR A NUMBER OF EVENTS INCLUDING CAREER DAYS
- JUDGE EVENTS SUCH AS SCIENCE PROJECTS
- PROCTOR TESTS
- PROVIDE FINANCIAL SUPPORT FOR SPECIAL NEEDS AND PROGRAMS

INKIND GOODS AND SERVICES

MHMH ASSOCIATES DONATED THOUSANDS OF HOURS TO MANY COMMUNITY GROUPS BY SERVING

ON NUMEROUS BOARDS AND COMMITTEES, INCLUDING:

HEALTHY SHELBY COUNTY, COMMONTABLE HEALTH ALLIANCE, CHRIST COMMUNITY HEALTH SERVICES,

CHURCH HEALTH CENTER, ITN MEMPHIS, METRO CARE, HEALTH CHOICE, TN CARE MEDICAL CARE

ADVISORY, ISCT, CONCORD NURSING PROGRAM ADVISORY BOARD, SC COLLEGE OF NURSING ADVISORY

COMMITTEE, NATIONAL ARTHRITIS FOUNDATION, GIFT OF LIFE MIDSOUTH, TENNESSEE NURSES

ASSOCIATION, NWTN HEADSTRAT HEALTH ADVISORY COMMITTEE, SHELBY COUNTY BREASTFEEDING

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Part VI Supplemental Information (Continuation)

COALITION, PROMISE OF NURSING FOR TN, TN PUBLIC HEALTH ASSOCIATION,
AMERICAN LIVER
FOUNDATION, CYNTHIA MILK FUND, YMCA, OVERTON PARK CONSERVANCY, TENNESSEE
BUSINESS
ROUNDTABLE, COMMUNITY ALLIANCE FOR THE HOMELESS, CENTER OF YOUTH MINISTRY
TRAINING,
UNITED METHODIST NEIGHBORHOOD CENTERS, BOYS&GIRLS CLUB, GREATER MEMPHIS
CHAMBER OF
COMMERCE, SOULSVILLE FOUNDATION, AMERICAN HEART ASSOCIATION, MARCH OF
DIMES, CARL PERKINS CENTER FOR THE PREVENTION OF CHILD ABUSE, SAFE KIDS,
BLUFF CITY MEDICAL SOCIETY, MEMPHIS AND MIDSOUTH PEDIATRIC ASSOCIATION,
CYSTIC FIBROSIS FOUNDATION, MAKE A WISH FOUNDATION MIDSOUTH, MELANOMA
RESEARCH FOUNDATION, RED CROSS, NATIONAL CIVIL RIGHTS MUSEUM, JUVENILE
DIABETIS FOUNDATION, NEW MEMPHIS INSTITUTE, MID SOUTH MINORITY BUSINESS
COUNCIL, APRIL 4 FOUNDATION, GIRLS INC. , WOMEN FOUNDATION FOR GREATER
MEMPHIS, MEMPHIS MUSEUMS INC. MEMPHIS BRANCH NAACP, 100 BLACK MEN OF
MEMPHIS INC., MEMPHIS COMMITTEE FOR ECONOMIC DEVELOPMENT, MEMPHIS
THEOLOGICAL SEMINARY, MEMPHIS TOMORROW, MEMPHIS CHILD ADVOCACY CENTER,
EXCHANGE CLUB CARL PERKINS CENTER, NATIONAL KIDNEY FOUNDATION, GIFT OF
LIFE MID SOUTH, PEOPLE FIRST, CITY OF MEMPHIS IT STEERING, CHILDREN'S
HOSPITAL ASSOCIATION, NEW LEADERS ADVISORY BOARD, IDLEWILD CHILDREN'S
CENTER, FIRE MUSEUM OF MEMPHIS, REGIONAL INTERFAITH SOUP KITCHEN,
A MAJORITY OF THE ORGANIZATION'S GOVERNING BODY IS COMPRISED OF PERSONS
WHO RESIDE IN THE PRIMARY SERVICE AREA AND WHO ARE NEITHER EMPLOYEES OF
NOR INDEPENDENT CONTRACTORS OF THE ORGANIZATION. THE HOSPITAL EXTENDS
MEDICAL STAFF PRIVILEGES TO ALL QUALIFIED PHYSICIANS IN ITS COMMUNITY.

PART VI, LINE 6:

Schedule H (Form 990)

Part VI Supplemental Information (Continuation)

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,MS

**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

2019

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.		
☐ First-class or charter travel		
☐ Travel for companions		
☐ Tax indemnification and gross-up payments		
☐ Discretionary spending account		
☐ Housing allowance or residence for personal use		
☐ Payments for business use of personal residence		
☐ Health or social club dues or initiation fees		
☐ 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 organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.		
☐ Compensation committee		
☐ Independent compensation consultant		
☐ Form 990 of other organizations		
☐ Written employment contract		
☐ Compensation survey or study		
☐ 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) 2019

METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL

Schedule J (Form 990) 2019

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 PRESIDENT/CEO	(i)	0.	0.	0.	0.	0.	0.	0.
	(ii)	359,970.	127,998.	77,696.	8,400.	13,616.	587,680.	0.
(2) KRIS SANDERS TREASURER	(i)	180,929.	31,268.	10,608.	32,353.	17,431.	272,589.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(3) ANNELISE JENSEN VP/CNO	(i)	174,139.	42,131.	1,455.	33,668.	6,342.	257,735.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(4) MARGARET WALLACE PHARMACIST	(i)	148,960.	0.	0.	9,030.	5,924.	163,914.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(5) JENNIFER WEAVER PHARMACIST	(i)	153,596.	12,025.	602.	9,591.	19,327.	195,141.	0.
	(ii)	0.	0.	0.	0.	0.	0.	0.
(6) PAMELA HUNT PHARMACIST	(i)	150,829.	0.	619.	9,294.	9,649.	170,391.	0.
	(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) 2019

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.

RESTORATION BENEFIT PARTICIPANTS THAT WERE NEGATIVELY IMPACTED BY FREEZING
THE RESTORATION PLAN WERE PROVIDED WITH AN ADDITIONAL ANNUAL EDCP
CONTRIBUTION UNTIL AGE 65 DESIGNED TO KEEP THEM WHOLE.

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

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.

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
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:

\$10,527 - ANNE LISE 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:

NO PAYOUT DURING TAX YEAR

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.

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 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:

\$45,220 - 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.

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.

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 AND ALL PAST
DEFERRALS WERE PAID OUT IN 2019.

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

2019

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

ENT

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

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

Schedule O (Form 990 or 990-EZ) (2019)

Name of the organization	METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL	Employer identification number 64-0889822
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MLH BOARD OF DIRECTORS SERVING AS THE MEMBERS OF THE ORGANIZATION.

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,

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

Employer identification number
64-0889822

OR A POTENTIAL OBLIGATION, ON THE PART OF THE CORPORATION IN EXCESS OF THE 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

Name of the organization	METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL	Employer identification number 64-0889822
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MEMBERS OF A NOT-FOR-PROFIT CORPORATION.

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

Name of the organization	METHODIST HEALTHCARE - OLIVE BRANCH HOSPITAL	Employer identification number 64-0889822
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ANNUALLY DEVELOPS TOTAL CASH COMPENSATION COMPARISONS OF PEER NON-PROFIT 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	10,484,712.
MANAGEMENT AND GENERAL EXPENSES	2,069,023.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	12,553,735.

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

PROGRAM SERVICE EXPENSES	46,066.
MANAGEMENT AND GENERAL EXPENSES	0.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	46,066.

LICENSE FEES:

PROGRAM SERVICE EXPENSES	484.
MANAGEMENT AND GENERAL EXPENSES	0.
FUNDRAISING EXPENSES	0.
TOTAL EXPENSES	484.
TOTAL OTHER FEES ON FORM 990, PART IX, LINE 11G, COL A	12,600,285.

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

TRANSFER FROM AFFILIATES	-1,833,851.
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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

2019

**Open to Public
Inspection**

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

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
REVENUE ASSURANCE PROFESSIONALS, LLC - 62-1814289, 1211 UNION AVENUE SUITE 600, MEMPHIS, TN 38104	COLLECTION SERVICES	TENNESSEE			N/A

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
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
CHILDREN'S FOUNDATION RESEARCH INSTITUTE - 83-4329511, 850 POPLAR AVENUE BLDG 2, MEMPHIS, TN 38105	HEALTHCARE	TENNESSEE	501(C)(3)	LINE 10	LE BONHEUR CHILDREN'S FOUNDATION		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 HEALTHCARE - MEMPHIS HOSPITALS - 62-0479367, 1265 UNION AVENUE, MEMPHIS, TN 38104	HOSPITALS	TENNESSEE	501(C)(3)	LINE 3	METHODIST LE BONHEUR HEALTHCARE		X

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

Schedule R (Form 990) 2019

**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 CENTRAL MS MEDICAL ASSOCIATES - 64-0884720, 1211 UNION AVENUE SUITE 657, MEMPHIS, TN 38104	PHYSICIAN PRACTICES	MISSISSIPPI	501(C)(3)	LINE 3	METHODIST LE BONHEUR HEALTHCARE		X
METHODIST HEALTHCARE COMMUNITY CARE ASSOCIATES - 62-1403517, 6400 SHELBY VIEW SUITE 101, MEMPHIS, TN 38134	OUTPATIENT HEALTHCARE	MISSISSIPPI	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
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
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-JACKSON HOSPITAL - 64-0794199, 1211 UNION AVENUE SUITE 657, MEMPHIS, TN 38104	INACTIVE HOSPITAL	MISSISSIPPI	501(C)(3)	LINE 3	METHODIST LE BONHEUR HEALTHCARE		X
METHODIST HEALTHCARE-JONESBORO HOSPITAL - 71-0499625, 1211 UNION AVENUE SUITE 657, MEMPHIS, TN 38104	INACTIVE HOSPITAL	ARKANSAS	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	MISSISSIPPI	501(C)(3)	LINE 3	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 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 - OLIVE BRANCH
HOSPITAL**

Schedule R (Form 990) 2019

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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
LE BONHEUR EAST SURGERY												
CENTER II, LP - 80-0247391,												
786 ESTATE PLACE, MEMPHIS, TN 38120												

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									

**METHODIST HEALTHCARE - OLIVE BRANCH
HOSPITAL**

Schedule R (Form 990) 2019

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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)			

Schedule R (Form 990) 2019

Page 4

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.

Electronic Filing PDF Attachment



METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Financial Statements and Schedules

December 31, 2019 and 2018

(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 and Affiliates:

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, 2019 and 2018, 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, 2019 and 2018, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in note 1(v) to the combined financial statements, in 2019 the System adopted new accounting guidance in connection with its implementation of Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases*. Our opinion is not modified with respect to this matter.



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 48 – 49 is presented for the purpose of additional analysis of the 2019 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.

KPMG LLP

Memphis, Tennessee
May 1, 2020

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Balance Sheets

December 31, 2019 and 2018

(In thousands)

Assets	2019	2018
Current assets:		
Cash and cash equivalents	\$ 221,144	86,833
Investments	1,154,628	1,073,267
Assets limited as to use – current portion	450	725
Net patient accounts receivable	247,294	264,915
Other current assets	84,667	98,078
Due from third-party payors	16,011	5,140
Total current assets	1,724,194	1,528,958
Assets limited as to use, less current portion	10,435	10,351
Property and equipment, net	1,050,791	1,096,868
Right-of-use assets	44,188	—
Other assets	56,653	41,551
Total assets	\$ 2,886,261	2,677,728
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 68,808	103,196
Accrued expenses	107,729	97,906
Long-term debt – current portion	15,660	9,579
Lease liabilities – current portion	9,486	—
Total current liabilities	201,683	210,681
Long-term debt, less current portion	609,906	625,386
Lease liabilities, less current portion	34,702	—
Estimated professional and general liability costs, less current portion	19,692	14,619
Accrued pension cost	97,373	97,011
Other long-term liabilities	58,404	48,818
Total liabilities	1,021,760	996,515
Net assets:		
Without donor restrictions	1,794,194	1,622,258
With donor restrictions	69,022	57,154
Total net assets attributable to Methodist Le Bonheur Healthcare	1,863,216	1,679,412
Noncontrolling interests	1,285	1,801
Total net assets	1,864,501	1,681,213
Commitments and contingencies		
Total liabilities and net assets	\$ 2,886,261	2,677,728

See accompanying notes to combined financial statements.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Statements of Operations

Years ended December 31, 2019 and 2018

(In thousands)

	2019	2018
Revenues and other support:		
Net patient service revenue	\$ 1,780,374	1,888,136
Other revenue	140,085	184,956
Net assets released from restrictions used for operations	13,731	6,642
Total revenues and other support	1,934,190	2,079,734
Expenses:		
Salaries and benefits	1,008,393	974,722
Supplies and other	750,985	890,758
Depreciation and amortization	119,201	113,021
Interest	21,630	19,910
Impairment of goodwill	—	5,972
Total expenses	1,900,209	2,004,383
Operating income	33,981	75,351
Nonoperating gains (losses):		
Investment income, net	29,779	34,907
Change in fair value of interest rate swaps	(9,840)	9,704
Unrealized gain (loss) on trading securities, net	108,179	(61,577)
Nonservice component of periodic pension credit (expense)	777	(3,814)
Nonrecurring gain on sale	7,746	—
Gain on refunding of long-term debt	—	697
Total nonoperating gains (losses), net	136,641	(20,083)
Revenues, gains and other support in excess of expenses and losses, before noncontrolling interests	170,622	55,268
Noncontrolling interests	(357)	(548)
Revenues, gains and other support in excess of expenses and losses	170,265	54,720
Other changes in net assets without donor restrictions:		
Accrued pension cost adjustments	(362)	(14,898)
Other	(3,137)	(3,854)
Net assets released from donor restrictions used for capital purposes	5,170	11,563
Change in net assets without donor restrictions	\$ 171,936	47,531

See accompanying notes to combined financial statements.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Statements of Changes in Net Assets

Years ended December 31, 2019 and 2018

(In thousands)

	Without donor restrictions	With donor restrictions	Noncontrolling interests	Total
Balances at December 31, 2017	\$ 1,574,727	56,618	2,264	1,633,609
Revenues, gains and other support in excess of expenses and losses	54,720	—	548	55,268
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)
Other	(3,854)	3,854	—	—
Net assets released from restrictions used for operations	—	(6,642)	—	(6,642)
Net assets released from restrictions used for capital purposes	11,563	(11,563)	—	—
Change in net assets	47,531	536	(463)	47,604
Balances at December 31, 2018	1,622,258	57,154	1,801	1,681,213
Revenues, gains and other support in excess of expenses and losses	170,265	—	357	170,622
Distributions to minority shareholders	—	—	(873)	(873)
Accrued pension cost adjustments	(362)	—	—	(362)
Donor-restricted gifts, grants, and bequests	—	21,244	—	21,244
Donor-restricted investment gain, net	—	6,604	—	6,604
Other	(3,137)	2,921	—	(216)
Net assets released from restrictions used for operations	—	(13,731)	—	(13,731)
Net assets released from restrictions used for capital purposes	5,170	(5,170)	—	—
Change in net assets	171,936	11,868	(516)	183,288
Balances at December 31, 2019	\$ 1,794,194	69,022	1,285	1,864,501

See accompanying notes to combined financial statements.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combined Statements of Cash Flows

Years ended December 31, 2019 and 2018

(In thousands)

	2019	2018
Cash flows from operating activities:		
Change in net assets	\$ 183,288	47,604
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	119,201	113,021
Unrealized and realized (gain) loss on trading securities, net	(113,256)	58,114
Change in fair value of interest rate swaps	9,840	(9,704)
Restricted investment (gain) loss	(6,604)	1,659
Net loss in equity investees	12,525	11,243
Impairment of goodwill	—	5,972
Gain on refunding of long-term debt	—	(697)
(Gain) loss on disposal of property and equipment	(6,989)	1,249
Accrued pension cost adjustments	362	14,898
Changes in operating assets and liabilities:		
Net patient accounts receivable	17,621	(14,723)
Other current assets and due from third-party payors	2,540	(3,867)
Other assets	(27,627)	(7,145)
Accounts payable, accrued expenses and due to third party payors	(24,565)	10,613
Other long-term liabilities and estimated professional general liability costs, less current portion	4,748	1,448
Net cash provided by operating activities	171,084	229,685
Cash flows from investing activities:		
Capital expenditures	(129,938)	(215,356)
Proceeds from sales of property and equipment	64,104	802
Sales of investments and assets limited as to use	1,726,592	1,603,830
Purchases of investments and assets limited as to use	(1,693,797)	(1,550,062)
Net cash used in investing activities	(33,039)	(160,786)
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	97
Repayment of long-term debt	(9,629)	(16,274)
Cash defeasance of debt	—	(15,875)
Restricted contributions and investment income	6,604	(1,659)
Net cash used in financing activities	(3,025)	(33,711)
Net increase in cash and cash equivalents	135,020	35,188
Cash and cash equivalents at beginning of year	94,915	59,727
Cash and cash equivalents at end of year	\$ 229,935	94,915
Reconciliation of cash and cash equivalents:		
Cash and cash equivalents	\$ 221,144	86,833
Cash funds in assets limited as to use	8,791	8,082
	\$ 229,935	94,915

See accompanying notes to combined financial statements.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

(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 13,000 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 Methodist Le Bonheur Community Outreach);
- Methodist Healthcare Community Care Associates;
- Methodist Healthcare Primary Care Associates; and
- Ambulatory Operations, Inc.

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.

Significant items subject to such estimates and assumptions include the determination of the allowances for 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.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

(c) Cash Equivalents

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

Restricted cash includes funds restricted as to withdrawal or use. Restricted cash consists of cash held under assets limited as to use within the combined financial statements. The System applies FASB ASU 2016-18, *Statement of Cash Flows (Topic 230) – Restricted Cash*, which requires that the System's combined statements of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted 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.

(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.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

(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 support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used, 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 donor 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 at December 31, 2019 and 2018.

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.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

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, 2019 and 2018 and recognized an impairment loss of \$5,972,000 in 2018. No impairment was recognized in 2019.

(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 presents debt issuance cost 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 17):

- Encompass Health 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),
- Wolf River Surgery Center, LLC (30% owned),
- UT Le Bonheur Pediatric Specialists, Inc. (50% owned),
- Memphis Medical Center Air Ambulance Service, Inc. (33% owned),
- 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.

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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 12(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 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 goods or services are provided to patients and customers in a retail setting (for example, pharmaceuticals) and the System does not believe it is required to provide additional goods or services to the patient or customer.

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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 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 2019 or 2018.

(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.

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(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 revenues and other support 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.

(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, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition or disclosure in the accompanying combined financial statements.

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(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 January 2016, the FASB issued ASU No. 2016-01, *Recognition and Measurement of Financial Assets and Liabilities* (ASU 2016-01). ASU 2016-01 addresses certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Under the ASU, not-for-profit entities are no longer required to disclose fair value information concerning financial instruments measured at amortized cost, such as long-term debt. The System adopted ASU 2016-01 on January 1, 2019. The adoption of ASU 2016-01 did not have a material impact on the System's combined financial statements.

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 adopted ASU 2016-02 effective January 1, 2019 using a modified retrospective approach. The primary effect of adopting the new standard is a \$53,672,000 increase in right-of-use assets and lease obligations for current operating leases. See additional discussion on the adoption of ASU 2016-02 in note 8.

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

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made, with early adoption permitted. The adoption of ASU 2018-08 did not have a material impact on the System's combined financial statements.

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 adopted ASU 2018-15 effective January 1, 2019 using a modified retrospective approach and the adoption did not have a material impact on the System's combined financial statements.

(w) Immaterial Error Correction of Prior Period Amounts

The accompanying combined balance sheet, combined statement of operations and combined statements of changes in net assets as of and for the year ended December 31, 2018 have been revised to correct an immaterial error relating to the reporting of transactions related to donor-restricted gifts, grants, and bequests and net assets released from restriction. The donor restricted assets were incorrectly released from restrictions in the financial reporting of the System. To correct this, the combined balance sheet as of December 31, 2018 has been adjusted from previously reported amounts resulting in a decrease in net assets without donor restrictions of \$30,898,000 and an increase in net assets with donor restrictions of \$30,898,000. In the combined statement of operations for the year ended December 31, 2018, the net assets released from restrictions used for operations, total revenues and other support, and revenues, gains and other support in excess of expenses and losses decreased by \$5,675,000, other changes in net assets without donor restrictions decreased by \$3,854,000 and total changes in net assets without donor restrictions decreased by \$9,529,000. In the combined statements of changes in net assets for the year ended December 31, 2017 and 2018, the beginning balances of net assets with donor restrictions increased by \$21,369,000, the beginning balances of net assets without donor restrictions decreased by \$21,369,000, revenues, gains and other

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support in excess of expenses and losses and net assets released from restrictions used for operations decreased by \$5,675,000, other changes in net assets decreased by \$3,854,000, the ending balances of net assets with donor restrictions increased by \$30,898,000 and the ending balances of net assets without donor restrictions decreased by \$30,898,000. Lastly, note 20 has been updated for the changes noted in the financial statements. This correction has no effect on the combined statement of cash flows.

(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 2019, the System liquidated two investments valued at net asset value (NAV) for approximately \$9,010,000 and reallocated the proceeds to existing Level 1 investments. The System also replaced one investment manager in 2019, resulting in a transfer from a Level 1 investment to a Level 2 investment in the amount of \$28,293,000. 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. 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:

	2019	2018
	<u>(In thousands)</u>	
U.S. Treasury obligations	\$ 28,529	22,135
Equity securities	82,938	88,906
Federal mortgage-backed securities	10,519	10,071
Corporate bonds	638,240	644,051
Mutual funds	76,116	60,186
Commingled funds	222,072	148,820
Real estate – private REIT	68,124	66,586
Hedge funds – limited partnerships	28,090	32,512
Total	<u>\$ 1,154,628</u>	<u>1,073,267</u>

At December 31, 2019 and 2018, the System has no outstanding capital commitments related to its investment portfolio.

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The composition and fair value hierarchy of investments follows:

	2019			Total
	Level 1	Level 2	Level 3	
	(In thousands)			
U.S. Treasury obligations	\$ 28,529	—	—	28,529
Equity securities:				
Consumer discretionary	10,321	—	—	10,321
Consumer staples	7,428	—	—	7,428
Energy	4,815	—	—	4,815
Financials	13,933	—	—	13,933
Healthcare	14,965	—	—	14,965
Industrials	10,443	—	—	10,443
Information technology	11,206	—	—	11,206
Materials	2,948	—	—	2,948
Telecommunication	4,951	—	—	4,951
Utilities	1,542	—	—	1,542
Real estate	386	—	—	386
Federal mortgage-backed securities:				
Residential	—	10,519	—	10,519
Corporate bonds:				
Financials	—	262,776	20	262,796
Industrials	—	325,227	—	325,227
Utilities	—	40,327	—	40,327
Other	—	9,882	8	9,890
Mutual funds:				
Equities	76,116	—	—	76,116
Commingled funds	—	222,072	—	222,072
Total	\$ 187,583	870,803	28	1,058,414
Investments reported at NAV as a practical expedient to fair value:				
Real estate – private REIT				68,124
Hedge funds – limited partnerships				28,090
Total				\$ 1,154,628

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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
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

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

		2019		
	<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⁾	\$ 23,583	—	Monthly, quarterly, and semi-annually	30–65 days
Multi-strategy fund ⁽²⁾	4,507	—	Quarterly	60 days
Real estate funds ⁽³⁾	68,124	—	Quarterly	45 days
Total	<u>\$ 96,214</u>	<u>—</u>		

		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⁾	66,586	—	Quarterly	45 days
Total	<u>\$ 99,098</u>	<u>—</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. 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 17% equities, 36% fixed income and cash, 9% 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.

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

		2019			
		Level 1	Level 2	Level 3	Total
		(In thousands)			
Under bond indenture					
agreements-held by trustee:					
Cash and short-term investments	\$	8,775	—	—	8,775
Municipal obligations & corporate bonds		—	1,399	—	1,399
Interest receivable		5	—	—	5
		8,780	1,399	—	10,179
Under other funding					
arrangements-held by trustees:					
Cash and short-term investments		16	—	—	16
U.S. Treasury obligations		114	—	—	114
Corporate bonds		—	371	—	371
Mortgage-backed securities		—	205	—	205
		130	576	—	706
Total assets limited as to use					
	\$	8,910	1,975	—	10,885

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		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

All amounts under bond indenture agreements held by trustee are maintained in accordance with revenue bond trust indentures as further described in note 10.

(3) Liquidity and Availability

Financial assets available for general expenditure within one year of December 31, 2019 include the following (in thousands):

	2019
Cash and cash equivalents	\$ 221,144
Investments	1,154,628
Net patient accounts receivable	247,294
	<u>\$ 1,623,066</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.

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(4) Trusteed Bond Funds

The trustee 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 10.

	<u>2019</u>	<u>2018</u>
	(In thousands)	
Debt service reserve funds	\$ 9,734	9,704
Interest funds	<u>445</u>	<u>721</u>
	<u>\$ 10,179</u>	<u>10,425</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) Other Current Assets

The composition of other current assets follows:

	<u>2019</u>	<u>2018</u>
	(In thousands)	
Other receivables	\$ 27,373	41,634
Inventories	35,407	35,199
Prepaid expenses and other current assets	17,766	17,567
Pledges receivable, net	<u>4,121</u>	<u>3,678</u>
	<u>\$ 84,667</u>	<u>98,078</u>

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(6) Property and Equipment

A summary of property and equipment follows:

	Useful lives (years)	2019	2018
		(In thousands)	
Land	—	\$ 76,707	81,454
Land improvements	5–20	50,197	43,349
Buildings and improvements	10–40	1,080,929	886,127
Fixed equipment	5–30	434,871	436,973
Movable equipment	3–20	767,311	735,278
Construction in progress	—	21,281	235,619
		2,431,296	2,418,800
Less accumulated depreciation		1,380,505	1,321,932
		<u>\$ 1,050,791</u>	<u>1,096,868</u>

Construction in progress as of December 31, 2019 primarily consists of routine replacement and expansion projects at various System facilities. The estimated total remaining cost to complete these projects as of December 31, 2019 is approximately \$70,564,000. Depreciation expense was approximately \$118,900,000 and \$112,569,000 in 2019 and 2018, respectively.

The System capitalized approximately \$2,824,000 and \$5,705,000 of interest expense in 2019 and 2018, respectively.

(7) Other Assets

The composition of other assets follows:

	2019	2018
	(In thousands)	
Pledges receivable net, noncurrent	\$ 6,551	5,337
Note receivable	426	1,411
Investments in equity investees (note 17)	28,189	23,786
Cash surrender value and prepaid life insurance premiums	2,351	1,979
Goodwill	4,791	4,791
Deposits	10,500	—
Other	3,845	4,247
	<u>\$ 56,653</u>	<u>41,551</u>

Noncurrent pledges receivable at December 31, 2019 are due in one to five years.

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(8) Leases

The System has entered into noncancelable operating leases for certain office space. The System determines if an arrangement is a lease at the inception of a contract. Leases with an initial term of twelve months or less are not recorded on the combined balance sheets.

The System has lease agreements which require payments for lease and non-lease components and has elected to account for these as a single lease component. For leases that commenced before the effective date of ASU 2016-02, the System elected the permitted practical expedients to not reassess the following: (i) whether any expired or existing contracts contain leases; (ii) the lease classification for any expired or existing leases; and (iii) initial direct costs for any existing leases.

Right-of-use assets represent the System's right to use an underlying asset during the lease term and lease liabilities represent the System's obligation to make lease payments arising from the lease. Right-of-use assets and liabilities are recognized at the commencement date, based on the net present value of fixed lease payments over the lease term. The System's lease terms include options to extend or terminate the lease when it is reasonably certain that the options will be exercised. As most of the System's leases do not provide an implicit rate, the System uses its incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The System considers recent debt issuances as well as publicly available data for instruments with similar characteristics when calculating its incremental borrowing rates. Fixed lease expense is recognized on a straight-line basis over the lease term, while variable payments are recognized in the period incurred.

Rental expense for all operating leases for the years ended December 31, 2019 and 2018 was approximately \$15,786,000 and \$17,869,000, respectively. Future minimum payments under noncancelable operating leases as of December 31, 2019 follow (in thousands):

Year ending December 31:		
2020	\$	11,093
2021		9,867
2022		7,900
2023		6,680
2024		5,521
Thereafter		<u>10,297</u>
Total lease payments		51,358
Less interest		<u>(7,170)</u>
Present value of lease liabilities	\$	<u><u>44,188</u></u>

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Prior to the adoption of ASC 842, future minimum payments under noncancelable operating leases were reported in accordance with ASC 840. 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		<u>15,814</u>
Total lease payments	\$	<u><u>62,704</u></u>

At December 31, 2019, the weighted-average remaining lease term is 5.9 years and the weighted average discount rate is 4.1%.

(9) Accrued Expenses

The composition of accrued expenses follows:

	<u>2019</u>	<u>2018</u>
	(In thousands)	
Accrued payroll and payroll taxes	\$ 41,986	32,873
Accrued compensated absences	40,237	38,955
Accrued self-insurance costs	17,715	16,971
Accrued interest	3,113	3,028
Other accrued expenses	<u>4,678</u>	<u>6,079</u>
	<u><u>\$ 107,729</u></u>	<u><u>97,906</u></u>

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(10) Long-term Debt

A summary of long-term debt follows:

	<u>2019</u>	<u>2018</u>
	(In thousands)	
The Health, Educational and Housing Facility Board (HEHFB) of the County of Shelby, Tennessee:		
Series 2008A/B, annum variable rate, through 2042	\$ 247,680	256,295
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>612,215</u>	<u>620,830</u>
Other promissory notes, interest ranging from 5.47% to 9.50% per annum, payable through 2041	2,225	3,239
Total contractual long-term debt	614,440	624,069
Unamortized debt issuance costs, net	(7,162)	(7,741)
Unamortized premiums and discounts, net	18,288	18,637
Total long-term debt	625,566	634,965
Less current portion of long-term debt	15,660	9,579
	<u>\$ 609,906</u>	<u>625,386</u>

The System utilizes interest rate swap agreements to synthetically convert certain of its variable rate long-term debt to fixed rate obligations (note 11). 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, 2019 (in thousands):

Year ending December 31:	
2020	\$ 15,660
2021	16,541
2022	17,454
2023	18,481
2024	19,637
Thereafter	526,667
Total contractual long-term debt	<u>\$ 614,440</u>

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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 healthcare 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 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 1.41% and 1.36%, for the years ended December 31, 2019 and 2018, respectively.

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 healthcare 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.

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

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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 (as applicable) and a pledge of gross revenues by members of the Obligated Group of the System and certain affiliates (the "Obligated Group", as defined). The System has also agreed under the Master Trust Indenture to subject the members of the Obligated Group and additional affiliates, designated as System Affiliates (collectively, 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.

Included in other promissory notes is a note for the Memphis Professional Building in the amount of \$1,388,000 and \$2,283,000 at December 31, 2019 and 2018, respectively, due 2021.

Interest paid totaled \$24,369,000 and \$26,169,000 in 2019 and 2018, respectively.

(11) 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 \$136,600,000. 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 \$11,926,000.

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, 2019 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, 2019 and 2018 (dollars in thousands):

2019						
Related bond issuance	Notional amount	Maturity date	Average variable rate received	Fixed rate	Increase in interest expense	Swap fair value
2004	\$ 68,300	August 2027	1.73 %	(3.80)%	\$ 1,468	(7,162)
2004	68,300	August 2027	1.73	(3.80)	1,479	(7,211)
2004	11,926	July 2024	2.26	(5.40)	390	(1,372)
2008	75,000	June 2042	1.54	(3.70)	1,602	(31,269)
2008	25,000	June 2038	1.54	(3.47)	477	(8,212)
						<u>\$ (55,226)</u>

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>

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, 2019 and 2018.

(12) 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

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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.

The following table sets forth the Plan's funded status and amounts recognized in the accompanying combined balance sheets at December 31, 2019 and 2018:

	<u>2019</u>	<u>2018</u>
	(In thousands)	
Change in projected benefit obligation:		
Projected benefit obligation at beginning of year	\$ 685,734	733,206
Service cost	8,081	9,530
Interest cost	28,311	26,006
Actuarial gain (loss)	94,780	(50,421)
Benefits paid	<u>(34,087)</u>	<u>(32,587)</u>
Projected benefit obligation at end of year	<u>782,819</u>	<u>685,734</u>
Change in plan assets:		
Fair value of plan assets at beginning of year	588,723	651,093
Actual return on plan assets	123,506	(43,127)
Employer contributions	7,304	13,344
Benefits paid	<u>(34,087)</u>	<u>(32,587)</u>
Fair value of plan assets at end of year	<u>685,446</u>	<u>588,723</u>
Funded status	<u>\$ (97,373)</u>	<u>(97,011)</u>
Amounts recognized in net assets without donor restrictions:		
Net actuarial loss	\$ 180,298	179,871
Prior service cost	<u>—</u>	<u>65</u>
	<u>\$ 180,298</u>	<u>179,936</u>

The accumulated benefit obligation at December 31, 2019 and 2018 totaled \$750,025,000 and \$657,839,000, respectively.

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Components of net periodic benefit cost follow:

	<u>2019</u>	<u>2018</u>
	(In thousands)	
Service cost	\$ 8,081	9,530
Nonservice costs:		
Interest cost	28,311	26,006
Expected return on plan assets	(39,672)	(39,276)
Amortization of prior service cost	65	237
Amortization of net loss	<u>10,519</u>	<u>16,847</u>
Total nonservice (credit) costs	<u>(777)</u>	<u>3,814</u>
Net periodic benefit cost	<u>\$ 7,304</u>	<u>13,344</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 net actuarial loss expected to be amortized in net periodic pension cost in 2020 is \$20,337,000.

Additional information follows:

	<u>2019</u>	<u>2018</u>
Weighted average assumptions used to determine benefit obligations in the accompanying combined balance sheets at December 31:		
Discount rate	3.19 %	4.21 %
Rate of compensation increase	3.00	3.00
Weighted average assumptions used to determine net periodic benefit cost for years ended December 31:		
Discount rate	4.21 %	3.61 %
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.

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(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	2019	2018
Asset category:				
Equity securities	20 %	56 %	38 %	36 %
Real estate – private REIT	—	13	5	6
International equity securities	10	32	20	19
Global equity securities	—	16	11	10
Hedge funds – direct	3	20	5	7
Debt securities	15	50	21	22
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:

		2019			Total
		Level 1	Level 2	Level 3	
		(In thousands)			
Cash and cash equivalents	\$	11,915	—	—	11,915
U.S. Treasury obligations		27,913	—	—	27,913
Equity securities:					
Consumer discretionary		9,813	—	—	9,813
Consumer staples		1,979	—	—	1,979
Energy		2,407	—	—	2,407
Financials		11,938	—	—	11,938
Healthcare		23,021	—	—	23,021
Industrials		13,646	—	—	13,646
Information technology		23,151	—	—	23,151
Materials		3,063	—	—	3,063
Telecommunication		7,525	—	—	7,525
Utilities		145	—	—	145
Real estate		1,245	—	—	1,245
Commercial mortgage backed securities		—	1,116	—	1,116
Agency securities		—	22,258	—	22,258
Asset-backed securities		—	2,447	309	2,756
Residential nonagency mortgage backed securities		—	1,464	126	1,590
Corporate bonds:					
Financials		—	33,212	20	33,232
Industrials		—	35,482	—	35,482
Utilities		—	7,151	—	7,151
Municipal obligations		—	1,362	—	1,362
Mutual funds:					
Equities		106,441	—	—	106,441
Bonds		1,581	—	—	1,581
Commingled funds		—	263,027	—	263,027
Total	\$	<u>245,783</u>	<u>367,519</u>	<u>455</u>	613,757
Investments reported at NAV as a practical expedient to fair value:					
Real estate – private REIT					37,368
Hedge funds – limited partnerships					<u>34,321</u>
Total					<u>\$ 685,446</u>

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2018				
	Level 1	Level 2	Level 3	Total
	(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	\$ 188,929	324,670	322	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				\$ 588,723

At December 31, 2018, the System's remaining outstanding commitments to private equity interests totaled \$698,000 in the pension investment portfolio. There were no remaining outstanding commitments at December 31, 2019.

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

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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:

2019				
	<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⁾	\$ 30,428	—	Monthly, quarterly, and annually	30–90 days
Global opportunities hedge funds ⁽²⁾	3,893	—	Annual for liquid balance only	180 days
Real estate funds ⁽³⁾	<u>37,368</u>	<u>—</u>	Quarterly	45 days
Total	<u>\$ 71,689</u>	<u>—</u>		

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⁾	<u>37,741</u>	<u>—</u>	Quarterly	45 days
Total	<u>\$ 74,802</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, 2019, 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 2020 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 1% 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 2020 or 2021. 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 \$12,453,000 to the Plan in 2020.

(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:		
2020	\$	39,383
2021		38,956
2022		41,992
2023		40,651
2024		43,072
2025–2029		216,503

(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 \$27,277,000 and \$26,915,000 to the defined contribution plans during the years ended December 31, 2019 and 2018, 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 provides 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 \$1,045,000 and \$949,000 at December 31, 2019 and 2018, respectively.

(13) 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, 2019 and 2018) was approximately \$6,458,000 and \$6,162,000 at December 31, 2019 and 2018, respectively, and is included in accrued expenses in the accompanying combined balance sheets. The total expense for the years ended December 31, 2019 and 2018 was approximately \$69,861,000 and \$69,970,000, 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 \$2,757,000 and \$2,309,000 at December 31, 2019 and 2018, respectively, and is included in accrued expenses in the accompanying combined balance sheets. The total expense for the years ended December 31, 2019 and 2018 was approximately \$3,035,000 and \$2,414,000, 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, 2020. 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 \$28,192,000 and \$23,119,000 at December 31, 2019 and 2018, respectively, of which \$8,500,000 is considered current and included in accrued expenses in the accompanying combined balance sheets at December 31, 2019 and 2018. The total expense of this coverage for the years ended December 31, 2019 and 2018 was approximately \$19,498,000 and \$15,095,000, respectively, and is included in supplies and other expense in the accompanying combined statements of operations.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

(14) Other Long-term Liabilities

The composition of other long-term liabilities follows:

	<u>2019</u>	<u>2018</u>
	(In thousands)	
Fair value of derivative instruments	\$ 55,226	45,386
Other	<u>3,178</u>	<u>3,432</u>
	<u>\$ 58,404</u>	<u>48,818</u>

(15) Net Patient Service Revenue and Patient Receivables

The composition of net patient service revenue by major payor source for the years ended December 31, 2019 and 2018 is as follows (in thousands):

	<u>2019</u>		<u>2018</u>	
Medicare	\$ 598,206	33 %	\$ 646,376	34 %
Medicaid and TennCare	316,907	18	312,120	17
Managed care	849,238	48	908,133	48
Self-pay	<u>16,023</u>	<u>1</u>	<u>21,507</u>	<u>1</u>
	<u>\$ 1,780,374</u>	<u>100 %</u>	<u>\$ 1,888,136</u>	<u>100 %</u>

The composition of net patient service revenue based on the System's lines of business for the years ended December 31, 2019 and 2018 is as follows (in thousands):

	<u>2019</u>	<u>2018</u>
Service lines:		
Hospitals	\$ 1,619,374	1,734,892
Physicians	131,074	124,761
Other healthcare	<u>29,926</u>	<u>28,483</u>
	<u>\$ 1,780,374</u>	<u>1,888,136</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.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

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.

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 33% and 34% of the System's net patient service revenue for the years ended December 31, 2019 and 2018, 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 18% and 17% of the System's net patient service revenue for the years ended December 31, 2019 and 2018, 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 \$26,188,000 and \$20,218,000 in 2019 and 2018, 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 \$45,965,000 in 2019. The System paid taxes totaling approximately \$45,965,000 and received a distribution of approximately \$45,876,000 in 2018.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

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

	<u>2019</u>	<u>2018</u>
	(In thousands)	
Medicare	\$ 2,070,051	2,231,139
Medicaid and TennCare	1,453,978	1,417,991
Other deductions	<u>1,483,856</u>	<u>1,620,549</u>
	<u>\$ 5,007,885</u>	<u>5,269,679</u>

Changes in estimates related to prior cost reporting periods resulted in an increase of approximately \$78,000 and \$586,000 in net patient service revenue for the years ended December 31, 2019 and 2018, respectively.

(16) 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.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

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 2019 and 2018. 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 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.

	<u>Charity care</u>	<u>Medicaid, TennCare, and other programs</u>	<u>Unbilled community service</u>	<u>Total</u>
	(In thousands)			
Year ended December 31, 2019:				
Community commitment	\$ 113,048	466,478	47,300	626,826
Offsetting revenue	<u>(49)</u>	<u>(367,553)</u>	<u>(13,953)</u>	<u>(381,555)</u>
Net community commitment	\$ <u>112,999</u>	<u>98,925</u>	<u>33,347</u>	<u>245,271</u>
	<u>Charity care</u>	<u>Medicaid, TennCare, and other programs</u>	<u>Unbilled community service</u>	<u>Total</u>
	(In thousands)			
Year ended December 31, 2018:				
Community commitment	\$ 96,478	450,324	50,457	597,259
Offsetting revenue	<u>(89)</u>	<u>(354,520)</u>	<u>(14,130)</u>	<u>(368,739)</u>
Net community commitment	\$ <u>96,389</u>	<u>95,804</u>	<u>36,327</u>	<u>228,520</u>

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

(17) 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, 2019 and 2018 follows:

	<u>2019</u>	<u>2018</u>
	(In thousands)	
Total assets	\$ 111,612	116,928
Total liabilities	32,617	55,302
Total net operating revenues	134,959	136,005
Total net loss	(24,808)	(19,399)

(18) 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, 2019 follow (in thousands):

Year ending December 31:		
2020	\$	12,000
2021		12,000
2022		12,000
2023		9,000
2024		<u>—</u>
Total	\$	<u>45,000</u>

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

The System has entered into a definitive agreement with Tenet Healthcare to acquire Tenet's hospitals in the Memphis area, Saint Francis Hospital – Memphis and Saint Francis Hospital – Bartlett, and other operations in the Memphis area. Subject to the terms and conditions in the Asset Sale Agreement, the System has agreed to acquire the Memphis assets from Tenet for \$350 million in cash, subject to customary purchase price adjustments, including working capital and other items.

(19) 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:

	<u>2019</u>	<u>2018</u>
Medicare	32 %	36 %
Medicaid and TennCare	27	24
Blue Cross	11	11
Patient	3	3
Other third-party payors	27	26
	<u>100 %</u>	<u>100 %</u>

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, 2019 are cash balances at multiple banking institutions in excess of FDIC coverage of approximately \$1,487,000.

(20) Net Assets with Donor Restrictions

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

	<u>2019</u>	<u>2018</u>
	(In thousands)	
Le Bonheur campaign	\$ 49,722	37,105
Annuities	3,931	3,502
Specific patient care units	9,013	8,137
Education/community outreach	2,856	4,834
Professorships, research and scholarships	3,500	3,576
	<u>\$ 69,022</u>	<u>57,154</u>

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

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.

(21) 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, 2019 and 2018 the note receivable balance of \$1,411,000 and \$2,345,000, respectively, and the mortgage payable balance of \$1,388,000 and \$2,283,000, 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, 2019 and 2018 is approximately \$23,000 and \$62,000, respectively.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

(22) 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):

	2019						
	Program Activities			Supporting Activities			
	Hospitals	Physicians	Other Healthcare	Total Programs	General and Administrative	Non-Healthcare Services	Total Supporting
Salaries and benefits	\$ 703,746	181,759	18,236	903,741	83,352	8,133	91,485
Supplies and other	663,974	38,794	11,255	714,023	27,922	6,266	34,188
Depreciation and amortization	104,593	3,907	563	109,063	9,935	200	10,135
Interest	21,489	—	—	21,489	—	141	141
	<u>\$ 1,493,802</u>	<u>224,460</u>	<u>30,054</u>	<u>1,748,316</u>	<u>121,209</u>	<u>14,740</u>	<u>135,949</u>
							<u>15,944</u>
							<u>1,900,209</u>
	2018						
	Program Activities			Supporting Activities			
	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
Supplies and other	816,807	39,201	9,921	865,929	15,844	5,083	20,927
Depreciation and amortization	97,838	3,933	755	102,526	10,301	189	10,490
Interest	19,704	—	—	19,704	—	206	206
Impairment of goodwill	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>16,607</u>
							<u>2,004,383</u>

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Notes to Combined Financial Statements

December 31, 2019 and 2018

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.

(23) Subsequent Events

The System has evaluated subsequent events through May 1, 2020, 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.

In January 2020, the System issued Series 2020 taxable bonds totaling \$105,390,000. The proceeds were used to refund the Series 2012 Bonds of \$98,260,000 recognizing a loss on refunding of long-term debt of \$4,398,000.

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is evolving with business organization, countries and cities around the world responding in different ways to address the outbreak. There are direct and indirect economic effects developing for various industries and individual companies throughout the world, including a decline in the market returns on various investments. The impact on the System of the outbreak is unknown and cannot be estimated at this time. The System is monitoring this situation closely and plans to take appropriate and necessary actions to attempt to mitigate any potential negative impact on the System's operations.

On March 27, 2020, H.R. 748, the Coronavirus Aid, Relief, and Economic Security Act, "the CARES ACT," was signed into legislation which includes the Public Health and Social Services Emergency Funds to be distributed to eligible healthcare providers, the Centers for Medicare and Medicaid Services Accelerated and Advance Payment Program to accelerate three to six months of payments and the commercial insurance/FEMA funding for reimbursement for eligible emergency costs incurred. In addition to these main provisions, the CARES ACT also includes various other cash flow measures such as payroll tax deferrals, employee retention credits, etc. All provisions within the CARES ACT are designed to provide cash to the eligible healthcare providers. The System has and will continue to utilize the provisions of the CARES ACT to access available governmental funds to offset the immediate effects of the COVID-19 healthcare crisis.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combining Balance Sheet Information

December 31, 2019

(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	\$ 216,893	(8,617)	(183)	26	(3,116)	(14)	16,155	221,144
Investments	1,068,228	—	—	—	86,400	—	—	1,154,628
Assets limited as to use – current portion	450	—	—	—	—	—	—	450
Net patient accounts receivable	38,668	194,659	5,934	7,701	—	332	—	247,294
Other current assets	21,993	48,811	1,395	6,236	4,498	299	1,435	84,667
Due from third-party payors	—	16,297	(286)	—	—	—	—	16,011
Total current assets	1,346,232	251,150	6,860	13,963	87,782	617	17,590	1,724,194
Assets limited as to use, less current portion	9,729	706	—	—	—	—	—	10,435
Property and equipment, net	43,342	925,884	75,838	4,088	23	353	1,263	1,050,791
Right-of-use assets	44,188	—	—	—	—	—	—	44,188
Other assets	14,067	26,959	4,790	—	7,066	—	3,771	56,653
Total assets	\$ 1,457,558	1,204,699	87,488	18,051	94,871	970	22,624	2,886,261
Liabilities and Net Assets								
Current liabilities:								
Accounts payable	\$ 15,352	49,935	1,594	883	287	113	644	68,808
Accrued expenses	41,241	61,057	1,839	1,438	1,076	371	707	107,729
Long-term debt – current portion	14,668	8	—	—	—	—	964	15,660
Lease liabilities – current portion	9,486	—	—	—	—	—	—	9,486
Advances from (to) affiliates	(27,527)	30,604	(2,890)	481	(1,574)	(57)	963	—
Total current liabilities	53,240	141,604	543	2,802	(211)	427	3,278	201,683
Long-term debt, less current portion	608,993	489	—	—	—	—	424	609,906
Lease liabilities, less current portion	34,702	—	—	—	—	—	—	34,702
Estimated professional and general liability costs, less current portion	19,692	—	—	—	—	—	—	19,692
Accrued pension cost	97,373	—	—	—	—	—	—	97,373
Other long-term liabilities	56,227	2,154	—	—	—	—	23	58,404
Total liabilities	870,227	144,247	543	2,802	(211)	427	3,725	1,021,760
Net assets:								
Without donor restrictions	587,331	1,059,167	86,945	15,249	26,060	543	18,899	1,794,194
With donor restrictions	—	—	—	—	69,022	—	—	69,022
Total net assets attributable to Methodist Le Bonheur Healthcare	587,331	1,059,167	86,945	15,249	95,082	543	18,899	1,863,216
Noncontrolling interests	—	1,285	—	—	—	—	—	1,285
Total net assets	587,331	1,060,452	86,945	15,249	95,082	543	18,899	1,864,501
Total liabilities and net assets	\$ 1,457,558	1,204,699	87,488	18,051	94,871	970	22,624	2,886,261

See accompanying independent auditors' report.

METHODIST LE BONHEUR HEALTHCARE AND AFFILIATES

Combining Statement of Operations Information

Year ended December 31, 2019

(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
Revenues and other support:									
Net patient service revenue	\$ —	1,668,804	65,611	29,771	—	7,033	9,155	—	1,780,374
Other revenue	6,801	125,408	152	203	(1,401)	1,831	7,091	—	140,085
Net assets released from restrictions used for operations	—	—	—	—	13,731	—	—	—	13,731
Total revenues and other support	6,801	1,794,212	65,763	29,974	12,330	8,864	16,246	—	1,934,190
Expenses:									
Salaries and benefits	120,367	810,978	32,186	18,016	13,009	5,813	8,024	—	1,008,393
Supplies and other	(96,696)	792,522	28,654	12,274	4,871	2,570	6,790	—	750,985
Depreciation and amortization	9,935	102,112	6,289	563	3	99	200	—	119,201
Interest	(4,320)	25,798	11	—	—	—	141	—	21,630
Total expenses	29,286	1,731,410	67,140	30,853	17,883	8,482	15,155	—	1,900,209
Operating income (loss)	(22,485)	62,802	(1,377)	(879)	(5,553)	382	1,091	—	33,981
Nonoperating gains (losses):									
Investment income (loss), net	6,550	27,070	—	—	(4,372)	—	531	—	29,779
Change in fair value of interest rate swaps	(9,840)	—	—	—	—	—	—	—	(9,840)
Unrealized gain on trading securities, net	83,800	17,490	—	—	6,889	—	—	—	108,179
Nonservice component of periodic pension credit	139	580	11	12	11	2	22	—	777
Nonrecurring gain on sale	—	7,746	—	—	—	—	—	—	7,746
Total nonoperating gains, net	80,649	52,886	11	12	2,528	2	553	—	136,841
Revenues, gains and other support in excess of (less than) expenses and losses, before noncontrolling interest	58,164	115,688	(1,366)	(867)	(3,025)	384	1,644	—	170,622
Noncontrolling interests	—	(357)	—	—	—	—	—	—	(357)
Revenues, gains and other support in excess of (less than) expenses and losses	58,164	115,331	(1,366)	(867)	(3,025)	384	1,644	—	170,265
Other changes in net assets without donor restrictions:									
Accrued pension cost adjustments	(362)	—	—	—	—	—	—	—	(362)
Other	151,900	(156,355)	(1,834)	2,646	1,228	(722)	—	—	(3,137)
Net assets released from donor restrictions used for capital purposes	—	—	—	—	5,170	—	—	—	5,170
Change in net assets without donor restrictions	209,702	(41,024)	(3,200)	1,779	3,373	(338)	1,644	—	171,936
	\$								

See accompanying independent auditors' report.